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Risk assessment and response

Long-term opportunities and challenges for Aotearoa New Zealand

Briefing for the incoming Prime Minister and Government

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Introduction

A critical role of central and local government is to protect citizens against foreseeable risks. Yet there is a risky gap between the technical assessment of risks and policies and the actions taken or not taken to mitigate them, particularly over the long-term. This includes some categories of risk that are potentially catastrophic.

Key points

- Risk management suffers when communication is imprecise or ineffective.
- Cognitive biases, political override and siloed assessment can prevent risks being adequately communicated.
- Aotearoa New Zealand's attempts to assess and manage risks remain incomplete and opaque.
- Better integration of risk management between local and central government is needed.
- Individual biases can inhibit the use of analytical and integrated approaches to risk-assessment.
- Many risks overlap ministries and management and co-ordination throughout the government is needed.
- Decision-making and action based on fixed, linear ideas about what might happen is outmoded.
- Anticipatory foresight is a powerful tool to assist long-term policy formation and to facilitate an understanding of potential risks and opportunities.
- The assessment system needs to be strengthened to ensure we are better prepared for important risks, including those that develop slowly and unfold over the long term.

Background

As a new government is established it is appropriate to think about how the country manages risks. Although formal risk-assessment and analysis is done in many ministries and within local government, the aggregated compilation of risks is weak and not public. Yet business, non-governmental organisations and citizens need to know the risks they too must consider. Overall, the stewardship of high-impact risks in New Zealand is variable, as is oversight of slow-moving and long-term risks that will affect future generations.

Risk presents a government with two important challenges. The first is to ensure a comprehensive and up-to-date risk assessment has been carried out and is being continually updated. The second is to make sure the appropriate policy development and investment is in place to support that process.

The key is determining how far risk policy needs to go and knowing when an assessment is sufficiently comprehensive. It is important to cast a wide net to obtain the breadth of expertise needed to make decisions on both questions to ensure optimal risk-preparedness and investment decisions are made.

Past experience shows that New Zealand has had an inadequate risk assessment and response processes. There is anecdotal evidence of political avoidance in risk assessment and much evidence of inappropriate and unwise lack of response to risk assessments (Gluckman & Bardsley, 2021).

A national risk assessment is part of a risk-based approach that aims to identify and mitigate risks and allocate resources efficiently and at a level appropriate to the specified risk. However, conducting a national self-assessment is not solely a task for government authorities whose biases tend to focus on the short term at the expense of the long term. Rather, this needs to be performed as a collaborative, cross-sector exercise that involves public and private-sector stakeholders.

A broad and collaborative assessment process can help improve one of risk-assessment's trickiest aspects, which is seeing the linkages between hazards, vulnerabilities, exposure and behaviour of people and systems that can compound risks. Collaboration between actors and stakeholders throughout the

risk-management system with those with expert knowledge of the relevant risk domains is also critical to understanding and acting on novel risks, linking the factors that contribute to their emergence or amplification.

This highlights the point that risk-assessment and management sit at the interface of multiple knowledge domains, value systems, perspectives and institutional responsibilities. It requires a transdisciplinary approach that considers the broad cultural, socio-technological and socioeconomic contexts of the risks and takes account of behavioural and perceptual aspects.

Risk-assessment and management also needs to be adaptive and transparent, with systems that are collaborative and responsive and thinking ahead. In other words, what is needed is anticipatory governance, which requires creating institutions that allow for and adapt to change and can realign to new information.

It is strongly recommended an independent risk unit be set up encompassing both civil and security risks with responsibility for maintaining public and sensitive risk registries. Their development must be free of potential political interference. Greater focus on long-term risks with mechanisms dedicated to representing the interests of future generations is also highly desirable.

Actions for consideration

- **Creation of an independent national risk office. The risk office would oversee and maintain a publicly available risk register and provide oversight of agencies' general approach to risk management.**
- **Ensuring a shared understanding of risks between relevant authorities, the private sector and other stakeholders via transparent risk communication.**
- **Apply the concept of “risk listening” – that is, improving the ability of the public and policy (as well as political) communities to recognise their cognitive biases and respond better to risk assessments.**
- **Establishing an anticipatory foresight unit and commission for future generations to ensure long-term accountability beyond the political cycle.**

References

Gluckman, P., & Bardsley, A. (2021). *Uncertain but inevitable: The expert-policy-political nexus and high-impact risks*. Koi Tū: The Centre for Informed Futures. <https://informedfutures.org/high-impact-risks/>

Gluckman, P., & Bardsley, A. (2023). *Risk listening: rethinking how we understand and manage risk*. Koi Tū: The Centre for Informed Futures. <https://informedfutures.org/risk-listening-rethinking-how-we-understand-and-manage-risk/>

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KOI TŪ: THE CENTRE FOR INFORMED FUTURES

Koi Tū: The Centre for Informed Futures is a research centre and an independent, non-partisan think tank at Waipapa Taumata Rau, University of Auckland with associate members across New Zealand and the world.

We address critical long-term national and global challenges arising from rapid and far-reaching social, economic, technological, and environmental change.

Our name, Koi Tū, was gifted by Ngāti Whātua Ōrākei. It means ‘the sharp end of the spear’. Like our namesake, Koi Tū aims to get to the heart of longterm issues challenging our future.

This document was developed as part of a comprehensive briefing to the incoming prime minister and government. The full document is available informedfutures.org/briefing-to-incoming-government-2023

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We engage with people and organisations focused on the long-term development of New Zealand, and on core issues where trustworthy and robust analysis can make a real difference.

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