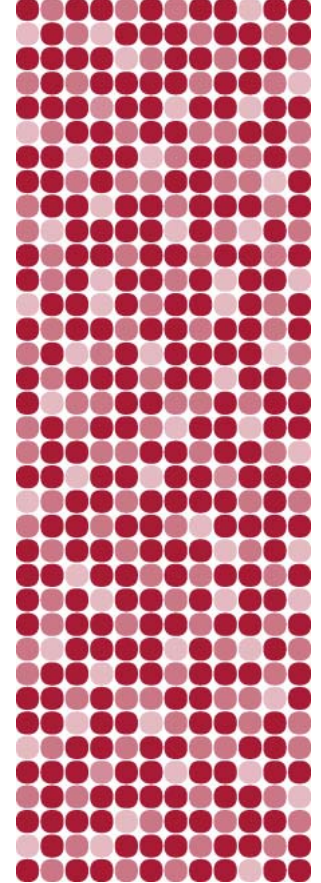Presentation to
Public Accounts and Estimates Committee
25 August 2011

Managing Risk for Victorian Critical Infrastructure and Essential Services

Helen Silver
Secretary, Department of Premier and Cabinet

DEPARTMENT OF
PREMIER AND CABINET

State Government
Victoria

Counter terrorism arrangements are subject to continuous and on-going review

- Government action is intelligence led and based on the analysis of threat and risk

- While 100% protection is never possible, Australian governments work together to prepare for a real threat

- Victoria actively participates in the National Counter Terrorism Committee

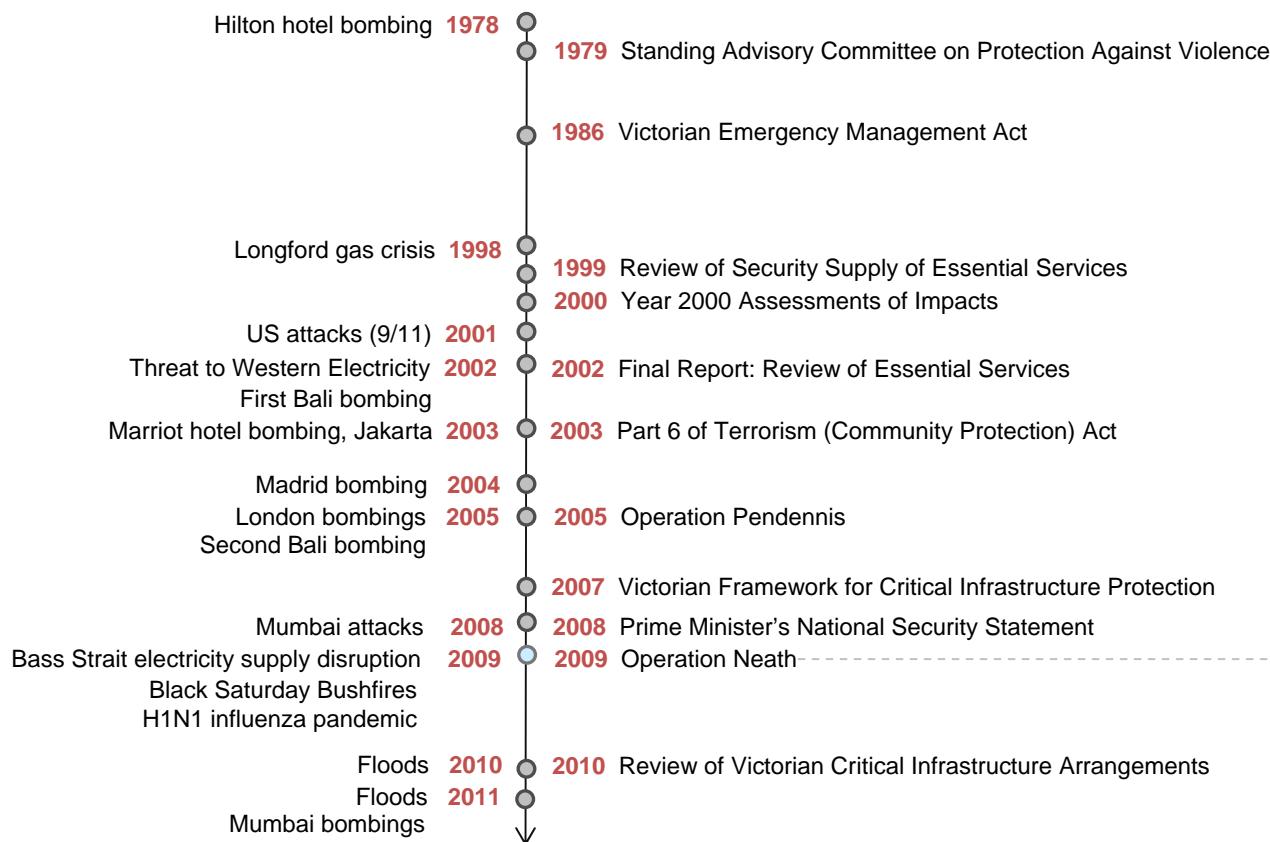- As terrorist threats and methods continue to evolve, so do government policy and action

"Australia is a western nation. Nothing can, will or should alter that fact. As such, in this new world, we are a terrorist target."

**John Howard
Speech to National Press Club
13 March 2003**

Considerable reform has been undertaken to boost Victoria's resilience in the face of extreme events

EXTREME EVENTS	GOVERNMENT ACTIONS

Hilton hotel bombing **1978**

1979 Standing Advisory Committee on Protection Against Violence

1986 Victorian Emergency Management Act

Longford gas crisis **1998**

1999 Review of Security Supply of Essential Services

2000 Year 2000 Assessments of Impacts

US attacks (9/11) **2001**

Threat to Western Electricity **2002**
First Bali bombing

2002 Final Report: Review of Essential Services

Marriot hotel bombing, Jakarta **2003**

2003 Part 6 of Terrorism (Community Protection) Act

Madrid bombing **2004**

London bombings **2005**
Second Bali bombing

2005 Operation Pendennis

2007 Victorian Framework for Critical Infrastructure Protection

Mumbai attacks **2008**

2008 Prime Minister's National Security Statement

Bass Strait electricity supply disruption **2009**
Black Saturday Bushfires
H1N1 influenza pandemic

2009 Operation Neath

Floods **2010**

2010 Review of Victorian Critical Infrastructure Arrangements

Floods **2011**
Mumbai bombings

Victorian Auditor-General's Review into Critical Infrastructure Arrangements (2009)

Victoria has used insights from extreme events to determine potential improvements to its arrangements

3

Risk assessments consistently identified four priority areas

Utilities

- Water
- Transport
- Power

People & Places

- Places of Mass Gathering
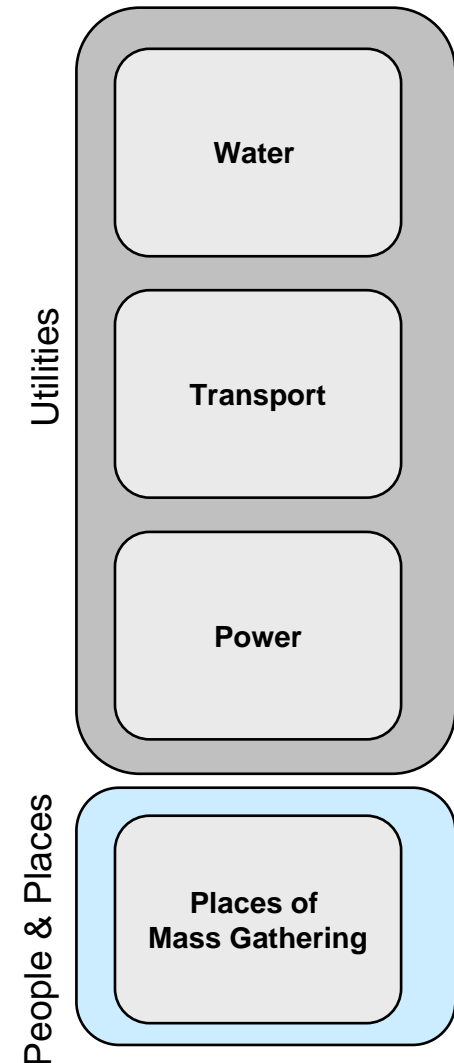
The Victorian government uses an evidence-based approach to identify terrorist risk and to declare essential services

- Arrangements are one component of the national counter terrorism initiatives

- These are risk and intelligence-based

- Greatest threat is to places of mass gathering (including transport hubs)

- Greatest threat to critical infrastructure is to utilities (water, transport and power)

- Strong partnership focus (governments and industry)

- Victoria Police and the Department of Premier and Cabinet jointly lead the State's policy work in counter terrorism

Victoria partners with the Commonwealth and other jurisdictions to counter threats to critical infrastructure

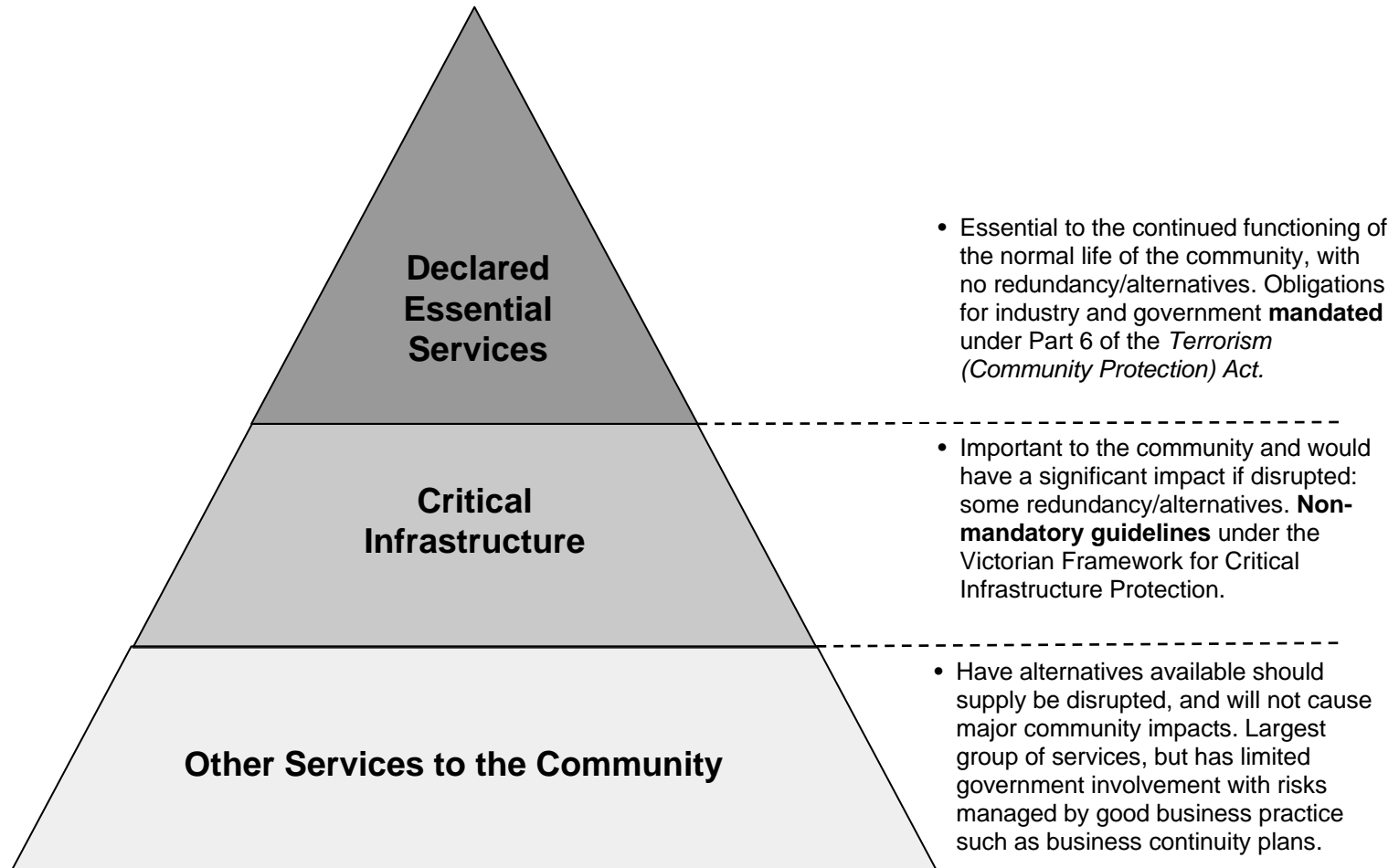|	
Policy Leadership	• 'First mover' in policy development – legislatively managing risk to essential services • Actively sought to align with Commonwealth arrangements • Contributing to nation-wide terrorism capability • Party to *Intergovernmental Agreement on Australia's National Counter Terrorism Arrangements*
Networks	• Member of National Counter Terrorism Committee • Victorian industry actively involved in Trusted Information Sharing Network (TISN) for Critical Infrastructure Resilience • Member of National Critical Infrastructure Resilience Committee • Member of Critical Infrastructure Advisory Council
Operational Capability	• Coordinating an effective Victorian capability as part of national arrangements • Maintaining counter terrorism plans and associated documentation

Our strongest policy response is directed to essential services at risk of terrorist attack

Pyramid diagram with three levels:

Declared Essential Services (top)
- Essential to the continued functioning of the normal life of the community, with no redundancy/alternatives. Obligations for industry and government **mandated** under Part 6 of the *Terrorism (Community Protection) Act.*

Critical Infrastructure (middle)
- Important to the community and would have a significant impact if disrupted: some redundancy/alternatives. **Non-mandatory guidelines** under the Victorian Framework for Critical Infrastructure Protection.

Other Services to the Community (bottom)
- Have alternatives available should supply be disrupted, and will not cause major community impacts. Largest group of services, but has limited government involvement with risks managed by good business practice such as business continuity plans.

Source: Review of the Arrangements for Managing Risk for Victorian Critical Infrastructure: Discussion Paper, 2009, p. 14.

Victoria's unique policy environment demanded a legislative approach underpinned by a devolved model

The 'Longford Event' reinforced that Government had a responsibility to ensure the continuity of essential services

- Unique circumstances of private companies providing a significant proportion of State's essential services (especially utilities)

- Additional level of assurance above national arrangements

- Imposes regulatory burden, so must be limited (to terrorism)

*Terrorism (Community Protection) Act 2003 ***

Some services are declared to be 'essential services' following an assessment by the portfolio Minister.

The owner/operator is required to:

- Ensure they have a risk management plan that addresses terrorism

- Have the plan audited annually

- Participate in training exercises annually supervised by Victoria Police and portfolio department

 * Victoria is the only jurisdiction with legislated risk management requirements to deal with underlined terrorism risks for those services assessed at greatest risk: Energy (7), Water (19), Transport (13).

We also have a strong focus on other critical infrastructure, beyond the *Terrorism (Community Protection) Act*

- Critical infrastructure arrangements consolidate work undertaken by DPC, Victoria Police and industry
- Victoria promotes the same actions as mandated for Declared Essential Services
- Driven by *Victorian Framework for Critical Infrastructure Protection from Terrorism* (April 2007)
- Strong focus on physical assets and systems
- Establishes a partnership between government and industry to share information and manage risk
- Links to an <u>all hazards</u> approach (despite the title of the framework)

VICTORIA'S SECURITY AND CONTINUITY NETWORKS

Banking & Finance	Health
Communications	Police & Emergency
Energy	Transport
Food	Water

The 2009-11 Victorian review was essential for progressing our arrangements

We drew on the Auditor-General's insights and other reviews to foster a strategic conversation with stakeholders

- Discussion paper produced by the Department of Premier and Cabinet
- Consideration of Auditor-General's report insights
- Consultation process
  - 120 individual stakeholders consulted from industry and government
  - 17 written submissions (9 government, 8 industry)
- Literature review conducted by DPC (national and international trends and best practice)
- Victorian review concluded after national reviews to ensure alignment

A number of national reviews informed Victoria's approach

National (COAG): (conducted 2009) which set up the National Critical Infrastructure Resilience Committee.

Commonwealth: (conducted 2009-2010) which resulted in the Australian Government's *Critical Infrastructure Resilience Strategy* launched by the Attorney General on 30 June 2010.

National Counter Terrorism Committee: (conducted 2010-2011) updated the National Guidelines for Protecting Critical Infrastructure from Terrorism.

During the course of the review Victoria continued to implement reforms to achieve improved outcomes

Priority Issues		Actions	Outcomes
Industry input	▶	**Security and Continuity Network Coordination Group (SCN-CG) work with Victorian Managed Insurance Authority to produce Victorian Critical Infrastructure Classification Framework**	• Government and Industry determine critical infrastructure • Drives development of methodology for Declared Essential Services
Cross-sector collaboration	▶	**Security and Continuity Network All Sectors Forums**	• Greater understanding of arrangements • Discussion of dependent risks • Over 100 participants from industry and government at the 2011 forum
Reporting	▶	**Annual reporting to Central Government Response Committee (CGRC) by SCNs**	• Central Government oversight of arrangements

10