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Mike,

See my comments on p. 4. Support Adm-
level
Partia reporting to NSIA.

OCT 15 2023

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MEMORANDUM FOR THE NATIONAL SECURITY AND INTELLIGENCE
ADVISOR TO THE PRIME MINISTER

GOVERNANCE OPTIONS
FOR COUNTERING HOSTILE ACTIVITIES BY STATE ACTORS

(For Information Only)

SUMMARY

- As you know, DMNS has directed Public Safety to develop governance options in support of their draft Canadian Strategy to Counter Hostile Activities by State Actors (C-HASA). The intent of this note is to update you on the status of that work.
- Following a survey of Allied approaches and consideration at the DG level by the S&I community, two schools of thought have emerged, including an argument for short-term action and a separate argument for establishing a new National C-HASA Coordinator role as a direct report to the PM or the Clerk, supported by a new C-HASA secretariat.
- Given the imminence, gravity, breadth and complexity of the HASA threat, PCO should support both approaches, while recognizing that although HASA is a generic term, Canada's C-HASA efforts are in fact a response primarily to China's hostile activities against Canadian interests.
- PCO S&I is also of the view that a model where the C-HASA secretariat would report to the NSIA should be explored.

yes!!

Background

- Hostile Activities by State Actors (HASA) are activities by states or their proxies that are contrary to the Canadian national interest, and are deceptive, corrupt, covert, threatening or illegal, but are short of armed conflict. Due to changes in the international political environment and technology, threats from HASA to the Canadian national interest have been increasing.
- To advance their objectives at Canada's expense, our adversaries have become adept at exploiting fundamental traditions of Canadian society, including our democracy, rule of law, market economy, and personal freedoms.



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- Given its potential over time to undermine the foundations of Canada's prosperous, democratic, open and multicultural society, the Canadian national security and intelligence community increasingly recognizes HASA as the main threat to our national security.
- Public Safety's draft Counter-HASA (C-HASA) Strategy for Canada states that a "strong and clear governance structure" is needed to ensure that Canada's C-HASA actions are "cohesive and coordinated and comply with Canadian and international law."
- The need for a robust approach to governance is further underscored by the recognition in the draft Strategy that effectively countering the HASA threat requires that Canada:
 - Maintain awareness of the evolving nature of HASA threats across a broad range of vulnerabilities (democratic processes and government institutions; economic prosperity; international affairs and defence; social cohesion; and critical infrastructure);
 - Use a comprehensive range of actions to mitigate threats while upholding Canadian values, rights and sovereignty;
 - Adopt a whole-of-society approach, leveraging traditional and non-traditional partners within and beyond the federal government; and
 - Collaborate with international partners to amplify individual country efforts.
- The draft Strategy identifies four objectives for a C-HASA governance structure:
 - Coordinate operational response and incident management;
 - Coordinate intelligence dissemination and situational awareness;
 - Coordinate policy analysis and development; and
 - Coordinate engagement and outreach.
- In a separate policy paper (to be provided under separate cover once updated), Public Safety has developed options for a Canadian governance model, noting examples from among Australia, the UK and the US. They include:
 - Create a C-HASA Secretariat;
 - Establish a National C-HASA Coordinator (the "Australian model");
 - X – Designate a Minister responsible for C-HASA;
 - Enhance the leadership role of NSIA/PCO for HASA; and
 - Reorganize interdepartmental governance for HASA under existing national security framework.
- PCO S&I and IAS participated in a recent DG-level discussion on the governance options that included representatives from across the broader

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S&I community. From this discussion, two distinct (but potentially compatible) perspectives emerged:

1. A strong argument was made that in the short-term, the community should adopt an approach that can get to work immediately without significant structural changes or new resources.
 2. The majority of the community agreed that, in the longer term, a senior lead official for C-HASA is needed and that this position should report either to the Clerk or the PM and be supported by a secretariat.
- Public Safety committed to updating the document to align with the discussion and tighten up the options in preparation for ADM NS Pol and subsequent DMNS consideration.

PCO Comment

- Waiting for new structures to be designed and resourced carries too much risk from an operational perspective, which argues for getting to work within existing or ad hoc governance structures.
 - The example of the Skirpal poisoning is instructive. Following that event, GAC convened an ad hoc meeting to consider response options and foreign policy implications, leading to Canada's expulsion of four Russian diplomatic staff as part of a coordinated international response.
 - Absent a major trigger akin to the Skirpal poisoning, though, some leadership and policy cover will be needed for the community to start leaning into the HASA threat.
- On the other hand, existing structures have already proven themselves inadequate to counter HASA, which has only worsened since the start of the pandemic.
 - HASA defies Canada's usual frameworks for managing problems: domestic and international domains are tightly interwoven; federal, provincial, territorial jurisdictions are equally implicated; the private sector, academia and civil society are also at play. It was argued at the DG-level discussion that neither the NSIA nor the FDP secretariat ultimately have the breadth or scope to manage the problem.
 - HASA is also a persistent, long-term strategic challenge that demands dedicated attention, flexibility and resourcefulness. Existing committees or portfolios are pulled in too many directions to absorb responsibility for C-HASA governance.
 - Designating a single responsible senior official supports accountability and could bring the energy and focus C-HASA requires.
 - Given the breadth, depth and complexity of the HASA threat and our options to address it, the senior official will need secretariat support.

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- PCO should support a two-step approach by, first, providing leadership to enable a more proactive C-HASA stance among relevant departments and agencies in the short term while, second, continuing to drive towards the longer term investments that are needed to establish a robust system for governing C-HASA efforts.
- As an option, you may wish to consider whether the creation of a new officer at the very senior most ranks of the public service is required. Alternatively, the coordination function of the NSIA could be expanded to enable better management of the cross-cutting HASA challenges. In this scenario, a C-HASA coordinator at the ADM level could be created under the NSIA. This approach would be more consistent with what has been adopted by Australia, where the National C-HASA Coordinator is an ADM-equivalent.
- While the C-HASA strategy is country agnostic, it is widely recognized that China is the main threat actor. There are strategic advantages to a country-agnostic approach, especially as it positions Canada to enact C-HASA measures in a less provocative manner. However, as decisionmakers consider options to manage the HASA threat and resources required to do so, it may be helpful to recall that Canada's C-HASA efforts are, essentially, about countering China's hostile behaviour.
- With respect to next steps, Public Safety will bring forward an updated governance options paper through ADM NS Pol to DMNS for consideration.
s. 39 - Cabinet Confidence

Yes!

*The Action
is
getting the
secret
spot.
ADM is
the right
level, which
position
of
report to
deputy-level,
not PM or
Clark.
It could have
an on-
office/unit
under NSIA. Please
push this
approach.*

at this time

Mike MacDonald

[Redacted box]

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Transmittal Note / Bordereau de transmission

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Approved By / Approuvé par :		Drafting Officer / Rédacteur :	
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Mike MacDonald <i>MM</i>	ASec Cab. S&I	Admin typist	
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