

STATEMENT OF INTENT

2014–2018

DEPARTMENT
of the PRIME MINISTER
and CABINET



Presented to the House of Representatives
pursuant to section 39 of the Public Finance Act 1989

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Ministerial Statement of Responsibility

I am satisfied that the information on strategic intentions provided by the Department of the Prime Minister and Cabinet is consistent with the policies and performance expectations of the Government.

A handwritten signature in black ink, reading "John Key". The signature is written in a cursive style with a long horizontal stroke at the bottom.

Rt Hon John Key
Prime Minister

July 2014

Introduction from the Chief Executive

The Department of the Prime Minister and Cabinet (DPMC) works to support the Government of the day and does so by advising, leading, supporting and coordinating activities across the public sector, as well as providing specific advice and support to the Governor-General, the Prime Minister and, most recently with the transfer of the Ministry of Civil Defence & Emergency Management (MCDEM) from the Department of Internal Affairs, the Minister of Civil Defence.

The department consists of business units with a wide range of functions and responsibilities, and geographic locations. The diversity of DPMC's business is reflected in our five Outputs:

- Policy advice to the Prime Minister and Cabinet
- Support, secretariat and coordination services
- National security priorities and intelligence coordination
- Civil defence emergency management
- Support services to the Governor-General and maintenance of the official residences.

In the department we celebrate this diversity, and are working together to make DPMC a more integrated organisation. We have developed a high level shared purpose and outcome to which all units and groups contribute and support: to *“advance a confident, well-governed and secure New Zealand”*, with the focus of instilling a working organisational culture that together serves and supports effective government.

DPMC will be playing an important role in the 2014 general election. We consider it a privilege to support the democratic process, and we will be providing politically neutral support for the ongoing conduct of government business during this election year, within the accepted conventions and practices, and to support the Governor-General in the conduct of his constitutional role.

A key focus for DPMC will always be that the system delivers on the Prime Minister's priorities. The Government has set goals of greater prosperity, security and opportunities for all New Zealanders through building a more productive and competitive economy; returning to surplus and reducing debt; driving better results from public services; and supporting the rebuilding of Christchurch. DPMC works closely with colleagues across the public sector in supporting these priorities.

This year we will continue to advise ministers, including the Prime Minister, on progress being made against the priority results set out in the Better Public Services programme and opportunities to build on that progress. The approach of setting clear priorities and identifying how progress will be measured has had a galvanising effect on the public service and has helped us make real traction on some of the most difficult problems facing New Zealand, such as increasing the rates of infant immunisation and reducing crime rates. We will continue to work closely with responsible agencies and result leads as they tackle these result areas. A key advantage of the focus on results is we can more readily prioritise our efforts and the efforts of other agencies to where the need is greatest.

DPMC is leading a programme to improve the quality and performance of policy advice across the state services. It focuses on defining and driving policy excellence, encouraging greater collaboration, and building effective relationships between Ministers and policy officials.

Underpinning all the Government's priorities is the need for effective national security, noting of course that in New Zealand we take an *all hazards* approach to national security. DPMC leads policy advice in this area as well as ensuring that all the government agencies with responsibilities for national security are well coordinated and able to respond to national security issues, including natural disasters as they arise.

A key priority for us is to ensure that New Zealand will have in place world class national security strategies, capabilities and mitigation. An important recent development in DPMC's oversight of national security has been changes to the organisation of the Officials Committee for Domestic and External Security Coordination – commonly referred to as ODESC.

ODESC is the system we use to organise the collective effort of officials to prepare for and respond to national security risks, whether those risks are floods, earthquakes, people smuggling, terrorism, or any other significant risk. The changes we are making will strengthen and streamline ODESC's co-ordination, governance and decision making roles. As part of these changes I have created the new position of Deputy Chief Executive, Security and Intelligence, and am delighted to have recruited Howard Broad to take up this important role.

The recent transfer of MCDEM from the Department of Internal Affairs to DPMC is the most significant change to our organisation and structure in recent years. The transfer strengthens the alignment of civil defence emergency management with national security priorities, and DPMC's broader risk and resilience approach for New Zealand through its leadership of the ODESC system. MCDEM will continue to play an important leadership role in promoting resilience to hazard risks; developing capability and capacity in civil defence emergency management; and running a national exercise programme to test our preparedness.

A separate but interconnected priority is cyber security. The objective of our work on cyber security is to ensure that New Zealanders enjoy a secure cyber space, in which they can prosper and play with confidence. As the world becomes increasingly dependent on internet connectivity – so it also becomes increasingly vulnerable to malicious cyber activity. There is no doubt that the New Zealand public and private sectors are both attractive and vulnerable to advanced cyber exploitation. There is also no doubt that cyber insecurity presents a real cost to the New Zealand economy, acting as a drag on the benefits of enhanced internet connectivity. Through the National Cyber Policy Office, DPMC leads and coordinates cyber security work across government, to ensure there is a seamless response to cyber security issues.

Intelligence continues to play an important role in supporting our national security system. As the sector lead, DPMC has key responsibilities in terms of requirements, priority setting, risk management and performance reporting. In this context, our priority is to lead an integrated, customer-orientated and trusted intelligence community. This year we have prioritised setting up and supporting the recently strengthened Office of the Inspector-General for Intelligence and Security, so that it is able to carry out a greater range of activities, expand its statutory work programme and enhance its corresponding reporting responsibilities.

In 2015, as stipulated in the Intelligence and Security Committee legislation, the Attorney-General will confirm the terms of reference for the review of the NZ Intelligence Community and will appoint the independent reviewers. DPMC will provide support to that review as required by the reviewers.

DPMC plays a critical role supporting New Zealand's constitutional arrangements – from services to Cabinet and Cabinet committees to supporting the office of the Governor-General as a symbol of national unity and leadership. One area of particular relevance to DPMC is to assist New Zealanders' understanding about one of the most important elements of our constitutional arrangements, the office and role of the Governor-General. Since its opening in 2012, the Government House Visitor Centre has had an increasing flow of school and community groups come through, who have left with an enhanced understanding of this important part of our government and constitution.

Naturally, there will be a particular focus in 2014 on New Zealand's nation building in the context of the one hundredth anniversary of the start of World War I, and next year's one hundredth anniversary of the Gallipoli landings. DPMC will also be involved in supporting any public discussion and referendums regarding our country's flag during the next parliamentary term, should that be the wish of the government elected on 20 September 2014.

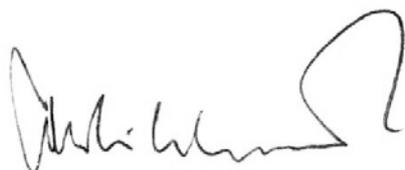
Like any organisation, DPMC is heavily reliant on having the right capacity and capability to provide the high quality services expected of it by our stakeholders. Cabinet has recently agreed to proceed with the CabNet project in line with a revised business case. Next steps are to establish the project team and enter into negotiations with the preferred provider. We now have a far better understanding of the scope and complexity of the project and the estimated costs.

In terms of capability, our most important asset is of course our people. One of the key priorities for me and my leadership team is to ensure we build and sustain a strong and capable workforce that has the capability to successfully deliver on our strategic objectives and priorities. Our workforce strategy has us focusing on four key objectives:

- Ensure we reward high performance, build capability and maintain a workforce with the appropriate skills, knowledge and attributes to achieve our goals
- Increase diversity in our workforce
- Build organisational 'fitness' for change
- Integrate more effectively with the national security and intelligence workforce.

Regardless of the extent of change after 20 September, our core role and responsibility will not change – to serve the Governor-General, Prime Minister, and the Government of the day to the very best of our ability.

In signing this information, I acknowledge that I am responsible for the information on strategic intentions for the Department of the Prime Minister and Cabinet. This information has been prepared in accordance with section 38 and section 40 of the Public Finance Act 1989.



Andrew Kibblewhite
Chief Executive

July 2014

Organisational Structure

Governor-General of New Zealand

Prime Minister

Minister of Civil Defence

Chief Executive

Secretary of the Cabinet/Clerk of the Executive Council

Deputy Chief Executive Policy Policy Advisory Group

Deputy Chief Executive Security and Intelligence

Director Office of the Chief Executive

Director Ministry of Civil Defence & Emergency Management

Official Secretary Government House

Director Assessments and Intelligence

Director National Security Systems

Director National Cyber Policy Office

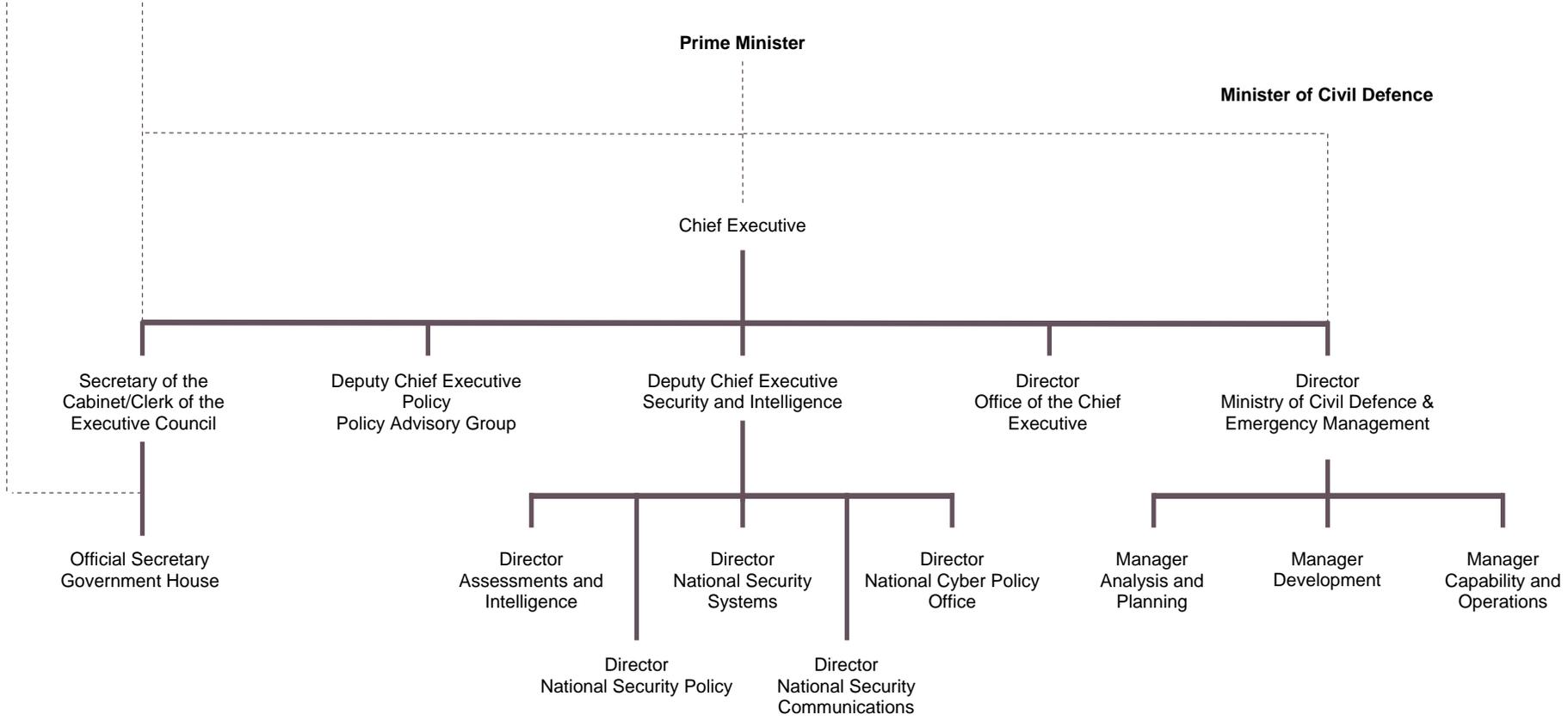
Manager Analysis and Planning

Manager Development

Manager Capability and Operations

Director National Security Policy

Director National Security Communications



Cabinet Office	Government House	Policy Advisory Group (PAG)	Security and Intelligence Group (SIG)	Office of the Chief Executive (OCE)	Ministry of Civil Defence & Emergency Management
<p>The Cabinet Office acts as a ‘Government secretariat’ that provides impartial support to central government decision-making processes. It advises the Governor-General, the Prime Minister and other Ministers on constitutional, policy and procedural matters, assists in the coordination of the Government’s legislation programme, and administers the New Zealand Royal Honours System, and acts as a communication channel between the Governor-General and the Government.</p>	<p>Government House provides administrative and support services for the Governor-General to enable him to carry out the functions of the office and to maintain the official residence and grounds in Wellington, as well as the smaller Government House in Auckland.</p>	<p>The PAG provides free and frank advice on all items of government business, including issues of the day directly to the Prime Minister and on occasion to other Ministers; contributes to policy development across the full range of government issues, and supports the Prime Minister in all Cabinet Committees; from time to time leads policy projects specially commissioned by the Prime Minister. The PAG is also the primary interface with the other two central agencies working on state sector performance and supporting the government’s state sector reform agenda.</p>	<p>The SIG coordinates and provides leadership on a range of strategies, policies and operations for strengthening national security and resilience, including through the coordination of the ODESC system. It provides assessments to the Prime Minister, senior Ministers, and senior officials on events and developments affecting New Zealand’s security interests. It leads and coordinates the intelligence community’s requirements, priority setting, risk management and functional performance reporting. The SIG also coordinates the intelligence community’s high-level relationships with foreign partners. The National Cyber Policy Office leads the development of cyber security policy advice for government.</p>	<p>The OCE supports the Chief Executive to carry out his or her role, provides accountability, compliance and assurance reporting, leads risk management, manages the relationship with CASS and has overall responsibility for new project management.</p>	<p>MCDEM provides leadership in national civil defence emergency management through risk reduction, readiness, and response and recovery capabilities. MCDEM supports communities manage a response, and at the national level, is responsible for co-ordinating and managing the national level response to natural disasters.</p>

Nature and Scope of Functions

Purpose, Objectives, and Outputs

DPMC's purpose is to “*advance a confident, well-governed and secure New Zealand*”.

DPMC plays a unique role within the public sector, and its business units operate across a wide variety of areas. This can be seen in the department's five objectives. Each objective aims to have an impact that, taken together, will maintain and improve the functions of government and the public service, helping to achieve the department's purpose and the Government's priorities. Those objectives are outlined in the table on the next page.

To achieve its objectives, DPMC 'produces' five outputs:

- Policy advice – Prime Minister and Cabinet
- Support, secretariat and coordination services
- National security priorities and intelligence coordination
- Civil defence emergency management
- Support services to the Governor-General and maintenance of the official residences.

Underlying these outputs and objectives are ten strategic priorities, which help to focus DPMC's efforts on what really matters, and helps the department to go beyond 'business as usual'.

What we are seeking to achieve

DPMC exists to support New Zealand's Governor-General and Head of State in the conduct of their responsibilities, and the effective conduct of executive government by the Prime Minister and members of the Cabinet.

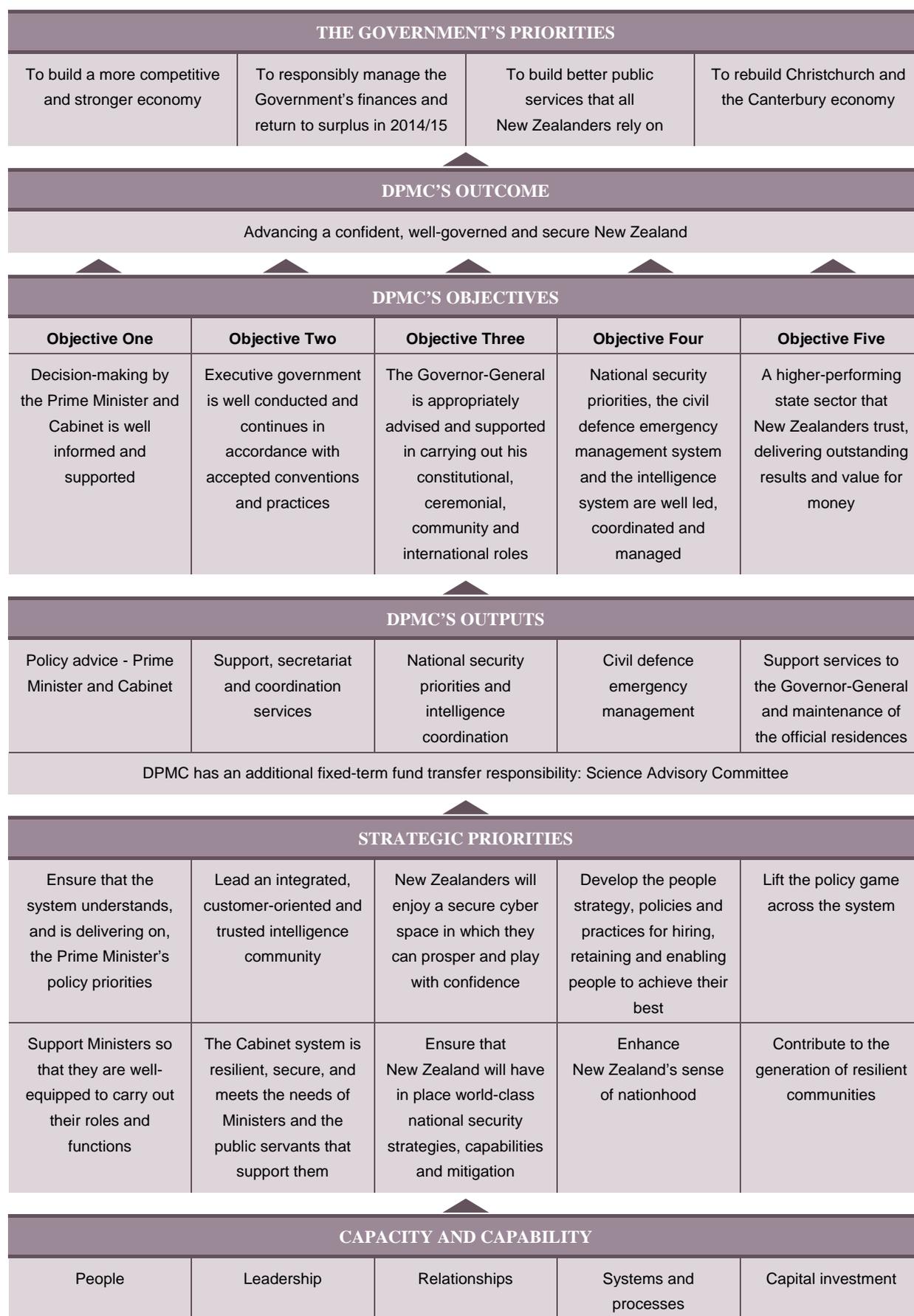
DPMC plays a role in coordinating and leading the work of government departments and agencies, and other entities as appropriate, to ensure that decision-making takes account of all relevant viewpoints and that advice is as coherent and complete as possible. This ensures that executive decision-making is supported by high-quality advice that is timely, responsive to the directions set by the Government, forward-looking, cognisant of changing circumstances and emerging issues and gives assurance that policies are being delivered in an effective and coordinated manner. Critical to success is for DPMC to draw on close relationships with other departments and agencies, Crown entities, local government, business, iwi and the wider community.

Underpinning our leadership and coordination role are our values and what we stand for. DPMC aims at all times to lead and act with integrity, galvanise action, broker solutions and integrate advice and insights to provide decision advantage to policymakers. All the while, DPMC will continue to provide free and frank advice, and effective support, systems and processes in its support of the Government of the day.

DPMC contributes to the government's priorities by providing continuity in constitutional and administrative services that support New Zealand's parliamentary democracy. It plays a role as both the “constitutional and institutional glue” that holds the system together and the “oil” that allows the free flow of information, advice and policy for government decision-making.

The rest of this Statement of Intent outlines how DPMC's strategy fits together to support the Government's priorities. We explain what we are aiming to achieve over the next twelve months, and also through to the end of 2017/18.

Strategic Framework



Strategic Objectives and Impacts

Objective 1: Decision-making by the Prime Minister and Cabinet is well informed and supported	
Impact to be achieved	The Prime Minister and Cabinet are confident that the advice, assessments and processes supporting their decision-making are world class.
Objective 2: Executive Government is well conducted and continues in accordance with accepted conventions and practices	
Impact to be achieved	Confidence in the integrity and effectiveness of New Zealand's system of government is maintained.
Objective 3: The Governor-General is appropriately advised and supported in carrying out his constitutional, ceremonial, community and international roles	
Impact to be achieved	The office of the Governor-General is strengthened as a symbol of national unity and leadership.
Objective 4: National security priorities, the civil defence emergency management system and the intelligence system are well-led, coordinated and managed	
Impact to be achieved	New Zealand has world class processes in place to identify and deal with national security events and emergencies and to build national resilience.
Impact to be achieved	The New Zealand Intelligence Community is viewed as trusted, integrated, customer-oriented and crucial to building national resilience.
Objective 5: A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money	
Impact to be achieved	The Corporate Centre is providing collective leadership to achieve outstanding results for New Zealanders.

How we will demonstrate performance

This Statement of Intent provides a high-level outline of what the department intends to achieve over the next four years. There are two levels at which we measure our performance: we have six high-level impacts linked to our five objectives, and we have a series of specific performance measures to assess our performance against our outputs. DPMC will report on both of these measures in its Annual Report. When taken together, the Statement of Intent and the Annual Report will paint a complete picture of DPMC's performance and achievement.

The specific measures which DPMC will use to assess its performance against its outputs are set out in pp 173-175 and 178-180 in *Estimates of Appropriations 2014/15 – Vote Prime Minister and Cabinet*, available on the Treasury website. The department expects to continue to refine its performance measures for 2014/15.

Objective One

Decision-making by the Prime Minister and Cabinet is well informed and supported.

IMPACT: WHAT SUCCESS WILL LOOK LIKE

The Prime Minister and Cabinet are confident that the advice, assessments and processes supporting their decision-making are world class.

HOW WE WILL ACHIEVE IT

The Prime Minister and the Cabinet are the centre of executive government in New Zealand. By chairing Cabinet, the Prime Minister leads and coordinates government and oversees its general policy direction. Ministers work together as the Cabinet and in Cabinet committees to discuss issues, make decisions and exercise a critical national leadership function.

DPMC is structured to provide varied and specialist advice, often in short timeframes, as well as supporting effective governance systems. Policy advice is provided on a wide range of portfolios, including cyber policy and security and intelligence. The Science Advisory Committee provides the Prime Minister with strategic and operational advice on science and science policy issues.

DPMC's policy advice function facilitates cross-government linkages across agencies working on related issues, and seeks to ensure that officials' advice takes into account the government's broader priorities. They also help remove bottlenecks in the flow of departmental policy advice.

In particular, DPMC's policy advice aims to address issues strategically, with a longer-term perspective. DPMC monitors emerging priorities and national security risks; and has a key role in communicating across government, helping departments to understand Ministers' perspectives, assisting agencies to develop policy that supports government priorities and dealing with implementation issues.

DPMC also prepares assessments, which are distinct from policy advice, for the Prime Minister, Ministers and senior officials on developments relating to national security and foreign affairs.

The purpose of assessments is to provide New Zealand's decision-makers with *decision advantage* on the risks and opportunities relating to their decisions. This function is described in more detail in Objective Four. As well as policy advice and assessments, DPMC also facilitates and supports the Cabinet decision-making process through the activities of the Cabinet Office, explained in more detail in Objective Two.

The role of the Chief Science Advisor is to promote public understanding of, and engagement with, science and developing relationships with similar offices overseas.

2014/15 focus of work:

- working to lift the standard of policy advice across the public sector
- ensuring that the system is delivering on the Prime Minister's policy priorities
- ensuring that the Cabinet support system is resilient, secure, and meets the needs of Ministers and the public servants that support them.

Ongoing focus of work:

- maintaining close links with other agencies and Ministers' offices
- working with departments and Ministers' offices to ensure policy development is consistent with the government's broader policy agenda
- providing comment on draft Cabinet papers
- giving free and frank advice to the Prime Minister on all items of government business
- participating in a range of officials' committees and attending Cabinet committee meetings in an advisory and support capacity, and
- monitoring implementation and coordinating follow-up on policies and projects.

Objective Two

Executive Government is well conducted and continues in accordance with accepted conventions and practices

IMPACT: WHAT SUCCESS WILL LOOK LIKE

Confidence in the integrity and effectiveness of New Zealand's system of government is maintained.

HOW WE WILL ACHIEVE IT

At the heart of New Zealand's democratic, political and economic systems is stable executive government, accountable to an elected House of Representatives. The executive branch of government comprises of the Governor-General, Prime Minister, other Ministers of the Crown and the public service.

DPMC provides advice and administrative services to the Governor-General, Prime Minister and Ministers on the constitutional issues that have implications for executive government and constitutional procedures that support the conduct and continuity of executive government. This includes supporting necessary procedures for the smooth transfer of power between successive administrations, Governors-General, Prime Ministers and Ministers.

As the recognised source of expert knowledge on the systems of Cabinet and executive government, the Cabinet Office is the primary contributor to this objective. In carrying out its role, the Cabinet Office also works with the Crown Law Office, Parliamentary Counsel Office, Ministry of Justice, State Services Commission and the Treasury. The trust of Ministers and other stakeholders and a reputation for discretion, integrity and judgement are vital to the effective operation of the Cabinet Office. It must remain rigorous in maintaining impartiality between administrations, agencies and individual Ministers.

Implementing CabNet is a priority for the department over the next year. CabNet is a project to create a new electronic platform to support the Cabinet processes. The deployment of CabNet will also involve some changes to business in departments and Ministers' offices.

2014/15 focus of work:

- leading the development of an electronic system (CabNet) to support Cabinet processes.

Ongoing focus of work:

- administering the Cabinet support system including distributing Cabinet and Cabinet committee papers and decisions accurately and promptly
- supporting decision-making by the Prime Minister and Ministers in relation to appointments and honours
- providing advice to the Governor-General, Prime Minister and Ministers on the constitutional issues and procedures that support the conduct and continuity of executive government
- ensuring that constitutional procedures such as the appointment of Ministers are well managed and administered correctly
- providing policy advice on constitutional issues that have implications for executive government
- maintaining the Cabinet Manual as the authoritative guide to central government's decision-making, with successive governments using it as the basis on which to operate, and reviewing it to reflect changes in Cabinet procedures and constitutional developments, and maintaining the CabGuide
- administering the New Zealand Royal Honours system including Honours lists
- assisting in the coordination of the Government's legislative programme
- working with Ministers' offices and departments to ensure that issues are presented to the Cabinet in a clear and robust way that supports good decision-making. It does this through quality control and monitoring, feedback, developing and promulgating guidance, education and training.

Objective Three

The Governor-General is appropriately advised and supported in carrying out his constitutional, ceremonial, community and international roles

IMPACT: WHAT SUCCESS WILL LOOK LIKE

The office of the Governor-General is strengthened as a symbol of national unity and leadership.

HOW WE WILL ACHIEVE IT

As the representative of the Head of State, the Governor-General of New Zealand fulfils important constitutional, ceremonial, international and community roles requiring high-quality advice and support from the Clerk of the Executive Council (who is responsible for liaison between the Governor-General and the Government) and the Official Secretary and Government House staff.

DPMC supports the office of the Governor-General in two primary ways – through the Clerk of the Executive Council, and through Government House.

The Clerk of the Executive Council advises on matters affecting the office of the Governor-General, and is responsible for liaison between the Governor-General and the Government.

Government House is managed by the Official Secretary, who reports to the Clerk of the Executive Council and supports the Governor-General in fulfilling his or her role through a programme of speeches, patronage of community groups, attendance at and hosting of events, and visits throughout New Zealand and overseas. The ceremonial and international roles of the Governor-General encompass national and local events, hosting international dignitaries, ambassadors and high commissioners and the promotion of New Zealand's interests overseas.

2014/15 focus of work:

- supporting the Governor-General in undertaking a number of important constitutional functions, including appointing the Prime Minister and other support in relation to the 2014 General Election
- further developing and facilitating visits by the public and special interest groups through the Government House Visitors Centre
- promoting to the public the role of the Governor-General in New Zealand and internationally.

Ongoing focus of work:

- providing impartial secretariat services to the Executive Council
- providing impartial advice to the Governor-General on certain constitutional, policy and procedural issues
- in conjunction with the Clerk of the Executive Council and the Official Secretary, working closely with other agencies to ensure that the Governor-General's ceremonial role is well conceived and supported
- maintaining and supporting a domestic and international programme of engagements, which is regularly reviewed in consultation with Their Excellencies to ensure it is relevant and well balanced
- maintaining the buildings and grounds of the Government Houses in Wellington and Auckland.

Objective Four

National security priorities, the civil defence emergency management system and the intelligence system are well-led, co-ordinated and managed

IMPACT: WHAT SUCCESS WILL LOOK LIKE

New Zealand has world class processes in place to deal with national security events and emergencies and to build national resilience.

HOW WE WILL ACHIEVE IT

To achieve New Zealand's national security outcomes, DPMC's work is focused on building preparedness and resilience, assessing and managing the key risks and opportunities affecting New Zealand's national security interests; and enhancing the arrangements for civil defence emergency management (including co-ordinating the national response to emergencies).

Within the framework of a refreshed ODESC structure, the department will be working to ensure that potential national security risks to New Zealand's wellbeing are assessed, an adequate level of preparedness for security is tested and maintained, responses to incidents and the consequent information provided to the Government are timely and coordinated, and that national resilience is further strengthened.

With the transfer of MCDEM into DPMC in 2014, the department will focus on maximising the benefits resulting from the transfer.

DPMC's unique coordinating role will be critical as DPMC leads the development of robust policies for cyber security while preserving the significant economic and social opportunities that modern communications provide. New Zealand's cyberspace will be equipped effectively to respond to threats. New Zealanders – including both the public and private sectors – will understand their contribution to cyber security. Economic activity will be further enabled by a secure infrastructure.

2014/15 focus of work:

- bedding-in the changes made to the ODESC system in 2013-14

- managing risk in respect of a number of major upcoming events, including the U20 FIFA World Cup and the Cricket World Cup, and overseas events such as the centenary commemoration of the ANZAC landings in Gallipoli and the Rugby World Cup to be held in the United Kingdom in 2015
- reviewing the national cyber security strategy, incorporating a cybercrime plan and assessing resources to deal with cyber issues.

Ongoing focus of work:

- leading and promoting, through the ODESC system, whole-of-government preparedness for national security risks and development of whole-of-government responses
- providing assessments for Ministers and senior officials on the risks and opportunities affecting New Zealand's security interests and the international environment for New Zealand's foreign policy
- building on the Connect Smart campaign to promote cyber security awareness among New Zealanders
- overseeing and coordinating cyber security policy, including implementation of the new cyber security strategy
- leading international engagement on cyber security policy
- coordinating engagement with the private sector on cyber security issues
- leading the development of civil defence emergency management (CDEM) in New Zealand
- promoting initiatives that identify and research hazards and their consequences
- promoting CDEM awareness and preparedness in communities

- maintaining the capability to support, coordinate, and manage the response to an emergency
- implementing a revised national CDEM Plan
- strengthening the recovery framework
- contributing to MFAT's international Disaster Risk Management programme
- implementing public alerting technologies
- maintaining National Crisis Management Centre readiness.

IMPACT: WHAT SUCCESS WILL LOOK LIKE

The New Zealand Intelligence Community (NZIC) is viewed as trusted, integrated, customer-oriented and crucial to building national resilience.

HOW WE WILL ACHIEVE IT

DPMC's leadership of the NZIC, in collaboration with its agencies, will result in a sector being seen to work seamlessly as a whole, sharing resources, collaborating and eliminating duplication, to provide significantly improved results for the Government.

DPMC will work to ensure that the compliance and oversight mechanisms of NZIC are updated and strengthened. In particular, DPMC will prioritise support for the Office of the IGIS, so that it is able to carry out its strengthened role.

A review of the NZIC is due to be conducted in 2015. DPMC will provide support to the review (as required by the reviewers) and will play a key role supporting the Community to implement any changes that the review may recommend.

DPMC will support the NZIC's goal to move towards joint-customer outreach, so that customers can interact with the NZIC in a coherent and managed way. DPMC will assist the community to develop new tools for setting priorities and measuring impacts, to ensure the focus is on intelligence that enhances decision-making.

After a period of review, DPMC has made several changes to enhance its leadership, coordination and priority-setting function within the national security sector. Specifically, a new position – the Deputy Chief Executive, Security and Intelligence – has been established, and the units working on security and intelligence related issues have been reorganised.

2014/15 focus of work:

- enhancing our capability to offer high-level advice on national security policy, including a re-evaluation of prioritisation for the work of the NZIC
- lifting our capability to lead and coordinate assessment reporting across the sector, and lift its quality
- supporting the recently strengthened office of the Inspector-General of Intelligence and Security
- coordinating strategic communications for the NZIC collectively, and the refreshed ODESC system more broadly
- building the stakeholder outreach programme, tailoring the content and manner of NZIC reporting more responsively to the requirements of Ministers and senior officials.

Ongoing focus of work:

- providing advice to the Prime Minister on intelligence matters
- leading and coordinating the agencies of the NZIC in terms of requirements, priority setting, risk management and performance reporting
- coordinating NZIC's overall relationships with foreign partners
- leading and coordinating a national assessments programme that draws on insights from other parts of the NZIC.

Objective Five

A higher performing State sector that New Zealanders trust, delivering outstanding results and value for money

IMPACT: WHAT SUCCESS WILL LOOK LIKE

Central agencies are providing collective leadership to achieve outstanding results for New Zealanders.

HOW WE WILL ACHIEVE IT

The central agencies (the Treasury, State Services Commission (SSC) and DPMC) have a commitment to work together as a 'corporate centre' for the State sector, and are working towards a shared outcome:

A higher performing State Sector that New Zealanders trust, delivering outstanding results and value for money.

The central agencies will continue to support the three new teams created in recent years, to ensure that the agencies are operating collectively and providing overall system leadership and insight. These teams are:

- *Performance Hub*: a co-located, central agency policy team. The Performance Hub is tasked with monitoring the system's performance and advising on improving its performance.
- *Central Analysis and Insights*: a joint venture with cross-agency governance, to provide system-level analytical and reporting capability.
- *Portfolio Performance Management*: a merger of different functions from across the Treasury and SSC relating to project investment. These functions include collection of agency capital intentions, promulgating the Better Business Cases methodology, managing Gateway reviews (reviews at key decision points by experts of progress and potential for success), and monitoring high risk projects.

In addition, the central agencies have agreed a set of shared priorities and have set up a cross-agency steering group of second tier managers to ensure progress on these. A new Deputy Commissioner has been recruited to support the State Services Commissioner in his role of Head of the State Services.

The shared central agency priorities are:

- **Transforming business models**: Public service Chief Executives own the Four-year Plan process and Chief Executives and Ministers regard the plans as a useful planning tool to drive improvements in agency performance and decisions on prioritisation of activities.
- **Leadership and Capability Development and Deployment (LCDD)**: The foundations of the new system-wide approach to leadership development and deployment are established.
- **Executive Performance**: Performance agreements and assessment of Chief Executives' performance are aligned to delivery of the Government's priorities and this is a focus for the 'at risk' pay component of remuneration package.
- **Functional Leadership**: Whole of government strategies achieve efficiencies, value for money and improve capability across the State services in ICT, Property and Procurement.
- **System Operating Model**: A system operating model is developed and used to drive decisions on agency structures and operations.
- **Communication and Engagement**: Public service Chief Executives consider the central agencies are providing leadership and direction and are working alongside their agencies to deliver the BPS reforms.
- **Risk Management**: Ongoing monitoring (through mechanisms such as Chief Executive accountabilities, budgeting processes, inter-agency policy discussions and PAG advice) enables early identification, mitigation, intervention (if required) and proactive support to agencies, resulting in avoidance of key risks and successful resolution in 100% of cases within one or two years.

The central agencies have also refined their governance, systems and processes over the last year including establishing three new teams – the Performance Hub; the Central Analytic Insights Function; and the Portfolio Performance Management – to ensure the Corporate Centre is operating collectively and providing overall system leadership and insight.

DPMC will apply its close understanding of the Government's collective ambitions, preferences and priorities to add significant value to the central agencies as it works to deliver the Prime Minister's Better Public Services results for New Zealand. It will continue to work proactively with a broad range of lead agencies responsible for specific policy outcomes, to ensure their work is on track and their advice is consistent with broader government priorities. More specifically, DPMC will also ensure that its specific work is within the context of the Corporate Centre's accountabilities.

Over the coming years, DPMC will continue its work on:

- Achieving greater momentum on the Government's 10 Better Public Services targets
- Providing leadership to the national security and intelligence sector
- Providing leadership and coordination on national security, civil defence emergency management and resilience.

DPMC is leading a programme to improve the quality and performance of policy advice across the state services. It focuses on defining and driving policy excellence.

DPMC will support a programme to promote change in the policy profession across government through:

- Professionalising policy and the policy workforce by defining excellence in the policy workforce and in terms of policy products and services
- Developing a model of an aspirational 'great' policy unit as a diagnostic tool and a framework for improvement
- A focus on the demand side, by building effective relationships between Ministers and policy officials
- Providing policy leadership, by ensuring our policy infrastructure is fit-for-purpose, improves mechanisms for anticipating big policy challenges, filling gaps in the policy infrastructure and promoting collaborative policy processes.

These work streams provide an ambitious platform which, when combined with an active Head of Policy Profession driving the work, will create lasting improvement in the policy system.

The World We Operate In

A number of environmental factors that can shape, influence and change the priorities of the government in power have been identified. Understanding these factors allows for DPMC to structure its work programme to be flexible enough to respond quickly when required.

Elections and the Government's priorities

Changes in the Government's priorities would naturally mean changes in DPMC's priorities and the strategic results expected of the State sector. DPMC must be prepared accordingly to adjust its work programmes to reflect the needs of the Prime Minister as the leader of the Government. A challenge over the next four years will be to ensure the implementation to maximum effect of the wide-ranging amendments in 2013 to the Public Finance, State Sector and Crown Entities Acts. This will require DPMC to be more mindful of the longer-term needs of the Department, its specific relationships with the Treasury and SSC, the State sector and indeed the country as a whole.

Unpredictable risks and hazards

As events over the past four years have unfortunately shown (the Canterbury earthquakes, the Pike River mine disaster and the Rena grounding), natural disasters and other unforeseen events do occur, and DPMC plays an important role in ensuring the response to these crises and emergencies is well co-ordinated. Through MCDEM we also play an important leadership role in promoting resilience to hazard risks and developing capability and capacity in civil defence emergency management. Natural disasters and other

unforeseen events often require DPMC to urgently reprioritise its focus and resources to provide the appropriate level of leadership, coordination and support. The resilience of DPMC's staff and systems will be challenged in the event of having to respond to multiple national emergencies or crises (in New Zealand or offshore).

Cyber security

The globalised world that brings New Zealand many advantages is created on interconnected electronic networks – the internet or cyberspace. With this great opportunity comes threat through electronic intrusions and cyber crime. The cyber threat to national prosperity is real and continues to grow in sophistication and impact. A priority for DPMC will be coordinating the development of robust policies to strengthen New Zealand's cyber security and equip it effectively to respond to these threats.

Fiscal restraint

Providing greater efficiencies within the public service remains a top priority for government. DPMC, the Treasury and the SSC will continue to drive enhanced internal performance through the Central Agencies Shared Services (CASS) which now delivers joint corporate services functions (finance, human resources, information technology and information management) to the central agencies. DPMC like other departments will include in its daily work opportunities for reviewing current business practices and supporting systems to identify efficiencies to fund known future cost pressures.

Organisational Health and Capability

Our people

At the heart of DPMC's success is the high calibre of staff it employs. It is critical that we continue to attract and retain staff of this calibre. We aim to create a workplace where staff are treated – and treat each other – fairly and with respect, are well managed and have personal development opportunities, are strongly encouraged and supported, and where unhelpful barriers to work are removed as much as possible.

Because our staff are crucial in ensuring that a small agency such as DPMC is efficient and high-achieving, each individual needs to be supported with efficient and effective tools and systems and processes. This has provided the basis for us to develop a programme of work over the coming years to improve our systems and processes to lift the organisation's health and capability. To develop our workforce and to ensure we have the right people to allow the department to perform at its best, we are focusing on four areas:

- 1 Ensuring we reward high performance, build capability and maintain a workforce with the appropriate skills, knowledge and attributes to achieve our goals.
- 2 Increasing diversity in our workforce, thinking, and leadership, recognising that diversity encompasses gender, ethnicity, disability, age, thought and experience.
- 3 Building organisational 'fitness' for change, where staff embrace change, are involved in shaping that change, and are increasingly involved in projects and activities that cut across business unit boundaries.
- 4 Integrating more effectively within the national security and intelligence workforce, encouraging understanding about a 'common base' of skills, developing the concept of security as a career path, and improving the sector's ability to shift staff into priority areas.

Performance Improvement Framework

DPMC's 2013 PIF report (available on SSC's website) acknowledged that, overall, DPMC operates effectively and is highly regarded by its key stakeholders. But it also noted that the department faced a number of challenges and risks in continuing to meet the high standard of service expected.

DPMC has prioritised responding effectively to the report's recommendations. A number of new initiatives have either already been done, or are well underway. These include changes to the ODESC system; establishment of the Deputy Chief Executive Security and Intelligence position; leading a programme of work to improve the quality of policy advice across the state services; and CASS delivering a number of system improvements across DPMC's finance, people management and IT infrastructure.

A PIF re-review will be held later this year, and will be extremely useful in measuring DPMC's progress to date in carrying out the recommendations of the 2013 report and meeting its key challenge of continuous improvement over the next four years.

Cost effectiveness

The PIF report noted that while DPMC was well placed to deliver on most of its outputs efficiently and effectively, there was still room for further improvement in its processes to identify and make efficiency improvements across the department.

DPMC has identified the following priorities to improve so that it becomes more efficient, effective and innovative in its approach to meeting the expectations of the Governor-General, Prime Minister, and Cabinet:

- *Performance Measurement Framework.* DPMC will incorporate feedback from Audit NZ, the PIF report and stakeholders to improve the way DPMC measures and subsequently improves its performance.

- *Performance Management.* DPMC will implement a refreshed performance management system which is more closely aligned to the strategic intentions of DPMC and its wider performance metrics.
- *ICT integration.* DPMC will participate in the development of an Information Services Strategic Plan (ISSP) for all central agencies in partnership with CASS IT.
- *Strategic financial management.* DPMC will continue to incorporate financial forecasting into long-term business planning.

Central Agencies Shared Services

Since 2012, CASS has provided DPMC with financial, human resource, information technology and information management services in a shared service arrangement. The purpose of CASS is to achieve greater efficiency and effectiveness by

providing joined-up corporate and support services for DPMC, SSC and the Treasury for less cost, while ensuring such services meet the three agencies' business needs for the future. CASS will continue to provide these services to DPMC, and this will continue to develop the department's organisational resiliency.

Risk-assurance processes

The department's Risk and Assurance Committee will continue to meet regularly to review and assess areas of potential risk, DPMC's range of capabilities, and mitigation strategies; and report to the Chief Executive on the management of these risks. The committee will continue to be made up of two external members, and a DPMC representative.