



Proactive Release

The following documents have been proactively released by the Department of the Prime Minister and Cabinet, on behalf of Rt Hon Christopher Luxon, Prime Minister:

Documents relating to the future hosting of the National Emergency Management Agency

The following documents have been included in this release:

Title of aide-memoire: Work to consider the future hosting of the National Emergency Management Agency

Title of joint briefing: Future Host for the National Emergency Management Agency

Title of joint briefing: National Emergency Management Agency Host: Resource Transfers

Some parts of this information release would not be appropriate to release and, if requested, would be withheld under the Official Information Act 1982 (the Act). Where this is the case, the relevant section of the Act that would apply has been identified. Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

The Cabinet paper titled *Strengthening the Government's delivery focus: strengthening and streamlining the Department of the Prime Minister and Cabinet* that is attached to the joint briefing titled *Future Host for the National Emergency Management Agency* is due to be proactively released.

Key to redaction codes:

- section 9(2)(a), to protect the privacy of individuals
- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion.



Aide-Mémoire

Work to consider the future hosting of the National Emergency Management Agency

To:	Rt Hon Christopher Luxon, Prime Minister Hon Nicola Willis, Minister of Finance Hon Judith Collins KC, Minister for the Public Service Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Brooke van Velden, Minister of Internal Affairs		
Date	13/02/2025	Priority level:	MEDIUM

Purpose

1. This note informs Ministers about work underway to develop advice on the future hosting of the National Emergency Management Agency (NEMA).
2. It also notes that relevant agency chief executives (e.g. NEMA and the Department of the Prime Minister and Cabinet (DPMC)) intend to share with staff that this work is happening.

Background

3. The Prime Minister wants a smaller, more sharply focused department at the centre of government to support delivery of the Government's priorities. This involves strengthening DPMC's core functions which include:
 - supporting the Prime Minister and Cabinet to drive the Government's work programme through the provision of policy advice and supporting delivery,
 - ensuring effective constitutional government, and
 - advising on risk and national security.
4. In accordance with this direction, DPMC is progressing work to transition non-core activities elsewhere. This includes a process to consider the most appropriate hosting arrangement for NEMA, with a particular focus on the merits, or otherwise, of the Department of Internal Affairs (DIA) as host, and the costs, risks and any barriers to DIA hosting.

Work underway

5. Officials from DPMC, DIA, NEMA, the Treasury, and the Public Service Commission are developing advice on the future hosting of NEMA. The aim is to get advice to Ministers to allow decisions in advance of the Budget moratorium (likely to start on 14 April 2025)¹, to enable a transfer in late 2025.

¹ To enable Cabinet to authorise Joint Ministers to agree the necessary fiscally neutral changes to appropriations.

- 6. Officials are working on the basis that this move will be fiscally neutral. Work is underway to understand the costs, risks and trade-offs and how these will be appropriately apportioned across the agencies, including the Central Agencies Shared Service run by the Treasury. This means that each vote will need to absorb their own one-off transition impacts and NEMA will need to meet the costs of being hosted within DIA from its appropriations.
- 7. Ministers are asked to note that relevant agency Chief Executives (at this stage, DPMC and NEMA) intend to share with staff that work to provide this advice to Ministers is underway.

Contacts for telephone discussion		
Name	Position	Telephone
Ben King	Chief Executive, DPMC	s9(2)(a)
Paul James	Chief Executive, DIA	
Dave Gawn	Chief Executive, NEMA	
Cath Atkins	Acting Chief Executive, The Treasury	
Hugo Vitalis	Deputy Chief Executive, Public Service Commission	

Proactively Released



Joint Briefing

Future Host for the National Emergency Management Agency

To:	Rt Hon Christopher Luxon, Prime Minister Hon Nicola Willis, Minister of Finance Hon Judith Collins KC, Minister for the Public Service Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Brooke van Velden, Minister of Internal Affairs		
Date	26/02/2025	Priority level:	MEDIUM

Purpose

1. This paper seeks agreement from Joint Ministers to the Prime Minister's in-principle agreement to change the host of the National Emergency Management Agency (NEMA) from the Department of the Prime Minister and Cabinet (DPMC) to the Department of Internal Affairs (DIA). It seeks agreement to a Cabinet paper to give effect to this decision, a draft of which is attached (**Attachment A**).

Executive Summary

2. To support the Government's focus on delivery that improves outcomes for New Zealand, the Prime Minister intends for DPMC to be a smaller, more sharply focused department at the centre of government, working alongside the Public Service Commission and The Treasury to lift the performance of the public sector. In line with this direction, a careful process to strengthen and streamline DPMC has led to transfer of 'non-core' functions to other agencies.
3. DPMC's last remaining 'non-core' function is as the host department for NEMA. This paper proposes that this hosting responsibility transfer from DPMC to DIA. This will have benefits for both DPMC and NEMA, and should not disadvantage DIA:
 - it will strengthen DPMC as a central agency in the system of government, supporting the Prime Minister, Cabinet and the Governor-General, and providing strategic advice on the country's resilience, risks, and national security, and
 - NEMA will be hosted by a larger, more operationally focused organisation that is better able to provide it with operational and corporate support.

4. A draft Cabinet paper is attached for Joint Ministers' approval. It seeks agreement to the transfer of host on 25 September 2025 and authorises Joint Ministers to agree on the necessary fiscally neutral transfers to ensure ongoing costs can be met.
5. The timing has been agreed with officials to avoid conflict with other programmes of work. Risks that remain include the event of an emergency activation disrupting the transfer or other deliverables, and achieving a fiscally neutral transfer. Officials would return to Joint Ministers with advice should those risks be realised.
6. We note that the usual process in relation to machinery of government proposals is that Cabinet would receive detailed advice on costs and necessary appropriation transfers as part of the decision to make the change proposed. We will continue work to clearly identify all ongoing cost impacts in the lead up to lodging the Cabinet Paper. However, we do not anticipate being able to complete this work fully and waiting until after the Budget moratorium ends to put those recommendations to Cabinet would significantly delay the preferred transfer date.
7. Agencies therefore recommend that you seek Cabinet's agreement to the transfer and authority for Joint Ministers to make the necessary appropriation transfers. The paper notes the Prime Minister's expectation that this proposal will be fiscally neutral to the Crown. There is a risk that when the more detailed work on costs is done this may require trade-offs for Ministers to consider. Officials would provide advice on this in July 2025.
8. The transfer costs to DPMC, DIA, NEMA and Treasury (which provides corporate services to DPMC and NEMA) can be met through existing baselines and provision to transfer departmental underspends from 2024/25 to future years.

Recommendations


9. We recommend you:
 1. **note** the desire of the Prime Minister to change the host of NEMA from DPMC to DIA;
 2. **note** the Prime Minister's expectation that this change will be fiscally neutral to the Crown;
 3. **agree** to submit a Cabinet paper from Joint Ministers seeking Cabinet agreement to change the host of the National Emergency Management Agency from the Department of the Prime Minister and Cabinet to the Department of Internal Affairs; **YES / NO**
 4. **agree** to coalition and Ministerial consultation of the draft Cabinet paper to give effect to this decision; and **YES / NO**
 5. **note** that officials will provide Joint Ministers with a subsequent briefing seeking specific transfer decisions, including fiscally neutral changes to appropriations.


Ben King
Chief Executive
Department of the Prime Minister and
Cabinet
26 February 2025

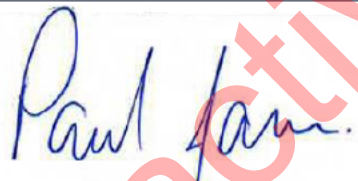
Rt Hon Christopher Luxon
Prime Minister
...../...../.....


Cath Atkins
Acting Chief Executive
The Treasury
26 February 2025

Hon Nicola Willis
Minister of Finance
...../...../.....


Dave Gawn
Chief Executive
National Emergency Management
Agency
26 February 2025

Hon Mark Mitchell
Minister for Emergency Management
and Recovery
...../...../.....


Paul James
Chief Executive
Department of Internal Affairs
26 February 2025

Hon Brooke van Velden
Minister of Internal Affairs
...../...../.....


Hugo Vitalis
Deputy Chief Executive
Public Service Commission
24 February 2025

Hon Judith Collins KC
Minister for the Public Service
...../...../.....

Background

10. The Government is committed to delivering. It wants to see demonstrable, measurable results that make the lives of New Zealanders easier and help them to get ahead. To ensure this focus the Government has set targets, is holding Ministers and agencies to account for their delivery and is monitoring progress.
11. The Prime Minister is strengthening the ability of DPMC to oversee and support this approach. He wants a smaller, more sharply focused agency at the centre of government. This involves strengthening DPMC's core, in particular the focus on supporting delivery, and transitioning non-core functions elsewhere.
12. DPMC's core functions are focused on supporting the Prime Minister and Cabinet to drive the Government's work programme through the provision of policy advice and supporting delivery; ensuring effective constitutional government; and advising on national risk and security.
13. In line with this direction, several time-limited functions have been wound down and other non-core functions transferred to other agencies including the transfer of the child wellbeing and poverty reduction function to the Ministry of Social Development and the Christchurch Call to a philanthropic foundation.
14. There are currently two functions hosted by DPMC which are not core to its role:
 - the Functional Chief Executive Cyclone Recovery. Cabinet has agreed to transfer residual North Island weather events recovery activities from 1 July 2025 from DPMC to DIA [ECO-24-MIN-0274 refers], and
 - NEMA. NEMA plays an important role alongside a range of agencies in central government, local government, the private sector, and communities to ensure the resilience and safety of New Zealanders. However, DPMC considers that it does not need to host NEMA for NEMA to fulfil its role. In December 2023, the Prime Minister agreed in-principle to transfer the host department responsibility for NEMA from DPMC to DIA subject to advice on the costs involved. As part of Budget 2025 discussions, he has advised that he expects this to be fiscally neutral to the Crown.
15. This initiative is very much about strengthening the role of DPMC as a central agency in the system of government. In doing so, it is important to consider the interests of the other agencies involved. For this reason, the risks to all agencies involved need to be understood during this process.
16. This paper supports Ministers in their decision making by providing the background to the current hosting arrangements, consideration of the best hosting option for NEMA now, and the work needed on details related to cost and implementation.

Why NEMA is hosted by DPMC

17. The role and location of NEMA (and its predecessor the Ministry of Civil Defence and Emergency Management (MCDEM)) has been the subject of several independent and Ministerial reviews.
18. Between 1959 and 2014 New Zealand's emergency management function was part of DIA after which it was moved to DPMC. Following the 2011 Christchurch earthquake, an independent review recommended that MCDEM be moved from DIA to DPMC as the reviewers felt that the location of MCDEM should be determined by what is operationally efficient during an emergency rather than what is administratively convenient under business as usual. The report recommended DPMC as the best home because of its role leading the Official's Committee for Domestic and External Security Co-ordination (ODESC). Cabinet at that time, did not agree to this move as it considered that lack of

recognition of MCDEM's role in an emergency by other agencies could be mitigated by increasing their awareness of this, and that as a large agency, DIA was the best place for operational efficiency [CER (12) 25 refers].

19. In 2013, as part of work to focus DIA's delivery of its government ICT functional leadership and information management mandate, it was decided to move MCDEM from DIA to DPMC. In addition to freeing up DIA, the rationale for moving MCDEM related to strengthening co-ordination across the national security and intelligence sector and providing closer alignment of civil defence emergency management with national security directions. This would strengthen the government's capabilities around risk, resilience, and response [CAB Min (13) 39/9 refers].
20. Between 2014 and 2019, MCDEM operated as a business unit of DPMC. In 2019, following a Ministerial Review into the emergency response system, NEMA was established as a Departmental Agency (DA)¹ hosted by DPMC. The functions of MCDEM transferred into NEMA. DPMC was selected as NEMA's host because of proximity to the ODESC and the national security system (now the National Resilience System)². This was considered to give the emergency management function prominence and influence within both central and local government, as well as ease of access to decision makers when managing a significant response. There was a significant programme of change in the emergency management sector that came out of the Ministerial review and Cabinet did not want to unnecessarily disrupt that work at that stage.

DPMC is no longer the best host for NEMA

21. For the reasons outlined above, Cabinet agreed to establish NEMA as a departmental agency hosted in DPMC in the first instance with a review planned into its longer-term location once the agency had been up and running for a year³. At the time, there was some concern that as a relatively small agency and the potential increase in the size of NEMA, hosting a large operational agency may distract DPMC, from its core function of providing the Prime Minister with advice⁴.
22. We have reached this stage. NEMA is now almost as big as its host and its appropriations are bigger than DPMC's. NEMA's business and corporate support needs are very different to the rest of DPMC.
23. It is now time to assess whether another agency would be a better host for NEMA. It is the Prime Minister's view that the hosting of NEMA should move from DPMC to DIA. Since the Prime Minister has agreed-in-principle to this change, our assessment against the two criteria below focuses primarily on these two agencies. However, there are other options that we have included as 'Other' in the table in **Appendix 1**.
24. We have used two criteria to consider this issue.
 - *Ability to provide operational support*NEMA is a DA headed by its own chief executive who is directly responsible to the Minister for Emergency Management and Recovery for its activities and performance. Section 24(5) of the Public Service Act 2020 requires a host department to provide

¹ A DA is an operationally autonomous agency hosted by a Public Service department. It is legally considered part of its host department.

² At this time the National Security System was the name for the all-hazards all threats system. This is now known as the National Resilience System. National security is part of this wider system with a more limited focus on threats to national security interests from those who would do the country harm [ERS-22-MIN-0028 refers].

³ This review did not happen due to the effort required to lead co-ordination of the response to COVID-19.

⁴ At the time of NEMA's establishment in DPMC, Public Service Commission officials recommended that DIA would be the best host long-term host for NEMA as a large agency with regulatory and operational functions.

corporate services (for example, HR, IT) to a departmental agency, except to the extent that any variation is agreed between the chief executives of both agencies.

The host department chief executive retains some responsibility as the departmental agency is considered part of the host department. For example, the host department is responsible for ensuring the DA complies with some legislative requirements.

Therefore, an important criterion (arguably the most important one) is that the host can adequately provide corporate services to the DA and ensure legal compliance in the areas for which it is accountable (e.g. OIA compliance).

The summary of the assessment in Table 1 on this criterion is that as a large agency with a bigger corporate centre, DIA is more able than DPMC to provide corporate services to NEMA. It already does this across several large business units and a DA. The impact of this role on DPMC is significant. As a larger agency, DIA would be more able to scale up to support an emergency response than DPMC if necessary. This happened in the past when MCDEM was part of DIA.

- *Related business supports system coherence*

DAs tend to be established within agencies in a related sector (e.g. the Cancer Control Agency hosted by the Ministry of Health) to reduce fragmentation and improve system coherence. Therefore, the relationship between the business of the DA and its host is a criterion to consider in hosting decisions, alongside the ability of the host to operationally support the DA.

The summary of the assessment in Table 1 on this criterion is a little less clear cut than on the first one as both DPMC's and DIA's roles have strong relationships with those of NEMA. DPMC's connections come at the ODESC and central government level whereas those of DIA come from its connections with local government, communities, and other agencies such as Fire and Emergency New Zealand (FENZ). Both central and local connections are important to NEMA's success and to increasing New Zealand's resilience to disasters.

In recent times DPMC has strengthened its role in relation to National Resilience and Risk through the establishment of a function focused on this. Cabinet has agreed that DPMC will drive government action on the most serious potential risks and crises facing New Zealand and providing confidence that these risks are being strategically and proactively managed [CAB-24-MIN-0471 refers]. This function will work with agencies across government, including NEMA, which reduces the need for NEMA to be hosted by DPMC to be part of this system.

NEMA considers that being located within DPMC makes it easier and more efficient to fulfil its role in and after an emergency. However, clear and shared understanding of roles and responsibilities, supported by good business processes and effective relationships with DPMC, other agencies, and Ministers offices (including PMO) are critical to NEMA being able to do its role well. In recent years, there has been significant investment in NEMA which has strengthened the national leadership of the emergency management system and provided it with more prominence and influence through the new chief executive position. Given this, NEMA does not need to be located within DPMC for it to fulfil its role successfully.

25. On balance we consider that DIA would be the best long-term host for NEMA for the following reasons:

- As a large agency with regulatory and operational functions, DIA is in a better position than DPMC to support a growing, operational agency.

- There are real synergies to be had by locating NEMA within DIA where it can capitalise on closer relationships with local government. Local government funds and organises the regional Civil Defence Emergency Management (CDEM) Groups which are critical in preparing for and responding to most of the emergencies New Zealand faces (e.g. floods and earthquakes).
 - DIA's focus on community development and working with communities is also an asset. The recent report on the *Government Inquiry into the Response to the North Island Severe Weather Events* identified the need to put people and their communities at the heart of emergency management given their important role in the readiness and response to emergency events.
26. While DIA fits the criteria to host NEMA, DIA advises that it is not able to absorb any additional costs related to hosting a second DA. A fiscally neutral transfer is required to avoid negatively impacting DIA's ongoing fiscal sustainability.

Changes in the environment mean that the time is right to do this now

27. Earlier decisions about the location of the then-MCDEM and the hosting of NEMA were taken at points in time. Since then, several things have changed including:
- significant investment in NEMA which has strengthened the national leadership of the emergency management system and provided it with more prominence and influence through the chief executive position leading a DA, and
 - DPMC has strengthened its role related to national resilience and risk as discussed on page 6.
28. This work to strengthen the National Resilience System, alongside work being led by NEMA to improve the emergency management system, will clarify roles and responsibilities across agencies. This follows Cabinet decisions that NEMA should be operationally focused and that DPMC will lead further work to clarify strategic responsibilities [CAB-24-MIN-0381 refers]. This work will continue and will not be impacted by decisions around NEMA's host.
29. s9(2)(f)(iv) and s9(2)(g)(i)
30. Given the strategic direction of DPMC, the growth of NEMA as a departmental agency with its own chief executive, and changes to arrangements in the leadership of resilience and risk, we consider that it is the right time to change the host of NEMA. As noted earlier, this was envisaged when NEMA was first established as a DA hosted by DPMC.

Operational Implications

A transition date of 25 September 2025 is recommended

31. Officials consider that a late September 2025 start date would enable the required work to be done alongside other priority work that NEMA has underway related to the Emergency Management System Improvements, the Emergency Management Bill, and the Emergency Management Sector Operating System. We note that if there were a significant emergency, the proposed start date may need to be pushed out.
32. Transferring the host department for NEMA from DPMC to DIA requires a Cabinet decision and subsequent Orders in Council. Subject to Cabinet agreement, the Minister for the Public Service will instruct Parliamentary Counsel Office to draft the Orders in Council to

enable Cabinet's approval in late July 2025 and subsequent Gazette notice providing 28 days' notice before coming into effect on 25 September 2025.

33. A draft Cabinet paper is attached and, subject to your approval, would be circulated for coalition and Ministerial consultation early in March 2025.
34. A decision can then be made by Cabinet in late March to authorise Joint Ministers to agree the necessary fiscally neutral changes to appropriations. Officials can then work on advice for Joint Ministers to agree the necessary fiscally neutral changes to appropriations and net assets from 2025/26 to give effect to the transfer after the Budget Moratorium ends, as no financial decisions can be made between 14 April and 22 May 2025.

A more ambitious timeline could implement change earlier with greater risk – this is not recommended

35. An earlier transfer date has been discussed by agencies. While possibly achievable it comes with significant risk and is not recommended. NEMA's current work programme leading key strategic pieces of work (paragraph 31) will limit its ability to engage in the transition. Along with this risk, further cost may be incurred with a slightly longer 'hand-over' period for non-current information records, and potentially a dual information technology service to manage risk in the event of an emergency activation.
36. The preferred start date on 25 September aligns with a payroll period and would enable time for careful planning and successful delivery of the host transfer.

The operational details of the transfer have been worked through by officials

37. NEMA's scope of work and functions would also remain the same as now, as would the ministerial portfolios.
38. The NEMA Chief Executive would continue to hold specific employment responsibilities as defined in the Public Service Act 2020 and the intention would be to transfer staff from DPMC to DIA as seamlessly as possible.
39. DIA would become the appropriation administrator of all associated departmental and non-departmental appropriations. DIA would also take ownership of departmental assets transferred from Vote Finance and Vote Prime Minister and Cabinet and the administrative responsibility for any Crown Assets associated with NEMA's functions such as IT systems and software, websites, the tsunami monitoring and detection network and specialised equipment. The necessary approvals of Joint Ministers will be sought for all asset transfers.

Agencies have worked to mitigate any identified risks associated with the transfer

40. Officials have worked closely to:
 - plan for a straightforward transition to minimise the impact on work programmes. Given the nature of NEMA's work there is a risk that moving these functions to a new host agency proves disruptive. It will be important to minimise disruption from the transfer of the host agency. DPMC, DIA and NEMA will work together to ensure disruption, and associated financial cost, is kept to a minimum, and
 - ensure that the change in hosting responsibility can be completed on 25 September 2025. If some level of phasing is required to affect the operational aspects of transfer, agencies would work together to enable this.
41. Clear communication with staff and stakeholders about any changes will be important and will form part of our approach. Staff of DPMC and NEMA are aware that a transfer of host is under active consideration.

Financial implications

The costs of the transfer would be met within existing baselines

42. Given the current fiscal environment, no new funding would be sought to cover the costs of this transfer. Officials have worked to find any underspends within the existing financial year to cover the costs, and where these are not available, a reprioritisation of resources would take place. No budget bid has been submitted for this proposal.
43. DPMC and DIA have identified first best cost assumptions of the proposed transfer, based on the information available and likely to be spread across two financial years. These may change as the more detailed work is done. Current estimates are:
- Vote Prime Minister and Cabinet (PMC) costs are estimated to be around \$1.35m.
 - The Treasury's costs are incurred within its shared services function and recovered as revenue from DPMC. They form part of Vote PMC's estimated costs.
 - DIA estimates costs to Vote Internal Affairs be around \$2m
44. All agencies involved face constraints in the flexibility of baseline absorption. Cabinet will be asked to agree that any underspends in 2024/25 departmental output expense appropriations in affected Votes be available for transfer to 2025/26 and outyears, as necessary, to ensure funding remains available for helping affected agencies to manage the transition and the uneven impacts of managing stranded costs such as licenses. While at this stage departments do not expect any substantial additional costs would be identified, if this were to occur, we would return to Joint Ministers for direction.

There may be further vote implications, which would be detailed in the subsequent joint Ministers' briefing

45. Vote Prime Minister and Cabinet and Vote Finance would face impacts arising from the removal of NEMA from the Central Agencies Shared Service. While agencies have been reducing their cost structures and making internal efficiencies, we expect there to be a mix of short-term and ongoing costs to resolve.
46. There may be flow-on implications to other votes, which would be worked through ahead of the transfer, and any approval required sought through a subsequent Joint Ministers paper if Cabinet approves the proposal.
47. The implementation of any decisions to change the host agency of NEMA will need to consider opportunities to drive delivery and fiscal consolidation, reduce overlaps, and ensure resources are efficiently targeted. We consider it appropriate for relevant Joint Ministers, supported by their chief executives, to reach agreement about the transfer of resources. These considerations should include whether all the resources currently allocated to the performance of the functions should transfer.
48. If Cabinet agrees to this transfer, officials will return to Joint Ministers to seek agreement to progress with the required transfer of resources and appropriations. The transfer of host is premised on being fiscally neutral overall for the Crown. There may be risks identified by officials in achieving this and officials will provide advice to Ministers on options to resolve any outstanding issues within the context of Government priorities and funding processes.

Detailed timeline

49. The indicative timeline for implementation is set out below.

Date 2025	Milestone
10 March	Joint Ministers provide feedback on the draft Cabinet paper
11 March	Coalition consultation begins
16 March	Coalition consultation ends
17 March	Ministerial consultation begins
19 March	Ministerial consultation ends
20 March	Cabinet paper uploaded and lodged
25 March	Cabinet paper from Prime Minister, the Minister for Emergency Management and Recovery, and the Minister of Internal Affairs considered at Cabinet Expenditure and Regulatory Review Committee
31 March	Cabinet meets
8 June	CE of DPMC agrees with CEs of affected agencies on transfer of staff, funding and other assets
23 June	Joint Ministers agree on appropriation decisions and Cabinet paper
10 July	Cabinet paper and Orders in Council lodged
17 July	Cabinet paper & Orders considered at LEG Committee
21 July	Cabinet meets
21 July	Orders in Council signed
22 July – 4 August	Staff consultation
Early-August	Gazette notice issued
Mid-August	Decision document issued by DPMC
25 September	Orders come into effect, staff transfers completed

Attachments:	Title	Security classification
Attachment A:	Draft Cabinet Paper: Strengthening the Government's delivery focus: strengthening and streamlining the Department of the Prime Minister and Cabinet	IN-CONFIDENCE

The Cabinet paper titled *Strengthening the Government's delivery focus: strengthening and streamlining the Department of the Prime Minister and Cabinet* is due to be proactively released.

Appendix 1: Assessment of hosting options against the two assessment criteria

Criterion	DPMC	DIA	Other
<p>Ability to provide operational support</p>	<ul style="list-style-type: none"> × DPMC is a small policy agency that gets some of its corporate services from the Central Agency Shared Service (CASS) who also support the Treasury. While DPMC and the Treasury have similar businesses (policy and advice), NEMA is different with bespoke operational systems and 24/7 functions. This is likely to become more important in future. This puts pressure on DPMC's corporate centre and leadership. × While DPMC does benefit from the cross-subsidy of hosting NEMA, over time DPMC risks being dwarfed by the hosted agency, creating financial distortions and potentially impacting on the relationships between the agencies. 	<ul style="list-style-type: none"> ✓ Large agency with a corporate area that supports a range of large business units. ✓ Experienced Departmental Agency host (Ministry for Ethnic Communities) 	<ul style="list-style-type: none"> • There are other large operational agencies in the system who would be able to provide corporate support to NEMA (e.g. MBIE, MSD), however, there doesn't appear to be as strong a case on the second criterion for these agencies. • Emergency agencies such as Police and FENZ would be able to do so as well – however as first line responders, in a disaster their ability to support non-core functions is likely to be compromised.
<p>Related business supports system coherence</p>	<ul style="list-style-type: none"> ✓ The work of NEMA and DPMC connects with the DPMC's work on risk, resilience, and crisis management, most often through the ODESC system and the work on national significant risks. This is the case for many agencies. ✓ Direct line to the PM in times of crisis. × There is almost no cross-over between DPMC's function to support strong executive government and NEMA's operational focus on emergency management stewardship. × Could be advantageous if a majority of the responses led by NEMA were national security ones but they aren't. Most are events such as earthquakes and floods with the response involving local and regional CDEM structures. × NEMA's role has aspects akin to a regulator alongside provision of services to the sector. This is not DPMC's area of focus. 	<ul style="list-style-type: none"> ✓ DIA has policy and operational roles of relevance to NEMA's functions including <u>local government</u> (who fund and organise the regional CDEM Groups and are critical in preparing for and responding to emergencies), <u>community development</u> and <u>working with communities</u> (the recent NISWE Inquiry identified the need to put people and their communities at the heart of emergency management given their important role in the readiness and response to emergency events) and <u>fire</u> ✓ Experienced regulator and what it takes to be an effective regulator including the provision of services to various sectors. × Fewer connections with the risk, resilience and security systems although the CE of DIA sits on the National Hazards Board, a key governance body in the system. 	<ul style="list-style-type: none"> • There is some, although not much, synergy between NEMA's business and the other large operational agencies in the system who would be able to provide corporate support to NEMA (e.g. MBIE, MSD). These agencies play key roles in the emergency readiness and response system but only for specific aspects. • s9(2)(g)(i), s9(2)(f)(iv) [REDACTED]



Joint Briefing

NATIONAL EMERGENCY MANAGEMENT AGENCY HOST: RESOURCE TRANSFERS

To:	Rt Hon Christopher Luxon, Prime Minister Hon Nicola Willis, Minister of Finance Hon Chris Bishop, Associate Minister of Finance Hon Judith Collins KC, Minister for the Public Service Hon Mark Mitchell, Minister for Emergency Management and Recovery Hon Brooke van Velden, Minister of Internal Affairs		
Date:	12/06/2025	Priority level:	MEDIUM

Purpose

1. This report seeks your approval **by 27 June 2025** to the financial arrangements for the transfer of the host department responsibility for the National Emergency Management Agency (NEMA) from the Department of the Prime Minister and Cabinet (DPMC) to the Department of Internal Affairs (DIA) on 25 September 2025.

Recommendations

2. We recommend you:
 1. **note** that Cabinet agreed that responsibility for hosting NEMA be transferred from DPMC to DIA and authorised joint Ministers to agree the necessary changes to appropriations and departmental net assets to give effect to this decision [CAB-25-MIN-0108 refers]
 2. **note** that NEMA will continue to operate within the strategic and policy framework of its host department and the host department will continue to manage NEMA's assets and liabilities
 3. **note** that the Chief Executives of DPMC, NEMA and the Treasury, or their delegates, and the Secretary of DIA have agreed how the transition costs and stranded costs will be met
 4. **agree** to the establishment of appropriations, as outlined under financial recommendations in paragraph 17, to give effect to recommendation 1 **YES / NO**

- 5. **agree** to the fiscally neutral transfer of the amounts, as outlined under financial recommendations in paragraph 18, to give effect to recommendation 1 **YES / NO**


- 6. **note** that the Minister for the Public Service will lodge the necessary Orders in Council for Cabinet agreement following agreement to recommendations 4 and 5

- 7. **note** the necessary staff consultation will commence on 1 July 2025 and conclude on 17 July 2025, and

- 8. **agree** to proactively release this report, alongside relevant Cabinet Papers once the Orders in Council covering the transfer of hosting arrangements have been Gazetted. **YES / NO**


Ben King
Chief Executive
Department of the Prime Minister and Cabinet
12 June 2025


Agree to recommendations 5 and 8
Rt Hon Christopher Luxon
Prime Minister
...../...../.....


Cath Atkins
Chief Operating Officer and Deputy Secretary Strategy, Performance and Engagement
The Treasury
12 June 2025


Agree to recommendations 4, 5 and 8
Hon Nicola Willis
Minister of Finance
...../...../.....

The Associate Minister of Finance, acting under delegated authority from the Minister of Finance, is a joint Minister in terms of exercising authority under CO (18) 2, to approve the transfer or establishment of appropriations as authorised by Cabinet [CAB-25-MIN-0108 refers].


Agree to recommendations 5 and 8
Hon Chris Bishop
Associate Minister of Finance
...../...../.....


Hugo Vitalis
 Deputy Chief Executive
 Public Service Commission
 12 June 2025

Agree to recommendations 6 and 8
Hon Judith Collins KC
 Minister for the Public Service
/...../.....


Dave Gawn
 Chief Executive
 National Emergency Management
 Agency
 12 June 2025

**Agree to recommendations 4 (17.3 only),
 5 and 8**
Hon Mark Mitchell
 Minister for Emergency Management
 and Recovery
/...../.....


Paul James
 Secretary
 Department of Internal Affairs
 12 June 2025

Agree to recommendations 5 and 8
Hon Brooke van Velden
 Minister of Internal Affairs
/...../.....

Background

- 3. On 7 April 2025 Cabinet agreed that responsibility for hosting NEMA be transferred from DPMC to DIA with effect from 25 September 2025 [CAB-25-MIN-0108 refers]. In making its decision, Cabinet authorised the Minister of Finance and relevant appropriation Ministers jointly to agree the necessary changes to appropriations and departmental net assets (including establishing any new appropriations as necessary). This authorisation would follow finalisation of DPMC’s 2024/25 financial statements or earlier if necessary.

Implementation is on track with a focus on service continuity

- 4. A programme team has been stood up to ensure that a host transfer date of 25 September 2025 is met. Should a significant natural hazard event occur prior to this date, depending on the timing and impact, it is possible that the legal transfer may still take place with agencies deferring aspects of any physical changes until a later date.

5. Chief Executives and a Tier Two Steering Group provide governance assurance that all workstreams are working to the shared goal that there be no degradation to NEMA's operations throughout the host transfer process. Implementation planning will identify any risks to service continuity and the administrative arrangements necessary to provide interim services by either DPMC or CASS to NEMA after the transfer date, particularly in the event of a significant emergency.
6. Timing remains tight and delivery is aligned to follow decisions of joint Ministers, staff consultation and Orders in Council.

The transfer of staff will be actioned using section 86 of the Public Service Act 2020

7. Although NEMA staff are legally employees of DPMC, the Public Service Act 2020 states that the Chief Executive of NEMA is delegated responsibility for employment matters relating to NEMA staff, including decisions on the transfer of employees under section 86 of the Act. Section 86 provides that the Chief Executive of NEMA, in consultation with the Chief Executive of DIA, can transfer employees from DPMC to DIA if those positions:
 - consist of the same duties and responsibilities
 - the terms and conditions of employment are no less favourable
 - the positions being transferred are within the same general locality as they were when NEMA was hosted by DPMC (i.e. in Wellington, Christchurch or Auckland), and
 - is on terms which treat the service as continuous service.
8. Where section 86 is used, transferred employees have no entitlement to redundancy compensation. The transfer of NEMA from DPMC to be hosted by DIA is essentially a 'lift and shift' of existing entitlements and remuneration structure.
9. Decisions on transfer or any alternative employment process are for the Chief Executive of NEMA and must be made independently of Ministers. Before the transfer can be actioned under section 86, the Chief Executive of NEMA must consult with NEMA staff as well as the Secretary of DIA about the proposed transfer. Employee consultation is proposed to commence on 1 July 2025 and conclude on 17 July 2025.

An early decision on transfer of resources is required by 27 June 2025

10. Ministers are asked to make an early decision on transfer of appropriations and assets by 27 June 2025, because two significant procedural matters are dependent on this decision. Both of these must occur if the desired commencement date of 25 September 2025 is to be met:
 - 10.1 Staff consultation scheduled for 1-17 July 2025 must be concluded with decisions communicated 4-6 August 2025 to enable payroll transition and sufficient testing to occur with appropriate quality assurance, subject to final decisions being made on the transfer.
 - 10.2 Two Orders in Council required to give effect to the change in host department are to be lodged by 10 July 2025. Agencies do not support the Orders in Council progressing unless Ministers have agreed the transfer of funding.

DIA and NEMA have agreed on the cost of host services to be provided

11. Under section 24 of the Public Service Act 2020, the appropriate Ministers for the departmental agency and its host must decide arrangements related to the departmental agency working within or outside the strategic and policy framework of its host department and whether the departmental agency may manage assets and liabilities. These agreements must be included in the Order in Council. As the host transfer is a 'lift

and shift' arrangement, the existing settings will not change (i.e. NEMA will work within the strategic and policy framework of DIA and it may not manage assets and liabilities which will be managed by DIA).

12. The Public Service Act also requires the agency and host Chief Executives to agree working arrangements between them (including the provision of corporate services). DIA and NEMA have worked together to confirm the necessary schedule of corporate services to be provided by DIA, and the cost to NEMA of those services. This is an input into a Departmental Agency Agreement to be developed between DIA and NEMA and confirmed closer to the transfer date.
13. In its 7 April 2025 decision, Cabinet noted that joint Ministers would confirm the rigour and transparency of the calculation of the cost to provide agreed corporate host services.
14. Officials from DPMC and Treasury have reviewed the cost schedule for DIA's corporate host services and confirm that these have been calculated on a reasonable and transparent basis. Additional charges are added for bespoke NEMA-only services.

Unavoidable transition costs can be met through existing funding

15. Cabinet approved each affected Vote's departmental output expense appropriation underspends in 2024/25 being available for transfer to 2025/26 and outyears to assist agencies in managing the impacts of the transition [CAB-25-MIN-0108 refers]. This enables the unavoidable one-off costs of the transfer affecting DIA, DPMC and the Treasury (DPMC and NEMA's corporate services provider) to be met. Treasury and DPMC intend to work towards achieving further efficiencies to reduce the one-off costs of \$0.4 million likely to be incurred in 2025/26. DIA intends to ensure the migration of NEMA is conducted as efficiently as possible to ensure the transition costs are no greater than the estimated \$2 million which is currently being absorbed from DIA underspends.
16. The Treasury faces additional unavoidable stranded costs as a result of the removal of NEMA customers from the Central Agencies Shared Services (CASS), resulting in a shortfall of \$0.9 million in 2025/26 and \$1.2 million in 2026/27. s9(2)(f)(iv) . On 26 February 2025 [DPMC-2024/25-784 refers] we advised that the transfer of NEMA host agency was premised on being fiscally neutral overall to the Crown. Using a mix of administrative efficiencies, reprioritisation and carry forward of the underspends noted in paragraph 15 above, we recommend a reallocation of a portion of this funding to Vote Finance of \$0.750 million in 2025/26 and \$1 million in 2026/27 based on the following agency contributions to meet the shortfall:

Agency contribution	2025/26	2026/27
DPMC	\$300,000	\$400,000
DIA	\$300,000	\$400,000
NEMA	\$150,000	\$200,000
Treasury	\$150,000	\$200,000

Financial implications

17. Cabinet authorised the Minister of Finance and relevant appropriation Ministers jointly to establish new appropriations as necessary [CAB-25-MIN-0108 refers]. We recommend that you:
 - 17.1 **agree** to the establishment of a new multi-category appropriation "Emergency Management Leadership and Support MCA" in Vote Internal Affairs, to be administered by the Department of Internal Affairs and with the Minister for Emergency Management and Recovery as appropriation Minister, to support leadership of the all-hazards, all-risk emergency management system so that it

	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Vote Internal Affairs Minister of Internal Affairs Multi-Category Expenses and Capital Expenditure: Regulatory Services MCA Departmental Output Expenses: Regulatory Services	(0.300)	(0.400)	-	-	-
Vote Internal Affairs Minister for Emergency Management and Recovery Multi-Category Expenses and Capital Expenditure: Emergency Management Leadership and Support MCA Advice and Support for Emergency Risk Reduction, Readiness, Response and Recovery (funded by revenue Crown) Non-departmental Other Expenses: Emergency Risk Reduction, Readiness, Response and Recovery	35.227 2.166	50.706 3.666	50.706 3.666	50.906 3.666	50.906 3.666
Vote Finance Minister of Finance Multi-Category Expense and Capital Expenditure: Policy Advice and Financial Services (funded by revenue Crown)	0.750	1.000	-	-	-
Vote Finance Minister of Finance Departmental Output Expenses: Shared Support Services (funded by revenue Department)	(0.052)	(0.103)	(0.103)	(0.103)	(0.103)

- 18.2 **agree** that the proposed changes to appropriations for 2025/26 above be included in the 2025/26 Supplementary Estimates and that, in the interim, the increase be met from Imprest Supply;
- 18.3 **note** that the value of the transfers in recommendation 18.1 for 2025/26 are after allowing for expenditure in Vote Prime Minister and Cabinet until the date of transfer and that any unspent funding in the Emergency Management Leadership and Support Multi-Category Appropriation in Vote Prime Minister and Cabinet after the date of transfer will be transferred to Vote Internal Affairs in the next available baseline update, or earlier if required;
- 18.4 **note** that DPMC and the Treasury will transfer assets and capital funding related to the responsibility for hosting NEMA to the Department of Internal Affairs to ensure it has the necessary capital to replace the assets;
- 18.5 **approve** the following fiscally neutral capital withdrawals from the DPMC and the Treasury and corresponding capital injection into the Department of Internal Affairs reflecting the circumstance described in recommendation 18.1 above, with no impact on net core Crown debt:

	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Vote Finance Minister of Finance The Treasury: Capital Withdrawal	(2.076)	-	-	-	-
Vote Prime Minister and Cabinet Prime Minister Department of the Prime Minister and Cabinet: Capital Withdrawal	(2.749)	-	-	-	-
Vote Prime Minister and Cabinet Prime Minister Department of the Prime Minister and Cabinet: Capital Injection	(2.270)	-	-	-	-
Vote Internal Affairs Minister of Internal Affairs Department of Internal Affairs: Capital Injection	4.825	-	-	-	-
Department of Internal Affairs: Capital Injection	2.270	-	-	-	-

- 18.6 **agree** that the proposed departmental capital withdrawals and departmental capital injection for 2025/26 above be included in the 2025/26 Supplementary Estimates and that, in the interim, the capital injection be met from Imprest Supply;
- 18.7 **note** that DIA capital expenditure is expected to increase as a result of the transfer of the host department responsibility for NEMA from DPMC to DIA;
- 18.8 **note** the following changes to appropriations in accordance with section 24(1) of the Public Finance Act 1989, reflecting the changed capital expenditure described in recommendation 18.7 above, with no impact on net core Crown debt:

	\$m – increase/(decrease)				
	2025/26	2026/27	2027/28	2028/29	2029/30 & Outyears
Vote Prime Minister and Cabinet Prime Minister Department of the Prime Minister and Cabinet – Capital Expenditure PLA	(2.270)	-	-	-	-
Vote Internal Affairs Minister of Internal Affairs Department of Internal Affairs – Capital Expenditure PLA	2.270	-	-	-	-

- 18.9 **note** that while there is no requirement for joint Ministers to approve changes to the Local Authority Emergency Expenses Permanent Legislative Authority (PLA), which is intended to achieve reimbursement of local authorities as authorised by section 115A of the Civil Defence Emergency Management Act 2002, administration of the PLA will transfer from DPMC to DIA with effect from 25 September 2025;

- 18.10 **agree** that management of the Tsunami Monitoring and Detection Network Non-departmental assets will transfer with NEMA from Vote Prime Minister and Cabinet to Vote Internal Affairs with effect from 25 September 2025; and
- 18.11 **note** that annual leave cash balance liabilities and any other liabilities will be transferred to DIA following the date of transfer.

Next steps

19. Following your approval **by 27 June 2025**, staff consultation will commence, and the Public Service Commission will work with the Minister for the Public Service to progress the necessary Cabinet decisions for Orders in Council.
20. The agreed financial changes will be recorded in the October Baseline Update by affected agencies, and any necessary adjustments to reflect final expenditure incurred against the NEMA emergency management appropriations may be made in the following baseline update or earlier as needed.
21. A detailed implementation plan, led by DIA, will ensure that agencies work together to maintain NEMA's operational readiness while transferring services from DPMC and CASS to DIA.
22. To ensure there is no degradation of NEMA's corporate services, Chief Executives and the Secretary of DIA will provide assurance over the implementation activity prior to confirming that physical transfer can proceed on the scheduled date, noting that legal transfer may still occur.