



Proactive Release

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

Strengthening and Streamlining the Department of the Prime Minister and Cabinet

The following documents have been included in this release:

Title of paper: Strengthening the Government's delivery focus: strengthening and streamlining the Department of the Prime Minister and Cabinet (EXP-25-SUB-0033 refers)

Title of minute: Report of the Cabinet Expenditure and Regulatory Review Committee: Period Ended 4 April 2025 (CAB-25-MIN-0108 refers)

Title of minute: Strengthening and Streamlining the Department of the Prime Minister and Cabinet (EXP-25-MIN-0033 refers)

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.

Key to redaction code:

- section 9(2)(f)(iv), to maintain the confidentiality of advice tendered by or to Ministers and officials.

A small amount of information is not relevant to the release of this Cabinet paper and is marked as out of scope.

~~IN CONFIDENCE~~ UNCLASSIFIED

Office of the Prime Minister

Office of the Minister for Emergency Management and Recovery

Office of the Minister of Internal Affairs

Cabinet Expenditure and Regulatory Committee

Strengthening the Government's delivery focus: strengthening and streamlining the Department of the Prime Minister and Cabinet

Proposal

- 1 This paper provides information about work to strengthen the Department of the Prime Minister and Cabinet (DPMC). It seeks agreement to transfer responsibility for hosting the National Emergency Management Agency (NEMA) from DPMC to the Department of Internal Affairs (DIA).
- 2 Subject to Cabinet's agreement, the Minister for the Public Service will instruct the Parliamentary Counsel Office to draft necessary Orders in Council to bring these transfers into effect on 25 September 2025.

Relation to government priorities

- 3 Our Government has a strong focus on driving delivery of Government priorities through effective performance management and delivering better public services. The proposals outlined in this paper offer an opportunity to drive delivery and fiscal consolidation, clarify functions, reduce overlaps, and ensure resources are efficiently targeted.

Executive Summary

- 4 The Prime Minister has been strengthening the ability of DPMC to oversee and support the Government's focus on delivery and risk and create a smaller, more sharply focused agency at the centre of government. This has involved strengthening the department's core functions and transitioning non-core functions elsewhere.
- 5 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.
- 6 The Prime Minister and chief executive have several initiatives underway to **strengthen** DPMC's core role and **streamline** the department by removing non-core functions. In the last year several non-core functions have been wound up or moved elsewhere with just two left: hosting the Functional Chief Executive, Cyclone Recovery, and hosting NEMA.

- 7 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]. This paper proposes that responsibility for hosting NEMA transfers from DPMC to DIA.
- 8 We consider it appropriate for relevant joint Ministers, supported by their chief executives, to reach agreement about the appropriate transfer of resources, guided by the criteria in paragraph 32.
- 9 Making DIA the host for NEMA requires Orders in Council to be made. Subject to Cabinet agreement, and agreement by joint Ministers on the transfer of resources, the Minister for the Public Service will instruct the Parliamentary Counsel Office to draft the Orders in Council necessary to make these changes.

Background

- 10 Our Government is committed to delivering; to getting things done. We want people to see demonstrable, measurable results that make their lives easier, and help them to get ahead. To ensure this focus we have set targets, and we are holding Ministers and agencies to account for their delivery, and monitoring progress.
- 11 The Prime Minister has been 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 has involved 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 resilience, risk and security.
- 13 The Prime Minister and the Chief Executive of DPMC have several initiatives underway to **strengthen** DPMC's core role. These include:
- 13.1 Strengthening the delivery focus of the department with the establishment of a Delivery Unit. This function tracks the Government's priorities and provides reporting and advice to the Prime Minister. s9(2)(f)(iv)
- 13.2 Strengthening DPMC's resilience, risk and national security functions. s9(2)(f)(iv)
- 14 The Prime Minister and chief executive have also been working to **streamline** the department by removing non-core functions. Officials identified a range of functions that are not core to DPMC's role. In the last year most of these have been wound up or moved elsewhere, e.g. the transfer of functions related to child wellbeing and poverty reduction, reinstatement of the Christ Church Cathedral, and the Christchurch Call.
- 15 There are currently two 'non-core' functions left in the department: hosting the Functional Chief Executive Cyclone Recovery, and hosting NEMA. In relation to the former, 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]. Cabinet will be invited to disestablish the Functional Chief Executive Cyclone Recovery and DPMC's host responsibility before that date. This leaves NEMA. This paper recommends changing the hosting of NEMA from DPMC to DIA.

- 16 This initiative is very much about strengthening the role of DPMC as a central agency in the system of government. We recognise that 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. Therefore, in considering this proposal, we have carefully considered the interests of the other agencies involved.

NEMA performs necessary emergency management functions that need to continue but hosted by DIA rather than DPMC

- 17 NEMA was established by Cabinet as a Departmental Agency hosted by DPMC in 2019. Prior to this, the Ministry of Civil Defence and Emergency Management was a business unit in DPMC, and in DIA prior to 2014.
- 18 When it made its decision in 2019, Cabinet agreed to establish NEMA as a departmental agency hosted by DPMC in the first instance with a review planned into its longer-term location once the agency had been up and running for a year¹ [GOV-19-MIN-0017 refers]. DPMC was considered the best initial home because of proximity to the Officials Committee for Domestic and External Security Co-ordination (ODESC) and the national security system (now the National Resilience System)². This gave the emergency management function prominence and influence within both central and local government, as well as ease of access to decision makers when this is really needed (i.e. when managing a significant response).
- 19 When it was decided to host NEMA in DPMC, 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 advice. We have reached this point.
- 20 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 chief executive position. NEMA no longer needs to be hosted by DPMC, although it needs to retain its ability to respond to an event at any point during the transition and maintain confidence with Ministers and the sector. This is achieved through effective systems, processes, relationships, and clarity of roles and responsibilities, not hosting location.
- 21 In addition, recent changes to DPMC's resilience and risk functions referred to in paragraph 13.2 are developing an approach that drives 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

¹ This review did not happen due to the effort required to lead coordination of the response to COVID-19.

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 focus on threats to national security interests from those would do the country harm [ERS-22-MIN-0028 refers].

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.

22 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. Although not presented to Cabinet, Public Service Commission (PSC) advice at that time was that DIA would be the most appropriate long-term host for NEMA for the following reasons:

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

22.2 DIA's strategic direction in supporting local government also fits with NEMA's need to engage with local government, who are key in coordinating the response to local-scale emergencies³.

23 Since then, we consider that the following reasons further support the case for DIA:

23.1 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.

23.2 Cabinet's decision that NEMA should be operationally focused and that DPMC will lead further work to clarify strategic responsibilities [CAB-24-MIN-0381 refers] requires a strong operational focus for NEMA that can be better supported by DIA rather than DPMC which is a small, policy agency.

24 For these reasons set out in paragraphs 22 and 23, we recommend that DIA should become NEMA's host agency.

25 As with any change, minimising the disruption when moving NEMA to a new host agency will need careful management. NEMA performs important functions and is leading a Ministerial priority work programme to strengthen the emergency management system, in particular delivering the Emergency Management System Implementation and Investment Roadmap and legislative reform through the Emergency Management Bill. These are significant pieces of work with tight timeframes and significant stakeholder expectations. Unnecessary disruption could delay delivery of this work.

26 Given NEMA's responsibilities on behalf of New Zealanders, it will be critical to provide assurance that there will not be a degradation of NEMA's services through the transfer process. We cannot put life safety activities at risk, including warning the public of fast-moving threats like tsunamis.

³ A majority of New Zealand's emergencies are those that are managed locally e.g. fires, floods, and earthquakes.

- 27 It is 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.

Transferring the host of NEMA will require decisions about resources which should be made by joint Ministers supported by officials

- 28 The transfer of responsibility for hosting NEMA will have associated costs in the short to medium-term. Estimated costs are outlined in the Financial Implications section of this paper. The implementation of the decisions sought in this Cabinet paper will need to consider opportunities to drive delivery and fiscal consolidation, reduce overlaps, and ensure resources are efficiently targeted.
- 29 The NEMA Chief Executive would continue to hold specific employment responsibilities as defined in the Public Service Act 2020. 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.
- 30 When considering the allocation of assets and resources, it does not necessarily follow that the receiving agency (DIA) will need all the resources currently allocated to the performance of the functions outlined above, although it may. There are outstanding decisions to make about the transfer of staff, appropriations and associated corporate costs, and other assets.
- 31 We consider it appropriate for relevant joint Ministers, supported by their chief executives, to reach agreement about the transfer of resources. They will be in a better position to consider the most efficient distribution of resources, understand current assets and liabilities, and advise on the costs of the transfer to receiving agencies, and the financial year into which these will fall.
- 32 In agreeing to the transfer of resources we recommend Cabinet direct relevant joint Ministers to consider, among other matters:
- 32.1 the degree of rigour and transparency of calculation of the cost to provide agreed corporate host services
 - 32.2 assurance that there will not be a degradation of NEMA's services through the transfer process.
- 33 We recommend the transfer of the host function outlined in this paper takes effect on 25 September 2025, once affected joint Ministers have reached satisfactory agreement on the transfer of staff, funding, and other relevant assets.

Implementation

- 34 The process for transferring the function outlined in this paper, along with associated resources, if any, together with an indicative timeframe, is set out in table 1, overleaf.

Table 1 – Process and indicative timeframes

Milestone/Activity	Who	Timeframe
Joint Ministers approve transfer of staff, funding and other assets	Joint Ministers	23 June 2025
Cabinet paper and Orders in Council considered by the Cabinet Legislation Committee (LEG) Committee	Minister for the Public Service	17 July 2025
Orders in Council considered by Cabinet and submitted to Governor-General	Minister for the Public Service	21 July 2025
Staff consultation (in accordance with the transfer provisions of the Public Service Act)	DPMC and NEMA	22 July – 4 August 2025
Gazette notice issued	PCO	Mid-August
Staffing decisions notified	DPMC	Mid-August 2025
Orders in Council come into effect	Minister for the Public Service	25 September 2025

Cost-of-living Implications

35 This paper does not have cost-of-living implications.

Financial Implications

36 DPMC has estimated that the change management process will be a cost to Vote Prime Minister and Cabinet of approximately \$1.35 million. This includes project management, information management and file transfer, and information technology support.

37 Transfer costs incurred by Treasury will be within its shared service appropriation. These costs are recovered as revenue from DPMC and will be fiscally neutral for Vote Finance. Treasury’s costs form part of DPMC’s estimated costs in paragraph 39.

38 The cost of transferring NEMA to DIA is estimated to cost DIA \$2 million. This includes project management, information management and file transfer, information technology support, and information technology systems.

39 DPMC receives shared services from Treasury’s Central Agency Shared Service. Currently \$13 million of costs are shared between DPMC and Treasury using the ratio of full-time equivalent staff between the agencies as the cost driver. Although there will be some direct service delivery savings from the transfer of NEMA to DIA, the combination of stranded overheads together with the reduction in DPMC’s staffing ratio relative to Treasury is estimated to increase overheads for Vote Finance by \$1.2 million. In addition, there will be a higher average cost per person for the six remaining payroll shared service customers. The number of employees needed to provide payroll services is already at the minimum viable number for the remaining

customers. Officials will work together to agree how such costs will be shared between the agencies.

- 40 One-off transfer costs are likely to be spread across the 2024/25 and 2025/26 financial years. To be fiscally neutral to the Crown, agencies plan to meet these costs through reprioritising existing funding and require the ability to utilise any departmental underspends from 2024/25 to meet the change management and any stranded overheads associated with this initiative. Stranded overheads can take time to exit the system as the affected agency adjusts its back office and will diminish over time.
- 41 Joint Ministers will make decisions regarding the transfer of existing appropriations, staff and other assets. It is anticipated that this will be at worst fiscally neutral to the Crown. These will be incorporated into the October Baseline Update or earlier if necessary.

Legislative Implications

- 42 The transfer of NEMA to a new host agency will require Orders in Council to change Schedule 2 of the Public Service Act 2020 and Schedule 1 of the Ombudsmen Act 1975.

Impact Analysis

Regulatory Impact Statement

- 43 This paper does not create new regulations. A regulatory impact statement is not required.

Climate Implications of Policy Assessment

- 44 A Climate Implications of Policy Assessment is not required for these proposals.

Population Implications

- 45 The proposal in this paper involves changing the host of NEMA to an agency better placed to support it. The proposal is not changing NEMA's functions and so we do not envisage negative impacts on population groups.

Consultation

- 46 Officials from DPMC, NEMA, DIA, PSC, and The Treasury have been involved in the preparation of this paper and the advice that underpins it.

Communications

- 47 The proposals in this paper require Orders in Council to be publicised in the Government Gazette <https://dPMC.govt.nz/publications/guidelines-government-advertising>.

Proactive Release

- 48 The Prime Minister intends to proactively release this paper at an appropriate time, subject to necessary redactions under the Official Information Act.

Recommendations

The Prime Minister, Minister for Emergency Management and Recovery, and the Minister of Internal Affairs recommend that the Committee:

Transfer of National Emergency Management Agency

- 1 **note** that the Prime Minister has been strengthening the Department of the Prime Minister and Cabinet's core functions and transitioning non-core functions elsewhere;
- 2 **note** that the National Emergency Management Agency provides leadership to the emergency management system and is a Departmental Agency currently hosted by the Department of the Prime Minister and Cabinet;
- 3 **note** that the National Emergency Management Agency performs emergency management functions that are critical for New Zealand, but which do not align with the Department of the Prime Minister and Cabinet's core role;
- 4 **note** that we consider the Department of Internal Affairs to be a more appropriate host agency for the National Emergency Management Agency;
- 5 **agree** that responsibility for hosting the National Emergency Management Agency be transferred from the Department of the Prime Minister and Cabinet to the Department of Internal Affairs and that this take effect from 25 September 2025;
- 6 **note** that relevant joint Ministers, supported by officials from the Department of the Prime Minister and Cabinet, the Department of Internal Affairs, the Treasury, and the National Emergency Management Agency, will work to agree on the transfer of staff, funding, and other assets in ways that minimise disruption and cost, including confirmation of the rigour and transparency of calculation of the cost to provide agreed corporate host services and providing assurance that there will not be a degradation of NEMA's services through the transfer process;
- 7 **authorise** 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) to give effect to the transfer of host function described in recommendation 5 above, following finalisation of the Department of the Prime Minister and Cabinet's 2024/25 financial statements or earlier if necessary;
- 8 **invite** the Minister for the Public Service to instruct the Parliamentary Counsel Office to draft the Orders in Council necessary to make the change outlined in recommendation 5 above;

Transfer of underspends to offset cost implications

- 9 **note** that there will be unavoidable cost implications for affected agencies associated with this initiative, e.g., in relation to change management and stranded overheads, and that these have yet to be fully quantified;
- 10 **agree** that any underspends in 2024/25 departmental output expense appropriations in the following Votes be available for transfer to 2025/26 and outyears, as necessary, to ensure funding remains available for helping affected agencies to manage the impacts of the transition:
- 10.1 Vote Prime Minister and Cabinet
 - 10.2 Vote Finance
 - 10.3 Vote Internal Affairs.

Authorised for lodgement

Rt. Hon Christopher Luxon
Prime Minister

Hon Mark Mitchell
Minister for Emergency Management and Recovery

Hon Brooke van Velden
Minister of Internal Affairs



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Report of the Cabinet Expenditure and Regulatory Review Committee: Period Ended 4 April 2025

On 7 April 2025, Cabinet made the following decisions on the work of the Cabinet Expenditure and Regulatory Review Committee for the period ended 4 April 2025:

Out of scope




EXP-25-MIN-0033

**Strengthening and Streamlining the
Department of the Prime Minister and Cabinet**
Portfolios: Prime Minister / Emergency
Management and Recovery / Internal Affairs

CONFIRMED

Out of scope



Rachel Hayward
Secretary of the Cabinet

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Cabinet Expenditure and Regulatory Review Committee

Minute of Decision

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Strengthening and Streamlining the Department of the Prime Minister and Cabinet

Portfolios Prime Minister / Emergency Management and Recovery / Internal Affairs

On 1 April 2025, the Cabinet Expenditure and Regulatory Review Committee:

Transfer of National Emergency Management Agency

- 1 **noted** that the Prime Minister has been strengthening the Department of the Prime Minister and Cabinet's (DPMC) core functions and transitioning non-core functions elsewhere;
- 2 **noted** that the National Emergency Management Agency (NEMA) provides leadership to the emergency management system and is a Departmental Agency currently hosted by the DPMC;
- 3 **noted** that NEMA performs emergency management functions that are critical for New Zealand, but which do not align with DPMC's core role;
- 4 **noted** that the Prime Minister, Minister for Emergency Management and Recovery, and Minister of Internal Affairs (Joint Ministers) consider the Department of Internal Affairs (DIA) to be a more appropriate host agency for NEMA;
- 5 **agreed** that responsibility for hosting NEMA be transferred from DPMC to DIA, and that this take effect from 25 September 2025;
- 6 **noted** that Joint Ministers, supported by officials from DPMC, DIA, the Treasury, and NEMA, will work to agree on the transfer of staff, funding, and other assets in ways that minimise disruption and cost, including confirmation of the rigour and transparency of calculation of the cost to provide agreed corporate host services and providing assurance that there will not be a degradation of NEMA's services through the transfer process;
- 7 **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) to give effect to the transfer of the host function described in paragraph 5 above, following finalisation of DPMC's 2024/25 financial statements or earlier if necessary;
- 8 **invited** the Minister for the Public Service to issue drafting instructions to the Parliamentary Counsel Office to draft the Orders in Council necessary to make the change outlined in paragraph 5 above;

Transfer of underspends to offset cost implications

- 9 **noted** that there will be unavoidable cost implications for affected agencies associated with the transfer, e.g., in relation to change management and stranded overheads, and that these have yet to be fully quantified;
- 10 **agreed** that any underspends in 2024/25 departmental output expense appropriations in the following Votes be available for transfer to 2025/26 and outyears, as necessary, to ensure funding remains available for helping affected agencies to manage the impacts of the transition:
 - 10.1 Vote Prime Minister and Cabinet;
 - 10.2 Vote Finance;
 - 10.3 Vote Internal Affairs.

Sam Moffett
Committee Secretary

Present:

Rt Hon Christopher Luxon
Rt Hon Winston Peters
Hon David Seymour (Chair)
Hon Nicola Willis
Hon Shane Jones
Hon Brooke van Velden
Hon Simeon Brown
Hon Erica Stanford
Hon Louise Upston
Hon Judith Collins KC
Hon Casey Costello
Hon Simon Watts
Hon Andrew Hoggard
Hon Mark Patterson

Officials present from:

Office of the Prime Minister
Office of the Chair
Office of the Minister of Local Government
Office of the Minister for the Public Service
Officials Committee for EXP

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