Department of the Prime Minister and Cabinet

DPMC Four Year Plan 2015/16–2019/20

Release Document

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The Four Year Plan represents the financial position and decision making of the Department of Prime Minister and Cabinet as at December 2015 when it was finalised. For an up-to-date overview of the Department's position, please refer to the 2016/17 Estimates document.

Where information has been withheld, reference to the applicable sections of the Official Information Act has been made, as listed below:

- 6(a) - to avoid prejudice to the security or defence of New Zealand or the international relations of the government;
- 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials;
- 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions;
- 9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice;

In preparing this Information Release, the Department of the Prime Minister and Cabinet has considered the public interest considerations in section 9(1) of the Official Information Act.

DPMC FOUR YEAR PLAN 2015/16 – 2019/20

FINAL AS AT DECEMBER 2015

Contents

Introduction

DPMC will achieve its future ambitions by keeping a deliberate focus on bringing the 'sum of all parts' together – our whole is greater than the sum of our parts.

The department's Four Year Plan responds to our future challenges and guides us towards delivering on our increasing commitments to Government, while maintaining our business as usual at the high standard expected of us.

Strategic Intentions

The Four Year Plan is intended to be read in conjunction with our refreshed Strategic Intentions.

The refreshed Strategic Intentions were endorsed by the Prime Minister and our Portfolio Ministers, and published in October 2015**.** Refer to Annex four for a copy which sets out:

- Our high level strategic direction for the next four years and how our strategy fits together to support the Government's priorities and the role of CERA as a departmental agency
- What the department is aiming to achieve between September 2015 and the end of 2018/19
- The six areas[1] where our work will enable us to achieve our longer-term outcomes, and
- Our strategic focus areas, which frame our work programme and help to focus our efforts on what really matters and go beyond "business as usual", including managing significant one-off projects.

Government's priorities

The Strategic Intentions support Government's four priorities:

- Responsibly manage the Government's finances
- Build a more competitive and productive economy
- Build better public services that all New Zealanders can rely on
- Rebuild Greater Christchurch

DPMC's Outcomes framework

As part of the Strategic Intentions refresh we updated our outcomes framework, which sets out how we will organise and direct our efforts in order to achieve the desired results.

DPMC in four years' time

DPMC will be viewed as an exemplar of outstanding executive and policy leadership. We will be trusted to lead and manage Government priorities, and to produce innovative policy advice. By building resilience, coordinating the Greater Christchurch regeneration, and driving recovery from crises, DPMC will contribute to a more confident and secure New Zealand.

[1] 1) The Prime Minister and Cabinet are confident that the advice, assessments and processes supporting their decision-making are world class; 2) The Public of New Zealand has confidence in the effectiveness and integrity of New Zealand's system of government; 3) The New Zealand Intelligence Community is viewed as trusted, integrated and customer orientated; 4) New Zealand has world-class processes in place to identify and deal with national security events and emergencies, and build national resilience; 5) The Office of the Governor-General is strengthened as a symbol of national unity an d leadership; 6) Greater Christchurch is viewed as an attractive and vibrant place to live, work, visit and invest, for us and our children after us.

We will have successfully built our systems and structures and developed further capability at a corporate level to ensure we are able to respond to a wide range of issues and challenges to support the Government of the day.

We will work constructively and cohesively with our central agencies colleagues and other departments to achieve the Government's priorities.

What does success looks like?

Our Strategic intentions outline what success will look like in four years' time.

Part One: Highlights

Increased tempo of change

In recent years, the Government has asked us to take on additional functions and projects, e.g. transitioning the Ministry of Civil Defence & Emergency (MCDEM) and CERA into DPMC, delivering CabNet, and supporting the Flag Consideration project.

Over the next four years we are likely to continue to be called on to do even more while maintaining our commitment to delivering excellent service to Government, our strategic partners, and New Zealand citizens. We welcome these big changes and challenges, as they also present opportunities – both for staff and organisational development.

We are an organisation with a broad range of functions - in constant change

Since 2014 we have experienced rapid growth and by 2016 will have doubled in size – with seven business groups undertaking a range of functions[2]. We have become more geographically dispersed, with a significant presence in Christchurch (see part two for discussion on inheriting CERA functions), a presence in Auckland and multiple sites in Wellington.

Part of DPMC's value proposition to successive governments had been our ability to take on big projects, coordinate agency effort and deliver results for the Government of the day. Recent examples include the Prime Minister's Methamphetamine Action Plan, incorporating the Office of the Chief Science Advisor, the NZ Cyber Policy Office, absorbing MCDEM, pulling together the Budget 2015 package on material deprivation and of course stewarding the Canterbury recovery effort.

Building our corporate capability and infrastructure

As a small organisation DPMC prides itself on its light corporate infrastructures – and its ability to run on the smell of an oily rag. This culture remains but as the business has grown and become more complex through the addition of MCDEM, CERA and other functions, and through faster tempo of the National Security system, we have identified the need to bolster our corporate capability and systems.

This indeed was highlighted in the 2015 State Service Performance Improvement Framework (PIF) which noted the need for more robust governance, operating procedures, and processes to manage our increased functions. In response and in light of our experience absorbing MCDEM, this Four Year Plan takes deliberate steps to ensure we can best support the CERA functions to deliver on Government's priorities in Canterbury and maintain a standing capability to respond to other government initiatives, without undue risk.

On page 7 and throughout this plan we talk about our proposal to keep a modest proportion of the CERA funding beyond the wind-down period to retain corporate capability and capacity built up to support the Canterbury regeneration functions. In particular, we will use the additional roles we have inherited from CERA to build up our people and performance capability; our project, risk and assurance and reporting systems; and standardise corporate and HR policies and systems. We propose to retain a small proportion of these resources

[2] E.g. Supporting the Prime Minister (and Ministers), the Governor General, the Executive Council, Cabinet and Cabinet committees, supporting the Canterbury regeneration effort, working across the security and intelligence and emergency management sector - supported by an Office of the Chief Executive that supports the CE as well as manages DPMC's risk and assurance, planning, accountability and reporting responsibilities.

(approximately 2m) into out years. This will ensure DPMC is well placed to deliver on whatever the Government asks of us.

Organisational priorities

DPMC's priorities flow from the priorities of the Prime Minister and Cabinet. We are invested in achieving DPMC's priorities over the next four years, improving our performance, and making more progress, faster.

Part three sets out our five challenge areas and supporting business and organisational priority interventions that will help to focus DPMC's efforts on what really matters over the next four years and support us to go beyond 'business as usual'.

A top priority for the next two years will be to fully incorporate some of the functions previously performed by CERA and also manage the transition of functions from CERA out to other inheriting agencies. The magnitude of this change for DPMC is significant, but will fit well with our leadership and coordination roles in policy advice and emergency management.

We are making good progress

Our growing maturity is reflected in our ability to synthesise our challenges and refine what is important and what we are going to commit to do. In 2015 we clarified our value proposition and refreshed our organisation challenge areas[3], priorities and strategic intentions.

Business groups continue to deliver, with a lot of good work done to improve performance and support the delivery of the challenges that we have set ourselves. The table below sets out some examples of our delivery successes over the past year.

Some examples of our Business Group successes over the past year are:

- Cabinet decisions confirmed on the amendments to the CDEM Act, and the introduction of the CDEM Amendment Bill
- continuing work on strengthening the national security system, including recognition of the strong leadership role across the sector and achieving a major milestone in getting the Intelligence priorities agreed by the security committee
- completed the ground work and planning for CERA's long-term arrangements
- completed a new National CDEM Plan & Guide
- leading the development of the child hardship package that featured in Budget 2015
- leading the Flag Consideration project
- providing ongoing support to the Governor-General in his constitutional role in the dissolution of the House of Representatives, and his role in leading national commemorations of significant anniversaries including the 175th anniversary of the Treaty of Waitangi and the centennial of the Gallipoli landing
- the successful roll out of CabNet in 2015
- taking the policy lead in successful visits by HRH Prince Harry and HRH The Prince of Wales and the Duchess of Cornwall
- work on lifting the quality of policy advice across the public service

[3] Since the department updated its strategic intentions, we have begun a refresh of our organisational challenges and supporting business priorities - starting with a Senior Management Group workshop session in October 2015 and these are likely to be refined further following planned workshops with internal and external stakeholders in March 2016.

Consistent DPMC

To support our challenges and continue to make progress towards our goals, we are focusing on people and systems.

By 2020 we will be joined up and take a whole-of-department approach; supported by a sustainable and future-facing workforce, ICT and financial strategies. We will also have a clear understanding of what our requirements are, our workforce will be agile, and we will be getting the best out of our people

In parts three and five we set out our plans for achieving alignment across our core business systems and operating practices to support a more organised, professional and consistent approach. The challenge will be maintaining the unique attributes that make each of our seven business groups successful - while creating a shared sense of values, purpose and consistency in the way that we: operate; communicate with our stakeholders; and develop, recognise and engage staff.

Over the next two years, we will also focus on a number of specific people priorities. These priorities are set out in part five and focus on: *integrating and building the department's workforce; evolving to a consistent DPMC across all business groups; building DPMC's culture, values and engagement, and developing DPMC people.*

Financial outlook

Over the next four years we will deliver on our commitment to Government and continue to deliver business as usual to the high standard expected of us across each of our seven business groups, within fixed baselines.

Part six of this plan provides detailed analysis and commentary on DPMC's financial forecasts, and the assumptions that underpin these. These indicate that without changes to the department's operating model, the department would face a shortfall of approximately $1.4 million by 2019/20.

As in previous Four year plans, DPMC's long-term focus will continue to be on examining ways to meet increasing cost pressures within relatively fixed baselines, while minimising the impact on priorities.

Value for Money (VfM) focus

We have a VfM focus and as in our previous Four Year Plans our long-term focus will continue to be on finding ways to meet increasing cost pressures within relatively fixed baselines, while minimising the impact on our core business activities and priorities.

Pages 13 and 14 (confirm when finalised) set out the efficiency and effectiveness measures we have put in place since the 2015-2019 Four year plan was produced. We also discuss our planned VfM activities for the next four years[4]. Some high-level examples of measures already introduced are:

1. reducing personnel costs through more active management of our workforce, attrition and optimising the mix of managers, senior and less experienced staff within business groups

[4] Through managing and allocating resources to areas of greatest value, taking a whole of department approach to funding, e.g. funding will move across work programmes as priorities change, ensuring sufficiency of funding for functions transferred into the department so that other functions are not impacted unexpectedly and ensuring corporate functions are resourced appropriately to ensure the department is positioned to successfully deliver its core outputs.

2. achieving better integration across DPMC, through looking for emerging opportunities for using our resources across common functions
3. improving access to and management of information
4. deferring some ICT projects.

In addition, we will begin the following actions in 2016:
1. Reviewing the Cabinet Office support structures following the introduction of CabNet.
2. Reviewing existing resourcing levels and functions across DPMC, for example communications to gain efficiencies and best leverage resources.

We will also continue to stay open to adapting all aspects of how we operate in order to respond to the changing environment and the changing expectations of Ministers and other stakeholders.

Proposal

In addition, our specific proposals to manage forecast financial pressures include:

1. A proposal for retaining a modest proportion of the CERA funding beyond the wind-down period of these functions, to retain corporate capability and capacity built up to support the Canterbury regeneration functions and to maintain a small residual policy and leadership presence in Christchurch - recognising that the regeneration process is likely to take 10-15 years.
   This will better equip DPMC to continue to effectively deliver Government's priorities (including short-term projects) by allowing for deepening of our project management and corporate capability and building enduring cross-DPMC systems in a more systematic way.

2. A budget bid to develop a fit-for-purpose, effective emergency management agency, supported by a step change to supplement MCDEM's current reactive focus on readiness for, and response to, emergencies, to include a more proactive focus on risk reduction, resilience building, and more timely and efficient recovery from emergencies.

   Along with this initial budget bid, MCDEM are now doing further work to identify what else can be undertaken to continue to meet statutory responsibilities through increased expectations post the Canterbury earthquakes, reviews of the response to the Canterbury earthquakes and the frequency of natural hazard related events.

Should our proposal to retain a modest proportion of the CERA funds be accepted and also our budget bids refer to part three and Annex four) to increase capacity be agreed then this will significantly help to address this pressure.

If we are unsuccessful in securing additional funding for the above measures or through the budget bid for Security and Intelligence resources; or we fail to fully realise the anticipated efficiency and productivity savings set out in this four year plan - then we will need to take further deliberate action to change the way we operate through trade-offs, e.g. scaling back services in MCDEM (refer to page 10) and reprioritisation, as discussed on page 14.

These trade-offs would come at a cost in reduced core outputs and a decrease in the high standard of service that DPMC is recognised for. Please refer to parts three and five for analysis of the risks associated with these trade-offs.

Part Two –Providing leadership and coordination for the Canterbury regeneration effort

The Canterbury regeneration continues to be one of the Government's four top priorities. DPMC will lead and monitor the central Government effort to ensure the regeneration of greater Christchurch is successfully achieved.

With CERA ceasing to exist from 18 April 2016, in addition to taking on a number of specific functions, DPMC will be the lead central Government agency with oversight across the regeneration.

DPMC vision is that 'greater Christchurch is a viewed as an attractive and vibrant place to live, work, visit, and invest, for us and our children after us'.

DPMC has invested in capability to ensure we can hit the ground running in greater Christchurch, and has worked closely with CERA, which has been a Departmental Agency since February 2015 and has allowed DPMC to gain an improved understanding of the situation in greater Christchurch. A new business unit within DPMC, the 'Greater Christchurch' group has been established, with responsibility for providing advice to Ministers and Government. This includes:

- providing policy advice to the responsible Minister on the regeneration of greater Christchurch
- monitoring and reporting on the overall progress of recovery
- part funding and/or joint governance of horizontal infrastructure repairs.

New functions within the Office of the Chief Executive and Central Agency Shared Services will support the Greater Christchurch group, provide support to Ministers, provide legal advice across the Department, and lead external communications with residents and organisations in greater Christchurch on behalf of the Crown.

At the heart of DPMCs work in greater Christchurch is the desire to return the full leadership of greater Christchurch to local institutions. As such, the role of DPMC will be phased, with a focus on ensuring the handover is managed successfully and that the public is engaged and active in the process. New staff will largely be Christchurch based and hired on fixed-term contracts, with staff number reducing from 84 to 25 within four years and beyond.

Completing the transfer of functions into DPMC

By early 2016, critical decisions to support the smooth transfer of functions will be successfully implemented.

We also worked and will continue to work closely with other Government agencies that are active in Christchurch, including Land Information NZ, Ministry of Business, Innovation and Employment, and the Ministry of Health who are inheriting functions from CERA. The Chief Executive and the Chief Executives of the other inheriting agencies met with the Advisory Board on Transition in Christchurch in November 2015, and will continue to meet over the coming years.

We are aware that there is significant expertise in CERA, and have been working with current staff to ensure those skills are not lost during the transfer. The recently appointed head of the greater Christchurch, Michelle Mitchell, is an ex-CERA employee, who has been involved in earthquake recovery since 2010.

Moving beyond the transfer

A top priority will be to ensure future-facing, sustainable and cohesive core business systems and operating practices are built to support the Greater Christchurch regeneration effort.

Over the next 12 months a collective focus for the department will be to successfully integrate the Greater Christchurch group into the department.

This will be supported through the wider work we are undertaking to move to more consistent practices and policies across DPMC.

DPMC will be highly accountable to the public in greater Christchurch, and will be more outwardly facing than we are in most other areas of our work. In partnership with our colleagues across central Government, we will monitor and report on the pace of the rebuild and regeneration. We will provide Ministers with high quality and timely policy advice. We will work with local institutions, iwi, Regenerate Christchurch and CrownCo, to ensure we are joined up and effective in our work.

Strategic Priorities

The diagram below sets out the overarching outcome, functions and services, and what success will look like. This sets the scene for our involvement with greater Christchurch over the coming years. The six accountability measures for the functions the department has inherited are set out in DPMC's refreshed Strategic Intentions document.

Greater Christchurch Outcomes Diagram

Greater Christchurch is viewed as an attractive and vibrant place, to live, work, visit and invest, for us and our children after us

Greater Christchurch Recovery
Providing leadership and coordination for the recovery effort

Horizontal Infrastructure (H)	Policy &Legislation (including future use of the Residential Red Zone (RRZ)	Land & Land Use Planning	Leadership/ Brokering and Coordination	Monitoring and Reporting
SCIRT programme completed to agreed standards, budget and timeframes Wider HR programme completion, close out, transitions finalised within timeframe	Minister(s) receive high quality strategic advice on recovery/re-generation Minister(s) is well informed about overall recovery progress Minister(s) is supported to make decisions on interventions (e.g. future use of RRZ)	Crown input into Christchurch Replacement District Plan is well coordinated and cohesive and addresses Crown interests Minister(s) receives high-quality land use and statutory planning advice Minister is suitably supported to make decisions on Recovery Plans	There is coordination & consistency across Government's recovery effort & collaboration across the recovery community Effective processes are in place to broker solutions (e.g. CE's Psychological Recovery Sector Group) Appropriate support is provided to establish Regenerate Christchurch	Recovery data, analysis &evaluations services and evaluation services support high quality policy formulation and decision making Emerging issues & barriers to recovery are proactively identified Appropriate processes are in place to monitor Regenerate Christchurch The public is regularly updated ion recovery progress

Lessons from Canterbury

There is much to learn about innovation, collaboration and ways of working that will serve us well, not just in case of future disaster but in our everyday work.

We are leading the legacy and learning programme which helps to understand the situation in greater Christchurch and what can be learnt from the recovery efforts for much wider application. This is something we need to get really good at as the world speeds up, becomes more complex and increasingly risk prone. This will also support work in resilience already underway in DPMC.

The learnings are also a way to honour the efforts, successes and challenges of those who have given it their all to support post-earthquake recovery.

Organisational implications - workforce and ITC

Additional complexity comes from bringing in CERA staff (expanding our headcount by around one third) and then winding back those numbers over the next five years.

There are 84 direct roles created to deliver the inherited functions from CERA. These include managerial, support and advisory staff to deliver planning and policy functions.

DPMC recognise that as the recovery from the Earthquakes has now been completed, our role is to ensure that the regeneration continues apace and that leadership of greater Christchurch is returned to local institutions. Accordingly, the vast majority of the new roles are Christchurch based, and fixed-term in nature.

The table below provides information on the new staff over the next four years. DPMC is actively looking to minimise the staff required, and will decrease staff numbers more quickly than expected if possible. In out years, it is expected that approximately 4 staff will remain across the Greater Christchurch and Office of the Chief Executive groups, for example to monitor Regenerate Christchurch, which has a 5-year term.

	1 March 2016	January 2017	January 2018	January 2019	January 2020 (Est)
Greater Christchurch Group	49 positions	42 positions	20 positions	12 positions	4 positions
Office of the Chief Executive	26 positions	21 positions	15 positions	13 positions	4 positions
Central Agency Shared Services	9 positions	6 positions	5 positions	0 positions	0 positions
Total	84	69	40	25	8

This has implications on already stretched organisational priorities for DPMC's and CASS' workforce, ICT and business strategies. We have deliberately increased our corporate support functions to ensure we are well placed to support the Greater Christchurch functions. And as noted in earlier parts of the Four year plan we would look to retain that corporate capability to ensure we are well placed to continue to respond to government priorities.

Please refer to the wider work force strategy in part 5 which set outs more detail on our workforce plans for the next four years.

Financial implications

DPMC as a small agency has no ability to absorb the additional support it needs for the new functions. We also propose retaining a modest proportion of the CERA funding for building our corporate capability and capacity needs and to maintain a small residual policy and leadership presence in Christchurch.

In addition to personnel, our costs are associated with operating, accommodation and assets. There is approximately $1 million to account for hardware and software for staff and for hosting historical CERA records and data. The anticipated budget also includes provision for onerous leases which will diminish subject to sub-leasing.

$millions	2015/16	2016/17	2017/18	2018/19	2019/20	Total
Department of the Prime Minister and Cabinet	9.330	20.394	11.306	10.460	10.362	61.852

Expenditure for Horizontal Infrastructure has already been provided for on the non-departmental balance sheet as a provision.

There is still uncertainty about the extent and scope of activities to be undertaken by DPMC. Resourcing levels have been estimated and it is proposed that the level of budget allocated will be reviewed during the Four Year Plan process in 2016.

Part Three: Strategic delivery, choices and sustainability

Providing greater efficiencies within the public service remains top of mind.

Our goal is to continue to be a Value for Money oriented department, with first rate service. Over the next four years we will continue to focus on finding ways to become more efficient and effective, without reducing our core business activities.

The diagram below sets out our challenge areas and how these are supported by business and our organisational priority interventions and shows how these work together.

[5] Organisational Challenge Areas

Ensure the public service helps shape, understands, and delivers on Government priorities	Support effective ministerial decision making	Enhance New Zealand's sense of nationhood	Increase New Zealand's resilience through leading and building a risk based, trusted, and integrated national security system	Ensure central government's support of the regeneration of Canterbury

Supporting Business Priorities

These are what DPMC will deliver through its business groups to achieve its challenge goals

• Shape and respond effectively to the PM's commissions • Improve the mechanisms used to articulate and align government priorities • Improve with other Central Agencies the execution of government priorities • Support the HOSS in Public Service Reform including coordination of Better Public Services • Lift the quality of policy advice across the public service system • Coordinate and support Departments in their foresight activity	• Plan for further development of CABNET • Support Ministers so that they are well equipped to carry out their roles and functions • Review and modernise the requirements for Cabinet papers • Review the Cabinet Manual	• Conclude and as appropriate implement the results of the flag consideration process • Strengthen the office of the Governor-General as a symbol of NZ's national unity and leadership • Strengthen New Zealanders understanding of the Honours System, and celebration of recipients	• Embed a risk based approach to national security • Support communities, the private and the public sectors to enhance resilience • Help New Zealanders to understand and value our national security system • Lead a world class ODESC system facilitating the agencies and sectors involved in the national security system • Lead an integrated, customer-oriented and trusted intelligence community • Provide a secure a secure cyber space for New Zealanders to enjoy and in which they can prosper and play with confidence	• Transition greater Christchurch recovery from CERA to long term arrangements • Establish effective monitoring and reporting of the wider • Identify lessons from the first five years for the benefit of New Zealand

Operational priority areas that support the refocused challenges

These are the corporate result areas that each of the priority interventions sit under

Integrating and building the department's workforce, including building up corporate and project capability	Evolving to a consistent DPMC across all of its business groups	Building DPMC's culture, values and engagement	Developing DPMC people

Priority HR and ICT Interventions

Part five sets out the internal facing activities that DPMC will focus on to achieve the four corporate results areas described above

[5] Since the department updated its strategic intentions, we have begun a refresh of our organisational challenges and supporting business priorities starting with a Senior Management Group workshop session in October 2015 and these are likely to be refined further following planned workshops with internal and external stakeholders in March 2016.

2016/2017 Budget bids

DPMC have submitted the following three bids to support Government priority areas.

1. *Establishing a national Computer Emergency Response Team (CERT) for New Zealand* - BPS seed funding was provided to support the development of a business case. The creation of a CERT was included in the Cyber Security Strategy and Action Plan as best practice, and submitted to the Cabinet National Security Committee on 3 November 2015.

2. *Expanding Emergency Management capability and capacity* **-** This bid seeks to develop a fit-for-purpose, effective emergency management agency, supported by a step change to supplement MCDEM's current reactive focus on readiness for, and response to, emergencies. s9(2)(f)(iv) [redacted]

s9(2)(f)(iv) [redacted]

The security and intelligence sector has also submitted a budget bid to increase capacity across the sector, including within DPMC. There are three strategic challenges facing the NZIC- strengthening core functions, keeping pace with evolving technologies and responding to an increasing level of threat. Without increased funding to expand capacity (FTEs) and capability from 2016/17, the NZIC and DPMC will be unable to deliver the same level of assessment and security and intelligence advice currently being delivered to Ministers and decision makers and an increased level of prioritisation will need to occur.

Please refer to Annex five (2016/17 Budget bid templates) for further financial information and supporting rationale.

Sustainability and Choices

Financial forecasting shows that without changes to how DPMC operates or anticipated adjustments to baseline for new projects, we are forecast to face a shortfall of approximately $1.4m by fiscal year 2019/2020.

Financial position

Remuneration increases will continue to be tightly targeted to reward high performance and address recruitment pressures in key positions s9(2)(j) [redacted]

The creation of the Greater Christchurch group will remain as the most significant impact on resources for the next 2 years. There is still uncertainty about the extent and scope of activities to be undertaken by DPMC. We are actively looking to minimise the staff required, and will decrease staff numbers more quickly than expected if possible. In outyears, it is expected that approximately 8 staff will remain across the Greater Christchurch and Office of the Chief Executive groups, for example to monitor Regenerate Christchurch, which has a 5-year term. It is proposed that the level of budget allocated will be reviewed during the Four Year Plan process in 2016.

The increasing complexity of the department's organisational structure and expectation from Government to take on more short-term project work and other roles will also put more pressure on our already strained baselines.

s9(2)(j)

We are also facing additional cost pressures through a [redacted] remuneration increase, inflationary pressures on other expenses, and increasing levels of depreciation due to investment shared infrastructure across the central agencies.

From 2016/17 a funding decrease reflects the conclusion a number of projects which involved adjustments to our baseline funding. These projects include the Flag Referendum Project, the Policy Project, the transition of CERA to a Departmental Agency located within DPMC, and the New Zealand Intelligence Community's review of its resourcing requirements.

Please refer to section six which provides detailed analysis on DPMC's four year financial forecasts, cost pressures and impacts.

Sustainability

The following principles will guide our investment decisions over the next four years:

- manage and allocate resources to areas of greatest value
- take a whole of department approach to funding - funding will move across work programmes as priorities change
- the work programme over four years will be delivered from within the current baseline by maximising the effectiveness and efficiency of DPMC's expenditure
- ensure sufficiency of funding for functions transferred into the department so that other functions are not impacted unexpectedly
- will resource corporate functions appropriately to ensure the department is positioned to successfully deliver its core outputs.

Prioritisation and savings initiatives plan to meet forecast shortfalls

Until now we have been able to meet operating costs and achieved our efficiency savings through prioritisation and initiatives to remove the forecast shortfall through applying a VfM lens across all that we do.

Since the 2015-2019 Four year plan was produced we have put in a place a rolling plan focused on the following prioritisation and savings initiatives. The following actions are already underway:

1. Reducing rising personnel costs through attrition and by:
    - managing vacancies by being more proactive in our approach and through attrition to determine whether positions need to be filled immediately, to be filled at the same

level of seniority, or whether another part of the department could benefit more from the position
    - tightly targeting remuneration increases to reward high performance and address recruitment pressures in key positions
    - plans to reduce salary costs through lowering the ratio of managers in relation to other staff in some areas over time

s9(2)(g)(i)

2. s9(2)(f)(iv)
3. Through the CERA transfer we have reviewed our corporate infrastructure needs - and plan to deliberately bolster our corporate support functions to ensure we are well placed to support the Canterbury functions.
4. Through CASS we have refreshed and strengthened our information structure and some of our core business tools – achieving improvements in our ability to access and manage information.
5. Deferred some investment decisions, particularly in ICT assets and reduced DPMC's depreciation costs.

In addition, we will begin the following actions in 2016:

6. Reviewing the MCDEM cost structures to assess ability to continue to meet statutory responsibilities through increased expectations post the Canterbury earthquakes, reviews of the response to the Canterbury earthquakes and frequency of natural hazard related events.
7. Reviewing the Cabinet Office support structures following the introduction of CabNet.
8. Reviewing existing resourcing levels and functions across DPMC, for example communications to gain efficiencies and best leverage resources.
9. The Security and Intelligence group will be participating in the national security workforce programme, an initiative across the Security Intelligence Sector that aims to leverage sector wide people capabilities and offer greater career choice for national security employees.

Ongoing financial management approach

We will also continue to use strong financial management and management of forecasting and apply any forecasts that are not reprioritised to progress our current work programmes and priorities. We will continue to adopt this strategy utilising the financial management tools available to agencies (such as retentions of underspends, fiscally neutral transfers between appropriations and transfers between categories within multi-category appropriations).

Trade-offs

If the productivity improvements we have taken fail to help us to keep within our baselines, or we fail in our bids for additional funding through the 2016 Budget process – then we will need to progressively discuss with Ministers which activities can be reduced, spread over time or stopped in order to live within its baselines. This includes:

- *Corporate capability and capacity* – deferring initiatives (that are not a priority) to ensure that our corporate and project capability and capacity can support our priority areas.
- *DPMC core outputs and one-off projects* – Undertaking a further reprioritisation exercise. Decisions could include slowing down or ceasing to deliver on some

government and ministerial priorities and reducing the level of service that Government, stakeholders and New Zealand citizens have come to expect from us.

- *MCDEM* - refer to earlier discussion on page 10 – DPMC's budget bid about the additional actions that would be required which would see services scaled back – through reducing, deferring or disestablishing priority initiatives.
- *ICT* - substantial IT investment reductions which could include deferring the refresh of the department's website and delaying the replacement of human resources and financial management software systems.

Risks

While the above measures would serve to ensure DPMC remains financially sustainable through to 2019/20 they come at some cost in output and increase in risk that would need to be managed.

Any reductions or shifts in capacity would need careful management to ensure that this does not erode expertise critical to delivering core functions, or reduce expertise that is difficult or costly to replace. For example, some institutional knowledge may be lost, which could hamper the department as it responds to future issues and may reduce DPMC's capability to provide the same level of advice to Ministers and the Prime Minister or our ability to take on more priority projects for the Government.

Deferring IT expenditure increases the risk that systems and equipment (which are fit-for-purpose today) will require additional unplanned investment in the future.

Increasing the managerial burden on some managers is likely to place extra pressure on DPMC's ability to deliver outputs at current levels.

The table on the following page sets out high level risks, likely consequences and how we intend to manage these. Parts five and six of this plan provide more detailed analysis of the workforce and financial risks and associated impacts.

High-level risk analysis table

Risk	Likely consequence	Response
Workforce Tight fiscal conditions, declining nominal baseline and pressures from wage inflation	With the majority of our operating costs being personnel this means that fixed baselines and increasing costs will have capacity implications.	Along with its central agency partners, we will need to change our capacity over the next four years to meet the upcoming challenges and operate more effectively and efficiently within static baselines
	Changes to workforce (reduction or mix) could lead to a reduction in service response with an increased likelihood of failing to meet customers' expectations	We will need to strike an appropriate balance between technical/ specialist and generalist skills and knowledge to ensure we can respond 'at pace' to key customer demands while maintaining flexibility across the department using solid generalist capabilities The department will manage any shifts or reductions in capacity so that these does not erode expertise critical to delivering its core functions, or reduce expertise that is difficult or costly to replace
ICT Cost or time overruns in the Programme of Work	Inability to complete all aspects of the programme of work for DPMC	Reprioritisation of work programme by DPMC
	Inability to spend capital allocation	Hand back capital or redirect to Non-ICT related work plan
Failure of ICT due to reduced funding	Unable to operate critical functions of the department	Increase of resiliency in underlying services as part of the four year plan
Finance The majority of operating costs are in personnel. Our - fixed baselines and increasing costs will have capacity implications. E.g. from 2016/17, personnel costs account for 45% of the requested budget. The remainder relates to operating costs associated with travel, communications and consultancy costs for direct functions and for fixed costs associated with accommodation, depreciation, IT and capital charge	Lowering the level of seniority in parts of the department will reduce the level of experience that the department has access to with the following consequences: - Some institutional knowledge may be lost, which could hamper the department as it responds to future issues. In most instances, staff who are less experienced produce fewer outputs than more experienced staff, and also require more guidance from managers - In some key areas this process may reduce DPMC's capability to advise on particular issues. Reducing the ratio of managers in relation to other staff will increase the managerial burden on those remaining managers and this is expected to also place pressure on DPMC's ability to deliver outputs at current levels.	We will prioritise work effectively to ensure the best people are working on the right activities in order to enable the department to be more effective and efficient. FTE reductions will occur with use of natural attrition and careful vacancy management. To deliver against our extensive work programme and reduce headcount, we will need to make other changes such as: - improving our ability to surge resources into priority areas as well as stopping areas that are no longer priorities - ensuring there is the right mix of people (both in terms of level e.g. advisor/ analyst, seniors, people managers) and skill sets

Part Four: Strategic Partners

We will be viewed as an exemplar of outstanding executive and policy leadership. We will continue to be trusted to lead, manage and coordinate government priorities, influence the State sector without needing to resort to positional power, and to be the example for producing innovative and responsive policy advice.

We will continue to test and challenge the system to ensure that the public service delivers on its value. In our role as a steward, facilitator and leader we will play a pivotal part in ensuring that the system produces quality ideas that respond not only to what is on the approaching horizon, but to also look well beyond this. Sector leaders will also look to our Chief Executive for leadership across and beyond our remit and core focus.

Government's priority results

In four years' time the quality of policy advice will have improved materially across the state services through the support of the DPMC- led Policy project.

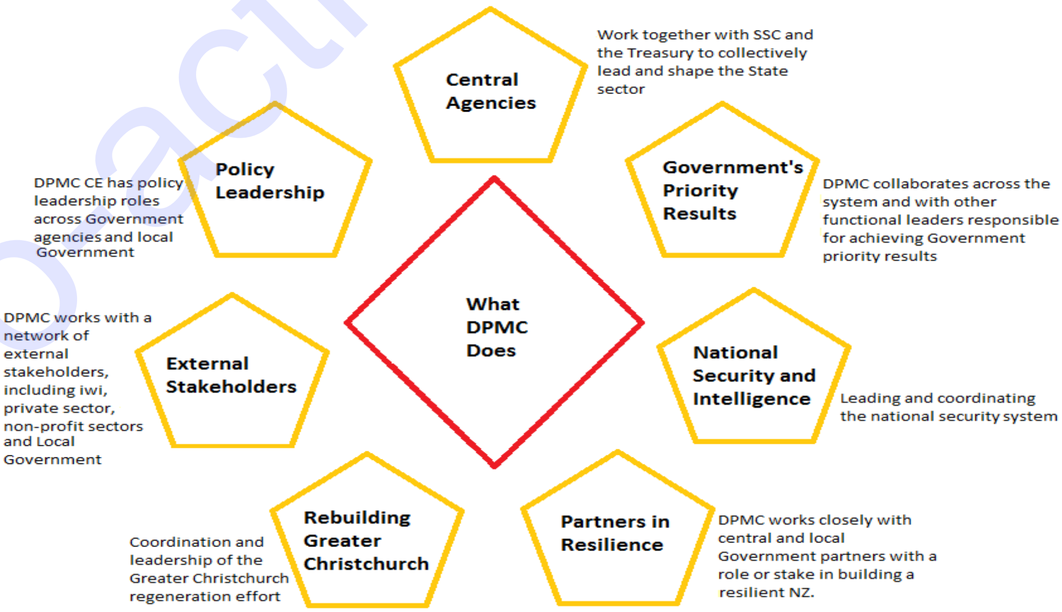
In our work with Treasury and the State Services Commission we will have jointly led where appropriate the achievement of the Government's priorities and influenced Ministers and officials to work together across boundaries for the greatest collective impact.

The DPMC-led Policy project and the Chief Executive's tenure as the Head of the Policy Profession will have driven improvements in the quality and capability of the policy agencies across the State Services. In four years' time the quality of policy advice will have improved materially across the State Services through these interventions and any that are put in place to succeed them.

Role and relationships

Getting greater efficiency and effectiveness through the public service system remains a priority for us over the next four years.

Our greatest results will be achieved through collaborating on policy, emerging issues and improving performance. The diagram below shows who we interact with across the State sector and private system to achieve our outcomes across seven broad areas.



To be efficient and effective we also recognise the importance of working with other sectors. These relationships are fertile ground for future joint-venture work to support the delivery of the Government's priorities and/or working together to achieve the greatest impact across common goals and/or to realise savings.

Sector focus	How and who we work with
State Sector	Supporting functional leadership across the system and adding value as central agencies deliver the Government's agenda through: - communicating across government, helping departments to understand Ministers' perspectives and priorities and assisting agencies to develop policy that supports government priorities and dealing with implementation issues as they arise - facilitating cross-government linkages with agencies working on inter-related issues, and seeking to ensure that officials' advice takes into account the government's broader priorities - improving the level of support to Ministers to be better enable them to carry out their riles and functions - providing platforms to enable easier and more efficient access to Cabinet papers by departments and Ministries - supporting the all of Government's ICT priority
Canterbury Regeneration	Working with colleagues in the other inheriting agencies and across all central government agencies to support the regeneration of Christchurch through monitoring and reporting on progress to Ministers and other stakeholders.
Private and other sectors	Gaining a broader perspective and input into the policy agenda by communicating and working with a broad network of stakeholders relationships outside of the government e.g. iwi, private sector and non-profit sectors
National security and intelligence	Sharing resources, collaborating and eliminating duplication so that the sector is seen to work seamlessly as a whole and connects with all national security agencies through our leadership roles in - within the NZIC, in collaboration with its agencies - the officials' committee for domestic and external security coordination (ODESC – the national security system)
	Working across the sector to build an intelligence assessments community with common standards, training, staff development and customer outreach.
Resilience	Leading and collaborating on core CDEM activities that build a resilient New Zealand with our sector partners and across sectors to strengthen CDEM policy advice, set the strategic direction and build strong relationships
Nationhood	Supporting the Governor-General, Prime Minister and Ministers by providing advice on constitutional issues that have implications for executive government and constitutional procedures that support the conduct and continuity of executive government.

Part Five: Capability and Workforce

Workforce direction

In our role delivering excellent policy advice and support to the Prime Minister, the Governor-General and the Cabinet, we will be assessed on our ability to work across the system, to deliver effective results and to implement changes – within both DPMC and the wider public service and within our baseline[6]. This means that we will need to think and work differently and our managers will be expected to lead and model this new way of working across the State sector.

DPMC will adapt and become more flexible in deploying our people across the department and adopt more efficient and innovative ways of working, strengthening our existing reputation for delivering results and being a great place to work.

We will need to strike an appropriate balance between technical/specialist and generalist skills and knowledge to ensure we can respond 'at pace' to key customer demands - while maintaining flexibility across the department using solid generalist capabilities.

In partnership with the Treasury and SSC, we will foster greater strategic alignment utilising the Central Agencies Shared Services (CASS) teams to progress, wherever possible, standardisation of people related practices, policies and people management initiatives.

DPMC's changing workforce

The diagram on the following page shows the changing face of DPMC's functions and workforce between 2013 and 2020

[6] DPMC needs to successfully realise efficiency savings in order for its operating baselines to be sustainable through to 2019/20. From 2016/17, cost pressures start to accumulate. It was anticipated that DPMC would hold the remuneration budget for performance-based increases s9(2)(j)

Workforce time series

DPMC's changing workforce and pressures

2013 -2014

Small agency:

- 102 staff
- 5 business groups
- 48 males:54 females
- Ave. age:48 yrs
- Ave tenure: 7yrs
- 1 Minister/s
- Strong policy focus
- Limited corporate support

Traditional, methodical, idiosyncratic approach to running the business.

2014 -2015

Small agency:

- 144 staff
- 6 business groups
- Regional offices Christchurch (with a significant presence) and Auckland
- 73 males:78 females
- Ave. age: 47 yrs
- Ave tenure: 6.5 yrs
- 2 Minister/s
- Limited corporate support

Transfer of MCDEM into DPMC
-Focus expanded - provision of policy, emergency management & national security priority advice
-Building national resilience
-Leading the coordination of national security planning, risk management & resilience
Review of Security & Intelligence
-Enhanced governance & oversight arrangements for NZIC
Leadership of collective functions of ODESC & NZIC agencies
NZ Flag project (November 2014)

2015 - 2016

Small - Medium agency:

- 248 staff (from March 2016)
- 7 business groups
- Regional Offices in Christchurch, Auckland
- Est - 112 males:136 females
- Est - Ave. age: 48 yrs
- 3 Minister/s plus 1 Associate Minister
- Enhanced corporate support

CabNet
-shared electronic platform to support Cabinet processes.
-productivity gains and cost/time savings realised.
CERA
-coordination of central govt regeneration efforts
-governance & advice

Modern, agile, adaptable & a more deliberate approach to running the business.

2016 - 2020

Small -Medium agency:

- 200 staff
- 7 business groups
- Regional Offices in Christchurch, Auckland
- Est – 82 males:118 females
- Est - Ave. age:49 yrs
- 2 - 3 Minister/s
- Close partnership with the NZIC
- Right sized corporate support

Review of communication & administration advice and services completed.

Review synergies across DPMC in security/ emergency mgmt/ resilience and recovery

Retain capability built up in Corporate infrastructure

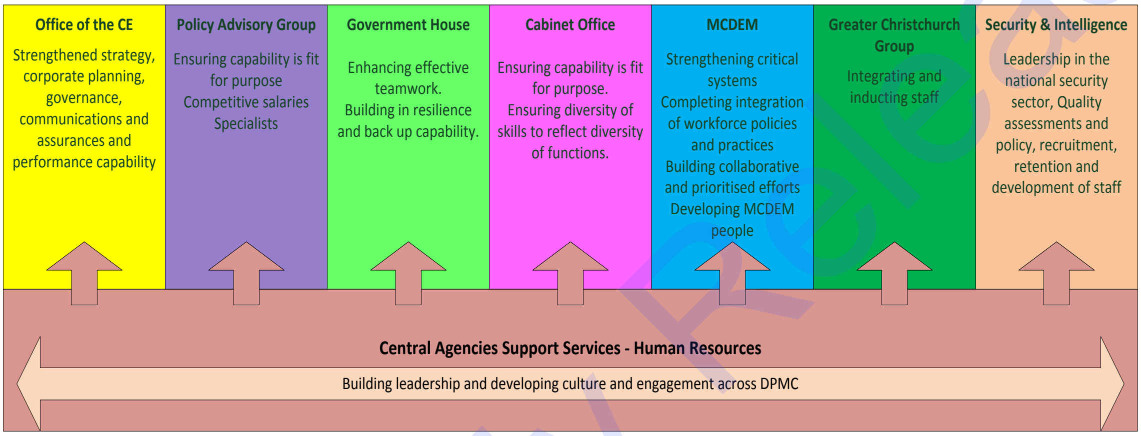
Workforce Strategy

Our Workforce Strategy focuses on four key themes[7] that will support us in our ability to successfully deliver on our strategic objectives.

DPMC is currently made up of seven business groups[8] which perform a diverse set of functions. As well as concentrating on the four key themes noted below, CASS HR will also focus on activities that address the particular needs in each of the business units.

The diagram below describes the workforce priorities[9] within each of our seven business group over the next four years. Annex one provides more detail on our supporting workforce strategy work streams.

Workforce priorities (by business group) diagram



Key Workforce Objectives

Over the next four years we will direct our efforts towards four people and systems priority areas.

1. Integrating and building the department's workforce, e.g. transitioning CERA functions into DPMC and integrating the Security and Intelligence group
2. Evolving to a consistent DPMC across all business groups through standardised and strengthened: induction, pay and rations and staff development policies and programmes; operating and performance management systems; and managerial reporting and oversight processes.
3. Building DPMC's values and engagement through assessment of our culture and engagement activities.
4. Developing DPMC people, with a focus on developing frameworks for talent management, recognising and rewarding high performance, career development and Learning and development for DPMC.

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[7] See page 10

[8] Becomes 7 business groups effective 1 March with CERA transition

[9] The Security and Intelligence group will also be participating in the national security workforce programme, an initiative that aims to leverage sector wide people capabilities and offer greater career choice for national security employees.

Workforce capacity

We will need to change our capacity over the next four years to meet upcoming challenges and operate more effectively and efficiently within our fixed baseline.

The majority of our operating costs are in personnel, which means that fixed baselines and increasing costs will have capacity implications. We will ensure the best people are working on the right activities in order to enable the department to be more effective and efficient. FTE reductions will occur with use of natural attrition and careful vacancy management.

We also recognise that FTE reductions need to reflect that in a number of areas senior capability is critical for strong stakeholder engagement and solving complex issues.

However, if we fail to get additional funding to build our corporate capability and capacity through the CERA transfer, and our 2016 budget bids to increase the capacity within DPMC are not successful, then we will need to undertake a ruthless prioritisation exercise as noted in part three of this plan - which would likely result in a reduction in workforce and outputs.

Investing in continuous improvement

We will invest in continuous improvement processes and articulate and promote our employment brand or 'employment value proposition'.

The department seeks to strike a balance between a competitive employee value proposition (including a fair and comparable remuneration package) to attract and retain the right staff, and managing cost pressures. However, this is only one driver of overall direct employment cost pressures. Other drivers include:

- the number and mix of people (managing resourcing numbers and the remuneration level at which staff are hired)
- timing of filling vacancies (vacancy lag-time) and the extent to which leave is covered. Based on current and past experience to fill positions, the forecasts include a vacancy lag component of an average of 4.5%. This equates to maintaining around 7 fewer FTEs than full complement at any one time. With fewer positions the current savings assumptions from vacancy lag may be less than the current forecasted percentage
- the level of remuneration offered on appointment s9(2)(j) [redacted]
- the level of turnover – this has been assumed to remain constant based on recent turnover levels.

The table below sets out the risks and impacts of external drivers that impact our workforce

External Drivers that impact our work	Implications for DPMC's workforce
Continued significant economic and fiscal challenges in an environment that can be ambiguous and variable.	We need capability that enables different thinking about challenges and solutions, and from different perspectives. We need to become more customer centric.
Increasing complexity and range of stakeholder and public expectations	Time to invest outwardly and capability to partner, collaborate and influence others through our role with the Central Agencies and as a respected government department.
More demands on us in our Central Agency role and to support Better Public Services	Provide more visible leadership and be an exemplar of the change required.
Tight fiscal conditions, declining real baseline and pressures from wage inflation	Delivering results within a flexible and agile workforce by prioritising work and resources effectively and partnering with other departments to work alongside rather than trying to do it all on our own.
Workforce demographics are changing: - Increasing ethnic diversity [213 ethnicities, 1:7 Māori, 1:8 Asian] - We're getting older and wanting to work beyond 65	More diverse workforce to respond to complex policy implications that come with such demographic shifts. We need an organisational culture that engages a diverse workforce so that everyone feels included and that their individual contribution counts.
Competition remains strong for skilled professionals as the economy improves. DPMC is particularly susceptible to labour market pressures for talent typically sourced from organisations (including the private sector and local government) who have similar job families e.g. policy advisors, security policy advisors/ analysts, leaders of people	Continue to attract, grow, retain and engage our people. Expand talent sourcing and ensure people policies and processes and utilisation re fit for purpose. Continue to closely monitor market remuneration levels and review DPMC's remuneration framework as appropriate.

ICT Strategy

Managing DPMC cost pressures

DPMC has actively deferred some investment in ICT assets. CASS will reduce the purchase of new equipment, and limit costs relating to business change. Given that DPMC's corporate services are shared with those of SSC and Treasury, these changes have been made in close collaboration with those two agencies through the CASS Partnership Board mechanism.

Further consideration will be given to more substantial IT investment reductions to limit the necessary personnel changes referred to above. This could include deferring the refresh of the department's website and delaying the replacement of human resources and financial management software systems. However this has been identified as an alternative plan should personnel reductions not yield the benefits planned for.

Realised benefits for DPMC

Over recent years we have begun to reap the benefits of using existing technology from across the State sector to support specific projects or to build further capability and capacity. The below table sets out some example of how we have used existing technology to improve policy advice, manage information and how we engage with New Zealand citizens.

CabNet project – Supporting greater efficiency and effectiveness across the public sector

DPMC partnered Catalyst to deliver the system, using the open source document management solution, Alfresco. The system also includes a mobile solution, CabDocs, for Ministers to read papers electronically for upcoming Cabinet and Cabinet committee meetings.

CabNet is a secure, online system for managing papers through the Cabinet and Cabinet committee decision-making process and was launched in 2015. It replaces the manual, paper-based process that has been in place since 1949. Since August, the system has been progressively rolled out to the approximately 1500 people in 28 Ministers' offices and 47 agencies across the state sector who work with Cabinet material.

CabNet provides easier, secure access to Cabinet material for authorised users through the Cabinet and Cabinet committee decision-making process, reduces the time processing and disseminating papers and decisions, and delivers a single, authoritative electronic source of Cabinet information.

Flag project – Being smart about using existing technology to engage with citizens

The Flag Consideration Team based at the DMPC collaborated with the govt.nz team within the DIA to create the project's primary website on the govt.nz platform. The govt.nz platform provided the Flag Consideration Panel with a truly accessible and engaging website, while ensuring extensive reach and supporting a significant number of visitors.

A particularly successful feature developed by the govt.nz team, was the form created to allow the public to suggest flag designs electronically, as well as the corresponding moderation tool to allow designs to be published efficiently in the searchable flag design gallery. The website was actively monitored and improved as the project progressed, for example caching changes were made to ensure speed was not impacted by the high traffic seen on the site.

Some numbers:

850,000+ online visits

2,000,000+ page views of alternative design gallery

43,000+ New Zealanders shared what they stand for online and via post

CASS ICT services

CASS provides the Information and Communications Technology (ICT) for the State Services Commission (SSC), the Department of Prime Minister and Cabinet (DPMC), and the treasury.

The centralised shared service approach is intended to give all three agencies the scale of a larger agency, while still catering to the individual requirements of each agency.

The CASS model is a way to collaborate across Government using technology and demonstrate leadership in accepting and furthering the goals of the government ICT strategy to enable the public sector to exploit ICT enabled opportunities.

CASS supports the underlying infrastructure that is shared across the three agencies and supports the line of business applications for each individual agency.

There is a goal of consolidation where possible and standardisation where practical, but always based on the business rather than the technology drivers

CASS ICT strategy intends to move the agencies forward in four main areas which align with the Government CIO refreshed strategy and action plan (2015). Those areas are

- Technology Baseline
- Realising Information value
- Targeting ICT investment
- Leading through innovation

Please refer to Annex 2 for more detailed information on ITC four year work programme across each of the three agencies.

Technology Baseline

Part of the value proposition for CASS is to be able to provide the expertise and scale at a level higher than any one of the agencies could alone. Over the medium term CASS will be providing improvements in the underlying technology used by all agencies to improve stability and supportability as well as enabling future innovation.

Initiatives include

- Desktop upgrades – this includes upgrading the desktop to a future supported level as well as building a new approach that lessens the need for major update projects in the future
- Infrastructure stabilisation and resiliency – this includes moving from purchasing and running hardware to sourcing on demand computer services, to give agencies flexibility, stability and resiliency that have been limited up to now
- Mobility – mobility includes the ability to work anywhere any time and move between agencies, with a variety of processes, tools and devices to access the information or applications that agencies require to function

Unlocking the value of information

Another benefit of shared IT is the ability to reuse and reiterate components of policy, strategy, standards and procedures between agencies. Over the next four years as we move into a post "Big Data" world, the collection of information takes a back seat to the analysis and the algorithms that we need to unlock the value of that information. As agencies develop their information management strategies there will be many unique characteristics, but also many problems for which there may be a common solution or set of solutions. Similar issues arise about the openness of information and frameworks for sharing and the management of public trust issues.

CASS will be working with all partner agencies on developing or enhancing their information management strategies and will be sharing the learnings and the collateral across the agencies.

CASS will also be helping agencies analyse their information through the selection, optimisation or enhancement of tools and processes.

Targeting ICT Investment

CASS runs a joint multi-year programme of work across the agencies with a shared governance structure that helps to prioritise and focus the work plan. This Programme allows the agencies to target the investment towards fewer initiatives that have a greater impact while minimising the overhead and duplication of any agency investing individually. Even for investment in line of business applications leveraged resources are used for significant components of all projects.

Over the next four years there are a number of specific and common initiatives that have been prioritised for investment.

Leadership

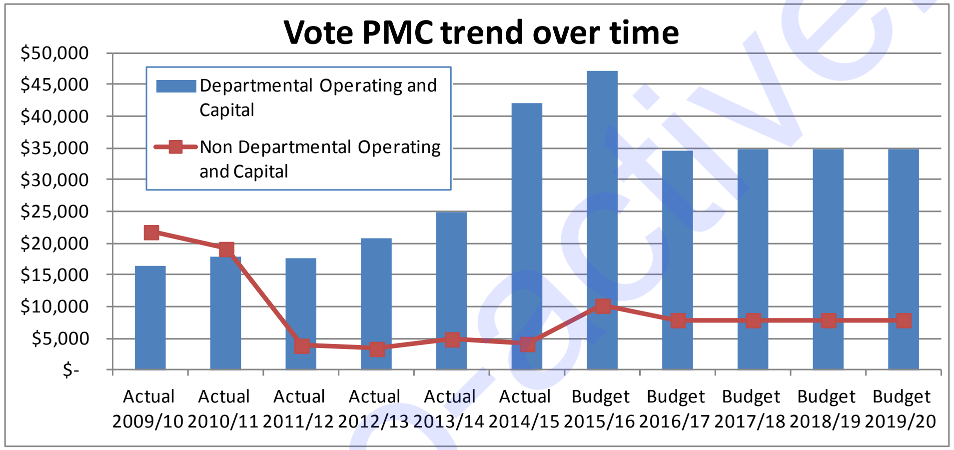
CASS will help the Central Agencies lead in the public sector over the next four years by continuing to build a workforce that is focused on innovation and working to find shared solutions to common problems. As the CASS-IT model expands into smaller agencies CASS-IT will reach a critical mass that will lift the delivery to all customers above the sum of the parts. Through different ways of working we can establish a culture and environment where building, testing, and releasing solutions, can happen rapidly, frequently, and more reliably. Through an iterative approach to technology improvement we will see a more responsive delivery of more robust solutions. By evolution rather than revolution we will see an end to a delivery methodology that sees things like large scale desktop refreshes.

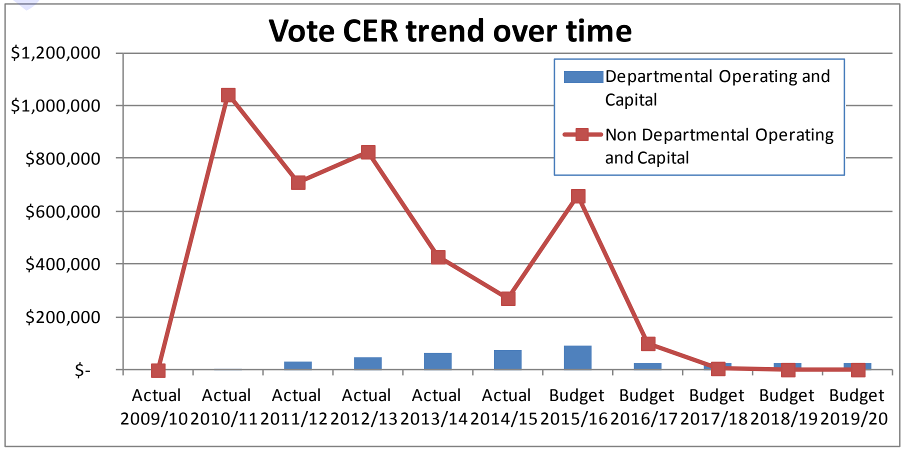
These changes will allow the central agencies and the other small agency customers to maximise the value of technology investment and more quickly begin to realise the benefits.

Funding changes since 2009/10

A trend analysis of DPMC appropriations from 2009/10 to 2019/20 is shown in the table and graphs below. Explanations by Vote are included in the sections below.

$000	Actual 2009/10	Actual 2010/11	Actual 2011/12	Actual 2012/13	Actual 2013/14	Actual 2014/15	Budget 2015/16	Budget 2016/17	Budget 2017/18	Budget 2018/19	Budget 2019/20
Vote Canterbury Earthquake Recovery											
Dept CERA	$ -	$ 3,447	$ 30,673	$ 44,505	$ 64,040	$ 77,822	$ 91,646	$ 25,050	$ 25,050	$ 25,050	$ 25,050
Dept CERA Capital	$ -	$ 42	$ 84	$ 871	$ 136	$ 191	$ -	$ -	$ -	$ -	$ -
Non Dept CERA	$ -	$ 1,042,080	$ 710,929	$ 724,987	$ 132,788	$ 143,886	$ 379,465	$ 82,975	$ 5,027	$ 2,100	$ 2,100
Non Dept CERA Capital	$ -	$ -	$ -	$ 100,914	$ 295,973	$ 128,009	$ 280,156	$ 18,212	$ 1,433	$ -	$ -
Total Appropriations	**$ -**	**$ 1,045,569**	**$ 741,686**	**$ 871,277**	**$ 492,937**	**$ 349,908**	**$ 751,267**	**$ 126,237**	**$ 31,510**	**$ 27,150**	**$ 27,150**
Vote Prime Minister and Cabinet											
Dept DPMC	$ 15,606	$ 17,150	$ 17,175	$ 20,490	$ 24,733	$ 37,722	$ 46,608	$ 34,416	$ 34,588	$ 34,602	$ 34,602
Dept Capital DPMC	$ 676	$ 616	$ 479	$ 209	$ 76	$ 4,436	$ 500	$ 100	$ 100	$ 100	$ 100
Non Dept DPMC	$ 2,615	$ 2,559	$ 3,147	$ 2,749	$ 4,554	$ 4,043	$ 8,161	$ 7,317	$ 7,317	$ 7,317	$ 7,317
Non Dept Capital DPMC	$ 19,131	$ 16,525	$ 686	$ 572	$ 286	$ 61	$ 1,979	$ 550	$ 550	$ 550	$ 550
Total Appropriations	**$ 38,028**	**$ 36,850**	**$ 21,487**	**$ 24,020**	**$ 29,649**	**$ 46,262**	**$ 57,248**	**$ 42,383**	**$ 42,555**	**$ 42,569**	**$ 42,569**





Note: Fiscal Years 2009/10 to 2014/15 information is based on Actual Results, whereas 2015/16 and outyears information is based on October Baseline Update 2015.

Vote Canterbury Earthquake Recovery

Non Departmental activity

Non-departmental activity is significant in Vote Canterbury Earthquake Recovery. The key initiatives impacting on Non Departmental other expenses relate to specific Anchor Project activities being the Te Papa Ōtākaro / Avon River Precinct; and the East, North and South Frame.

The purchase of Land for Anchor Project is the main use of for the Non-Departmental capital expenditure. Other Anchor Projects with programmed capital expenditure included the Christchurch Bus Interchange and associated Transport Infrastructure; Development of Public Space; Metro Sports Facility and Christchurch Convention Centre.

Departmental

Departmental costs reflect the operating costs for managing the recovery and associated policy advice with outyear budget funding included in baselines at a significantly lower level. However contingency funding was set aside that can be accessed with joint Ministerial approval. Further details are provided below.

CERA funding story

The following on-going Departmental baseline funding is provided for Canterbury Earthquake Recovery activities, including tagged contingencies and after the proposed transfer of funding to the new Regenerate Christchurch function considered by the Cabinet Economic Growth and Infrastructure Committee on 11 November 2015 [CAB-15MIN-0064.01 refers].

Departmental Funding Profile $millions	2015/16	2016/17	2017/18	2018/19	2019/20
Available funding, being:	91.646	54.050	53.550	51.050	51.050
Approved baseline	*91.646*	*25.050*	*25.050*	*25.050*	*25.050*
Tagged Contingency*	-	*29.000*	*28.500*	*26.000*	*26.000*

* Tagged contingency has been reduced by allocation of funding to Regenerate Christchurch

Tagged contingency

Authority to access the tagged contingency was delegated to joint Ministers noting the contingency expires June 2016 unless specifically extended by Cabinet [CAB MIN (15) 12/2(3) refers]. A request to extend the life of the tagged contingency until June 2017 will be submitted as part of the Budget 2016.

After providing for the 2015/16 costs for CERA until 19 April 2016, the transfers to inheriting agencies and Regenerate Christchurch and the estimated costs for Crown Co, it is anticipated that there will be
s9(2)(f)(iv)
Some of that funding will be called upon in later financial years to address specific fiscal risks and there may also be further submissions if there are any further unexpected costs of transition or higher ongoing costs.

Departmental baseline funding

Departmental baseline funding provided for Canterbury Earthquake Recovery activities, including tagged contingencies and after the approved transfer of funding to the new Regenerate Christchurch function considered by the Cabinet Economic Growth and Infrastructure Committee on 11 November 2015. The following table shows the anticipated allocations to inheriting agencies, Crown Co and CERA.

s9(2)(f)(iv)

[redacted]

Note that the table above shows funding still required in 2019/20. It is expected that funding requirements in 2020/21 and out-years will decrease significantly. The Crown will have a five year interest in Regenerate Christchurch, finishing in 2020/21, DPMC's costs will decrease significantly as regeneration efforts in Christchurch are completed and Crown Co's costs will decrease as anchor projects are completed.

Recovery Departmental Output Expense appropriation - Managing the Recovery

Recovery Departmental Output Expense appropriation, *Managing the Recovery*, is fiscally neutral to the Crown. s9(2)(f)(iv) [redacted]

The baseline changes detailed above will be transferred from the Vote: *Canterbury Earthquake*

Baseline increase

The Department is still in discussion with the Minister of Finance to fund these functions and accountability, the Department of the Prime Minister and Cabinet is seeking an increase in baseline of $61.852 million over the fiscal period to support the increase in full time equivalent staff needed, associated professional services and other operating and capital costs.

$millions	2015/16	2016/17	2017/18	2018/19	2019/20
Department of the Prime Minister and Cabinet	9.330	20.394	11.306	10.460	10.362

Horizontal infrastructure

Expenditure for Horizontal Infrastructure has already been provided for in the non-departmental balance sheet as a provision.

Further Review in the 2017/2021 Four year plan cycle

There is still uncertainty on the extent and scope of activities to be undertaken by DPMC. Resourcing levels have been estimated and it is proposed that the level of budget allocated will be reviewed during the Four Year Plan process in 2016. Funding has been separately described in the four year plan as the joint Ministers approval noted that all funding provided must be kept ring-fenced.

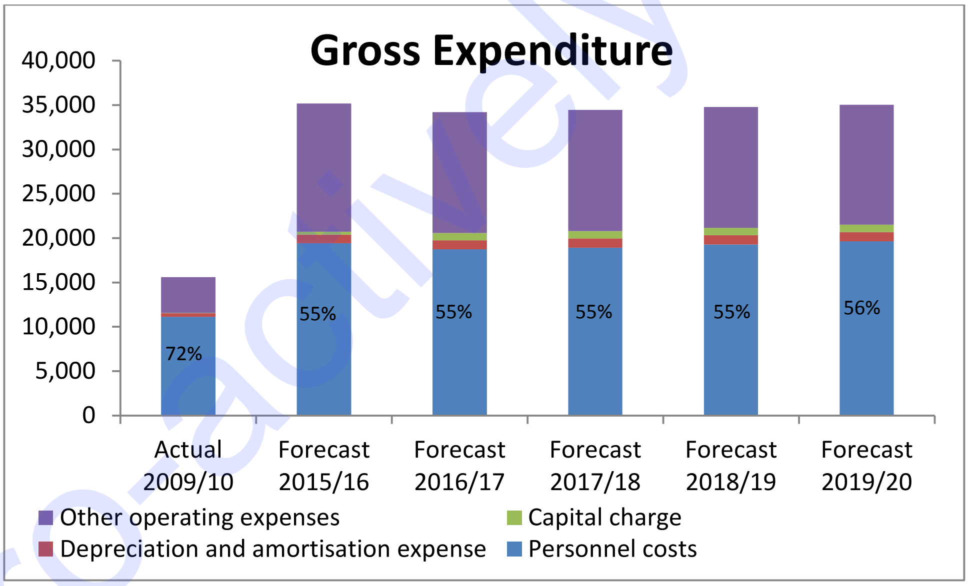
s9(2)(f)(iv)

[redacted]

Vote Prime Minister and Cabinet

Departmental Expenses

The table below shows that there have been some significant changes in the DPMC appropriations over time. Annex three provides detailed information of these changes to departmental expenses and impacts on our baselines.



Non Departmental Expenses and Capital Expenditure

Annex three sets out information on funding information for capital expenditure for maintaining Government House between 2009/10 and 2015/16.

Financial Strategy

As in previous four year plans, DPMC's long-term focus will continue to be on examining ways to meet increasing cost pressures within relatively fixed baselines, while minimising the impact on priorities.

Please refer to part three for more detailed information on the department's four-year plan for achieving further productivity improvements and maintaining baselines at a sustainable level through to 2019/20.

Operating – Departmental

DPMC needs to successfully realise efficiency savings in order for its operating baselines to be sustainable through to 2019/20. From 2016/17, cost pressures start to accumulate.

The forecast financial results outlined in the Four-year Plan are based on October Baseline 2015 baselines and only reflect approved funding from the Government. Financial modelling indicates that DPMC is moving into a period where resources are progressively going to become tight primarily due to remuneration cost pressures.

As signalled throughout this Four year plan, we will take constructive actions to reduce this risk; in particular, productivity improvements designed to ensure we can continue to deliver the same level of service with a lower level of FTEs. This includes, if required progressively discussing with Ministers which activities to be reduced, spread over time or stopped in order to live within its baselines. Annex four sets out specific activities that will need to be reprioritised.

Distribution of our financial resources

All outputs delivered by DPMC are considered core but there are some choices around the quantity and quality of these. Our future focus is on ensuring efficient delivery of those core activities and considering what activities can be reduced.

How we distribute financial resources across our priorities is critical to success. As emerging cost pressures and opportunities arise then reallocation within groups and across the department will occur. Where external demands exceed our capability and capacity this may be resolved through trade-offs and reprioritisation - if necessary stopping or postponing work in lower priority areas as discussed in part three and Annex four.

Where new functions are transferred from other agencies, we would expect sufficient funding to deliver the function to also be transferred.

As the planning horizon moves out, the certainty around some planning assumptions is less fixed. However, by establishing a planning baseline we can assess which area may require more focus if the realised pressures are significantly different from the established baselines.

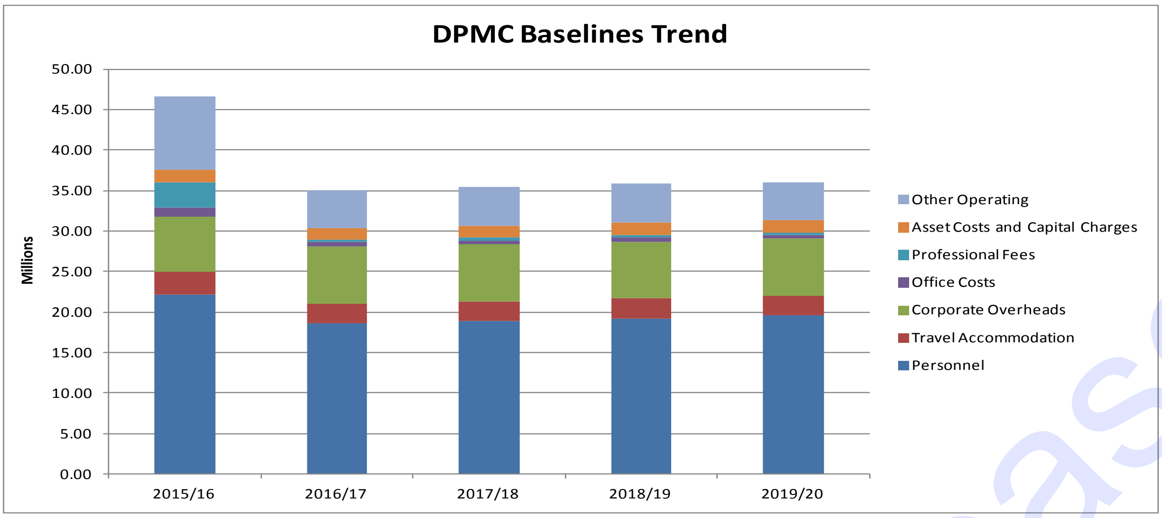
Cost pressures

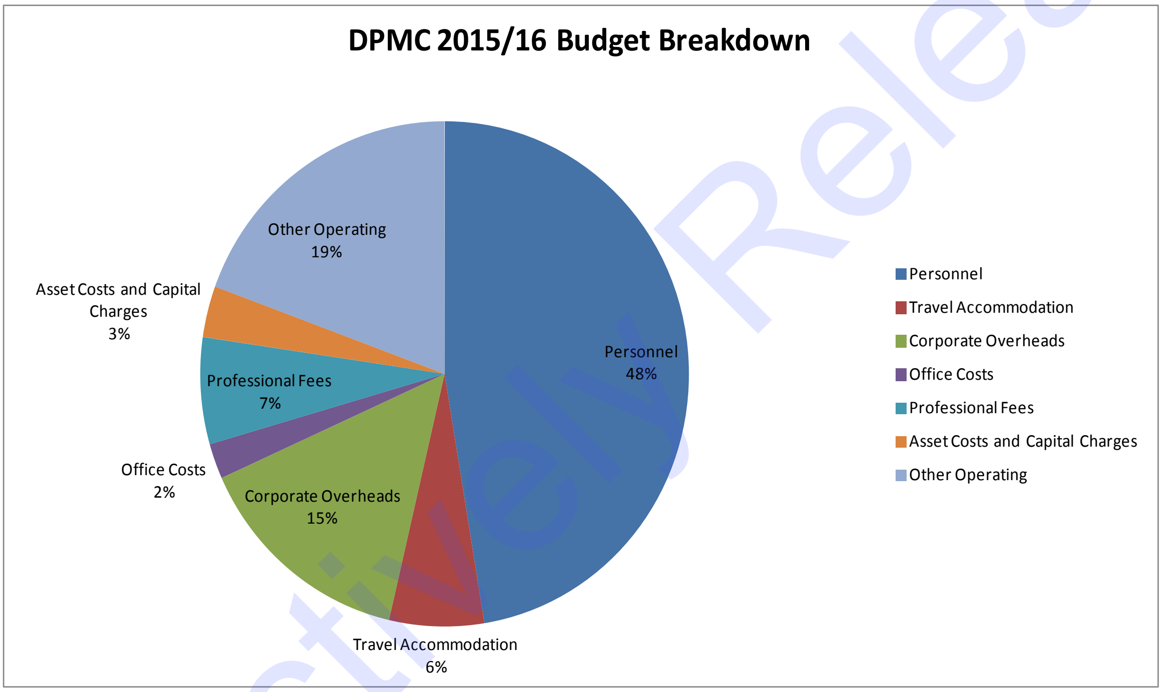
s9(2)(j)

As noted earlier cost pressures identified include the remuneration increase (at [redacted], inflationary pressures on other expenses, and increasing levels of depreciation due to investment shared infrastructure across the central agencies.

The decrease in funding from 2016/17 reflects the conclusion of the Flag Referendum Project, the Policy Project, the transition of CERA to a Departmental Agency located within DPMC, and the New Zealand Intelligence Community's review of its resourcing requirements.

The tables on the following page show the forecast baselines trends between 2015/16 and 2019/20 and a breakdown of budgets by funding areas.





Financial forecasts

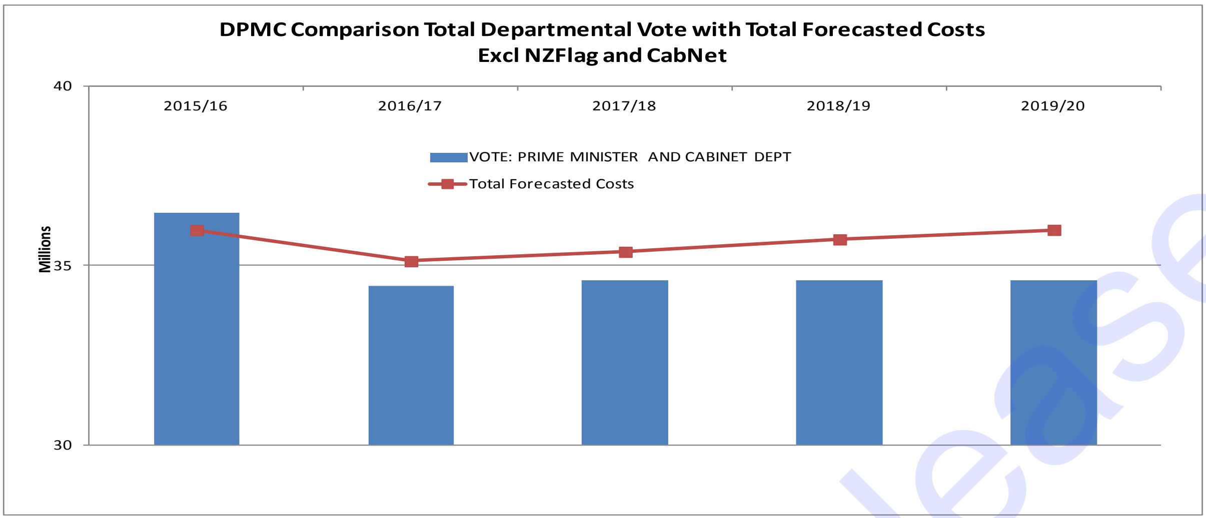
Although DPMC's baselines increased for all of projects mentioned above, this funding did not relieve expected future financial pressures.

Financial forecasts indicate that without changes to the department's operating model, the department would face a shortfall of approximately $1.4 million by 2019/20.

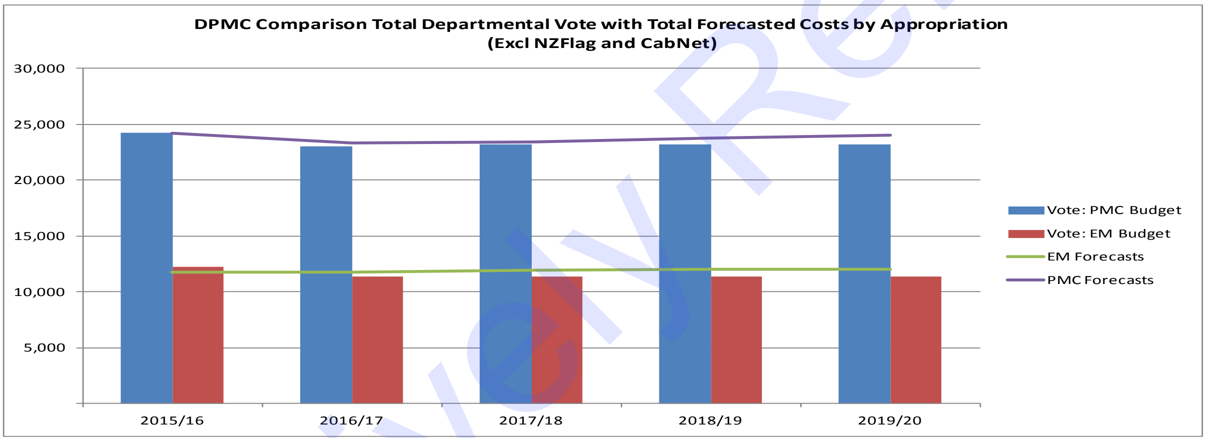
These forecasts made the following assumptions:

- Static baseline funding
- Vacancy lag of 4% of annual salary cost
- Rising costs:
  - o personnel costs of approximately [redacted] s9(2)(j) per annum;
  - o depreciation costs relating DPMC share of other infrastructure costs relating to Central Agencies Shared Services.

The pressure on current baselines can be demonstrated by the following graphical presentation of the comparison between baselines and current forecasted expenditure:



This can be further presented by the two Appropriations, and show outyear pressure on both:



Savings resulting from changes to DPMC's operating model

As noted in part three, we have proposed a number of changes to our operating model in order to remove its forecast shortfall, however, as opportunities for this kind of realisable savings are exhausted, we will need to significantly improve our efficiency or make explicit trade-offs in what we will deliver.

Remuneration increases will continue to be tightly targeted to reward high performance and address recruitment pressures in key positions (at s9(2)(j)

We also have a number of support services for ICT, Finance, HR, Information Management and Web and Publications delivered through the Central Agency Support Services group (CASS). This group also provides outsourced services to SSC and Treasury. Service demands conflicts are negotiated through a Partnership Board. CASS was implemented to generate efficiency savings and improve capability. Opportunities for ongoing savings will be explored which could involve expanding its role to support other agencies.

Capital investment

DPMC has actively deferred some investment in ICT assets. CASS will reduce the purchase of new equipment, and limit costs relating to business change[10].As noted in parts three and five, further consideration will be given to more substantial IT investment reductions to limit the necessary personnel changes referred to above.

2016 Budget bids

Please refer to Annex five for a copy of DPMC's 2016 Budget Bid templates which support the three bids we have submitted:

1. Establishing a national computer emergency response team (CERT) for New Zealand
2. Expanding Emergency Management capability and capacity

s9(2)(f)(iv) [redacted]

The security and intelligence sector has also submitted a budget bid to increase capacity across the sector, including within DPMC.

Part three and Annex four also provide a summary of the supporting cases for each of these bids.

Operating – Non Departmental

DPMC administers non-departmental appropriation but is not in a position to control them – Annex three provides information on:

- how we liaise with the Governor-General to minimise any major additional funding being required to implement the Governor-General's Programme, salaries and allowances and travel outside New Zealand
- an ex-gratia payment is made to University of Auckland to enable continued support of Professor Sir Peter Gluckman's own specialised research programme during his membership of the Science Advisory Committee.

[10] Given that DPMC's corporate services are shared with those of SSC and Treasury, these changes have been made in close collaboration with those two agencies through the CASS Partnership Board mechanism

Capital –Departmental

	Increase (Decrease)				
	2015/16	**2016/17**	**2017/18**	**2018/19**	**2019/20**
	$0.000m	***$0.000m***	***$0.000m***	***$0.000m***	***$0.000m***
Operating balance funding available	4.983	5.497	5.716	6.635	7.554
Add **depreciation funding received**	1.014	1.019	1.019	1.019	1.019
Add **receipts from sale of assets**					
Add **transfer to Treasury for IT historical accumulated depreciation**		(0.700)			
Equals **total baseline funding available**	5.997	5.816	6.735	7.654	8.573
Subtract **capital investments funded from baselines**	(0.500)	(0.100)	(0.100)	(0.100)	(0.100)
Equals **closing baseline funding available**	5.497	5.716	6.635	7.554	8.473

When CASS was implemented, the net book value of IT assets was transferred to Treasury. The accumulated cash reserves of $1.1 million related to those assets was not transferred. This was deferred until an ISSP had been developed which would identify the long term funding requirement for IT assets for all three agencies.

The cash reserves were not transferred as it was identified that the cash held by the department was lower than the accumulated depreciation reserves by approximately $0.7 million.

The ISSP was recently finalised rationalising the future capital replacement cost for IT. In addition, the changing nature of delivery (e.g., Infrastructure as a Service, Software as a Service and Cloud solutions) are also anticipated to result in lower capital costs and higher operating costs.

Previously it was highlighted as a risk that the department may have insufficient funding to meet its technology requirements but it is now anticipated that requirements can be met across the central agency sector. It is now planned that a cash payment will be made to Treasury in 2015/16 for $0.7 million. This will leave a very minor amount of capital in the department to address minor fit-out, furniture and equipment requirements. Over the last three years the department has supplemented its cash position by seeking (through joint Ministers or Budget) operating to capital transfers. It is expected this will continue so that the reserves available for civil defence and emergency functions or CabNet are not utilised for other departmental capital replacements. Any of those transactions are not included in the table above and will be undertaken subject to affordability and need.

Accumulated depreciation on assets supporting civil defence and emergency functions was transferred from DIA and topped up by the Crown on transition. The asset replacement profile for vehicles is still being established with replacements currently scheduled in 2017.

The department received Crown funding to build the CabNet, an electronic system to support Cabinet processes and will be implemented during calendar year 2015. This funding accumulates from 2014/15 to enable replacement or enhancements after 5 years.

Capital – Non-Departmental

DPMC's non-departmental capital is required to maintain the Government Houses. The Crown has made a significant investment in the conservation project to strengthen and refurbish the heritage building of Government House and an initial 2 year maintenance budget was established for both Government Houses utilising existing surplus depreciation funding. The initial maintenance funding was provided to June 2016 and in Budget 2015 ongoing funding of $1 million per year was provided split between capital expenditure and maintenance. This funding is considered sufficient to maintain the buildings to an acceptable standard or to historic heritage policy expectations.

DPMC has developed a long term maintenance plan for Government House which will allow the Government House buildings and related assets to be maintained at an acceptable standard or to historic heritage policy expectations. This maintenance schedule will also ensure that Government House maintains its capital value.

	2014/15	2015/16	2016/17	2017/18	2018/19
	$0.000m	***$0.000m***	***$0.000m***	***$0.000m***	***$0.000m***
Capital					
Baseline funding available for the purchase or development of Crown capital assets	1.979	0.550	0.550	0.550	0.550
Operating					
Maintenance funding	1.014	0.600	0.600	0.600	0.600
Depreciation funding	1.962	1.962	1.962	1.962	1.962

Part Seven: Supplementary information

Annex one– Workforce strategy work streams

The below table sets out detail on the four work-streams that have been established to support the workforce strategies.

Workforce Strategies	Planned Initiatives
Integrating and building the department's workforce; and	- Transition CERA functions and people into DPMC, including creating a structured induction framework - Establish a National Security workforce across the Intelligence Community to better integrate the workforce - Complete the communications review
Evolving to a consistent DPMC across all of its business groups;	- Standardise performance management practices, remuneration strategy, job titles and undertake job sizing etc. - Collective contract (MCDEM) - Implement an enhanced Induction programme (see transitioning CERA activities above (will rolled out to of DPMC post the transition of CERA) Review REM, performance etc. Continue with existing planned district planning review and horizontal infrastructure initiatives over the next 2 – 3years until the projects are complete.
Building and creating DPMC's values, engagement	- Create a structured induction framework that encourages a culture to grow, nurture and engage staff at the very beginning of their career with DPMC. - Increase staff engagement through an enhanced orientation framework for new employees, greater opportunities for participation in cross-department initiatives.
Developing DPMC people	- Review learning and development framework for DPMC - Implement a talent management framework aligned to the IC. - Refresh HR policies, processes and practices that encourage high performance and diversity and deals effectively with poor performance - Influence key public sector stakeholders to establish a separate National Security Sector (e.g. align to other Sector career boards). - Develop a concept for a security and intelligence career path (e.g. people join the national security workforce, not an individual agency and rotate around the intelligence community agencies - Create a high level capability picture of what is needed now and over the next four years - Development of a robust succession planning framework aligned to career progression, career boards and staff rotations. - Establish communities or interest e.g. common jobs, common interests to encourage sharing of knowledge and experiences across the workforce. - Lever off the CASS Development Centre providing opportunities to grow, nurture and engage staff.

Annex two – CASS ICT Four Year Plan

Agency	FY 16/17	FY/17/18	FY 18/19	FY 19/20
Treasury	Information Management strategy CFISNet enhancements Board Appointments	Information Management Systems and processes CFISNet review Board Appointments refinement	Information Management refinement CFISNet review outcome	Information Management Review
DPMC	NCMC Technology Refresh EMIS enhancements s6(a) [redacted] Relocate Christchurch MCDEM CERA transition bedding in CABNET enhancement programme	EMIS review Outcomes s6(a) [redacted]	Information Management Strategy Review	CABNET review Information Management tools and processes
SSC	Enhancing Information Analytics Talent Management refinement Strengthening Support model for shared environments	Information Management Strategy Review Expand Capability for shared environment's TMIS enhancements	Information Management strategy tools and processes	
Common	Plan for Infrastructure as a service migration Common Desktop	IaaS uptake Investigate Enterprise Content Management as a Service (ECMS) Telephony Upgrade including Government House and NCMC Investigate Office Productivity as a service WAP2 property project Investigate Telecommunications as a service (TaaS)	Telephony Consolidation CHRIS 21 replacement Finance one replacement IaaS continuation Office productivity outcome ECMS outcome Plan for TaaS implementation	Implement TaaS
CASS	Customer focused Service catalogue Implement new Solution methodologies Develop strategic plan for	Expansion to some small agencies Refine methodologies	Wider expansion to critical mass	Stabilisation

Annex three – Additional financial information

CERA functions transferring into DPMC

There are 47 direct roles created to deliver the inherited functions from CERA. These include managerial, support and advisory staff to deliver planning and policy functions.

Shared services roles will reside in the Central Agency Shared Services (CASS) as appropriate or otherwise in the Office of the Chief Executive (OCE) within DPMC. The shared services support staff, consist of HR, Finance, IT and IM, are provided to DPMC by the CASS and Legal; Ministerial Support; Asset Management; Procurement; Risk and Assurance; and Communications staff will exist in the DPMC Office of the Chief Executive (OCE).

DPMC as a small agency has no ability to absorb the additional support needs for the new business unit and the corporate roles added reflect four components:

a) Shared support services for staff and functions transferring (11 roles)
b) Additional robustness into management, reporting and planning functions of DPMC to cope with complexity of CERA functions, culture change of larger agency and regional structure (7 roles)
c) Short term capacity for wind-down of CERA functions (6 roles) but also anticipated legal and OIA work (9 of legal and ministerial servicing roles) associated with Recovery work programme
d) Strategic advice and operational delivery associated with oversight of broader programme as impacts on corporate functions (4 roles)

From 2016/17, personnel costs account for 45% of the requested budget. The remainder relates to operating costs associated with travel, communications and consultancy costs for direct functions and for fixed costs associated with accommodation, depreciation, IT and capital charge. IT costs have been estimated at nearly $1 million to account for hardware and software for staff in FTE table above and also the hardware costs associated with hosting historical CERA records and data.

A provision will be required of approximately $4.5 million for onerous accommodation leases, currently costed in 2016/17 but this may need to be pulled forward into 2015/16. This assumes that 1 floor of HSBC is used by Crown Co, one by DPMC and one is sub-leased. Without agreements in place, it will be a requirement under accounting standards for the full life of the leases to be accounted for in 2015/16. If subsequent recoveries are made they will be returned back to the Crown. If the assumptions regarding the sub-leasing above are incorrect then there is a further fiscal risk of $3.7 million which will be a call against the contingency.

Vote Prime Minister and Cabinet

Departmental Expenses

In 2010/11the baseline was increased reflecting the intelligence and security functions were relocated to a new purpose-built facility for the New Zealand intelligence community and a one-off funding transfer for the Government House conservation project. The decrease in 2011/12 reflects the baseline returning to status quo after the one-off increases in 2010/11.

The increase in 2012/13 was largely due to additional funding for an electronic software project to provide an electronic platform to support Cabinet processes (CabNet), for establishing a new visitor centre at Government House Wellington, for implementing the National Cyber Policy Office, and for increasing capability in the corporate support functions. In addition, the appropriation increased for the recoverable costs of staff seconded to other government agencies.

The increase in 2013/14 was due to ongoing new investment agreed by Budget Ministers to enhance DPMC's leadership and coordination of the national security sector, and to address a number of fiscal cost pressures to improve the robustness of corporate services functions.

Additional funding was received for the transition of emergency management functions from Vote Internal Affairs, and funding for the final three months of the financial year was transferred for administration of those functions. There were also expense transfers from 2012/13 for the Central Agencies Shared Services development programme, a one-off provision of funding to redevelop the future options for CabNet, and a one-off fiscally neutral transfer from Canterbury Earthquake Recovery Authority (CERA) to accelerate the resolution of insurance claims and repair of houses.

The increase in 2014/15 reflects a full year of funding to administer emergency management functions transferred from Vote Internal Affairs offset by the baseline returning to status quo after one-off increases due to expense transfers in 2013/14.

The increase in 2015/16 reflects the expected costs of the process to consider changing the New Zealand Flag.

Since 2009/10, the nature of DPMC’s activities has changed. With the introduction of emergency management functions the proportion of costs invested in personnel has decreased as a proportion of total expenditure.

Non Departmental Expenses

The increases in capital expenditure between 2009/10 and 2010/11 reflected additional funding for the conservation of Government House Wellington. This increase was time limited until 2011/12.

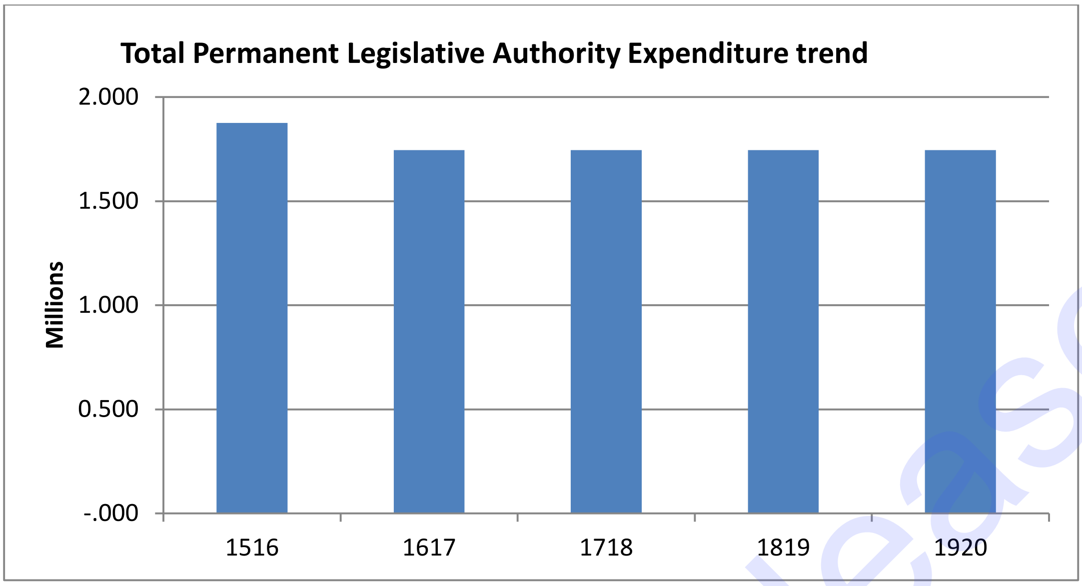
The Government House conservation project was completed in 2011/12 and the $402,000 under expenditure was transferred into 2012/13 to help support an ongoing component renewal programme for Government House. There was also an increase of $500,000 in 2012/13 to fund the establishment of a new visitor centre for Government House Wellington. Additional funding for the CabNet project to provide an electronic platform to support Cabinet processes was also received in 2012/13. This is a one-off capital injection. The decrease in 2015/16 reflects the completion of these projects and that the ongoing funding requirement will only be for minor asset replacements.

In 2013/14 there was a transfer of depreciation funding from 2012/13. The funding was transferred due to a revision of the useful life of the Government House main building. This was subsequently transferred into 2014/15. The increase for 2015/16 reflects a transfer of funding from 2014/15 to the new Government House Building and Assets Multi-Category appropriation to now be used on capital and maintenance expenditure.

Permanent Legislative Authority expenditure:

DPMC proactively liaises with the Governor-General to minimise any major additional funding being required to implement the Governor-General’s Programme, salaries and allowances and travel outside New Zealand.

In its role working directly with the Governor-General, the department provides report backs on the level of funding planned against the appropriation provided. The following graph shows expected trend of expenditure to 2019/20.



Increases anticipated in other Non-Departmental Expenditure:

- Actual depreciation on Government House may be affected as the preventative maintenance programme is implemented but it is expected that current appropriation levels are sufficient with an increase received in Budget 2015 for Government House Maintenance of $0.600m.
- An annual ex-gratia payment is made to University of Auckland to enable continued support of Professor Sir Peter Gluckman's own specialised research programme during his membership of the Science Advisory Committee, which is not directly impacted by the operational services that DPMC provides. The level of funding to support for the Chief Science Advisor has been increased from 2015/16 onwards. The funding increase will be met through Vote transfers from Vote Science and Innovation, and Vote Foreign Affairs and Trade.

Annex Four – Supplementary Budget bid Information

Policy Advice and Support Services Multi-Category Appropriation

The security and intelligence sector has submitted a budget bid to increase capacity across the sector, including within DPMC. Without increased funding to expand capacity (FTEs) and capability from 2016/17, DPMC will be unable to deliver the same level of security and intelligence advice currently delivered to Ministers.

The New Zealand Intelligence Community (NZIC) recognises that it needs to work in different ways to how it has traditionally operated. It needs to operate more collaboratively with its customers and stakeholders, be more focused on meeting delivery expectations, and develop stronger systems and processes to drive organisational and operational best practice. The NZIC has already made progress since the 2014 Performance Improvement Framework (PIF) report but more needs to be done to achieve its four year excellence horizon.

It is a long standing responsibility that governments protect their citizens from threats, as well as provide opportunities to advance their national interests (keeping New Zealanders safe, protecting and growing the economy and advancing New Zealand's interests internationally). There are three strategic challenges facing the NZIC- strengthening core functions, keeping pace with evolving technologies and responding to an increasing level of threat. As a result the NZIC has submitted a budget bid to increase capacity across the sector, including within DPMC. Without increased funding to expand capacity (FTEs) and capability from 2016/17, the NZIC and DPMC will be unable to deliver the same level of assessment and security and intelligence advice currently being delivered to Ministers and decision makers and an increased level of prioritisation will need to occur.

Across the functions in DPMC it is anticipated that the cost pressures can be effectively managed by ascertaining the correct number of staff necessary to provide essential services, e.g. reviewing the Policy Advisory Group and in Cabinet Office.

Emergency Management Multi-Category Appropriation

MCDEM has submitted a budget bid to increase the capacity within DPMC. s9(2)(f)(iv) [redacted]

[redacted]

[redacted]

[redacted]

Annex Five – completed Budget bid templates

DPMC's Budget bids were submitted to the Treasury as part of the 2016/17 Budget process. Budget bids are being released through the (Treasury) proactive Budget release process, and will be able to be found there once the release happens.

Annex Six – Strategic Intentions (Endorsed October 2015)

The Strategic Intentions document is available at this link:
http://www.dpmc.govt.nz/publications/soi/2015-19