



DEPARTMENT OF THE  
PRIME MINISTER AND CABINET  
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

# ANNUAL REPORT 2017/18

for the year ended 30 June 2018



and  
Report by the Minister of Civil Defence  
on Non-departmental Appropriations

and  
Report by the Minister for Greater  
Christchurch Regeneration on a  
Non-departmental Appropriation





# Chief Executive's overview



The Department of the Prime Minister and Cabinet (DPMC) has had a productive year, with each of our business units progressing an ambitious work programme.

Every year is busy for DPMC, election years more so, and election years where the Government changes, more so again. The 2017 election result meant the Cabinet Office, Government House and the Policy Advisory Group were called on to provide advice and support to the incoming administration, assist with the swearing-in and briefing of new Ministers and the formation of new Cabinet Committees and to coordinate the Public Service's implementation of the new Government's 100-Day Plan. It is always a privilege to support New Zealand's democracy, never more so than at times of transition.

To support the Prime Minister and her Government's priorities, DPMC added two new teams over the year in review – the Child Poverty Unit (CPU) and the Child Wellbeing Unit (CWU). These teams have been established to support the Prime Minister in her capacity as Minister for Child Poverty Reduction.

These teams are developing policy focused on a holistic and long-term view of child wellbeing that addresses factors such as good health and wellbeing, quality education, reduced inequalities, sustainable cities and communities. This work is being undertaken in partnership with Oranga Tamariki and other agencies as required.

DPMC's wider Policy Advisory Group continues to play a crucial role in aligning the Public Service's effort in supporting the Government's priorities and providing free and frank advice to the Prime Minister on all items of government business.

The National Security Group has continued to coordinate and lead a number of initiatives in the national security space, including advancing a system-wide approach to risks. We also supported a number of national security system responses to national security incidents, such as the Auckland Fuel Pipeline Outage and mycoplasma bovis, among others.

The Ministry of Civil Defence & Emergency Management (MCDEM) continued its work to ensure a strengthened emergency management system and a seamless response to emergencies. During the year, MCDEM launched the Emergency Mobile Alert system, established an alternative National Crisis Management Centre in Auckland and led a series of cross-agency planning programmes, such as the Alpine Fault Earthquake Plan and the revision of the Wellington Earthquake National Initial Response Plan.

DPMC also led work to respond to the findings of the Ministerial Review into Better Responses to Natural Disasters and other Emergencies in New Zealand. At a high level, the review found that the current system has stood up well and is fundamentally sound given the pressures, issues and challenges in recent years, but it also made wide-ranging recommendations to modernise, professionalise and better regulate the system.

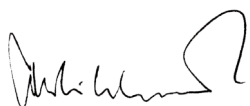
The Greater Christchurch Group progressed a number of priority work streams during the year. Milestones include: the approval of the Cranford Regeneration Plan; reaching agreement with the owners of the Christ Church Cathedral to reinstate it; passing the Christ Church Cathedral Reinstatement Act 2017; using section 71 of the Greater Christchurch Regeneration Act 2016 to fast-track the relocation of Redcliffs School to Redcliffs Park; and working closely with Crown entity Ōtākaro and the Christchurch City Council to find cost saving options for the Metro Sports Facility – which is now on track to open by the end of 2021.

Other achievements include establishing a cross-agency insurance taskforce to tackle outstanding Canterbury earthquake insurance issues. We continue to work closely with our strategic partners in Christchurch, including the Christchurch City Council, other local authorities, Te Rūnanga o Ngāi Tahu, Ōtākaro, Regenerate Christchurch, Development Christchurch Limited, Christchurch NZ and government agencies.

Cabinet Office and Government House remain fully engaged with the wide range of duties that come with assisting the government of the day and Ministers, and enabling the range of duties undertaken by the Governor-General. Both are actively involved in providing support for the next high-profile Royal visit to New Zealand, featuring the Duke and Duchess of Sussex.

The June Queen's Birthday Honours List represented six months of work for the Honours Unit in the Cabinet Office. As well as being notable for the wide range of service to the community recognised, this list was also the first time that more women than men have been honoured on a regular list, with women making up 56 percent of the honours announced.

It is only natural that reflection also prompts us to look forward. This coming year will again bring a strong workload as we advance a number of priority areas for the Government, and work on a number of internal initiatives. As a department, we are striving to build our workplace wellness and wellbeing, Māori capability and our flexibility and adaptability. DPMC has a highly engaged workforce who work hard to progress both our business-as-usual work, and step up in times of response. I am grateful for their individual and collective effort, and to the family members and whānau who support them in their work.



Andrew Kibblewhite  
Chief Executive

This Annual Report foreword is the last I will write for DPMC, as I take up a new role as the Chief Executive and Secretary for Justice in early 2019. It has been an honour and a privilege to serve here for the past six years and I acknowledge the Prime Ministers, Ministers, colleagues and stakeholders that have made it such a rewarding experience. I am confident the Department is well placed for the challenges ahead, and I am pleased to leave the Department in such good heart.

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# Our Strategic Direction

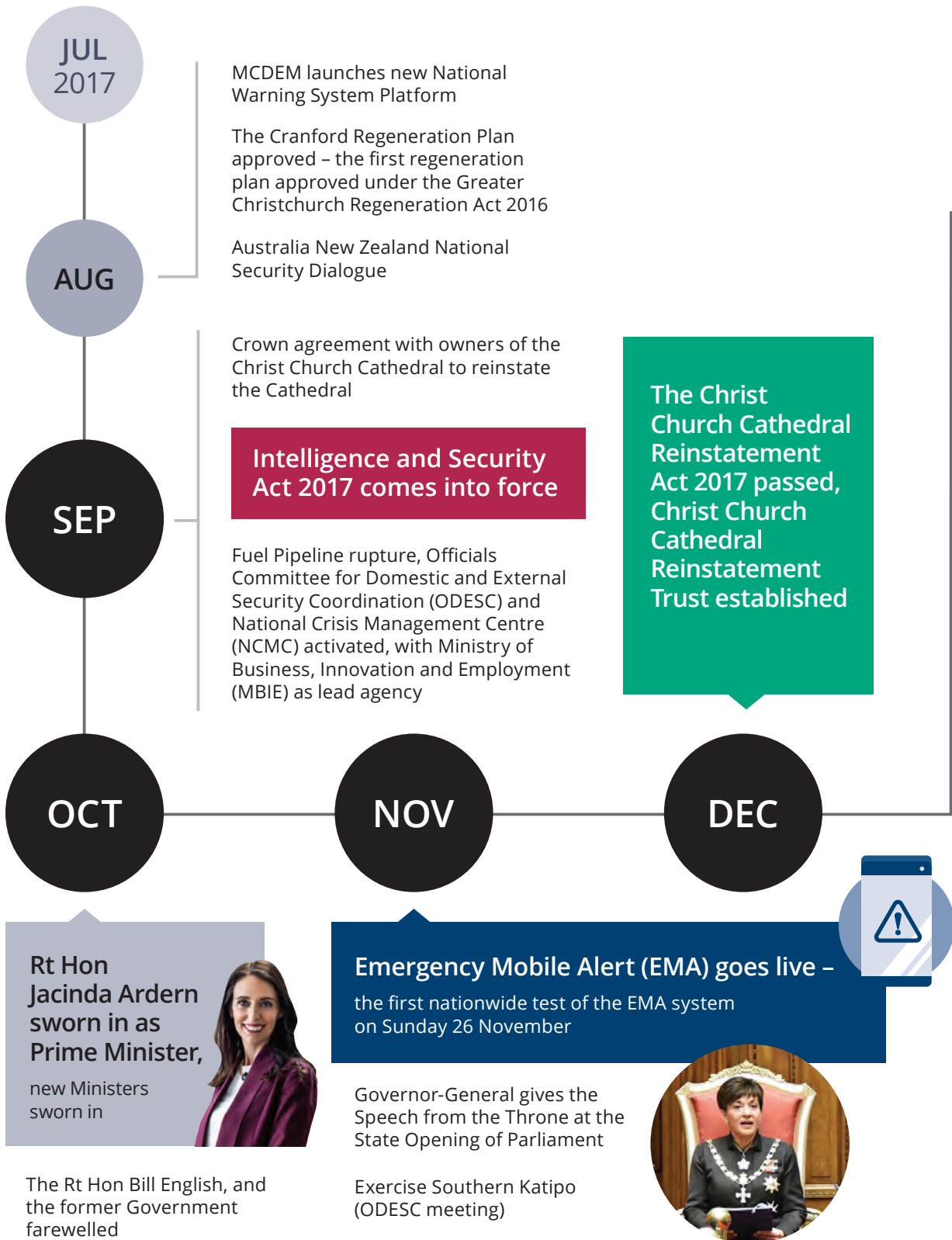
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## This section sets out:

- highlights of our year
- who we are and what we do
- our numbers at a glance
- how we measure our performance
- our performance story, and
- where we are going.



# Highlights of our year





Conclusion of 100-Day Plan period



Governor-General visits Waitangi and holds the annual Waitangi Day reception  
Ex-tropical Cyclones Gita and Fehi



Child Poverty Unit and Child Wellbeing Unit fully established

JAN 2018

FEB

MAR

Technical Advisory Group (TAG) report published:

Better Response to National Disasters and other Emergencies in New Zealand

Child Poverty Reduction Bill introduced

Governor-General attends Gallipoli commemorative events



Metro Sports Facility plans back on track after collaborating with Christchurch City Council and Ōtākaro Limited to find cost savings and begin work around fast tracking an investment case for the Stadium

APR

MAY

The relocation of Redcliffs School to a new site in Redcliffs Park enabled – the first section 71 approved under the Greater Christchurch Regeneration Act 2016 (with DPMC's Greater Christchurch Group (GCG) as lead agency)

Queen's Birthday Honours announced

(56% female nominees)

JUN 2018

Appointment of the second Prime Minister's Chief Science Advisor (PMCSA), Professor Juliet Gerrard

Mycoplasma bovis response (ODESC activated, with Ministry of Primary Industries (MPI) as a lead agency)

# Who we are and what we do

**DPMC is a mid-sized agency of 275 staff located in Auckland, Christchurch, and Wellington.**

**During 2017/18 our purpose was focused on working with our stakeholders to ensure New Zealanders can live in a confident, well-governed and secure country:**

- A confident New Zealand has a strong sense of nationhood and can rely on key institutions and systems to work together in the public interest.
- A well-governed New Zealand means Cabinet decision-making is supported by the best available advice and evidence, and the Governor-General is well supported in her constitutional, ceremonial, community and international roles.
- A secure New Zealand is able to respond to and recover from shocks and stressors in a timely and effective way. It proactively builds resilience with a risk-based, reliable and integrated National Security System (NSS).

**Our eight Business Groups achieve our purpose through four main functions:**

- Executive government advice and support: serving the Prime Minister and Cabinet.
- Constitution and nationhood: supporting a well-conducted government.
- National security (including risk and resilience): leading an effective national security system, including cross-government arrangements across the '4Rs' of risk management: reduction, readiness, response and recovery.
- Greater Christchurch regeneration: providing leadership and coordination of the Crown's regeneration effort.

## Executive government advice and support: serving the Prime Minister and Cabinet

The **Policy Advisory Group (PAG)** provides free and frank advice to the Prime Minister and other Ministers; contributes to policy development across the public service; and leads policy projects commissioned by the Prime Minister.

Taking a whole-of-government view, PAG links agencies to ensure that officials' advice considers broader government priorities. PAG uses a strategic perspective to increase policy coherence and works closely with the State Services Commission (SSC) and the Treasury to promote a collective approach to leadership.

DPMC hosts the Policy Project, to drive policy capability and quality across the public service. The Policy Project supports our Chief Executive, Andrew Kibblewhite, in his stewardship role as the Head of the Policy Profession.

PAG hosted the Child Poverty and Child Wellbeing Units over this performance year. Responding to the Government's commitment to reduce child poverty in New Zealand will involve the development of legislation, strategies and policies through coordination and collaboration across agencies.

DPMC has now formed the **Child Wellbeing and Child Poverty Reduction Group** to progress these important programmes.

## Constitution and nationhood: supporting a well-conducted Government

The **Cabinet Office** supports executive government to work effectively. Advice and support are provided to the Governor-General, Prime Minister and other Ministers on constitutional, policy and procedural issues; and impartial secretariat services are provided for meetings of the Executive Council, Cabinet and Cabinet committees. The Cabinet Office also helps provide a framework for the Government's legislative programme.

The **Honours Unit** in the Cabinet Office administers the New Zealand Royal Honours system and assists the Prime Minister and the Cabinet Appointments and Honours Committee to consider nominations.

**Government House** works with the Cabinet Office to support the Governor-General across the four main duties of the office: constitutional, ceremonial, community-leadership and international. Government House also maintains the heritage buildings and grounds of the residences in Auckland and Wellington.

The Governor-General, Her Excellency the Rt Hon Dame Patsy Reddy, has developed four strategic themes for her term as Governor-General: creativity, innovation, diversity and leadership. These themes shape the Governor-General's busy activities programme, and the work of Government House.

## National security

The **National Security Group (NSG)** leads, coordinates and supports New Zealand's NSS and the New Zealand Intelligence Community (NZIC). DPMC leads the coordination of advice on matters of national security for the Prime Minister, in her role as Minister for National Security and Intelligence. DPMC aims to strengthen the overall security system's support for the Government's priorities; develop better situational understanding; and improve agencies' coordination and collaboration to deal effectively with issues.

The **Ministry of Civil Defence & Emergency Management (MCDEM)** builds New Zealand's resilience by supporting and enabling communities to manage emergencies. MCDEM provides leadership to reduce risks, be ready for, respond to and recover from emergencies. We manage central government's response and recovery functions for national emergencies and support the management of local and regional emergencies or emergencies led by other agencies.

By working with a diverse range of groups, including local authorities, central government agencies, emergency services, lifeline utilities, research and science and not for profit organisations in support of communities, MCDEM upholds its responsibilities under the Civil Defence Emergency Management Act 2002.

## Greater Christchurch regeneration: providing leadership and coordination to the regeneration effort

The **Greater Christchurch Group (GCG)** oversees the Crown's interests in the regeneration of greater Christchurch. This is achieved through the provision of leadership and coordination across government agencies, engagement with local entities and the community and supporting the transfer of responsibility for leading greater Christchurch regeneration to local entities. Key partners are Ōtākaro Limited, Regenerate Christchurch, Christchurch City Council, Waimakariri District Council, Selwyn District Council, Te Rūnanga o Ngāi Tahu and other regeneration agencies and work includes monitoring the overall progress of regeneration.

## Corporate Support and Services

The **Strategy, Governance and Engagement Group (SGE)** supports the Department to achieve our strategic objectives and manage risk by working across DPMC and ensuring we have sound planning and advice, effective policies, communications and governance and efficient organisational systems and processes. SGE provides the link between the Prime Minister's Office and the PMCSA to assist with her programme of work across government.

The **Central Agencies Shared Services (CASS)** provides corporate shared services (HR, Finance, IT, information management and publishing) to DPMC. The Treasury provides the service, with DPMC's share of costs funded through an annual CASS charge.

# Our numbers at a glance

**625**

responses to requests made to DPMC

Responses to Official Information Act and Privacy Act requests

## CHILD POVERTY UNIT

**632**

Child Poverty Reduction Bill submissions received

## NATIONAL SECURITY GROUP

**11**

ODESC meetings

and

**28**

Watch Groups

on

**7**

Subjects

**11**

Security and Intelligence Board (SIB) meetings

**6**

Hazard Risk Board (HRB) meetings

**3**

ODESC forums

## POLICY PROJECT

**15**

events

held to provide exposure to international experts and support capability development

**500**

people

attended Policy Project-hosted events

Approx.

**1,000**

page views

on the Policy Project resources website per week

## ODESC Forums



Changing demographics



Drinking water



Climate change

## National Exercise Programme



Disease threat

Ministry of Health (MOH) lead



Regional instability

New Zealand Defence Force (NZDF) lead



Tropical cyclone

Ministry of Foreign Affairs and Trade (MFAT) lead

## GOVERNMENT HOUSE

Number of social media followers as at 30 June 2018

Facebook

**43,762**

+8.6%

Twitter

**9,670**

+11.4%

Instagram

**3,229**

+6.2%

Activities hosted by the Governor-General

Government House Auckland

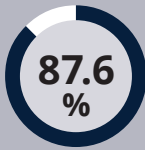
**33** +37.5%

Government House Wellington

**105** -19.2%



**CABINET OFFICE**



Submissions lodged by Ministers' offices by the Cabinet Office deadline



Papers for Cabinet and Cabinet committee meetings published on time



Cabinet minutes published on time



Cabinet and Cabinet committee minutes requiring subsequent amendment

**Honours statistics**

**179** New Years Honours List

**192** Queen's Birthday 2018 Honours list

**26** individuals granted the use of the title 'The honourable' for life

**GREATER CHRISTCHURCH GROUP**

**Waimakariri Three-waters Horizontal Infrastructure Programme**

**62/65** projects now complete

**MINISTRY OF CIVIL DEFENCE & EMERGENCY MANAGEMENT**

**3** NCMC activations

July 2017



Otago and Canterbury Severe Weather Event

Sep 2017



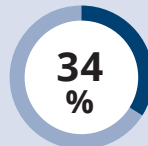
Fuel Pipeline (Response led by MBIE)

Feb 2018

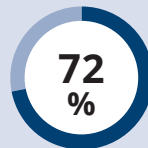


Cyclone Gita

**Emergency Mobile Alert (EMA)**



of New Zealanders **received the test alert on their phones**



of mobile users believe the EMA system will be an **effective way of alerting New Zealanders in an emergency**

**Capability**

Approx. **3,000**

Takatū<sup>1</sup> users

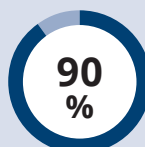
**79**

participants on the Civil Defence Emergency Management (CDEM) Controllers Development Programme

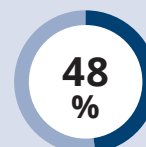
**290**

volunteers from government agencies have commenced the learning journey to support the NCMC/Alternative NCMC

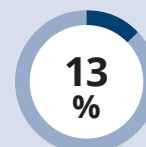
**Public education**



of New Zealanders **know to evacuate** if they are near the coast and a long or strong earthquake happens



of New Zealanders **have emergency supplies and water**



of New Zealanders are **fully prepared** for an emergency

<sup>1</sup> Takatū is the CDEM Learning Management System and is managed through MCDEM.

# Our performance story

## Delivering on our Strategic Intentions at a glance

DPMC made substantial progress in 2017/18 against our strategic agenda as set out in our Strategic Intentions 2017–2021, in particular, progress against our challenges:

- **Challenge One:** The public service understands, delivers and helps shape the Government's priorities.
- **Challenge Two:** Governance for the 21st century.
- **Challenge Three:** New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared sense of national identity.
- **Challenge Four:** Increase New Zealand's resilience through leading and building a risk-based community-focused and integrated National Security System.
- **Challenge Five:** Leaving the residents and agencies confident in the future of greater Christchurch.

The general election was a significant part of our work programme, and we had a major role to play in 2017. We are proud of the contribution that the many parts of our organisation collectively made to ensure a smooth transition, and provide high levels of support for the incoming Government. While maintaining the systems and processes of executive government, and the provision of high quality advice, we also successfully tried some new things to reflect changes in the way society communicates and receives information (see our feature story on the swearing-in of the new Government under Challenge Two).

The Department took the lead to bring a systems-level focus to issues such as the development of a more systematic approach to national risks (see Challenge Four), as well as where a multi-agency response could deliver a better outcome. This includes our early work with Oranga Tamariki on improving child wellbeing (see our feature story under Challenge One).

We supported the Governor-General to implement new ways of working, with a new strategic framework to shape her work programme, and a revised procedure for royal honours investitures (see Challenge Three).

Throughout the year we worked systematically to build policy capability across the system through a multifaceted work programme (see our achievements under Challenge One).

We worked to build system-level capability elsewhere too. In January 2018, TAG published its report on the Better Response to National Disasters and other Emergencies in New Zealand. We provided advice on the recommendations and assisted preparation of the government response. Other improvements to the NSS included the passing of the Intelligence and Security Act

2017, the launch of the EMA system and progress towards embedding a risk-based approach to the NSS, especially at a governance level.

While there were no major earthquakes during 2017/18 there were a number of significant weather events. We assisted affected communities to respond to these events, and work continues to help these communities and those previously affected by events to recover.

We progressed work to help agencies and the public to prepare for and recover from future events (Challenge Four).

Supporting regeneration in the greater Christchurch area remained a high priority (see Challenge Five). Our work supported the agreement to reinstate the Christ Church Cathedral and fast-track the relocation of Redcliffs School. In conjunction with Crown entity Ōtākaro and the Christchurch City Council, we found cost savings for the Metro Sports Facility – which is now on track to open by the end of 2021.

Other achievements include establishing a cross-agency insurance taskforce to tackle outstanding Canterbury earthquake insurance issues.

We challenged ourselves as a Department to do things better. We established a National Risk Unit to progress the work on nationally significant risk, and formed a National Security Workforce (NSW) team to improve the diversity and capability of staff across New Zealand's national security workforce (see the feature story under Challenge Four).

We also brought together existing policy teams to establish a new National Security Policy Directorate (NSPD) to improve our support for the Prime Minister and relevant Ministers to progress their objectives and fulfil their national security responsibilities.

Alongside these strategic achievements, DPMC also maintained its core business of supporting the government of the day with the best available advice and support in the areas of independent policy advice, national security and intelligence, Cabinet support and support for the Governor-General.

The Department works closely with SSC and the Treasury (the Central Agencies) to lead the public service to deliver outstanding results for New Zealanders. We are collectively responsible for enabling performance to improve across the State sector. We contribute to this by monitoring progress, and promoting and modelling change.


# B

## Progress in 2017/18

Toward a Confident,  
Well-Governed and  
Secure New Zealand

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**This section sets out our activities and achievement against our five challenges:**

- **Challenge one:**  
The public service understands, delivers and helps shape the Government's priorities.
  - **Challenge two:**  
Governance for the 21st century.
  - **Challenge three:**  
New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared sense of national identity.
  - **Challenge four:**  
Increase New Zealand's resilience through leading and building a risk-based, community-focused and integrated National Security System.
  - **Challenge five:**  
Leaving residents and agencies confident in the future of greater Christchurch.
- 

# Challenge one

The public service understands, delivers and helps shape the Government's priorities

## What our goals were:

- Goal One: Understanding and delivery – Mechanisms to articulate and align government priorities are stronger; working with the Treasury and SSC, we support a seamless execution of the Government's priorities.
- Goal Two: Shaping – The quality of policy advice across the public service increases.

## What we achieved

### Supporting government priorities

2017/18 was a year of transition: PAG supported the outgoing Government with advice and assistance while also providing support to the new Prime Minister and Cabinet to quickly work on their priorities. PAG supported the Government and the public service in taking decisions on, and implementation of the Government's 100-Day Plan. Through leadership and cross-agency collaboration the public service was able to respond well to the 100-Days challenges and support the new Government achieving all the goals it set.

PAG also continued to provide high-level strategic advice on issues of the day to support good decision-making.

### Policy capability across the public service

DPMC helped drive continuous improvement in the quality of policy advice and the capability of policy agencies through the Policy Project and our Chief Executive provided leadership as the Head of the Policy Profession.

To support this, the Policy Project team launched an online Policy methods toolbox; provided written guidance titled *Writing for Ministers and Cabinet*; completed a workforce analysis; and drafted guidance on the Policy Skills Framework, Policy Capability Framework and the Policy Quality Framework.

The Policy Project also developed guidance on free and frank advice and policy leadership (subsequently published by the State Services Commissioner); convened the first Policy Managers Forum; and established the Policy Profession Board, in conjunction with SSC.

### Child poverty reduction

The Child Poverty Unit (CPU) and Child Wellbeing Unit (CWU) were established as part of PAG to support the Prime Minister, as Minister for Child Poverty Reduction, and Hon Tracey Martin, as Minister for Children. CPU's role focused on supporting the Child Poverty Reduction Bill and developing policies for reducing child poverty. CWU's role over the past year has been scoping and beginning engagement on a new strategy to promote children's wellbeing.



Sharing our stories

## Weaving our strengths – Collaboration to improve the outcomes for children

Our team is gathering information from across New Zealand to inform the development of the country's first Child Wellbeing and Youth Strategy. The first of many hui was on 24 May 2018 when the Prime Minister and Hon Tracey Martin, officials from DPMC and other government agencies participated in a forum of 100 people, themed *Weaving our Strengths*.

DPMC supported the event, which was organised by the JR McKenzie Trust and the Office of the Children's Commissioner and curated by Inspiring Communities.

This was the first in a planned series of engagements in 2018 to gather the views and ideas of children, young people, families and community stakeholders to seek views on what changes are needed to make wellbeing a reality for all New Zealand children.



Credit: JR McKenzie Trust and the Office of the Children's Commissioner

# Challenge two

## Governance for the 21st century

### What our goals were:

- Goal Three: Integrated governance – Government decision-making processes and systems are integrated across the public service, support the presentation of high-quality advice to Ministers and facilitate collaborative working.
- Goal Four: Knowledge and support – Newer Ministers have the knowledge and support necessary to carry out their roles and functions.
- Goal Five: Ethical government – Executive government is supported to function in a manner that upholds, and is seen to uphold, the highest ethical standards.

### What we achieved

#### Integrated governance

The Cabinet Office played a pivotal role leading up to, during and after the 2017 general election. We provided policy advice, constitutional advice and administrative support to the Governor-General, Prime Minister, Ministers, their offices and departments.

#### Knowledge and support

We supported the Prime Minister-elect with advice on establishing the new government, the structure and organisation of Cabinet and its committees and allocation of ministerial portfolios.

Cabinet Office arranged the appointment ceremony following the announcement of the Labour–New Zealand First Coalition, with Confidence and Supply from the Green Party.

We provided in-depth briefings to assist all new Ministers in their roles. Briefings included Cabinet, policy and legislation processes, the Budget cycle, the New Zealand Royal Honours system and, where relevant, national security briefings. We also provided a new induction handbook for Ministers.

#### Systems support to government

CabNet, our online system that supports Cabinet processes, received a major platform upgrade, including the release of an updated version of the CabDocs application for Ministers. CabNet is now well embedded across 49 central government agencies.

Sharing our stories

## Swearing-in of the new Government

A highlight of our work was preparing for and arranging the swearing-in of the new Government. The Governor-General presided over the ceremony to formally appoint Ministers as members of the Executive Council on 26 October 2017, supported by the Secretary of the Cabinet, acting in his role as Clerk of the Executive Council.

Two innovations were introduced for the 2017 ceremony: it was live streamed on the Governor-General's website and Facebook page, and Hon Aupito William Sio swore his oaths in Samoan and English.

During the ceremony, Ministers and Parliamentary Under-Secretaries individually swore their oaths or affirmations and the Governor-General signed 101 warrants of appointment to the Executive Council and ministerial portfolios.



Hon Jenny Salesa swears her oaths, Government House, 26 October 2017.

Photograph by: Woolf Photography

# Challenge three

New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared sense of national identity

## What our goals were:

- Goal Six: Understanding – Increasing numbers of New Zealanders who have a better understanding of New Zealand’s system of government, including the office and role of the Governor-General and the Prime Minister.
- Goal Seven: Acknowledging and celebrating honours – New Zealanders acknowledge and celebrate the service, achievement and diversity of recipients of Royal Honours.

## What we achieved

### Nationhood role

The Office of the Governor-General, and the two Government House properties, have important ceremonial and symbolic roles for New Zealand’s nationhood and our system of government. We lifted our achievement this year by:

- upholding the historic connection between the Governor-General, Waitangi and the Treaty and highlighting that connection through three visits by the Governor-General to the far north
- revising the investiture ceremonies for Royal Honours to achieve a more bicultural character
- improving the impact of programme activities (eg, the reception to celebrate Matariki)
- developing connections with new citizens and minority ethnic groups, especially in Auckland
- undertaking a year-long programme of activities commemorating ‘Suffrage 125’, and
- increasing the number of regional visits by the Governor-General around New Zealand.

### Public understanding

We aim to make sure the public of New Zealand has the greatest practicable access to the Governor-General and to the two properties. We successfully increased both the numbers of invited guests and visitors on tours. This year we made a strong effort to improve public accessibility by enhancing our risk management, security and health and safety for events hosted at Government House.

Social media and the Governor-General’s website provide powerful tools to help Her Excellency connect with the general public beyond those she is able to meet in person every year. Our reach increased this year through providing engaging content on these platforms.

### Royal Honours celebration

Government House contributed to promoting Royal Honours. We revised the procedure for investitures and we began to undertake small investiture ceremonies at selected locations, other than just the two Government Houses, to bring the Honours ceremonies closer to New Zealanders.

Sharing our stories

## The Governor-General leads New Zealand's ANZAC Day commemorations at Gallipoli

Gallipoli is a place of special significance to New Zealanders and Australians, evoking strong feelings for the sacrifices of New Zealanders there. At the Government's request, Dame Patsy Reddy and Sir David Gascoigne led New Zealand's ANZAC commemorations in Turkey, which were attended by around 1,500 New Zealanders and Australians.

Their Excellencies represented New Zealand at seven events on 24–25 April 2018, comprising those commemorating Turkey, the Commonwealth, Ireland, France, Australia, New Zealand and the ANZAC Dawn Service.

Following the Gallipoli observances, Dame Patsy and Sir David went on to Ankara for a meeting with President Erdogan of Turkey, and thanked the Government and people of Turkey for the support they have provided for Gallipoli commemorations over the past century.



The Governor-General at the 2018 ANZAC Day Dawn Ceremony, ANZAC Cove and National Service at Chunuk Bair.

Credit: New Zealand Defence Force

# Challenge four

Increase New Zealand's resilience through leading and building a risk-based, community-focused and integrated National Security System

## What our goals were:

- Goal Eight: Risk-based – Increased use of risk-based approaches to building resilience in New Zealand, including building community resilience.
- Goal Nine: Community-focused – More New Zealanders – including our priority partners – trust our National Security System to manage shocks and stressors, understand their responsibilities and are prepared.
- Goal Ten: Integrated – We are increasingly seen as providing leadership across the National Security System – from central government, to local government, to the wider community.

## What we achieved

### Risk-based approaches to building resilience in New Zealand

Our work focuses on national security risks and we work with agencies to be better prepared to manage the consequences when emergencies occur. NSG progressed a risk-based approach to the agenda of the key national security governance boards: the Security and Intelligence Board (SIB) and the Hazard Risk Board (HRB). We are building systems to assist us to analyse, prioritise and treat the most important potential threats facing New Zealand, such as risks from natural hazards, cyber and man-made threats.

We established arrangements to set up an alternative NCMC in Auckland, should the Wellington NCMC be non-operational.

MCDEM delivered and progressed a range of public education activities to help the public know what actions to take before and during an emergency. The public education and promotional campaign for the EMA system raised awareness and understanding of this new source of public information. The planning and launch of the ShakeOut 2018 national earthquake drill and tsunami hikoī was undertaken to provide a reminder of what

to do when an earthquake happens, and the highly successful Long or Strong, Get Gone and Drop, Cover, Hold campaigns were promoted to keep these actions top of mind.

MCDEM has strengthened New Zealand's end-to-end warning system for hazards by upgrading the National Warning System which enables faster distribution of messages and voice messaging for potential threats.

Work continued on the development of the new National Disaster Resilience Strategy which is required to be in place by 10 April 2019. The Strategy is focused on building a culture of resilience in New Zealand, and the actions we can all take – at all levels, from individuals and families/whānau, businesses and organisations, communities and hapū, cities, districts and regions and government and national organisations – to contribute to a more resilient New Zealand. Implementation of the Strategy will demonstrate New Zealand's progress toward the priorities of the United Nations Sendai<sup>2</sup> Framework for Disaster Risk Reduction, which advocates for a greater effort towards understanding and managing risk at all levels and in all sectors of society.

2 The Sendai Framework is a 15-year, voluntary, non-binding agreement that aims for "The substantial reduction of disaster risk and losses in lives, livelihoods and health and in the economic, physical, social, cultural and environmental assets of persons, businesses, communities and countries."

We won the 'Best Plain English Turnaround Award' at the 2017 Plain English Awards for MCDEM's preparedness website Happens.nz. Happens.nz helps to educate the public about hazards and emergency preparedness and enable people to create their own household emergency plans.

## New Zealanders trust our National Security System to manage shocks and stressors

CDEM groups and local authorities have access to six new or revised guidance documents from MCDEM in addition to the publication of Director's Guidelines, fact sheets, information series, best-practice guides, e-bulletins, supporting plans, technical standards and the National CDEM Plan. The CDEM Act Amendments required a new Director's Guideline on Strategic Planning for Recovery Planning aimed at strengthening recovery practice in New Zealand.

Thirty-four percent of New Zealanders received a test alert on their cell phones on 26 November 2017 when MCDEM successfully launched EMA with a nationwide test. By the end of the 2017/18 year, EMA had been successfully used in four events.

On 3 May 2018 we made a commitment to deaf communities to have improved access to emergency information as the result of signing a new Memorandum of Understanding between MCDEM and Deaf Aotearoa New Zealand. This will provide a foundation to improve information before, during and after an emergency.

## Providing leadership across the National Security System

NSG took a lead role in building an intelligence community that has common standards, customer-focused approaches and a joint approach to planning and resource management. The Group established a National Risk Unit to lead the collective development of the National Risk Register by government agencies.

The NSW team was set up within DPMC as a collaborative endeavour by the national security agencies to improve the versatility and capability of New Zealand's national security workforce.

We continued implementation of a Cyber Security Strategy and accompanying Action Plan. We commenced a refresh of the Strategy and Plan to reflect the incoming Government's priorities.

NSG supported lead agencies in responding to significant national security issues by activating the NSS in its response mode, thereby providing additional whole-of-government decision support for agencies and Ministers. The system was activated for 11 Officials' meetings of ODESC and 28 meetings of the senior officials' Watch Group, for a number of events including:

- the fuel pipeline rupture response in September 2017
- the response to the arrival of mycoplasma bovis in New Zealand, and
- a variety of other sensitive national security issues.

MCDEM continued to support local authorities in their management of recovery following the 2016 Kaikōura earthquake and tsunami, the 2017 Whakatāne flooding events and the other areas impacted by severe weather events.

In partnership with Local Government New Zealand, MCDEM produced a webinar in December 2017 to inform mayors and elected officials of their roles and responsibilities during the response to and recovery from an emergency. Thirty-one councils participated and another 24 signed up to the video which can be watched on demand.

In May 2018, MCDEM was proud to host the joint New Zealand National Emergency Management and Australasian Hazard Management Conference. Attended by around 320 people, the theme was Partners for Resilience and provided opportunity for people from across the emergency management sector and supporting agencies to engage, share ideas and inspire collaboration with the aim of building stronger, broader networks and partnerships for improved future emergency management.

Sharing our stories

## Building the National Security Workforce



**Top:** The Prime Minister, Rt Hon Jacinda Ardern, addresses the NSW event.

**Right:** DPMC staff attend the NSW event. Andrew Kibblewhite (centre), Chief Executive of DPMC, Howard Broad (left), Deputy Chief Executive, National Security Group, and Ginny Baddeley (right), Director National Security Workforce.



NSW is a cross-agency initiative aimed at building the capability, capacity and career paths for people operating in the highly classified space. The Prime Minister and the Minister Responsible for the New Zealand Security Intelligence Service (NZSIS), Hon Andrew Little, opened two successful National Security Workforce Showcase events in Wellington and Auckland to over 700 members of the sector.

One of the Workforce initiatives is a mentoring programme providing encouragement for women to build a meaningful career in the sector. The programme aims to build a sense of community and provide critical development, support and encouragement to build a meaningful career for women, who make up 43 percent of the workforce.

Mentees are supported by a structured programme, designed to build a strong foundation of leadership practice and with topics of specific interest to mentees. Mentors benefit from the opportunity to give back and hone their skills in listening, guiding and sharing their knowledge.

Due to its success, two subsequent mentoring streams have been included:

- Women in Cyber: targeting women working in cyber security across government agencies/department, and
- New Zealand Intelligence Community Leadership Programme: supporting participants to build and strengthen their leadership.



# Challenge five

Leaving residents and agencies confident in the future of greater Christchurch

## What our goals were:

- Goal Eleven: System leadership – Support and influence across the Government to deliver system-wide leadership.
- Goal Twelve: Shape the transition – Support and shape the transition into long-term arrangements for greater Christchurch.
- Goal Thirteen: Maintain momentum – Ensure recovery continues without loss of momentum.
- Goal Fourteen: Lessons and insights – Learning and insights are collated, embedded and put into action so New Zealand is more resilient.

## What we achieved

### Transition and system leadership

GCG made significant progress in its efforts to ensure that greater Christchurch continues to transition successfully from recovery to regeneration and to foster Christchurch as an attractive and vibrant place to live, work, visit and invest. We maintained strong relationships with regeneration partners through regular engagement, provided ongoing support to their work programmes and actively participated in a number of government groups.

The following milestones were achieved:

- The Independent Hearings Panel concluded a three-and-a-half year process with final decisions on the Christchurch Replacement District Plan.
- The Cranford Regeneration Plan was approved in August 2017, the first under the Greater Christchurch Regeneration Act 2016.
- The fast-tracked Redcliffs School and Redcliffs Park section 71 Proposal enabled the relocation of Redcliffs School to Redcliffs Park.
- Facilitated an agreement with owners of the Christ Church Cathedral to reinstate it (with support from Christchurch City Council and Heritage Groups) in September 2017.
- The Christ Church Cathedral Reinstatement Act 2017 was passed in December 2017.

- Collaborated with Christchurch City Council and Ōtākaro Limited on ways to reduce costs on the Metro Sports Facility and begin work around fast-tracking the Stadium.

### Continuing the recovery

GCG also provided policy advice and reporting on the progress of regeneration covering specific projects and performance indicators.

The Waimakariri Horizontal Infrastructure Programme reached practical completion by July 2018. The Stronger Christchurch Infrastructure Rebuild Team (SCIRT) information and systems have now transitioned to the Christchurch City Council (CCC).

Work on the resolution of outstanding insurance claims and establishing a Public Inquiry into the performance of the Earthquake Commission (EQC) continued.

### Lessons and insights

Through the EQ Recovery Learning website, GCG continued to collate and disseminate a system-wide body of knowledge, lessons and tools on the Canterbury recovery to help New Zealand prepare for future disasters. The Canterbury Earthquakes Symposium is planned for November 2018.

Sharing our stories

## Christ Church Cathedral Reinstatement

The passing of the Christ Church Cathedral Reinstatement Act 2017 (the Act) in December 2017 signalled the next stage of reinstatement for what many see as the heart of Christchurch. This was the final step in a lengthy and complicated negotiation led by the GCG team and now provides a level of certainty and confidence to the public, businesses and investors about the future of the Cathedral.

The Act symbolises the Cathedral's contribution to cultural, social and economic wellbeing in Christchurch, its importance to Christchurch's regeneration and its heritage value. GCG then led and coordinated the establishment of the Christ Church Cathedral Reinstatement Trust (the Trust) and the joint venture with the actual task of reinstatement.

GCG demonstrated its leadership, coordination and consultation expertise through the process by working closely with the Treasury, the Crown Law Office, the Ministry of Justice and many other agencies to ensure an agreeable outcome was achieved. We also kept our strategic partners (Christchurch City Council, Te Rūnanga o Ngāi Tahu and the Canterbury Regional Council) informed

and assisted the Church Property Trustees with the cancellation of historic restrictions and conditions applying to the Cathedral land.

This Act also provides for some special provisions covering any plan, programme, bylaw or rule for the period of the Cathedral reinstatement project, providing for a streamlining of some processes (eg, consenting) while still retaining checks and balances.

The Act and setting up of the Trust and Joint Venture are milestones that DPMC is proud of helping to achieve.



Announcing the reinstatement of the Cathedral: The Minister, alongside Peter Guthrey (left), Chair of the Christ Church Cathedral Reinstatement Trust, and Justin Murray (rear), Chair of Christ Church Cathedral Reinstatement Limited, Andrew Turner (right), Deputy Mayor, with Church Property Trustees.



# Our Departmental Health and Capability

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This section sets out our:

- workforce capacity and current position
- work to strengthen our workforce and drive our Department's performance, and
- work regarding diversity and inclusion.



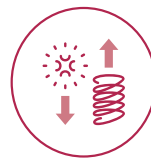
# Our departmental health and capability

During the year, we made good progress against our Workforce Strategy to be more effective influencers and system stewards, more interconnected and collaborative, less pressured and more resilient.

**WHERE**  
we will be  
in four years



We will be  
interconnected



We will be less  
pressured  
and more resilient



We will be more  
effective influencers  
and stewards

**HOW**  
we are going  
to get there

A consistent  
DPMC

Achieving  
greater  
system  
integration  
of our  
workforce

Building  
DPMC  
values and  
engagement

Developing  
DPMC people

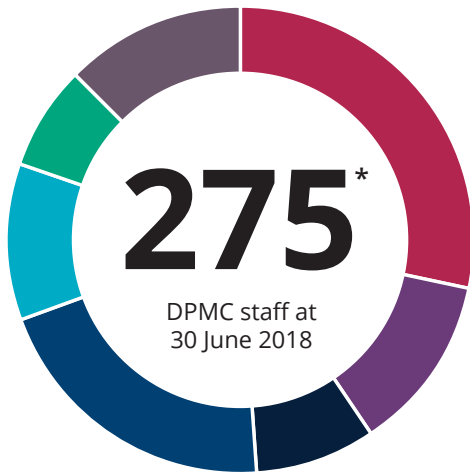
**INITIATIVE**

System, process  
and policy  
standardisation  
  
Workforce  
capacity  
management

Top secret  
workforce

Culture change  
  
Internal  
communications  
  
Workforce  
diversity and  
inclusiveness

Talent  
management  
  
Leadership  
capability  
  
DPMC workforce  
capability



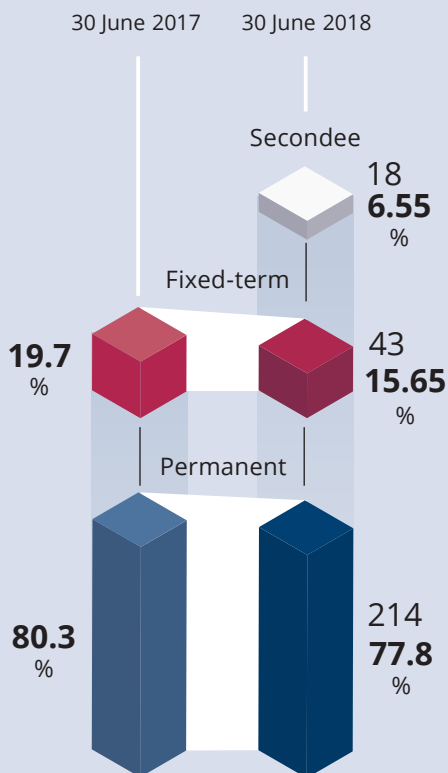
**249** DPMC staff at 30 June 2017

\*Staff numbers are headcount.

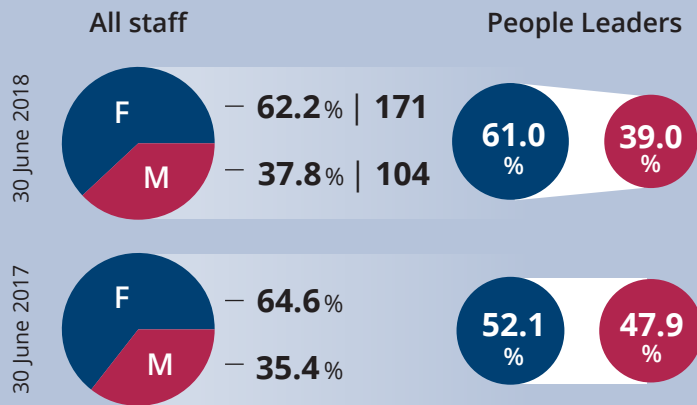
**BUSINESS UNITS**

- Staff\*
- 78** — National Security Group
  - 56** — Ministry of Civil Defence & Emergency Management
  - 34** — Strategy, Governance & Engagement Group
  - 34** — Policy Advisory Group
  - 30** — Government House
  - 23** — Cabinet Office
  - 20** — Greater Christchurch Group

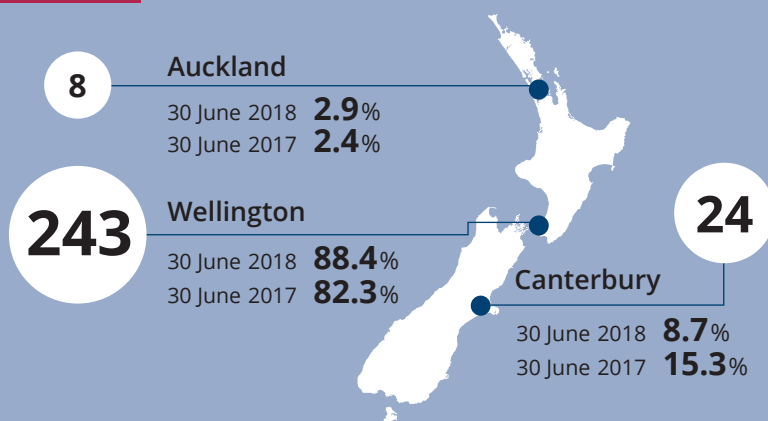
**WORKFORCE**



**GENDER**



**LOCATION**



## In developing our people, improving consistency, integration and engagement and building our values, we:

- continued integrating the Leadership Success Profile into our Performance Development process
- reviewed our remuneration processes to close the gap between low- and high-waged staff
- undertook further work on closing the gender pay gap
- implemented a new payroll system and reviewed all policies for pay, allowances and benefits
- commenced our 'quality conversations' development programme to improve both staff and organisational performance through effective communication
- implemented a new Individual Employment Agreement (IEA) to achieve consistency and improve the record of all grand-parented terms and conditions
- improved staff induction and departure processes to better meet our Personnel Security (PERSEC) requirements
- launched a new survey tool to gain insight about the health of the organisation and undertook a baseline survey
- involved staff in the development of the new DPMC strategic vision and values, and
- reorganised our policy activities to improve quality and alignment with service delivery.

## Making sure we have the right staff and skills to deliver our objectives

Recruitment and workforce development have been significant priorities throughout the year. In 2017/18, DPMC recruited 89 new staff (47 permanent, 26 fixed-term and 16 secondees), with overall staff numbers up by 10 percent.

The creation of NSPD ensures a focus on quality advice and gives an ability to respond to changing policy priorities. Staffing changes in Government House also ensure we have the right mix of staff aligned with current priorities.

The addition of CPU and CWU has added a number of secondees, fixed-term and permanent staff.

The short-term nature of some DPMC work (eg, responding to the TAG report) has resulted in secondees and fixed-term employees increasing overall.

## Maintaining a safe, healthy working environment

During the year, DPMC:

- implemented a Health and Safety Framework that provides a comprehensive and effective approach
- implemented a framework to ensure staff and information are kept safe
- promoted regular health and wellbeing activities including annual flu vaccinations, vision testing, access to an employee assistance programme and an annual health and wellbeing subsidy
- shared our mental wellbeing journey with other agencies through our Chief Executive's presentation at the *Unleashing the Power of Engagement*, Health and Safety conference
- signed up to the Business Leaders Health and Safety Forum to commit to the vision of Zero Harm Workplaces, and
- reported regularly on our health and safety journey to our Executive Leadership Team.

# Our diversity and inclusion journey

*We are committed to a five-year diversity goal of 'making sure we have a working environment where all employees are valued, included and celebrated for the different perspectives they bring; recognised for the contribution they make; and offered equitable access to opportunities to succeed'.*

In 2017/18, we focused on building diversity and inclusion into our priority work programme for culture and engagement. Work has focused on mental wellbeing in the workplace and a new organisational performance survey tool.

We consider integrating diversity and inclusion is a key ingredient for our organisational success – it helps attract and retain talented employees.

DPMC is highly committed to developing, promoting, retaining, and fairly paying its female staff. We have grown the numbers of women in leadership roles from 18 percent to 60 percent; better understood the drivers of a gender pay gap; focused attention on building and retaining female staff; and grown the female participation and development in NSW.

Six years ago, DPMC's gender pay gap was at 25 percent. As at January 2018, the gap had reduced to 10.2 percent, which is lower than the public service pay gap of 12.5 percent.

## Mental wellbeing in the workplace

We have successfully delivered organisation-wide training to increase awareness of mental health issues, wellness and the promotion of mentally healthy workplaces. This empowers managers and team members to identify, understand and appropriately support colleagues and to build a culture that focuses on early intervention and supports wellbeing. In conjunction with this initiative, we are promoting access to our wellbeing support, providing quality conversation training, encouraging flexible working, supporting staff to get active and introducing real time pulse checks to see how we are doing. Staff feedback indicated 92 percent are confident they know how to access the right support.

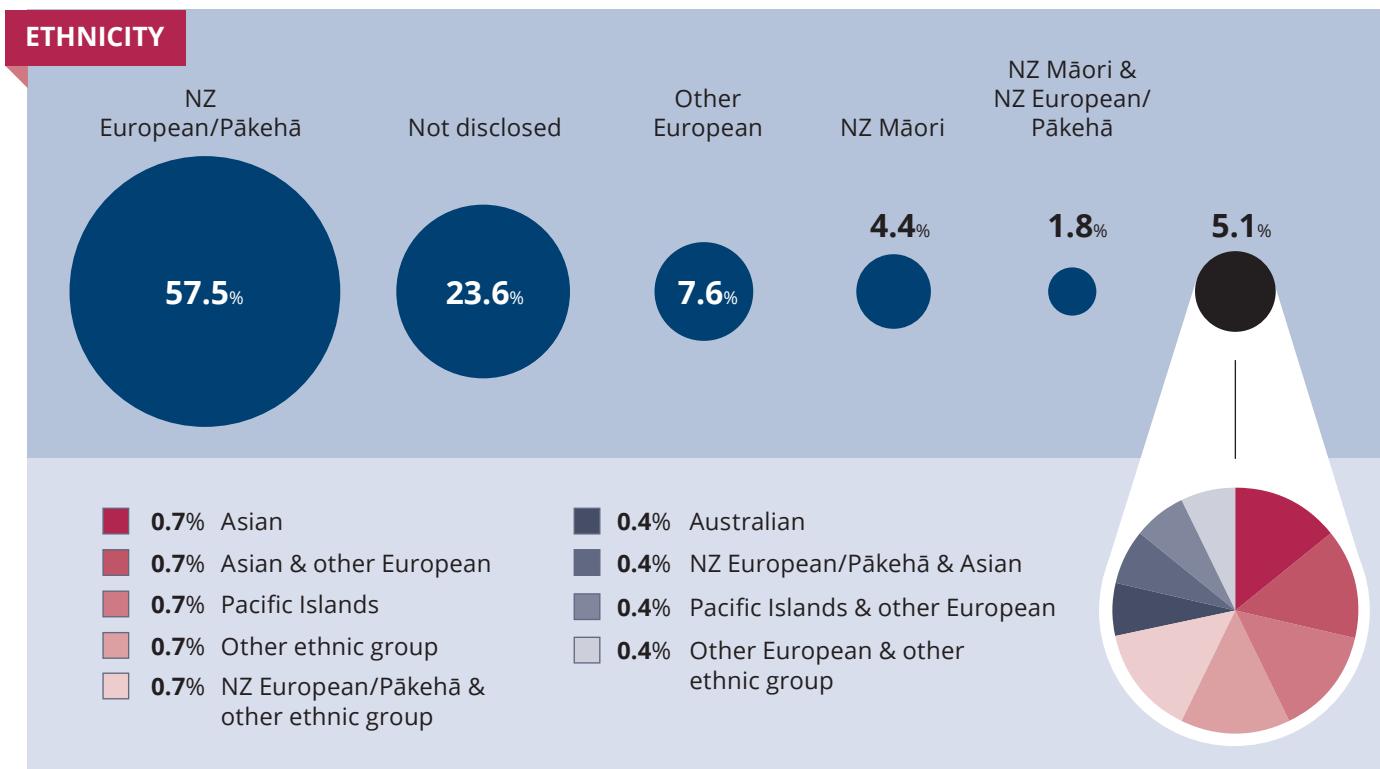
## Te Reo/Te Rito learning opportunities

We commissioned a review to understand our internal Māori capability needs, consider what resources are already offered and to identify relevant opportunities for building and strengthening our Māori capability. The review was completed in August 2018 and will guide our approach to Māori capability development over the coming year.

## Kōrero Mai – our new organisational performance survey tool

This year we implemented a new staff survey tool with a baseline survey in June to collect staff feedback. The goal of the new survey is to gain insight into more areas of business performance rather than just focus on staff engagement. We also wanted quicker results and the ability to do 'pulse checks' to allow us to check in with staff as required or to measure if improvement is being achieved through initiatives.

The results of the staff survey are the basis of organisation development initiatives for the 2018/19 year.



## Our ethnicity data

The graph above shows individual staff ethnic group alignment (where nominated).

## Implementing New Zealand Business Number requirements

The New Zealand Business Number (NZBN) is a universal identifier to help businesses to easily update, share key information and interact with each other. MCDEM has implemented NZBN requirements and we are updating our Financial Management Information System (FMIS) to enable the use of NZBN against our accounts payable, accounts receivable and vendor information. We have updated our stationery from the FMIS to include our NZBN. We are currently investigating the use of the NZBN application-programming interface to match data in our FMIS to the official NZBN data.

## Responding to Official Information Act requests

We completed 625 responses to requests made under the Official Information Act 1982 and Privacy Act 1993 in the 2017/18 year. In 2016, we completed 434 responses, in 2015, 418 responses and in 2014, 369 responses.

## Managing and mitigating our Department's risk

DPMC's risk and assurance function supports regular management reviews of the Department's top strategic and operational organisational risks. Our Risk and Assurance Committee provides risk and advisory services to our Chief Executive. The Committee includes three external members, including the Chair, and one internal member. During the year, the Committee met quarterly to review areas of potential risk, our progress toward mitigating risks and to discuss a range of other capability and strategic issues.



# D

## Our Future Direction

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**This section sets out:**

- where we are going, and
- our organisational structure.



# Where we are going

We have recently completed a review of our strategic direction. This has provided us with the opportunity to align our direction with the Government's priorities, refine our roles and reset our strategic objectives.

DPMC is committed to advancing an ambitious, resilient and well-governed New Zealand.

We work towards this purpose through our four roles:

- leadership – by working with and across agencies to deliver the Government's agenda
- advice – by providing the Prime Minister and other Ministers with strategic and expert advice
- stewardship – by upholding the principles, systems and processes of executive government, and
- by delivering urgent and important government priorities.

Our work contributes directly to the Government's priorities of:

- **building** a productive, sustainable and inclusive economy
- **improving** the wellbeing of New Zealanders and their families, and
- **providing** new leadership by Government.

What the Department is striving to achieve is structured by five strategic objectives:

1. A proactive and responsive public service, helping shape and deliver the Government's priorities.
2. New Zealand's systems and institutions of executive government are trusted, effective and enhance our nation's reputation.
3. Our cohesive, risk-based national security system makes New Zealand stronger and more resilient.
4. New Zealand is the best place in the world for children.
5. Christchurch is a dynamic, productive and inspiring place to live, work, visit and invest.

We have developed new values to support our desired way of working: Kia māia. Kia honohono. Kia manawanui. Kia taute. We are: Courageous – We stand up; Connected – We join together; Committed – We believe in what we do; And we do it with Respect.

In the coming year, each of our eight business groups will work to advance our strategic objectives through their own particular areas of responsibility.

The **Policy Advisory Group** will continue to assist the Prime Minister to focus the public service on the Government's policy priorities through the provision of independent advice on issues of the day.

The **Policy Project** has six work streams to improve policy capability over the next two years. They are:

- further embedding the policy improvement frameworks across the public service and developing performance reporting for agencies
- supporting the Policy Career Board to help develop policy leaders' capability and mobility
- coordinating the delivery of the Open Government Partnership *National Action Plan 2018–20* toward public participation and engagement in the policy development process
- continuing research into data sources to better understand the bigger picture of the policy workforce and its dynamics
- extending guidance and tools to better support the policy community, and
- supporting system change to improve policy outcomes through targeted events and coordinated collective initiatives.

The new **Child Wellbeing and Child Poverty Reduction Group** will continue DPMC's work to lead the Child Poverty Reduction legislation and to develop New Zealand's first Child Wellbeing Strategy.

The **Cabinet Office** aims to maintain consistent high levels of secretariat services and constitutional, policy and procedural advice to the Prime Minister, Ministers and their offices in 2018/19. A programme of enhancements to CabNet is planned.

**Government House** will assist the Governor-General to make a difference through a programme focused around her strategic priorities. Government House is also planning for the long-term maintenance of the two major properties so they remain functioning assets and sources of pride for all New Zealanders for decades to come.

The **National Security Group** has a number of work streams planned for 2018/19, including:

- launching an updated National Security System Handbook
- continuing work on the New Zealand National Risk Report
- maintaining a focus on national risks and escalating issues for senior official and ministerial attention, and
- further implementation of a customer service approach to intelligence assessments.

The **Ministry of Civil Defence & Emergency Management** will be focused on three priority areas in the 2018/19 year:

- implementing the Government's decisions about improving the system for responding to natural disasters and other emergencies (Ministerial Review decisions) including the establishment of four fly-in teams following new investment
- empowering communities to build resilience and manage risk, and
- supporting communities impacted by a disaster to recover.

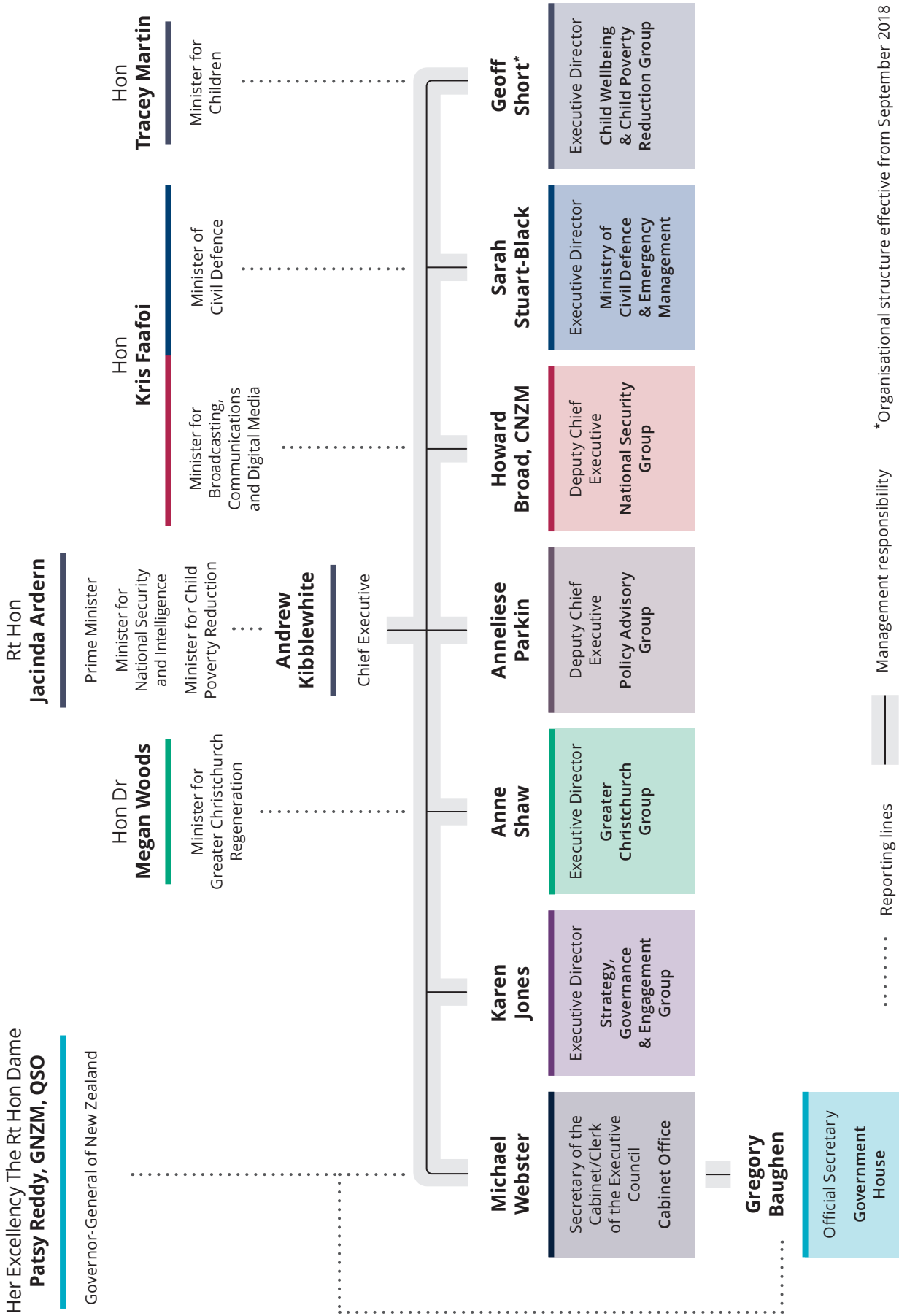
DPMC will also implement the Government's policy decisions in response to the Ministerial Review: *Better Responses to Natural Disasters and Other Emergencies in New Zealand*.

Through the **Greater Christchurch Group**, DPMC will maintain working relationships with our regional strategic partners to support local institutions in their regeneration activities. In 2018/19, GCG will be:

- providing system leadership and coordination to support local leaders and institutions undertaking their regeneration roles
- supporting the transition of regeneration leadership back to the local level
- ensuring that recovery and regeneration momentum is maintained, and
- ensuring that learnings and insights are documented, embedded and actioned.

The **Strategy, Governance and Engagement Group** will continue to provide systems and support across DPMC to assist in achieving our goals and objectives. In doing this we will strive for best practice in delivering our corporate functions including strategic planning, communications, ministerial services, performance monitoring and reporting, and ensuring linkages with other government departments. SGE will continue to be the link between the Prime Minister's Office and the PMCSA, and act as the conduit between the Department and the HR, IT and financial services from CASS.

# Our organisational structure



# E

## End-of-Year Performance Reporting Against Appropriations

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This section sets out our:

- our Appropriation Statements, and
  - Financial and Performance Reporting Against Appropriations.
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# Appropriation Statements

## Statement of Budgeted and Actual Departmental and Non-departmental Expenses and Capital Expenditure Against Appropriations

for the year ended 30 June 2018

	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000	Where performance information is reported
<b>DEPARTMENTAL OUTPUT EXPENSES</b>				
Canterbury Earthquake Recovery	10,306	12,030	12,190	Part E
Support for Inquiry into EQC	-	-	592	Part E
<b>TOTAL DEPARTMENTAL OUTPUT EXPENSES</b>	<b>10,306</b>	<b>12,030</b>	<b>12,782</b>	
<b>DEPARTMENTAL CAPITAL EXPENDITURE</b>				
Department of the Prime Minister and Cabinet – Capital Expenditure PLA	172	300	550	Part E
<b>TOTAL DEPARTMENTAL CAPITAL EXPENDITURE</b>	<b>172</b>	<b>300</b>	<b>550</b>	
<b>NON-DEPARTMENTAL CAPITAL EXPENSES</b>				
Suspensory Loan for Christ Church Cathedral Reinstatement	-	-	15,000	Part E
<b>TOTAL DEPARTMENTAL CAPITAL EXPENDITURE</b>	<b>-</b>	<b>-</b>	<b>15,000</b>	
<b>NON-DEPARTMENTAL OTHER EXPENSES</b>				
Contributions to Local Authorities Following an Emergency Event	130	-	580	Exempt under section 15D(2)(b)(ii) of the Public Finance Act 1989
Crown Contribution for Christ Church Cathedral Reinstatement	10,000	-	10,000	Part E
Emergency Expenses	-	2,000	-	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
Emergency Management Preparedness Grants	882	889	1,041	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
Ex gratia Payment to the University of Auckland	120	120	120	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
Fair Value Write-down of Suspensory Loan for Christ Church Cathedral Reinstatement	-	-	15,000	Exempt under section 15D(2)(b)(ii) of the Public Finance Act 1989
Governor-General's Programme PLA	1,378	1,139	1,239	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
Governor-General's Salary and Allowance PLA	410	400	500	Exempt under section 15D(2)(b)(ii) of the Public Finance Act 1989
Governor-General's Travel Outside New Zealand PLA	241	307	407	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989

	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000	Where performance information is reported
Remuneration of Commissioners of Intelligence Warrants PLA	54	74	174	Exempt under section 15D(2)(b)(ii) of the Public Finance Act 1989
Inquiry into EQC	-	-	216	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
Local Authority Emergency Expenses PLA	5,078	5,000	15,000	Minister's Report appended to the DPMC Annual Report
Rehabilitation of Kaikōura Harbour	2,470	720	2,470	Minister's Report appended to the DPMC Annual Report
Restoration of Kaikōura District Three Waters Network	-	1,800	2,400	Minister's Report appended to the DPMC Annual Report
<b>TOTAL NON-DEPARTMENTAL OTHER EXPENSES</b>	<b>20,763</b>	<b>12,449</b>	<b>49,147</b>	
<b>MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE</b>				
Emergency Management MCA				Part E
<b>DEPARTMENTAL OUTPUT EXPENSES</b>				
Community Awareness and Readiness	2,547	1,938	2,684	Part E
Emergency Sector and Support and Development	6,317	5,644	7,131	Part E
Management of Emergencies	16,019	7,713	17,458	Part E
Policy Advice – Emergency Management	705	943	531	Part E
<b>TOTAL EMERGENCY MANAGEMENT MCA</b>	<b>25,588</b>	<b>16,238</b>	<b>27,804</b>	
Government House Buildings and Assets MCA				Part E
<b>NON-DEPARTMENTAL OTHER EXPENSES</b>				
Depreciation of Crown Assets	949	1,962	1,762	Exempt under section 15D(2)(b)(ii) of the Public Finance Act 1989
Government House – Maintenance	705	600	800	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
<b>NON-DEPARTMENTAL CAPITAL EXPENDITURE</b>				
Government House Buildings and Assets – Capital Investment	248	730	980	Exempt under section 15D(2)(b)(iii) of the Public Finance Act 1989
<b>TOTAL GOVERNMENT HOUSE BUILDINGS AND ASSETS MCA</b>	<b>1,902</b>	<b>3,292</b>	<b>3,542</b>	
Policy Advice and Support Services MCA				Part E
<b>DEPARTMENTAL OUTPUT EXPENSES</b>				
National Security Priorities and Intelligence Coordination	10,560	10,513	10,892	Part E
Policy Advice – Prime Minister and Cabinet	6,632	3,996	7,314	Part E
Science Advisory Committee	725	675	725	Part E
Support Services to the Governor-General and Maintenance of the Official Residences	4,126	4,209	4,020	Part E
Support, Secretariat and Coordination Services	5,399	5,940	5,818	Part E
<b>TOTAL POLICY ADVICE AND SUPPORT SERVICES MCA</b>	<b>27,442</b>	<b>25,333</b>	<b>28,769</b>	
<b>TOTAL MULTI-CATEGORY EXPENSES AND CAPITAL EXPENDITURE</b>	<b>54,932</b>	<b>44,863</b>	<b>60,115</b>	
<b>TOTAL ANNUAL AND PERMANENT APPROPRIATIONS</b>	<b>86,173</b>	<b>69,642</b>	<b>137,594</b>	

## Multi-year appropriation

The Department has a multi-year appropriation for output expenses incurred by the Crown for the establishment costs and the development of strategies and planning activities, with communities, stakeholders and decision-makers, for the regeneration of areas in Christchurch.

2016/17 Actual \$000		2017/18 Actual \$000	Location of end of year performance information
<b>Appropriation for non-departmental output expenses: Regenerate Christchurch</b>			
20,000	Original Appropriation	17,073	Minister's Report appended to the DPMC Annual Report
1,073	Adjustments	-	
<b>21,073</b>	<b>TOTAL ADJUSTED APPROVED APPROPRIATION</b>	<b>17,073</b>	
4,000	Actual Expenditure	4,000	
<b>17,073</b>	<b>APPROPRIATION REMAINING AT 30 JUNE</b>	<b>13,073</b>	



## Statement of Departmental and Non-departmental Expenses and Capital Expenditure Incurred Without, or in Excess of Appropriation, or other Authority

for the year ended 30 June 2018

For the year ended 30 June 2018, there has been one item of unappropriated expenditure in Vote Prime Minister and Cabinet.

Appropriation Type	Appropriation Name	Appropriated Expenditure in 2017/18 Supp. Estimates \$000	Total Expenditure, Expenses or Liabilities Incurred \$000	Unapproved or Unappropriated Expenses \$000
Non-departmental Other Expense	Rehabilitation of Kaikōura Harbour	2,470	2,470	1,145

Expenditure in the first four months of the year was \$1.145 million above appropriation. This was because confirmation of an expense transfer for the Non-departmental Other Expense appropriation Rehabilitation of Kaikōura Harbour from 2016/17 to 2017/18 did not occur until November 2017 despite expenditure being incurred. This expenditure was in excess of appropriation at the time the expense was incurred (2017: Nil).

## Statement of Capital Injections

for the year ended 30 June 2018

	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
Capital Injection	300	200	300

## Statement of Capital Injections Without, or in Excess of, Authority

for the year ended 30 June 2018

DPMC has not received any capital injections during the year without, or in excess of, authority (2017: Nil).

## Reporting Against Appropriations

### Canterbury Earthquake Recovery (M85)

This appropriation is limited to provision of services supporting the regeneration of greater Christchurch. It contributes to our strategic objective that greater Christchurch is viewed as an attractive and vibrant place to live, work, visit and invest, for us and our children after us.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
<b>Component: Horizontal Infrastructure</b>			
Monitor and report on progress, timeliness and budget of the Horizontal Infrastructure Programme to Minister(s) and the Treasury, at least twice per year (see Note 1)	Achieved	Achieved	Achieved
The Waimakariri Horizontal Infrastructure Programme physical works completed by 30 June 2018	New measure	Achieved	Not achieved (see Note 2)
<b>Component: Policy and Legislation</b>			
The satisfaction of the responsible Minister with the policy advice service, as measured using the Common Satisfaction Survey (see Note 3), is at least:	6.5	6	4.7
A sample of policy advice fits within the target ranges for quality (see Note 4)	Not achieved: 56% scored 7 or more, 16% scored 8 or more	Achieved	Not achieved: 64% scored above 7, 29% scored above 8
<b>Component: Land and Land Use Planning</b>			
All Crown feedback, reviews and appeals are completed within the statutory and hearings panel timeframes	100%	100%	100% (see Note 5)
<b>Component: Leadership/Brokering/Coordination</b>			
The satisfaction of the responsible Minister with the leadership/brokering/coordination role as measured using the Common Satisfaction Survey, is at least (see Note 3):	6.75	6	5.3
<b>Component: Monitoring and Reporting</b>			
Report to the Minister(s) at least twice per year on recovery/regeneration progress and the performance of the Regenerate Christchurch Board (see Note 6)	Achieved	Achieved	Achieved
The satisfaction of the responsible Minister with the monitoring and reporting activity, as measured using the Common Satisfaction Survey, is at least (see Note 3):	6	6	6
The total cost per hour of producing outputs	\$104	\$90-\$120	\$103

Note 1 – This measure is to improve consistency and focus on the number of reports instead of the timing of reporting.

Note 2 – The Waimakariri Horizontal Infrastructure Programme of physical works is expected to be largely complete in July 2018. Waimakariri District Council staff have advised that a small number of storm water projects will continue into the 2019/20 year.

The Horizontal Infrastructure Team will work closely with the Council to determine the eligibility of these projects.

Note 3 – The Common Satisfaction Survey measures Ministers' satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1 to 10, where 1 means fell well short of expectations and 10 means far exceeded expectations. Survey of the responsible Minister as at 30 June 2018.

Note 4 – A sample of the Department's policy advice has been assessed by a panel using the Policy Project quality framework. The target ranges for the quality of our policy advice are that: 70% of our assessed papers will score 7 or more, and that 30% will score 8 or more out of 10, with 10 being the highest quality.

Note 5 – The Christchurch Replacement District Plan is now operative.

Note 6 – This measure reflects the current stage of the rebuild/regeneration rather than recovery. A focus has also been placed on the number of reports produced rather than frequency of reporting.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
19,546	Revenue Crown	12,005	12,030	12,005
346	Revenue Other	201	-	185
<b>19,892</b>	<b>TOTAL REVENUE</b>	<b>12,206</b>	<b>12,030</b>	<b>12,190</b>
16,038	Expenses	10,306	12,030	12,190
3,854	Net Surplus/(Deficit)	1,900	-	-

Expenditure was lower than budget owing to anticipated resolution of a dispute with a supplier and other activity supporting the Canterbury earthquake recovery continuing into 2018/19.

## Support for Inquiry into EQC (M86)

This appropriation is limited to supporting the Inquiry into EQC.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Inquiry's satisfaction with the Support for Inquiry into EQC, as measured using the Common Satisfaction Survey (see Note 1) is at least:	New measure	6	N/A (see Note 2)

Note 1 - The Common Satisfaction Survey measures the Inquiry's satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1 to 10, where 1 means fell well short of expectations and 10 means far exceeded expectations.

Note 2 - For this measure, the actual for 2017/18 is not applicable because the Commissioner had not been appointed by 30 June 2018.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
-	Revenue Crown	592	-	592
-	Revenue Other	-	-	-
-	<b>TOTAL REVENUE</b>	<b>592</b>	<b>-</b>	<b>592</b>
-	Expenses	-	-	592
-	Net Surplus/(Deficit)	592	-	-

Expenditure was below budget as this appropriation was introduced in the Supplementary Estimates and no activity had occurred by the end of June 2018.

## Suspensory Loan Christ Church Cathedral Reinstatement (M85)

### Scope of Appropriation

This appropriation is limited to provision of a suspensory loan for the reinstatement of Christ Church Cathedral.

This appropriation is intended to achieve the implementation of the Crown's offer to support the reinstatement of Christ Church Cathedral.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Terms and criteria for advancing the \$15 million suspensory loan to support the Christ Church Cathedral reinstatement have been met and the suspensory loan has been advanced	New measure	Achieved	Not achieved (see Note 1)

Note 1 – Terms and criteria have not been agreed; however, the Joint Venture was signed in August 2018.

### Financial Information

2016/17 Actual \$000	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
- Expenses	-	-	15,000

An in-principle expense transfer was approved to bring this appropriation forward to 2018/19.

## Crown Contribution for Christ Church Cathedral Reinstatement (M85)

### Scope of Appropriation

This appropriation is limited to provision of a Crown contribution towards the reinstatement of Christ Church Cathedral.

This appropriation is intended to achieve the implementation of the Crown's offer to support the reinstatement of Christ Church Cathedral.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Terms and criteria for payment of the \$10 million contribution to support the Christ Church Cathedral reinstatement have been met and grant has been paid	New measure	Achieved	Achieved (see Note 1)

Note 1 – We have agreed the terms and criteria with approval from the Minister, and payment to the Church Property Trust will occur in 2018/19.

### Financial Information

2016/17 Actual \$000	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
- Expenses	10,000	-	10,000

## Department of the Prime Minister and Cabinet – Capital Expenditure PLA

This appropriation is limited to the purchase or development of assets by and for the use of the Department of the Prime Minister and Cabinet, as authorised by section 24(1) of the Public Finance Act 1989.

Expenditure in 2017/18 was in accordance with the Department's capital asset management plan.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
350	Property, Plant and Equipment	151	250	500
-	Intangibles	21	-	-
-	Other	-	50	50
<b>350</b>	<b>TOTAL EXPENSES</b>	<b>172</b>	<b>300</b>	<b>550</b>

## Emergency Management Multi-category Appropriation (MCA)

The overarching purpose of this MCA is to support communities to be resilient by enhancing their capacity and capability to manage civil defence emergencies. This contributes to our strategic challenge to increase New Zealand's resilience through leading and building a risk-based, community-focused and integrated NSS.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
New Zealand communities are aware of their hazards and risks, are prepared and resilient and are able to respond to and recover from an emergency	71%	85%	86% (see Note 1)

Note 1 - This appropriation measure is an overall measure calculated by averaging the results of the 17 subordinate performance measures (excluding measures not able to be reported in the financial year). In 2017/18, of the 17 measures, 12 measures were achieved, two were not achieved and we were not able to report on three measures in the management of emergencies category section (see below individual variance explanations).

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
23,990	Revenue Crown	25,174	16,008	25,174
441	Revenue Other	1,866	230	2,630
<b>24,431</b>	<b>TOTAL REVENUE</b>	<b>27,040</b>	<b>16,238</b>	<b>27,804</b>
16,934	Expenses	25,588	16,238	27,804
7,497	Net Surplus/(Deficit)	1,452	-	-

Expenditure is higher than originally budgeted owing to funding approvals later in the year for the programme of work to promote disaster resilience in the Pacific (in partnership with MFAT), the emergency management alerting project, and a range of initiatives to support recovery from the Kaikōura earthquake and Cyclones Debbie and Cook. Underspends against the Supplementary Estimates are owing to delays in completing all projects within the year, and are intended to be transferred to 2018/19.

## Category: Community Awareness and Readiness

This category is limited to the development and delivery of long-term national programmes to raise individual and community awareness and preparedness.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Availability of the civil defence website 24 hours a day, 7 days a week, at least:	99.9%	99.9%	99.9%
The proportion of New Zealanders who have taken action to prepare for an emergency in the last 12 months, will increase on the previous year by (see Note 1):	New measure	2%	N/A (see Note 2)
The proportion of New Zealanders who know the correct action to take during an earthquake will increase on the previous year by:	73%	2%	Not achieved 64% (see Note 3)
The proportion of New Zealanders who know the correct action to take if they feel a long or strong earthquake near the coast will increase on the previous year by:	83%	2%	Achieved 90% (see Note 4)

Note 1 – New measure for 2017/18. The baseline for 2017/18 is 50%.

Note 2 – This reflects the historical trend following the Canterbury earthquake sequence, in which preparedness spikes (in this case following the 12 November 2016 earthquake and tsunami), and then tails off. This reinforces our research showing that the biggest prompt for preparedness is large-scale emergencies.

Note 3 – Awareness has declined by 9%, most likely because it has been three years since ShakeOut, our nationwide exercise for promoting this action. ShakeOut is being undertaken in October 2018, and is now an annual event.

Note 4 – An increase of 7% know the correct action to take if they feel a long or strong earthquake near the coast (as established by our annual Colmar Brunton preparedness survey).

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
3,730	Revenue Crown	2,661	1,915	2,661
-	Revenue Other	63	23	23
<b>3,730</b>	<b>TOTAL REVENUE</b>	<b>2,724</b>	<b>1,938</b>	<b>2,684</b>
3,669	Expenses	2,547	1,938	2,684
61	Net Surplus/(Deficit)	177	-	-

## Category: Emergency Sector and Support and Development

This category is limited to developing and implementing operational policies and projects, advice, assistance and information to the CDEM sector.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The number of Director Guidelines, Technical Standards and Codes that are either reviewed or published (see Note 1) will be at least:	New measure	2	6 (see Note 2)
Satisfaction is at least 6 in relation to the two measures below (see Note 3):			
• If a Guideline, Technical Standard or Code was required did it meet the CDEM sector users' needs (see Note 1)	New measure	6	6.6
• MCDEM supports capability development by facilitating learning and training activities for organisations with responsibilities under the Civil Defence Emergency Management Act	New measure	6	6.3
The number of CDEM initiatives developed or implemented in partnership with the public sector, private sector and/or the not-for-profit sector will be at least:	New measure	5	7 (see Note 4)

Note 1 – Relevant publications are those found on our publications list website.

Note 2 – (1) Emergency Mobile Alert Protocol for User Agencies – Published November 2017; (2) Strategic Planning for Recovery: Director's Guideline for Civil Defence Emergency Management Groups [DGL 20/17] – Published December 2017; (3) Director's Statement: Emergency Mobile Alert Device Standards – December 2017; (4) Quick Guide: Declaring a state of local emergency – February 2018; (5) Technical Standard: Common Alerting Protocol: CAP-NZ – April 2018 (6) CDEM Group Planning: Director's Guideline for Civil Defence Emergency Management Groups [DGL 09/18] – updated March 2018.

Note 3 – Satisfaction performance measure involves a 10-point scale, where 1 means fell well short of expectations and 10 means far exceeded expectations. CDEM sector users include Government departments, local government agencies (including CDEM Groups), emergency services and lifeline utilities.

Note 4 – (1) Group Welfare Managers Forum; (2) Deaf Aotearoa Memorandum of Understanding; (3) National Information Infrastructure Framework; (4) National Emergency Management Development Group; (5) Public Education Campaign; (6) Wellington Earthquake National Initial Response (WENIRP); (7) Emergency Mobile Alerts.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
4,856	Revenue Crown	5,410	5,523	5,410
412	Revenue Other	981	121	1,721
<b>5,268</b>	<b>TOTAL REVENUE</b>	<b>6,391</b>	<b>5,644</b>	<b>7,131</b>
5,133	Expenses	6,317	5,644	7,131
135	Net Surplus/(Deficit)	74	-	-

Expenditure is higher than originally budgeted owing to funding approvals later in the year for the programme of work to promote disaster resilience in the Pacific (in partnership with MFAT).

## Category: Management of Emergencies

This category is limited to management of national emergency readiness, response and recovery, including support to local CDEM organisations, maintaining NCMC in a state of readiness, national training and exercises, coordination and management of central government's response and recovery activities and administration of related expenses.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
National Warning System tests conducted, at least:	4	4	4
An initial National Warning is issued within 20 minutes of the Duty Manager's decision to issue a National Warning	New measure	100%	N/A (see Note 1)
National Crisis Management Centre managed, during activations, with:			
<ul style="list-style-type: none"> <li>An initial Action Plan is issued within 24 hours of a Mode 3 or 4 National Crisis Management Centre/National Coordination Centre activation</li> </ul>	New measure	Achieved	N/A (see Note 2)
<ul style="list-style-type: none"> <li>Critical information technology systems available and operating at agreed performance levels</li> </ul>	New measure	95%	Achieved
<ul style="list-style-type: none"> <li>Back-up information technology systems and equipment fully functional, at least:</li> </ul>	99.9%	99.8%	Achieved
National Crisis Management Centre activations reviewed:			
<ul style="list-style-type: none"> <li>The MCDEM Leadership Team reviews the amalgamated corrective actions plan at least 4 times during each financial year and ensures target dates are on track (or adjusts target dates when events outside MCDEM's control, such as natural disasters, occur)</li> </ul>	New measure	Achieved	Achieved

Note 1 - There were no National Warnings issued during the 2017/18 financial year.

Note 2 - There were no Mode 3 or 4 activations during the 2017/18 financial year.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
14,834	Revenue Crown	16,572	7,627	16,572
29	Revenue Other	822	86	886
<b>14,863</b>	<b>TOTAL REVENUE</b>	<b>17,394</b>	<b>7,713</b>	<b>17,458</b>
7,612	Expenses	16,019	7,713	17,458
7,251	Net Surplus/(Deficit)	1,375	-	-

Expenditure is higher than originally budgeted owing to funding approvals later in the year for the emergency management alerting project and a range of initiatives to support recovery from the Kaikōura earthquake and Cyclones Debbie and Cook. Underspends against the Supplementary Estimates are owing to delays in completing all projects within the year, and are intended to be transferred to 2018/19.



## Category: Policy Advice – Emergency Management

This category is limited to the provision of advice (including second-opinion advice and contributions to policy advice led by other agencies) to support decision-making by Ministers on government policy matters relating to civil defence emergency management matters.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
A sample of policy advice fits within the target ranges for quality (Note 1)	Not achieved: 56% scored 7 or more, 16% scored 8 or more	Achieved	Not achieved: 64% scored above 7, 29% scored above 8
The satisfaction of the responsible Minister with the policy advice service, as measured using the Common Satisfaction Survey (see Note 2), is at least:	29% scored above 8	6	7.5
Total cost per hour of producing outputs	\$104	\$90–\$120	\$103

Note 1 – A sample of the Department’s policy advice has been assessed by a panel using the Policy Project quality framework. The target ranges for the quality of our policy advice are that: 70% of our assessed papers will score 7 or more, and that 30% will score 8 or more out of 10, with 10 being the highest quality.

Note 2 – The Common Satisfaction Survey measures Ministers’ satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1 to 10, where 1 means fell well short of expectations and 10 means far exceeded expectations. Survey of the responsible Minister as at 30 June 2018.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
570	Revenue Crown	531	943	531
520	Expenses	705	943	531
50	Net Surplus/(Deficit)	(174)	-	-

## Government House Buildings and Assets (M52)

The overarching purpose of this appropriation is maintaining the Government House buildings and related assets in Wellington and Auckland to the standards necessary to fulfil their constitutional, ceremonial and community roles.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
1,924	Expenses	1,902	3,292	3,542

## Policy Advice and Support Services MCA (M52)

The overarching purpose of this appropriation is to provide policy advice to support decision-making by the Prime Minister and the Cabinet and provide support services to the Prime Minister, Cabinet and its committees, the Executive Council and the Governor-General. This contributes to the following strategic objectives, that:

- the public service understands, delivers and helps shape the Government's priorities
- governance for the 21st century
- New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared sense of national identity, and
- increase New Zealand's resilience through leading and building a risk-based, community-focused and integrated NSS.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The satisfaction of the Prime Minister and the Governor-General with the quality of services and/or support provided by the Department of the Prime Minister and Cabinet is at least:	New measure	6	7.6

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
25,278	Revenue Crown	26,874	25,303	26,874
1,691	Revenue Other	1,565	30	1,895
<b>26,969</b>	<b>TOTAL REVENUE</b>	<b>28,439</b>	<b>25,333</b>	<b>28,769</b>
26,527	Expenses	27,442	25,333	28,769
442	Net Surplus/(Deficit)	997	-	-

Expenditure is higher than originally budgeted owing to funding approvals later in the year for activities supported by cost recoveries and revenue from other agencies. Underspends against the Supplementary Estimates are owing to delays in completing some initiatives and are intended to be transferred to 2018/19.

## Category: National Security Priorities and Intelligence Coordination

This category is limited to leadership and coordination around national security matters, leading collaboration within the New Zealand Intelligence Community and providing intelligence assessments to support national security priorities.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The satisfaction of the Prime Minister with the leadership and coordination around national security matters, leading collaboration within the New Zealand Intelligence Community and providing intelligence assessments to support national security priorities (see Note 1) is at least:	New measure	6	6.6

Note 1 – Satisfaction performance measure involves a 10-point scale, where 1 means fell well short of expectations and 10 means far exceeded expectations. Survey of the Prime Minister as at 30 June 2018.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
9,473	Revenue Crown	10,337	10,513	10,337
409	Revenue Other	568	-	555
<b>9,882</b>	<b>TOTAL REVENUE</b>	<b>10,905</b>	<b>10,513</b>	<b>10,892</b>
10,119	Expenses	10,560	10,513	10,892
(237)	Net Surplus/(Deficit)	345	-	-

## Category: Policy Advice – Prime Minister and Cabinet

This category is limited to the provision of advice (including second-opinion advice and contributions to policy advice led by other agencies) to support decision-making by the Prime Minister and the Cabinet.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The satisfaction of the Prime Minister with the policy advice service, as measured using the Common Satisfaction Survey (see Note 1), is at least:	7	6	9
The total cost per hour of producing outputs	\$104	\$90-\$120	\$103

Note 1 – The Common Satisfaction Survey measures the Prime Minister's satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1 to 10, where 1 means fell well short of expectations and 10 means far exceeded expectations. DPMC does not survey Cabinet for this category, so this reference has been withdrawn. Survey of the Prime Minister as at 30 June 2018.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
5,572	Revenue Crown	6,069	3,996	6,069
798	Revenue Other	911	-	1,245
<b>6,370</b>	<b>TOTAL REVENUE</b>	<b>6,980</b>	<b>3,996</b>	<b>7,314</b>
5,908	Expenses	6,632	3,996	7,314
462	Net Surplus/(Deficit)	348	-	-

Expenditure is higher than originally budgeted owing to funding approvals later in the year for activities supported by cost recoveries and revenue from other agencies that were approved since Budget 2017/18.

## Category: Science Advisory Committee

This category is limited to the purchase of high-quality scientific advice to the Prime Minister.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The satisfaction of the Prime Minister with the scientific advice provided, as measured using the Common Satisfaction Survey (see Note 1), is at least:	9	6	7.8

Note 1 – The Common Satisfaction Survey measures the Prime Minister’s satisfaction with the quality, timeliness and value for money of policy advice on a scale from 1 to 10, where 1 means extremely dissatisfied and 10 means extremely satisfied. Survey of the Prime Minister as at 30 June 2018.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
675	Revenue Crown	675	675	675
50	Revenue Other	50	-	50
<b>725</b>	<b>TOTAL REVENUE</b>	<b>725</b>	<b>675</b>	<b>725</b>
725	Expenses	725	675	725
-	Net Surplus/(Deficit)	-	-	-

## Category: Support Services to the Governor-General and Maintenance of the Official Residences

This category is limited to financial, administrative, communications and advisory services for the Governor-General; and services to maintain the Governor-General's residences.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
The satisfaction of the Governor-General with services provided as measured using the Common Satisfaction Survey (see Note 1) is at least:	New measure	6	7
The satisfaction of the Building and Grounds Committee with support and advice in relation to the maintenance of the official residences is at least (see Note 2):	6.5	6	6.6

Note 1 – Satisfaction performance measure involves a 10-point scale, where 1 means fell well short of expectations and 10 means far exceeded expectations.

Note 2 – The Building and Grounds Committee's role is to ensure the Capital and Long-Term Maintenance Plan developed by Government House and formally approved by the Chief Executive is properly devised and then implemented. The Committee receives support and advice from DPMC officials following the development of the Plan regarding its implementation. The Committee's satisfaction will be assessed through an annual feedback form.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
3,858	Revenue Crown	3,990	4,179	3,990
-	Revenue Other	21	30	30
<b>3,858</b>	<b>TOTAL REVENUE</b>	<b>4,011</b>	<b>4,209</b>	<b>4,020</b>
4,078	Expenses	4,126	4,209	4,020
(220)	Net Surplus/(Deficit)	(115)	-	-

This appropriation is part of the Policy Advice and Support Services MCA and, therefore, the expenses incurred during the year are within scope of the MCA, and are not an overspend.

## Category: Support, Secretariat and Coordination Services

This category is limited to the provision of services to Ministers to enable them to discharge their portfolio (other than policy decision-making) responsibilities including support for the coordination of the Government's legislation programme; secretariat services to the Executive Council, Cabinet and its committees; and administration of the New Zealand Royal Honours system.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Cabinet and Cabinet committee minutes requiring subsequent amendment (excluding amendments made as the result of Cabinet decisions)	0.48%	0.5%	0.3%
Papers for Cabinet and Cabinet committee meetings will be published on CabNet by the close of business, two days before the meeting (subject to on-time lodgement in CabNet) (see Note 1)	91%	90%	94%
Cabinet minutes will be published on CabNet by the close of business, three days after the Cabinet meeting (see Note 1)	98.8%	95%	97.6%
The satisfaction of the Governor-General with services provided as measured using the Common Satisfaction Survey (see Note 2) is at least:	New measure	6	6.6
The satisfaction of the Prime Minister with services provided as measured using the Common Satisfaction Survey (see Note 2) is at least:	New measure	6	9

Note 1 – Measures amended to improve accuracy: the previous reference to 'business day' in respect of material was unnecessary.

Note 2 – Satisfaction performance measure involves a 10-point scale, where 1 means fell well short of expectations and 10 means far exceeded expectations. Survey of the Prime Minister and Governor-General as at 30 June 2018.

## Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
5,700	Revenue Crown	5,803	5,940	5,803
434	Revenue Other	15	-	15
<b>6,134</b>	<b>TOTAL REVENUE</b>	<b>5,818</b>	<b>5,940</b>	<b>5,818</b>
5,697	Expenses	5,399	5,940	5,818
437	Net Surplus/(Deficit)	419	-	-

Expenditure is lower than originally budgeted, mainly owing to lower than expected costs for CabNet system enhancements during 2017/18. The underspend is intended to be transferred to 2018/19.

# F

## Financial Statements

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### This section sets out :

- reports on the financial resources used by DPMC to deliver the goods and services purchased by our Ministers, and
- the Financial Statements, notes to the Financial Statements and other explanatory information.



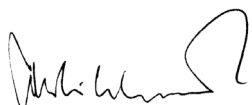
# Statement of Responsibility

I am responsible, as the Chief Executive of the Department of the Prime Minister and Cabinet (the Department), for:

- the preparation of the Department's Financial Statements, and Statements of Expenses and Capital Expenditure, and for the judgements expressed in them
- having in place a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting
- ensuring that end-of-year performance information on each appropriation administered by the Department is provided in accordance with sections 19A to 19C of the Public Finance Act 1989, whether or not that information is included in this Annual Report, and
- the accuracy of any end-of-year performance information prepared by the Department, whether or not that information is included in the Annual Report.

In my opinion:

- the Financial Statements fairly reflect the financial position of the Department as at 30 June 2018 and its operations for the year ended on that date, and
- the Forecast Financial Statements fairly reflect the forecast financial position of the Department as at 30 June 2019 and its operations for the year ending on that date.



Andrew Kibblewhite  
Chief Executive

Date: 28 September 2018



# Audit Report



## Independent Auditor's Report

### To the readers of the Department of the Prime Minister and Cabinet's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of the Department of the Prime Minister and Cabinet (the Department). The Auditor-General has appointed me, Stephen Lucy, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the financial statements of the Department on pages 58 to 71, that comprise the statement of financial position, statement of commitments, statement of contingent liabilities and contingent assets as at 30 June 2018, the statement of comprehensive revenue and expenses, statement of changes in equity, and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information;
- the performance information prepared by the Department for the year ended 30 June 2018 on pages 38 to 50;
- the statements of expenses and capital expenditure of the Department for the year ended 30 June 2018 on pages 33 to 37; and
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 72 to 78 that comprise:
  - the schedules of assets; liabilities; commitments; and contingent liabilities and contingent assets as at 30 June 2018;
  - the schedules of expenses; and revenue for the year ended 30 June 2018;
  - the statement of trust monies for the year ended 30 June 2018; and
  - the notes to the schedules that include accounting policies and other explanatory information.

## Opinion

In our opinion:

- the financial statements of the Department on pages 58 to 71:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2018; and

- its financial performance and cash flows for the year ended on that date; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards.
- the performance information of the Department on pages 38 to 50:
  - presents fairly, in all material respects, for the year ended 30 June 2018:
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.
- the statements of expenses and capital expenditure of the Department on pages 33 to 37 are presented fairly, in all material respects, in accordance with the requirements of section 45A of the Public Finance Act 1989.
- the schedules of non-departmental activities which are managed by the Department on behalf of the Crown on pages 72 to 78 present fairly, in all material respects, in accordance with the Treasury Instructions:
  - the assets; liabilities; commitments; and contingent liabilities and assets as at 30 June 2018; and
  - expenses; and revenue for the year ended 30 June 2018; and
  - the statement of trust monies for the year ended 30 June 2018.

Our audit was completed on 28 September 2018. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Chief Executive and our responsibilities relating to the information to be audited, we comment on other information, and we explain our independence.

### **Basis for our opinion**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of the Chief Executive for the information to be audited**

The Chief Executive is responsible on behalf of the Department for preparing:

- financial statements that present fairly the Department's financial position, financial performance, and its cash flows, and that comply with generally accepted accounting practice in New Zealand.
- performance information that presents fairly what has been achieved with each appropriation, the expenditure incurred as compared with expenditure expected to be incurred, and that complies with generally accepted accounting practice in New Zealand.
- statements of expenses and capital expenditure of the Department, that are presented fairly, in accordance with the requirements of the Public Finance Act 1989.
- schedules of non-departmental activities, in accordance with the Treasury Instructions, that present fairly those activities managed by the Department on behalf of the Crown.

The Chief Executive is responsible for such internal control as is determined is necessary to enable the preparation of the information to be audited that is free from material misstatement, whether due to fraud or error.

In preparing the information to be audited, the Chief Executive is responsible on behalf of the Department for assessing the Department's ability to continue as a going concern. The Chief Executive is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Department, or there is no realistic alternative but to do so.

The Chief Executive's responsibilities arise from the Public Finance Act 1989.

### **Responsibilities of the auditor for the information to be audited**

Our objectives are to obtain reasonable assurance about whether the information we audited, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of the information we audited.

For the budget information reported in the information we audited, our procedures were limited to checking that the information agreed to the Department's information on Strategic Intentions 2017-

2021, Estimates and Supplementary Estimates 2017/18 for Vote Prime Minister and Cabinet, and the 2017/18 forecast financial figures included in the Department's 2016/17 Annual Report.

We did not evaluate the security and controls over the electronic publication of the information we audited.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the information we audited, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive.
- We evaluate the appropriateness of the reported performance information within the Department's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Chief Executive and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Department's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Department to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the information we audited, including the disclosures, and whether the information we audited represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Chief Executive regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

## Other information

The Chief Executive is responsible for the other information. The other information comprises the information included on pages I to ii, 1 to 32, 52, and 79 to 84, but does not include the information we audited, and our auditor's report thereon.

Our opinion on the information we audited does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the information we audited or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

The reports by the Minister of Civil Defence and the Minister for Greater Christchurch Regeneration on relevant non-departmental appropriations that are appended to the Department's annual report are not part of the Department's annual report. The Public Finance Act 1989 does not require the information in the Ministers' reports to be audited and we have performed no procedures over the information in the Ministers' reports.

## Independence

We are independent of the Department in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests, in the Department.



S B Lucy  
Audit New Zealand  
On behalf of the Auditor-General  
Wellington, New Zealand

# Departmental Financial Statements

## Statement of Comprehensive Revenue and Expenses

for the year ended 30 June 2018

2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Unaudited Budget \$000	2018/19 Unaudited Forecast \$000
<b>REVENUE</b>					
68,814	Revenue Crown – Non-exchange		64,645	53,341	56,422
2,494	Other Revenue – Exchange	2	3,632	260	260
<b>71,308</b>	<b>TOTAL REVENUE</b>		<b>68,277</b>	<b>53,601</b>	<b>56,682</b>
<b>EXPENSES</b>					
30,429	Personnel Costs	3	31,748	25,464	27,375
1,065	Depreciation and Amortisation Expense	6	1,091	1,019	1,004
550	Capital Charge	4	483	486	486
27,455	Other Operating Expenses	5	30,014	26,632	27,817
<b>59,499</b>	<b>TOTAL EXPENDITURE</b>		<b>63,336</b>	<b>53,601</b>	<b>56,682</b>
<b>11,809</b>	<b>NET SURPLUS/(DEFICIT)</b>		<b>4,941</b>	<b>-</b>	<b>-</b>
<b>11,809</b>	<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSES</b>		<b>4,941</b>	<b>-</b>	<b>-</b>

## Statement of Changes in Equity

for the year ended 30 June 2018

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Unaudited Budget \$000	2018/19 Unaudited Forecast \$000
8,534	BALANCE AT 1 JULY	7,997	7,997	8,297
<b>COMPREHENSIVE REVENUE/(EXPENSE)</b>				
11,809	Surplus for the Year	4,941	-	-
163	Capital Injection	300	200	300
(700)	Capital Withdrawals	-	-	-
(11,809)	Return of Operating Surplus to the Crown	(4,941)	-	-
<b>7,997</b>	<b>BALANCE AT 30 June</b>	<b>8,297</b>	<b>8,197</b>	<b>8,597</b>

The accompanying notes and policies form part of these Financial Statements.

## Statement of Financial Position

as at 30 June 2018

2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Unaudited Budget \$000	2018/19 Unaudited Forecast \$000
<b>ASSETS</b>					
CURRENT ASSETS					
18,188	Cash and Cash Equivalents		11,754	5,925	8,037
5,497	Debtor Crown		5,323	3,488	5,323
1,252	Debtors and Other Receivables		1,034	724	1,350
-	Prepayments		26	-	-
258	Inventory		271	100	-
<b>25,195</b>	<b>TOTAL CURRENT ASSETS</b>		<b>18,408</b>	<b>10,237</b>	<b>14,710</b>
NON-CURRENT ASSETS					
-	Inventory		-	199	199
2,898	Intangible Assets	6	1,996	1,858	1,056
595	Property, Plant and Equipment	6	579	1,150	1,379
<b>3,493</b>	<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,575</b>	<b>3,207</b>	<b>2,634</b>
<b>28,688</b>	<b>TOTAL ASSETS</b>		<b>20,983</b>	<b>13,444</b>	<b>17,344</b>
<b>LIABILITIES</b>					
CURRENT LIABILITIES					
6,261	Creditors and Other Payables		5,179	3,378	6,547
11,809	Provision for Repayment of Surplus		4,941	-	-
70	Provisions	7	85	-	-
1,846	Employee Entitlements	8	1,858	1,556	2,000
<b>19,986</b>	<b>TOTAL CURRENT LIABILITIES</b>		<b>12,063</b>	<b>4,934</b>	<b>8,547</b>
NON-CURRENT LIABILITIES					
294	Provisions	7	190	-	-
411	Employee Entitlements	8	433	313	200
<b>705</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>623</b>	<b>313</b>	<b>200</b>
<b>20,691</b>	<b>TOTAL LIABILITIES</b>		<b>12,686</b>	<b>5,247</b>	<b>8,747</b>
7,997	NET ASSETS		8,297	8,197	8,597
<b>EQUITY</b>					
7,997	Taxpayers' Funds		8,297	8,197	8,597
<b>7,997</b>	<b>TOTAL EQUITY</b>		<b>8,297</b>	<b>8,197</b>	<b>8,597</b>

The accompanying notes and policies form part of these Financial Statements.

## Statement of Cash Flows

for the year ended 30 June 2018

The Statement of Cash Flows summarises the cash movements in and out of the Department during the financial year.

2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Unaudited Budget \$000	2018/19 Unaudited Forecast \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
76,768	Receipts from the Crown		64,796	53,341	56,422
3,007	Receipts from Other Revenue		4,213	260	260
(31,611)	Payments to Suppliers		(30,332)	(26,441)	(27,892)
(30,470)	Payments to Employees		(31,684)	(25,655)	(27,300)
(550)	Payments for Capital Charge		(483)	(486)	(486)
1,390	Goods and Services Tax (net)		(1,263)	-	-
<b>18,534</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>9</b>	<b>5,247</b>	<b>1,019</b>	<b>1,004</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
(165)	Purchase of Property, Plant and Equipment		(151)	(300)	(400)
(160)	Purchase of Intangible Assets		(21)	-	-
53	Sale of Property, Plant and Equipment		-	-	-
<b>(272)</b>	<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(172)</b>	<b>(300)</b>	<b>(400)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
(4,574)	Repayment of Net Surplus to the Crown		(11,809)	-	-
163	Capital Injection		300	200	300
(700)	Capital Withdrawal		-	-	-
-	Cash Transfer		-	-	-
<b>(5,111)</b>	<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(11,509)</b>	<b>200</b>	<b>300</b>
13,151	Net Increase/(Decrease) in Cash and Cash Equivalent		(6,434)	919	904
5,037	Cash and Bank Balances at the Beginning of the Year		18,188	5,006	7,133
<b>18,188</b>	<b>CASH AND BANK BALANCES AT YEAR END</b>		<b>11,754</b>	<b>5,925</b>	<b>8,037</b>

The accompanying notes and policies form part of these Financial Statements.



## Statement of Commitments

as at 30 June 2018

### Capital commitment

At 30 June 2018, the Department has no capital commitments (2017: Nil).

### Non-cancellable operating lease commitments

The Department leases premises in Wellington, Auckland and Christchurch. These non-cancellable operating leases have varying terms, escalation clauses and renewal rights. In Wellington, the Department leases the floors 4 and 17 in Bowen House. In Auckland, space is leased from another government agency office for Auckland-based MCDEM staff. An office is leased in Christchurch for the Greater Christchurch Group and Christchurch-based MCDEM staff lease space within the Christchurch Justice and Emergency Services Precinct. The amounts disclosed below as future commitments are based on the current rental rates.

During the year ended 30 June 2018, \$1.931 million was recognised as an expense in the Statement of Comprehensive Income in respect of operating leases (2017: \$1.550 million).

There are no restrictions placed on the Department or the departmental agency by any of the operating lease arrangements.

2016/17 Actual \$000		2017/18 Actual \$000
<b>OPERATING COMMITMENTS</b>		
<b>NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>		
1,911	No later than one year	808
4,827	Later than one year and not later than 5 years	1,109
199	Later than five years	-
<b>6,937</b>	<b>TOTAL NON-CANCELLABLE OPERATING LEASE COMMITMENTS</b>	<b>1,917</b>

## Statement of Contingent Liabilities and Contingent Assets

as at 30 June 2018

### Contingent liabilities – quantifiable

#### Dispute with third party

The Department is currently involved in a dispute between the Crown and another party over a privacy matter. Disclosure of further information may prejudice the Department's position (2017: Nil).

### Contingent assets

At 30 June 2018, the Department has no contingent assets (2017: Nil).

# Notes to the Departmental Financial Statements

for the year ended 30 June 2018

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## 1. Statement of Accounting Policies for the Year Ended 30 June 2018

### Reporting entity

The Department of the Prime Minister and Cabinet ('the Department') is a New Zealand government department as defined by the Public Finance Act 1989.

In addition, the Department has reported separately, in the Non-departmental Schedules, financial information on public funds managed by the Department, on behalf of the Crown.

The primary objective of the Department is to provide services to the public rather than making a financial return. Accordingly, the Department has designated itself as a public benefit entity for the purposes of New Zealand Public Benefit Entity International Public Sector Accounting Standards (NZ PBE IPSAS).

The Departmental Financial Statements and the Non-departmental Financial Schedules are for the year ended 30 June 2018. Both sets of Financial Statements were authorised for issue by the Chief Executive of the Department on 28 September 2018. The Forecast Financial Statements are for the year ended 30 June 2019.

The Departmental Financial Statements and the financial information reported in the Non-departmental Schedules are consolidated into the Financial Statements of the Government and therefore readers of these statements and schedules should also refer to the Financial Statements of the Government for the year ended 30 June 2018.

### Statement of compliance

The Departmental Financial Statements, Non-departmental Financial Schedules and the Forecast Financial Statements of the Department have been prepared in accordance with the requirements of the Public Finance Act 1989, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practices (NZ GAAP), Treasury Instructions and Treasury Circulars and have been prepared in accordance with Tier 1 NZ PBE accounting standards.

Measurement and recognition rules applied in the preparation of the Non-departmental Supplementary Financial Schedules are consistent with NZ GAAP and Crown accounting policies and are detailed in the Financial Statements of the Government.

### Basis of preparation

The accounting policies are applied in the preparation of the Departmental Financial Statements and Non-departmental Schedules.

## Measurement base

The Departmental Financial Statements and Non-departmental Schedules have been prepared on an historical-cost basis. The accrual basis of accounting has been used.

## Functional and presentation currency

The Departmental Financial Statements and Non-departmental Schedules are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of the Department is New Zealand dollars.

## Changes in accounting policies

These Financial Statements have been presented in accordance with the current PBE accounting standards. There have been no changes in accounting policies during the reporting period.

## Standards issued and not yet effective and not early adopted

New standards and amendments issued but not yet effective and not early adopted are not material for the Department.

It is noted that the Crown has resolved to early adopt PBE IFRS 9 Financial Instruments for financial statements prepared for periods beginning on or after 1 January 2018.

## Critical accounting estimates and assumptions

In preparing these Financial Statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are in respect of estimating the fair value of land and buildings (see Note 13) and the Non-departmental provisions for emergencies (see Note 14).

## Significant accounting policies

The following significant accounting policies, which materially affect the measurement of financial results and financial position, have been applied consistently to all periods presented in these Financial Statements.

### Revenue Crown – non-exchange – departmental

Revenue from the Crown is measured based on the Department's funding entitlement for the reporting period.

The funding entitlement is established by Parliament when it passes the Appropriation Acts for the financial year. The amount of revenue recognised takes into account any amendments to appropriations approved in the Appropriation (Supplementary Estimates) Act for the year and certain other unconditional funding adjustments formally approved prior to balance date. There are no conditions attached to the funding from the Crown. However, the Department can incur expenses only within the scope and limits of its appropriations.

The fair value of Revenue Crown has been determined to be equivalent to the funding entitlement.

## Financial instruments

### Financial assets

Cash and cash equivalents include cash on hand, bank accounts and deposits with a maturity of up to three months. Cash assets are carried at the face value of the amounts deposited or drawn, which closely approximates fair value.

Debtors and other receivables are classified as 'loans and receivables'. Initial measurement is at cost. Subsequent measurement is at amortised cost, less impairment losses, if any.

### Financial liabilities

The major financial liability type is the non-current liabilities which are designated at amortised values using the effective interest rate method. Financial liabilities entered into with durations of less than 12 months are recognised at their nominal value.

### Commitments

Future expenses and liabilities to be incurred on non-cancellable contracts entered into at balance date are disclosed as commitments to the extent there are equally unperformed obligations.

### Budget figures

The budget figures are those included in the Department's Budget Estimates for the year ended 30 June 2018, which are consistent with the financial information in the Main Estimates. In addition, the Financial Statements also present the updated budget information from the Supplementary Estimates.

### Forecast figures

#### Basis of preparation

Forecast Financial Statements have been prepared in accordance with the accounting policies expected to be used in the future for reporting historical general purpose financial statements.

These Forecast Financial Statements have been prepared in accordance with NZ PBE IPSAS and are unaudited.

These financial forecasts are based on the Budget Economic and Fiscal Update (BEFU) and have been prepared on the basis of assumptions as to future events that the Department reasonably expects to occur, associated with the actions it reasonably expects to take. They have been compiled on the basis of existing government policies and ministerial expectations at the date that the information was prepared.

The actual results will remain substantially the same as the previous year. The main assumptions were as follows:

- The activities and output expectations will remain substantially the same as the previous year focusing on the Government's priorities.
- Personnel costs were based on current wages and salary costs, adjusted for anticipated remuneration changes.
- Operating costs were based on historical experience and other factors that are believed to be reasonable in the circumstances and are the best estimate of future costs that will be incurred.

Additional factors that could lead to material differences between the Forecast Financial Statements and the 2018/19 Actual Financial Statements include changes to the baseline budget through new initiatives, transfer of funding across financial years or technical adjustments.

## Authorisation statement

The Departmental Forecast Financial Statements were authorised for issue by the Chief Executive of the Department of the Prime Minister and Cabinet on 3 April 2018. The Chief Executive is responsible for the Forecast Financial Statements presented, including the appropriateness of the assumptions underlying the Forecast Financial Statements and all other required disclosure. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

## Comparatives

When presentation or classification of items in the Departmental Financial Statements is amended or accounting policies are changed voluntarily, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

## Statement of cost accounting policies for Department Financial Statements

There have been no changes in cost accounting policies since the date of the last audited Financial Statements. The Department has determined the cost of outputs using the following cost allocation system:

- Direct costs are expenses incurred from activities in producing outputs. These costs are charged directly to the related appropriations.
- Indirect costs are expenses incurred by Corporate Services and by the Strategy, Governance and Engagement Group. Indirect costs are allocated to appropriations based on full-time equivalent personnel numbers. Indirect costs include those costs incurred by CASS and then recovered from DPMC.

## 2. Other Revenue

2016/17 Actual \$000		2017/18 Actual \$000
675	Revenue Department – Club Funding	1,262
684	Revenue Department – Secondment Recovery	526
219	Revenue Department – Other	1,490
863	Third Party – Other Revenue	354
53	Gain on Sale of Assets	-
<b>2,494</b>	<b>TOTAL OTHER REVENUE AND GAINS</b>	<b>3,632</b>

## 3. Personnel Costs

2016/17 Actual \$000		2017/18 Actual \$000
28,804	Salaries and Wages	29,969
881	Employer Contributions to Defined-Contribution Plans	922
(133)	Increase/(Decrease) in Employee Entitlements	(6)
877	Other <sup>1</sup>	863
<b>30,429</b>	<b>TOTAL PERSONNEL COSTS</b>	<b>31,748</b>

<sup>1</sup> Other includes recruitment, staff training and attendance at conferences and seminars.

## 4. Capital Charge

DPMC pays a capital charge to the Crown based on its equity as at 30 June and 31 December each year. The capital charge rate for the year ended 30 June 2018 was 6% (2017: 7% from 1 July 2016 to 31 December 2016 and 6% from 1 January 2017).

## 5. Other Operating Expenses

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2018/19 Unaudited Forecast \$000
98	Audit Fees for Audit of Financial Statements	99	160	100
1,550	Premises Rental	1,931	1,950	1,904
672	Facilities Costs	477	661	364
139	Inventories Consumed	113	150	150
8,284	Consultancy	12,368	7,348	5,504
1,849	Travel Costs	1,575	1,911	2,236
592	Building and Ground Maintenance Costs	732	638	529
2,271	Promotion and Publicity Costs	1,777	840	773
367	Photocopying and Printing Costs	196	314	154
276	Cell Phone and Telephone	239	240	282
365	IT-related Costs	323	547	613
8,892	CASS	7,671	8,133	7,850
2,100	Other Operating Expenses	2,513	3,740	7,358
<b>27,455</b>	<b>TOTAL OTHER OPERATING COSTS</b>	<b>30,014</b>	<b>26,632</b>	<b>27,817</b>

## 6. Property, Plant, Equipment and Intangibles

### Accounting policy

#### Property, plant and equipment

Property, plant and equipment is initially recognised at cost, plus incidental costs directly attributable to acquisition if it is probable that future economic benefits or service potential associated with the item will flow to the Crown. Where an asset is acquired at no or a nominal cost, it is recognised at fair value at the date of acquisition.

Depreciation is provided on a straight-line basis to allocate cost or revalued amounts, net of any estimated residual value, over the estimated useful life. The useful lives of major classes of assets have been estimated as follows:

Type of Asset	Estimated Life (years)
Fixtures	10 years
Furniture	5 years
Plant and Equipment	5 years

Type of Asset	Estimated Life (years)
Motor Vehicles	4 years

### De-recognition

An item of property, plant and equipment is de-recognised when it is disposed of, or when no future economic benefits are expected from its use. Any gain or loss on de-recognition is included in the surplus or deficit in the year the asset is de-recognised.

### Property held for sale

Assets are recognised as held for sale if the Crown will recover their carrying amount principally through a sale transaction rather than through continuing use. These assets are recognised at the lower of the carrying amount and fair value less costs to sell.

### Intangible assets

Software is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Direct costs include software acquisition and customisation costs by consultants or staff. Staff training costs are recognised as an expense when incurred. Intangible assets with finite lives are subsequently recorded at cost, less any amortisation and impairment losses. The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when an asset is available for use and ceases at the date that an asset is de-recognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Revenue and Expenses. The useful life and associated amortisation rate of computer software is as follows:

Type of Asset	Estimated Life (years)
Customised Software	5 years

### Impairment

At each reporting date, the carrying amounts of all tangible and intangible assets are assessed to determine whether there is any indication they have suffered an impairment loss. If such indications exist for an asset, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

An impairment loss is recognised if the carrying amount exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of the asset and are recognised in the surplus or deficit.

The estimated recoverable amount of an asset is the greater of its fair value less costs to sell and its value in use. Value in use is determined as the depreciated replacement cost of the asset.

	Furniture and Fittings \$000	Motor Vehicles \$000	Work in Progress \$000	Plant and Equipment \$000	Intangible Assets \$000	Total \$000
<b>COST</b>						
Balance at 1 July 2016	586	211	363	807	4,444	6,411
Additions	-	-	326	24	-	350
Disposals	-	(177)	-	(3)	-	(180)
Other Movements	295	(14)	(654)	193	161	(19)
<b>BALANCE AT 30 JUNE 2017</b>	<b>881</b>	<b>20</b>	<b>35</b>	<b>1,021</b>	<b>4,605</b>	<b>6,562</b>
Balance at 1 July 2017	881	20	35	1,021	4,605	6,562
Additions	13	-	-	138	21	172
Other Movements	(129)	(1)	(35)	21	-	(144)
<b>BALANCE AT 30 JUNE 2018</b>	<b>765</b>	<b>19</b>	<b>-</b>	<b>1,180</b>	<b>4,626</b>	<b>6,590</b>

	Furniture and Fittings \$000	Motor Vehicles \$000	Work in Progress \$000	Plant and Equipment \$000	Intangible Assets \$000	Total \$000
<b>ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES</b>						
Balance at 1 July 2016	407	182	-	781	808	2,178
Depreciation Expense	103	9	-	54	899	1,065
Disposals	-	(171)	-	(3)	-	(174)
Other Movements	-	-	-	-	-	-
<b>BALANCE AT 30 JUNE 2017</b>	<b>510</b>	<b>20</b>	<b>-</b>	<b>832</b>	<b>1,707</b>	<b>3,069</b>
Balance at 1 July 2017	510	20	-	832	1,707	3,069
Depreciation Expense	84	-	-	82	925	1,091
Disposals	-	-	-	-	-	-
Other Movements	(133)	(1)	-	(9)	(2)	(145)
<b>BALANCE AT 30 JUNE 2018</b>	<b>461</b>	<b>19</b>	<b>-</b>	<b>905</b>	<b>2,630</b>	<b>4,015</b>
<b>CARRYING VALUE</b>						
At 1 July 2016	179	29	363	26	3,636	4,233
At 30 June 2017	371	-	35	189	2,898	3,493
At 30 June 2018	304	-	-	275	1,996	2,575

## 7. Provisions

### Accounting policy

A provision is recognised for future expenditure of uncertain amount or timing when:

- there is a present obligation (either legal or constructive) as a result of a past event
- it is probable that expenditure will be required to settle the obligation, and
- a reliable estimate can be made of the amount of the obligation.

Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2016/17 Actual \$000		2017/18 Actual \$000
<b>PROVISIONS</b>		
926	Opening Balance	364
(926)	Provision Used/(Reversed) During the Year	(89)
364	Additional Provision During the Year	-
<b>364</b>	<b>Closing Balance</b>	<b>275</b>
<b>70</b>	<b>CURRENT PROVISION</b>	<b>85</b>
<b>294</b>	<b>NON-CURRENT PROVISION</b>	<b>190</b>

The provision at 30 June 2018 relates to an onerous lease on a property in Christchurch where there is a differential between the lease cost and the recoveries from a sub-lease.



## 8. Employee Entitlements

This note includes an analysis of the exposure in relation to estimates and uncertainties surrounding retirement and long service leave liabilities.

2016/17 Actual \$000		2017/18 Actual \$000
<b>CURRENT EMPLOYEE ENTITLEMENTS</b>		
177	Salary Accrual	217
1,261	Annual Leave	1,392
23	Long Service Leave	39
34	Retirement Leave	-
42	Sick Leave	64
309	Other Employee Benefits	146
<b>1,846</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>1,858</b>
<b>NON-CURRENT EMPLOYEE ENTITLEMENTS</b>		
138	Long Service Leave	190
273	Retirement Leave	243
<b>411</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>433</b>
<b>2,257</b>	<b>TOTAL EMPLOYEE ENTITLEMENTS</b>	<b>2,291</b>

The present value of the retirement and long service leave obligations depends on a number of factors that are determined on an actuarial basis using some assumptions. Two key assumptions used in calculating this liability include the discount rate (year 1: 1.78%; year 2: 1.90%; year 3+: 3.55%) and the salary-inflation factor (year 1: 2.00%; year 2+: 3.10%). Any changes in these assumptions will impact on the carrying amount of the liability. In determining the appropriate discount rate, the Department adopts the central table of risk-free discount rates and Consumer Price Index (CPI) assumptions provided by the Treasury.

## 9. Reconciliation of Net Surplus to Net Cash Flows from Operating Activities

2016/17 Actual \$000		2017/18 Actual \$000
11,809	<b>NET SURPLUS (DEFICIT)</b>	4,941
	ADD/(LESS) NON-CASH ITEMS	
1,065	Depreciation and Amortisation	1,091
<b>1,065</b>	<b>TOTAL NON-CASH ITEMS</b>	<b>1,091</b>
	<b>ADD/(LESS) WORKING CAPITAL MOVEMENT</b>	
8,524	(Increase)/Decrease in Receivables and Prepayments	366
15	(Increase)/Decrease in Inventories	(13)
(3,613)	Increase/(Decrease) in Creditors and Other Payables	180
1,390	Increase/(Decrease) in GST	(1,263)
(457)	Increase/(Decrease) in Provisions	15
(94)	Increase/(Decrease) in Employee Entitlements	12
<b>5,765</b>	<b>TOTAL NET MOVEMENT IN WORKING CAPITAL ITEMS</b>	<b>(703)</b>
(52)	Add/(Less) Movements in Non-current Liabilities	(82)
	<b>ADD/(LESS) ITEMS CLASSIFIED AS INVESTING OR FINANCING ACTIVITIES</b>	
(53)	(Gain)/Losses on Disposal of Property, Plant and Equipment	
<b>18,534</b>	<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>5,247</b>

## 10. Related-party Transactions

### Accounting policy

The Department is a wholly-owned entity of the Crown. The Government significantly influences the roles of the Department as well as its source of revenue.

The Department undertakes transactions with other departments, Crown entities and State-Owned Enterprises (SOEs). These transactions are carried out at an arm's-length basis and are therefore not disclosed as related-party transactions except for rent for part of the Department located at the Beehive where no rental is being incurred.

Apart from those transactions described above, the Department has not entered into any related-party transactions.

In conducting its activities, the Department is required to pay various taxes and levies to the Crown and entities related to the Crown. The payment of these taxes and levies (other than income tax) is based on the standard terms and conditions that apply to all tax and levy payers. The Department is exempt from paying income tax.

### Key management personnel – DPMC [DPMC Leadership Team, including the Chief Executive]

2016/17 Actual \$000		2017/18 Actual \$000
2,324	Remuneration	2,408
7	Full-time Equivalent Staff	7

The above key management personnel compensation excludes the remuneration and other benefits for the Prime Minister and other Cabinet Ministers. The Ministers' remuneration and other benefits are not received only for their roles as members of key management personnel of DPMC. The Ministers' remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration and Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by DPMC.

### Related-party transactions involving key management personnel (or their close family members)

There were no related-party transactions involving key management personnel or their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties (2017: Nil).

## 11. Explanations of Major Variances Against Budget

Explanations for major variances from the Department's original 2017/18 budget figures and comparison to 2017/18 year actuals are as follows:

### Revenue

Revenue was higher than budgeted by \$14.677 million owing to funding received since the 2017/18 Budget. This mainly comprised transfers from the previous year for EMA (\$6.997 million), Christchurch and Kaikōura earthquake recovery initiatives (\$2.700 million), funding transfers from other departments during the year for EMA (\$0.800 million), new approved Crown funding for support for the EQC Inquiry (\$0.592 million) as well as contributions from other departments and cost recoveries (\$3.588 million).

### Expenditure

Expenditure was higher than budgeted by \$9.735 million owing to decisions made since the 2017/18 Budget. These mainly relate to:

- approvals for expenditure incurred from funding carried forward from 2016/17 to ensure work is completed for the EMA project (\$6.700 million). There was uncertainty around the timing of the commencement of this project
- approvals for expenditure made from underspends carried forward from 2016/17 to support Kaikōura earthquake recovery (\$1.450 million). There was uncertainty regarding the amounts and timing of emergency-related expenditure
- approvals for expenditure made from third-party contributions (\$1.585 million). These mainly relate to expenditure on the Policy Project, and the disaster resilience programme in the Pacific region.

### Balance Sheet

Delays in some expenditure resulted in an unbudgeted net surplus for the 2017/18 year meaning total assets exceeded 2017/18 budget. This was owing to higher cash and cash equivalents resulting from a portion of the cash drawn down for the anticipated capital plan for EQC Inquiry (\$0.100 million), particularly for plant and equipment, not being used by June 2018 owing to delays in establishing the EQC Inquiry. Total liabilities exceeded 2017/18 Budget owing to a provision for repayment of the surplus.

## 12. Events After the Balance Date

There have been no events after the balance date in respect to the Departmental Financial Statements.

# Non-departmental Financial Schedules

for the year ended 30 June 2018

## Schedule of Non-departmental Expenses

for the year ended 30 June 2018

The Schedule of Expenses summarises expenses that the Department administers on behalf of the Crown.

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
<b>VOTE PRIME MINISTER AND CABINET</b>			
4,000	Non-departmental Output Expenses	4,000	4,000
6,288	Non-departmental Other Expenses	13,602	5,529
30,404	Non-departmental Other Expenses: Permanent Legislative Authority (PLA)	7,161	6,920
1,557	Multi-category Appropriation: Non-departmental Other Expenses	1,654	2,562
10,581	GST Input Expense	2,777	-
<b>REMEASUREMENTS:</b>			
7,900	Movement in Provision for Horizontal Infrastructure (Three Waters)	(8,948)	-
-	Movement in Provision for Emergency Expenses	-	-
60,730	<b>TOTAL NON-DEPARTMENTAL EXPENSES</b>	20,246	19,011

## Schedule of Non-departmental Revenue and Receipts

for the year ended 30 June 2018

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000
<b>VOTE PRIME MINISTER AND CABINET</b>			
250	Other Revenue	126	150
250	<b>TOTAL NON-DEPARTMENTAL REVENUE AND RECEIPTS</b>	126	150

The accompanying notes and policies form part of these Financial Schedules.

These non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2017/18.

## Schedule of Non-departmental Assets and Liabilities

as at 30 June 2018

2016/17 Actual \$000		Note	2017/18 Actual \$000	2017/18 Budget \$000
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
14,734	Cash in Bank		46,139	32,923
50	Debtors and Other Receivables		10	-
-	Prepayments		-	-
14,784	<b>TOTAL CURRENT ASSETS</b>		46,149	32,923
<b>NON-CURRENT ASSETS</b>				
109,880	Land, Property, Plant and Equipment	13	109,202	104,345
109,880	<b>TOTAL NON-CURRENT ASSETS</b>		109,202	104,345
124,664	<b>TOTAL NON-DEPARTMENTAL ASSETS</b>		155,351	137,268
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
2,224	Creditors and Other Payables		10,789	2,180
24,931	Provision – Horizontal Infrastructure (Three Waters)	14	11,600	14,000
28,049	Provision – Emergency Expenses	14	29,494	11,000
55,204	<b>TOTAL CURRENT LIABILITIES</b>		51,883	27,180
<b>NON-CURRENT LIABILITIES</b>				
-	<b>TOTAL NON-CURRENT LIABILITIES</b>		-	-
55,204	<b>TOTAL NON-DEPARTMENTAL LIABILITIES</b>		51,883	27,180
<b>REVALUATION RESERVES</b>				
42,724	Property Revaluation Reserves	13	42,748	39,464
42,724	<b>TOTAL REVALUATION RESERVES</b>		42,748	39,464

## Schedule of Non-departmental Commitments

as at 30 June 2018

As at 30 June 2018, there are no capital and operating commitments in Vote Prime Minister and Cabinet (2017: Nil).

The accompanying notes and policies form part of these Financial Schedules.

These non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2017/18.

## Schedule of Non-departmental Contingent Liabilities and Contingent Assets

as at 30 June 2018

### Vote Prime Minister and Cabinet

Vote Prime Minister and Cabinet, on behalf of the Crown, has the following contingent liabilities and assets as at 30 June 2018.

#### Contingent liabilities – quantifiable

##### Dispute with supplier

The Department is currently in dispute with a supplier inherited from CERA. The dispute relates to services provided as part of recovery activities post Christchurch earthquake. Disclosure of further information may prejudice the Department's position (2017: The dispute was disclosed as a quantifiable contingent liability and no amount was disclosed).

#### Contingent assets – quantifiable

##### Dispute with supplier

The Department is currently in dispute with a supplier inherited from CERA. The dispute relates to services provided as part of recovery activities post Christchurch earthquake. This is a counterclaim to the contingent liability above. Disclosure of further information may prejudice the Department's position (2017: The counterclaim regarding the dispute with the supplier was disclosed as a quantifiable contingent asset and no amount was disclosed).

#### Contingent liabilities – unquantifiable

##### New Zealand Local Authorities

Section 39 of the Civil Defence Emergency Management Act 2002 provides for a national civil defence emergency management plan (the National CDEM Plan). The National CDEM Plan sets out the principles of government financial support to local authorities, and its accompanying Guide sets out the criteria and arrangements for this support as set by government policy for costs incurred as a result of a local or national emergency.

As at 30 June 2018 there were 11 events from which we expect to receive claims for reimbursement from local authorities for welfare, response and recovery costs, being:

December 2010	Flooding in the Tasman District
18–20 June 2015	Severe weather and flooding in Manawatu-Whanganui and Taranaki regions and the West Coast of the South Island
14 November 2016	7.8 magnitude earthquake in the Kaikōura region
April 2017	Ex-tropical Cyclones Debbie and Cook in the Bay of Plenty region
January 2018	Thames-Coromandel flooding event
11 January 2018	Northland bush fire
February 2018	Cyclones Gita and Fehi
March 2018	2 Storm events – Flooding in the Ruapehu and Hastings Districts
April 2018	2 Tornadoes – National Park and Taranaki

In relation to the above events, a provision of \$29.494 million has been made for costs that have been ascertained (see Note 14) (2017: \$28.049 million for events pre-June 2017).

#### Contingent assets – unquantifiable

There are no unquantifiable contingent assets as at 30 June 2018 (2017: Nil).

The accompanying notes and policies form part of these Financial Schedules.

These non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2017/18.

## Statement of Trust Monies

### for the Year Ended 30 June 2018

DPMC operates a trust account as the agent under section 66 of the Public Finance Act 1989. This account was set up during the current financial year. The transactions through this account and its balance are not included in the Department's own Financial Statements.

2016/17 Actual \$000	2017/18 Actual \$000
- Balance at 1 July	-
- Contributions	-
- Balance at 30 June	-

It was decided that a charitable trust called The Christ Church Cathedral Restoration Trust is to be established following the Anglican Diocese of Christchurch's Synod decision in September 2017 to accept the Crown's offer to assist it with the Christ Church Cathedral restoration project.

At that time, it was considered that the Trust would take some time to be established. As such, a Crown bank account was set up with a purpose of holding donated funds from donors who would like to make donations to the project early.

DPMC has been appointed as agent to administer the Trust money and will not purchase services from the Trust nor is it a beneficiary of the Trust.

The accompanying notes and policies form part of these Financial Schedules.

These non-departmental balances are consolidated into the Financial Statements of the Government of New Zealand, and therefore readers of these schedules should also refer to the Financial Statements of the Government of New Zealand for 2017/18.

# Notes to the Non-departmental Financial Schedules

Explanatory notes provide details of significant Vote Prime Minister and Cabinet non-departmental expenditure, revenue, assets and liabilities. All non-departmental balances are included in the Financial Statements of the Government of New Zealand.

## 13. Property, Plant and Equipment (PPE)

Actual 2016/17 \$000		Actual 2017/18 \$000
PPE – Government House		PPE – Government House
107,079	Opening Balance at 1 July	109,880
301	Value of Assets Acquired During the Year – including Work in Progress	248
(60)	Value of Assets Disposed of During the Year	-
45	Reversal of Accumulated Depreciation of Assets Disposed of During the Year	-
3,259	Revaluation Gain/(Loss)	-
(744)	Depreciation Expense	(926)
<b>109,880</b>	<b>Closing Balance at 30 June</b>	<b>109,202</b>

The PPE closing balance as at 30 June 2018 consists of the following items:

Category	Actual 2017/18 \$000
Land and Buildings	105,019
Antiques	946
Artwork	2,333
Fixtures and Fittings	166
Furniture	162
Kitchen/Domestic	5
Motor Vehicle	33
Household Ornaments	366
Plant and Equipment	172



## Depreciation

Depreciation is provided on a straight-line basis to allocate cost or revalued amounts, net of any estimated residual value, over the estimated useful life. The useful lives of major classes of assets have been estimated as follows:

Type of Asset	Estimated Life (years)
Buildings	100–120 years

## Revaluations

Government House land and buildings in Auckland and Wellington were revalued to fair values as at 30 June 2017 by an independent registered valuer from Quotable Value Limited. The collection of antiques and artwork was revalued as at 30 June 2017 by the registered valuer Art and Object Limited.

Government House, Wellington, has been classified as being of national significance. This has been taken into account in the valuation of the property.

In the absence of clear market evidence, the depreciated replacement cost less an allowance for depreciation and, where necessary, obsolescence, is used to determine the fair value of the assets.

Land and buildings, and antiques and fine arts are revalued with sufficient regularity to ensure the carrying amount does not differ materially from their fair value. The revaluation of land and buildings was performed annually until last financial year, however, from this year, will be a bi-annual market valuation. Antiques and fine arts are revalued every three years.

The carrying value of revalued assets are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then the off-cycle asset class is revalued.

## 14. Provisions

	Actual 2017/18 \$000	
	Emergency Expenses	Horizontal Infrastructure (Three Waters)
Opening Balance at 1 July	28,049	24,931
Additional Provision Recognised	5,078	-
Payments Made During the Year/Provision Used for the Year	(3,633)	(4,383)
Provision Released During the Year	-	(8,948)
Closing Balance at 30 June	29,494	11,600
Current Portion of the Provision	29,494	11,600
Non-current Portion of the Provision	-	-

When significant emergency events occur, the Crown may provide financial support to local authorities for response and recovery costs relating to damaged essential infrastructure. The National Civil Defence Emergency Management Plan Order 2015 stipulates how the Crown may contribute to these costs. The Crown's contribution to response and recovery costs, most notably for Three Waters infrastructure (wastewater, stormwater and potable water) is typically 60% of the total cost for valid and eligible work. Currently there are two provisions – the Horizontal Infrastructure (Three Waters) provision for the 2010/11 greater Christchurch earthquakes and the Emergency Expenses provision for other emergency events.

## Horizontal Infrastructure (Three Waters) provision

The liability recorded by DPMC as at 30 June 2018 comprised a provision for the Crown's contribution to Three Waters response and recovery costs arising from the 2010 and 2011 greater Christchurch earthquakes. This provision consists of:

- the rebuild/repair of earthquake-damaged Three Waters infrastructure as per the cost-sharing agreement with the Christchurch City Council, and
- the rebuild/repair of earthquake-damaged Three Waters infrastructure as per the cost-sharing agreement with the Waimakariri District Council.

The Department considers the \$11.600 million balance at year end, which has cumulative payments from both Councils deducted from it, the appropriate provision to complete the Christchurch and Waimakariri District Horizontal Infrastructure programmes. The determination of this remaining liability is subject to some level of estimation and uncertainty, particularly as it is dependent on the completion of the Christchurch programme's 12-month Defects Liability Period (completed in July 2018), the completion of physical works in the Waimakariri Horizontal Infrastructure Programme and final validation and 'wash-up' of all eligible programme costs.

Of the \$11.600 million balance at year end, the \$7.300 million provision for the Christchurch Three Waters programme is for the final wash-up of costs between the funding partners. The remaining \$4.300 million is for the completion of the Waimakariri District Horizontal Infrastructure Programme.

The Waimakariri Horizontal Infrastructure Programme is expected to be largely complete in July 2018. The programme is currently progressing well, and is tracking under the original forecast programme budget.

A small number of stormwater projects (located in the Waimakariri residential red zone) will continue into the 2019/20 year (totalling approximately \$3.000 million, with an estimated Crown share of \$1.800 million). The Crown's financial interest in the Programme will end with the completion of the physical works, after which the 12-month defects liability period will be managed by the Waimakariri District Council.

## Emergency Expenses provision

The November 2016 earthquakes resulted in damage to the Three Waters networks across three districts (Hurunui, Kaikōura and Marlborough) and to river/stopbank infrastructure assets in the Marlborough District. The Emergency Expenses provision includes \$13.298 million for the estimated cost of the Crown's contribution to the local authorities' cost of repairs. This estimate was based on information provided from the District Councils based on damage assessments. The respective District Councils are progressing with the recovery and the estimate of the Crown's contribution to this will continue to be refined as the Councils undertake more comprehensive engineering assessments.

The Emergency Expenses provision also includes \$13.901 million for estimated costs associated with cyclones Debbie and Cook in the Bay of Plenty region in April 2017. The remainder of the provision is owing to estimated costs associated with cyclones Gita and Fehi in February 2018, and other emergency events that have occurred during the year and in previous years. These estimates are based on information provided from the relevant local authorities.

We have included an unquantified contingent liability for emergency expenses related to all events to recognise the uncertainty associated with the estimates included in this provision.

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## 15. Events After the Balance Date

There are no events after the balance date of 30 June 2018 (2017: The Crown offered \$10 million Crown contributions and \$15 million suspensory loan for reinstatement of Christ Church Cathedral since 30 June 2017 balance date).

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## Appendices

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This section includes:

- list of acronyms
- Cabinet Office statistics
- meeting statistics for the year ended 30 June 2018, and
- New Zealand Royal Honours for the year ended 30 June 2018.



## List of acronyms

<b>BEFU</b>	Budget Economic and Fiscal Update
<b>CASS</b>	Central Agencies Shared Services
<b>CCC</b>	Christchurch City Council
<b>CDEM</b>	Civil Defence Emergency Management
<b>CERA</b>	Canterbury Earthquake Recovery Authority
<b>CPI</b>	Consumer Price Index
<b>CPU</b>	Child Poverty Unit
<b>CWU</b>	Child Wellbeing Unit
<b>DPMC</b>	Department of the Prime Minister and Cabinet
<b>EMA</b>	Emergency Mobile Alert
<b>EQC</b>	Earthquake Commission
<b>FMIS</b>	Financial Management Information System
<b>GCG</b>	Greater Christchurch Group
<b>HRB</b>	Hazard Risk Board
<b>IEA</b>	Individual Employment Agreement
<b>LINZ</b>	Land Information New Zealand
<b>MBIE</b>	Ministry of Business, Innovation and Employment
<b>MCAs</b>	Multi-category Appropriations
<b>MCDEM</b>	Ministry of Civil Defence & Emergency Management
<b>MOH</b>	Ministry of Health
<b>MPI</b>	Ministry of Primary Industries
<b>MYA</b>	Multi-year Appropriations
<b>NCMC</b>	National Crisis Management Centre
<b>NSG</b>	National Security Group
<b>NSPD</b>	National Security Policy Directorate
<b>NSS</b>	National Security System
<b>NSW</b>	National Security Workforce
<b>NZBN</b>	New Zealand Business Number
<b>NZ GAAP</b>	New Zealand Generally Accepted Accounting Practices
<b>NZ PBE IPSAS</b>	New Zealand Public Benefit Entity International Public Sector Accounting Standards
<b>NZIC</b>	New Zealand Intelligence Community
<b>NZSIS</b>	New Zealand Security Intelligence Service
<b>ODESC</b>	Officials Committee for Domestic and External Security Coordination
<b>PAG</b>	Policy Advisory Group
<b>PERSEC</b>	Personal Security
<b>PLA</b>	Permanent Legislative Authority

<b>PMCSA</b>	Prime Minister's Chief Science Advisor
<b>Regeneration Partners</b>	In addition to the strategic partners, the Regeneration Partners also include Ōtākaro Limited, Development Christchurch Limited, Regenerate Christchurch, DPMC, LINZ, MOH and in partnership with Canterbury District Health Board and MBIE.
<b>SCIRT</b>	Stronger Christchurch Infrastructure Rebuild Team
<b>SIB</b>	Security and Intelligence Board
<b>SGE</b>	Strategy, Governance and Engagement
<b>SOEs</b>	State-owned Enterprises
<b>SSC</b>	State Services Commission
<b>Strategic Partners</b>	Christchurch City Council, Te Rūnanga o Ngāi Tahu, Selwyn District Council, Waimakariri District Council and Environment Canterbury.
<b>TAG</b>	Technical Advisory Group
<b>WENIRP</b>	Wellington Earthquake National Initial Response Plan

## Cabinet Office statistics

2015/16 Actual	2016/17 Actual		2017/18 Actual
<b>MEETINGS</b>			
35	36**	Executive Council	30*
41	44	Cabinet	39
166	165	Cabinet committees	132
<b>SUBMISSIONS</b>			
1,617	1,701	Summary cover sheets to Cabinet and Cabinet committee papers	1,219
93.5%***	90%	Submissions lodged by Ministers' offices by the Cabinet Office deadline	87.6%
96%	91%	Papers published by the close of business, two days before the meeting	94%
<b>CABINET AND CABINET COMMITTEE MINUTES</b>			
1,943	2,048	Cabinet and Cabinet committee minutes	1,590
7	10	Cabinet and Cabinet committee minutes requiring an amendment by the Cabinet Office****	5
98.6%	98.8%	Cabinet minutes published by the close of business, three days after the Cabinet meeting	97.6%
100%	100%	Cabinet committee minutes prepared in time for the next meeting of Cabinet	100%
<b>OTHER SERVICES</b>			
5	6	Cabinet Office circulars	10
25	18	Briefing seminars to departments, Ministers' offices and other interested parties on the Cabinet decision-making process	30
222	160	Enquiries and requests from Ministers' offices and departments about Cabinet papers and related information	146

\*One additional Executive Council meeting was held to swear-in new Ministers.

\*\*Two additional Executive Council meetings were held to swear-in new Ministers.

\*\*\*This figure is for the six-month period 1 January to 30 June 2016, owing to the progressive roll-out of CabNet to Ministers' offices and agencies during the second half of 2015.

\*\*\*\*Excludes amendments to Cabinet and Cabinet committee minutes made as a result of a Cabinet decision.

## Meeting statistics for the year ended 30 June 2018

	Number of Meetings	Number of Agenda Items	Average Number of Items per Meeting
Executive Council	30*	232	8
Cabinet	39	302	8
<b>CABINET COMMITTEE MEETINGS</b>			
Cabinet Appointments and Honours Committee	25	199	8
Cabinet Business Committee	12	137	11
Cabinet Crown/Māori Relations Committee+	4	12	3
Cabinet Economic Development Committee+	15	128	9
Cabinet Environment, Energy and Climate Committee+	5	20	4
Cabinet External Relations and Security Committee+	3	11	4
Cabinet Government Administration and Expenditure Review Committee+	7	38	5
Cabinet Legislation Committee	26	166	6
Cabinet Priorities Committee+	4	5	1
Cabinet Social Wellbeing Committee+	13	70	5
Cabinet Committee on Treaty of Waitangi Negotiations#	2	10	5
Cabinet Economic Growth and Infrastructure Committee#	5	101	20
Cabinet External Relations and Defence Committee#	2	9	5
Cabinet National Security Committee#	1	3	3
Cabinet Committee on State Sector Reform and Expenditure Control#	3	16	5
Cabinet Strategy Committee#	0	0	0
Cabinet Social Policy Committee#	5	44	9
<b>Total Cabinet committee meetings</b>	<b>132</b>	<b>969</b>	<b>7</b>

\* One additional Executive Council meeting was held to swear-in new Ministers.

Following the 2017 general election the incoming government made changes to the structure and terms of reference of Cabinet committees:

+ New Cabinet committees.

# Cabinet committees discontinued or superseded by new Cabinet committees.

## New Zealand Royal Honours for the year ended 30 June 2018

### The Order of New Zealand

Ordinary Member	1
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### The New Zealand Order of Merit

Dame Companion	9
Knight Companion	6
Companion	16
Officer	66
Member	118
Honorary Member	8

### The Queen's Service Order

Companion	13
The Queen's Service Medal	128
Honorary Queen's Service Medal	2

### New Zealand Bravery Awards

The New Zealand Bravery Decoration	1
The New Zealand Bravery Medal	1

### The New Zealand Distinguished Service Decoration

The New Zealand Distinguished Service Decoration	2
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<b>Total</b>	<b>371</b>
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### Other honours and appointments

Grant of the title 'The Right Honourable' for life	2
Grant of the title 'The Honourable' for life	26

<b>Grand Total</b>	<b>399</b>
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# Report by the Minister of Civil Defence on Non-departmental Appropriations – Civil Defence (B.14)

The following pages of this document meet the requirement, set out in the supporting information to the 2017/18 Estimates or 2017/18 Supplementary Estimates, for information on certain non-departmental appropriations to be reported by the Minister of Civil Defence.

Although the reports are presented in the same document as DPMC's Annual Report, they do not form part of DPMC's Annual Report for the year ended 30 June 2018 (including reporting by DPMC on appropriations for that year).



## Local Authority Emergency Expenses PLA (M11)

### Scope of Appropriation

This appropriation is limited to reimbursing a local authority for, or meeting, expenses incurred by a local authority in connection with an emergency as authorised by section 115A of the Civil Defence Emergency Management Act 2002.

This appropriation is intended to achieve reimbursement of local authorities for the purposes of reimbursing, or meeting, expenses incurred by them in connection with an emergency as authorised by section 115A of the Civil Defence Emergency Management Act 2002.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Claims received against the appropriation will be assessed in conjunction with approved criteria as set out in clause 33 of the Guide to the National Civil Defence Emergency Management Plan	Achieved	100%	Achieved

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
36,202	Expenses	5,078	5,000	15,000

## Rehabilitation of Kaikōura Harbour (M11)

### Scope of Appropriation

This appropriation is limited to a contribution to the Kaikōura District Council acting on behalf of Environment Canterbury for work necessary to restore the functionality of Kaikōura Harbour.

This appropriation is intended to achieve restoration of the functionality of Kaikōura Harbour.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Work to restore the functionality of Kaikōura Harbour is completed in accordance with the project plan by 30 June 2018	New measure	Achieved	Achieved (see Note 1)

Note 1 – Restoration of the functionality of Kaikōura Harbour was achieved in 2017/18, with the completion of all construction work.

Cabinet has agreed funding in Budget 2018 of \$300,000 to cover any shortfall for eligible Kaikōura Harbour Rehabilitation work.

This payment will be made in 2018/19 financial year.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
3,250	Expenses	2,470	720	2,470

## Restoration of Kaikōura District Three Waters Network (M11)

### Scope of Appropriation

This appropriation is limited to a contribution to the Kaikōura District Council to support additional resilience, capacity, improved materials or other alternatives to the original infrastructure as part of restoration of essential infrastructure systems.

This appropriation is intended to achieve additional resilience, capacity or other improvements where appropriate to the Kaikōura District Three Waters network.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Additional work scope over and above a 'like for like' repair or replacement must be recommended by the Kaikōura Rebuild Steering Group and must meet the requirements of the Memorandum of Understanding: drawdown of restoration of Three Waters appropriation (see Note 1)	New measure	Achieved	Achieved (see Note 2)

Note 1 - 'Achieved' would be supported by the following - a copy of the Memorandum of Understanding, a copy of the steering group minute, a copy of the business case for the project/s or betterment of work scope.

Note 2 - Only one project (totalling \$676,000) has been approved to date and is expected to commence in 2018/19.

Any further projects will draw down on the remaining \$1.700 million in the 2018/19 year.

### Financial Information

2016/17 Actual \$000	2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
- Expenses	-	1,800	2,400

# Report by the Minister for Greater Christchurch Regeneration on a Non-departmental Appropriation – Christchurch (B.14)

The following pages of this document meet the requirement, set out in the supporting information to the 2017/18 Estimates or 2017/18 Supplementary Estimates, for information on certain non-departmental appropriations to be reported by the Minister for Greater Christchurch Regeneration.

Although the reports are presented in the same document as DPMC's Annual Report, they do not form part of DPMC's Annual Report for the year ended 30 June 2018 (including reporting by DPMC on appropriations for that year).



## Regenerate Christchurch (M85)

Regenerate Christchurch was established in April 2016 to lead, support and coordinate regeneration activities across Christchurch. It is jointly funded by the Crown and the Council and governed by legislation through the Greater Christchurch Regeneration Act 2016.

### Scope of Appropriation

This appropriation is limited to established costs and the development of strategies and planning activities, with communities, stakeholders and decision-makers, for the regeneration of areas in Christchurch.

This appropriation is intended to achieve strategies and planning activities for the regeneration of areas in Christchurch.

Performance measure	Actual 2016/17	Standard 2017/18	Actual 2017/18
Regenerate Christchurch's achievement in leading and contributing to the regeneration of Christchurch, as measured using the performance targets in its annual Statement of Performance Expectations (see Note 1), is at least:	New measure	60%	75% (see Note 2)

Note 1 – This measure has been updated to ensure Regenerate Christchurch is publicly accountable through meeting at least 60 per cent of its performance targets in its annual Statement of Performance Expectations 2017/18 (pages 1 and 3). As Regenerate Christchurch is relatively new, we expect the targeted amount for achievement to increase year on year.

Note 2 – Out of the 17 performance targets for the 2017/18 reporting period, five have yet to be met (25%), one is late but delivered in the next quarter (5%) and 14 have met the target (70%). Either a 'green' or a 'yellow' rating would indicate target met, providing an actual total of 75%.

### Financial Information

2016/17 Actual \$000		2017/18 Actual \$000	2017/18 Budget \$000	2017/18 Supp. Estimates \$000
4,000	Expenses	4,000	4,000	4,000

