

DEPARTMENT
of the PRIME MINISTER
and CABINET



Statement of Intent

FOR THE YEAR ENDING 30 JUNE 2008



support
capability

CHIEF EXECUTIVE'S OVERVIEW

The Department of the Prime Minister and Cabinet's overarching objective is to work to achieve good government. At an administrative level the department provides the constitutional and institutional glue that underpins the role of executive government within our system of parliamentary democracy. The department provides a range of support services to the Governor-General, the Prime Minister and ministers. Wide-ranging assessments and policy advice provided to the Prime Minister assist her in leading the government and serving effectively as chair of the Cabinet, and in conducting the day-to-day business of the government. The department has a key leadership role, with Treasury and State Services Commission, in relation to the management of the state sector.

A number of changes to the role of the Department of the Prime Minister and Cabinet are foreshadowed in this Statement of Intent, reflecting higher expectations from the government on policy leadership, cross-government collaboration and effectiveness, and ongoing security challenges. These changes will build on, and enhance, the existing core roles of the department in providing targeted, coherent policy advice and effective administrative support to the Governor-General, and to the Prime Minister and ministers, through the Cabinet system.

The government has put sustainability at the centre of its strategic agenda, underpinning its three priority themes (economic transformation, families – young and old, and national identity). DPMC's Policy Advisory Group (PAG) will continue to play a key role in ensuring that sustainability and the three themes are reflected in the priorities of departments and their associated entities. A chief executives' sustainability group has been established,

chaired by DPMC, and is charged with taking forward the overall sustainability programme. Local government, business, research organisations, and local communities will all have a part to play as New Zealand moves along this path.

The review of central agencies (Treasury, State Services Commission, and DPMC) undertaken in late 2006 identified steps necessary to lift the performance of the state sector. The need for a stronger leadership role for central agencies was a key finding. This will be achieved through a greater focus on the priority tasks of government, stronger inter-agency collaboration, and a greater emphasis on coming to a joint central agency view on priority issues and approaches for dealing with them. We recognise the need to improve the effectiveness of our communications and leadership across the state service so that we can better assist the government in attaining its objectives. We shall be active in taking joint



CHIEF EXECUTIVE'S OVERVIEW CONTINUED

responsibility for lifting the performance of the three agencies in relation to the state sector as a whole.

The department has a particular role to play in supporting State Services Commission as it seeks to achieve the Development Goals for the State Services, and Treasury as it aligns resources to the government's policy priorities.

Management of security risks across government remains a key leadership role for the Domestic and External Security Group (DESG). Through the Officials' Committee on Domestic and External Security (ODESC), we shall be working more closely with intelligence and security agencies to ensure coherence of action that is based on risk assessment and an improved understanding of roles. We shall also actively pursue emergency preparedness in events such as earthquakes, volcanic eruptions, pandemics and tsunami; and this will include joint exercises across central and local government. In addition, ongoing vigilance at the border will be required across agencies to ensure that security risks are identified and mitigated in relation to issues such as illegal migration, smuggling, transnational crime, and identity fraud. A further focus of work over the coming year will be on business continuity risks: ensuring that support can be maintained for the Prime Minister, and for the government more generally, during times of major disruption.

Supporting the Governor-General, the Hon Anand Satyanand, in the functions of his office is the focus of Government House, with support also provided from Cabinet Office. The Governor-General will be undertaking an extensive community programme throughout New Zealand, as well as official travel overseas, as he represents New Zealand as its Head of State. DPMC seeks to ensure the Governor-General has the right support in place to perform his role effectively - through the staff who work for the Governor-General and through the department's role in preserving and enhancing the two Government Houses, in Wellington and Auckland.

It is critical to the achievement of our role that we continue to attract and retain staff of high calibre. Without top-quality staff, who are well motivated and managed, we will find it difficult to sustain trust and confidence in our advice and judgement, and in our departmental credibility. Our ongoing need is for strong analytical and critical abilities, and excellent relationship and interpretation skills, along with a strong ethic of public service for New Zealand. We shall continue to invest in staff, so that we lift professional capability, and in our electronic infrastructure and management systems, so that staff are well supported in doing their job. DPMC is a small department, with limited resource levels. Accordingly, we require from our staff flexibility, responsiveness, and high levels of skill, so that the demanding and changing workload can be managed effectively. Management will continue to give priority to capability and infrastructure development, and it will seek opportunities to deliver cost-effectively with other agency clusters.

Implementation and evaluation will also be a focus for the department. At the same time, DPMC will need to retain its capacity to respond at any time to unforeseen issues that might arise - whether those are new policy challenges, emergencies, or changes in our external environment. Because the department occupies a privileged place close to the centre of our system of government, we must work to ensure that we are always able to provide the quality of support that the Prime Minister and her ministerial colleagues deserve in the service of New Zealanders. The staff of DPMC are committed to working ever more effectively to discharge that responsibility.

Maarten Wevers, CNZM

Chief Executive

May 2007



THE ROLE OF THE DEPARTMENT OF THE PRIME MINISTER AND CABINET

DPMC provides impartial, high-quality advice and support to the Executive (the Prime Minister, the Governor-General, and the Cabinet). The department also helps co-ordinate the work of departments so that decision making takes account of all relevant viewpoints and is as coherent and complete as possible.

SUPPORTING THE PRIME MINISTER AND CABINET

The Prime Minister is the political leader of the government and the country – and its main public “face”. The Prime Minister is also the chair of Cabinet, and is responsible for the effective operation of collective government. These roles combine political and executive responsibilities.

DPMC provides three kinds of direct support to the Prime Minister.

Issues that are the direct responsibility of the Prime Minister

An important part of this support is for constitutional issues relating to the conduct of executive government – including the formation of government and transitions between administrations – and issues associated with the operation of the Cabinet system.

Issues across the range of government business

As the political head of the government, the Prime Minister must have an overview of government activity and access to information on any and all issues that arise. DPMC works with the rest of the public service to achieve this, co-ordinating activity where necessary – for example, working with the other central agencies and with key departments to ensure that sustainability and the government’s three priority themes (economic transformation; families – young and old; and national identity) are supported.

Administrative support to the Prime Minister

This includes services such as preparing replies to Parliamentary questions, and dealing with Official Information Act requests and other correspondence.

A totally separate body, the Office of the Prime Minister, also advises the Prime Minister and is the primary point of responsibility for managing political issues and relationships with other political parties.

SUPPORTING THE GOVERNOR-GENERAL

DPMC also supports the Governor-General in carrying out his functions. New Zealand is a constitutional monarchy. This means that The Queen is New Zealand’s Head of State; but her powers and those of her representative, the Governor-General, are almost always exercised only on the advice of ministers. The Governor-General is therefore a significant figure in the constitutional framework, with constitutional, ceremonial, and community roles that together build and foster our national identity and unity.

BRINGING THE SYSTEM TOGETHER

A great deal of DPMC’s activities focus on facilitating government decision making at a strategic and operational level. To achieve this, the department relies on close relationships with other departments and agencies and – depending on the issue – on local government, business, and the community.

DPMC’S BUSINESS UNITS

The department has 123 staff in 6 business units: Cabinet Office; Policy Advisory Group (PAG); External Assessments Bureau (EAB); Corporate Services Unit; Domestic and External Security Group (DESG); and Government House. An outline of the work of each business unit can be seen on DPMC’s website (www.dPMC.govt.nz).



OVERVIEW OF DPMC'S OUTCOMES

CONTRIBUTING OUTCOME 1

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

The Prime Minister and the Cabinet are the centre of government. The Prime Minister plays a key role in maintaining and co-ordinating the government by overseeing its general policy direction, and by chairing and leading Cabinet. Ministers work together as Cabinet, and in Cabinet committees, to discuss and take decisions on a wide range of matters. DPMC, along with the wider public service, supports the Prime Minister and ministers by ensuring they are provided with good information and advice to enable sound decision making.

DPMC has a key role to play in promoting the effective operation of the public service and helping to achieve a co-ordinated state sector, which it does by ensuring that support is delivered to the Prime Minister and Cabinet to enable them to carry out the government's business in a collective, well co-ordinated and organised way. This support is primarily the responsibility of the Policy Advisory Group (PAG), the Domestic and External Security Group (DESG), and the Cabinet Office, although the External Assessments Bureau (EAB) also plays a part.

PAG advises the Prime Minister on a very broad range of policy matters; and DESG provides policy advice to her on security matters in the widest sense, from natural disasters to counter-terrorism. Both groups help departments make links with other agencies working on related issues, and they attempt to ensure that officials do not lose sight of broader government priorities – in particular, sustainability and the three priority themes. They also help remove bottlenecks in the flow of departmental policy making, and they work to ensure state sector support for effective Cabinet decision making. To do this, they provide comment on draft papers and provide briefings to the Prime Minister across all government business (and other areas when relevant). Further, the two groups participate in a wide range of officials'

committees, attend Cabinet committee meetings in an advisory and support capacity, co-ordinate follow-up work, and, where appropriate, inform officials of the wider context in which decisions have been made.

In the medium term, both groups are looking to act more strategically. For PAG, that means a greater focus on emerging priorities - whether helping departments understand ministers' perspectives, developing the policy that underlies government priorities, or implementing these priorities. For DESG, acting more strategically means a greater focus on its "strategic policy" role of assessing and advising on New Zealand's security risk. DESG will also continue to think forward in areas such as counter-terrorism, emergency management, border management, and intelligence co-ordination; and it will continue to lead government co-ordination during times of emergency.

The Cabinet Office administers the Cabinet system, recording and circulating Cabinet decisions accurately and promptly. It maintains a record of all Cabinet decisions, helps co-ordinate the government's legislative programme, and supports decision making by the Prime Minister and ministers on the awarding of honours. The Cabinet Office also works with ministers' offices and departments to ensure that issues are presented to Cabinet in a way that supports good decision making. It does this through quality control and monitoring, developing and promulgating guidance, and education and training.

Responding to ministers' concerns, DPMC will work with the other central agencies to build on existing work to improve the quality of Cabinet papers. The Cabinet Office will take a more active and targeted approach to advising departments on what ministers are looking for in Cabinet papers. Electronic tools will be used, including the launch of the *CabGuide*, a web-based version of the *Cabinet Office Step by Step Guide to Cabinet and Committee Processes*.

The External Assessments Bureau (EAB) contributes to Outcome 1 through assessments and reports to

"A great deal of DPMC's activities focus on facilitating government decision making at a strategic and operational level."



the Prime Minister and other key ministers on external developments that could significantly affect New Zealand's interests.

CONTRIBUTING OUTCOME 2

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

At the heart of New Zealand's democratic and political system is stable and continuing executive government that is accountable to an elected House of Representatives. Executive government comprises the Governor-General, the Prime Minister, other ministers of the Crown, and the public service. The purpose of Outcome 2 is to provide the administrative support for the ongoing conduct of government business within accepted conventions and practices, and to ensure the smooth transfer of power between successive administrations, Prime Ministers, ministers, and Governor-General.

As the recognised source of expert knowledge on the systems of Cabinet and executive government, the Cabinet Office is the department's primary contributor to this outcome. In carrying out its role, the Cabinet Office also works with the Crown Law Office, Parliamentary Counsel, Ministry of Justice, State Services Commission, and Treasury.

The Cabinet Office provides advice to the Governor-General, the Prime Minister and ministers on the constitutional issues and procedures that support the conduct and continuity of executive government. It ensures that constitutional procedures such as the appointment of ministers are well managed and administered correctly, and it provides policy advice on constitutional issues that have implications for executive government.

The trust of ministers and other stakeholders and a reputation for integrity and judgement are vital to the operation of the Cabinet Office. It is rigorous in maintaining impartiality between administrations, agencies, and individual ministers.

The *Cabinet Manual* is the authoritative guide to central government decision making, with successive governments using it as the basis on which to operate. While its fundamental features remain unchanged, it is updated from time to time to reflect changes in Cabinet procedures and constitutional developments. The current version (published in 2001) will be updated in 2007/08.

Other policy development work includes projects associated with the next general election (such as Cabinet Office guidance on election protocols), an updating of Executive Council procedures, a review of the formal requirements for appointment documents, and a range of New Zealand Royal Honours policy matters.

Cabinet Office publications contribute to a wider awareness and understanding of the formal roles, conventions, and workings of the system of executive government. This information is published in a number of forms including the *Cabinet Manual*, Cabinet Office circulars, the *CabGuide*, and material related to the Cabinet and Cabinet committees workspace on the public sector intranet and on DPMC's website (www.dPMC.govt.nz).

CONTRIBUTING OUTCOME 3

The Governor-General is well supported

The Governor-General represents The Queen as New Zealand's Head of State, and exercises important interlinking constitutional, ceremonial, and community duties and roles. The Governor-General's constitutional duties ensure the legitimacy and continuity of government. In exercising these constitutional powers and functions, the Governor-General is supported by Government House and the Cabinet Office and, by convention, acts on the advice of ministers in almost all situations. As Clerk of the Executive Council, the Secretary of the Cabinet is responsible for liaison between the Governor-General and the government of the day.

The key role of the Governor-General within the New Zealand system of government contributes to the overall outcome of "good government", and requires efficient and effective support. Maintaining the present and future credibility and status of the office of the Governor-General is integral to the effective performance of vice-regal constitutional, ceremonial, and community roles. Government House staff strive to provide skilled and responsive support to Their Excellencies. Performance improvements over the medium term, which will be achieved through training and development opportunities at all levels, will produce an appropriately qualified, more effective, and more efficient staff.

The ceremonial role of the Governor-General is broad. It includes not only many domestic national and local ceremonial events, but also the promotion of New Zealand



interests overseas through state visits. Government House works closely with the Cabinet Office and the Ministry of Foreign Affairs and Trade, to ensure that state visits are well planned, well in advance.

The Governor-General provides non-partisan leadership in the community through a programme of speeches, patronage of many charities and community groups, attendance at special events and functions, and visits to specific interest groups throughout New Zealand. Government House supports the development of the Governor-General's programme and, through ongoing review and feedback, seeks to ensure the programme is always relevant and balanced.

Government Houses in Wellington and Auckland are listed historic properties and provide venues for the many constitutional, ceremonial, and community functions undertaken by the Governor-General. Exploratory work began in 2006 at Government House Wellington to determine the extent of restorative work required. The results are being assessed and options developed for how restoration, incorporating measurable government sustainability policies and goals, could be undertaken over the next 3 to 5 years.

For more information see www.gov-gen.govt.nz.

CONTRIBUTING OUTCOME 4

The management of domestic and external security risks is well planned, informed and co-ordinated

The possible domestic and international risks to New Zealand's wellbeing encompass such concerns as external threats to national security (for example from international organised crime or from illegal fishing), terrorist threats to New Zealand

Cost effectiveness

DPMC continuously seeks and receives feedback from the Prime Minister and the Governor-General on whether and how well its outputs are hitting their mark. This feedback enables qualitative judgements to be made on DPMC's effectiveness, and helps identify opportunities for improvement.

Other stakeholders are also in a position to assess DPMC's effectiveness (e.g. in its leadership, co-ordination and advisory roles) and their views will be formally sought via a stakeholder survey during the forecast period.

and to New Zealanders abroad, major accidents and natural disasters, the loss of essential infrastructure, and physical and bio-security hazards such as the threat of an avian influenza epidemic. In this context, "good government" for DPMC means assessing, preparing for, monitoring, and responding to such risks in a timely and structured way. The External Assessments Bureau (EAB) and the Domestic and External Security Group (DESG) have the prime responsibility for Outcome 4.

EAB plays its part by increasing New Zealand's understanding of the external environment. Its assessments are intended to inform the Prime Minister, other senior ministers, senior officials, and New Zealand's diplomatic representatives overseas about external political, economic, security, environmental, scientific, and biographic developments of significance to New Zealand. EAB's reports are as objective as possible and do not contain policy advice or advocacy.

DESG's contribution is in promoting effective planning and co-operation among other departments and agencies with operational responsibilities for managing security risks, in order to reduce the likelihood of an adverse event, lessen the severity of its impact if it occurs, and deal with the consequences. DESG has a centre-of-government function in overseeing the preparation of overarching national security strategies, providing leadership in policy development, and co-ordinating the work of others in developing their capacity to deal with specific security risks. DESG also has a particular responsibility for co-ordinating the activities of the New Zealand intelligence community. It provides support for the Cabinet Committee on Domestic and External Security Co-ordination and the Officials' Committee on Domestic and External Security Co-ordination (ODESC), an inter-departmental body chaired by the Chief Executive of DPMC.

The responsibilities of both EAB and DESG are well established and ongoing, and they will continue in 2007/08. For both units, and especially for DESG because of its co-ordination functions, their networks of relationships with other departments and agencies will continue to be crucial. These networks include policy, operational and intelligence organisations such as the Ministry of Foreign Affairs and Trade, Treasury, Ministry of Agriculture and Forestry, Ministry of Fisheries, Ministry of Health, Ministry of Defence, New Zealand Defence Force, Customs, Police, Department of Labour, Security Intelligence Service, and Government Communications Security Bureau.





CONTRIBUTING OUTCOME 5

A high-performing, trusted and accessible state sector, delivering the right things, in the right way, at the right prices

The common purpose of the central agencies is a shared or mutual interest in a high-performing, trusted and accessible state sector. Central agencies have a key leadership role to play in aligning the activities of the state services with the government's priorities and in making sure that ministers receive the best possible advice before making decisions.

Each central agency has its own key responsibilities, but each also requires contributions from the other two. **DPMC** exists to support the process of collective decision making, to convey Cabinet's decisions to the relevant ministers and officials, and to ensure that the Cabinet receives well-conceived and co-ordinated advice. DPMC also has a leadership role in relation to government themes and priorities, including conveying the government's priorities to officials. **Treasury** exists to monitor and manage the financial affairs of the government and to provide economic and fiscal policy advice. Treasury is the key agency for supporting ministers in balancing priorities through the budget process. It provides insight into the efficiency and effectiveness of government agencies and their interventions. **State Services Commission** exists to appoint and manage public service chief executives; to provide leadership in the capability of agencies, sectors and systems; and to ensure that state servants are appropriately focused on addressing the government's priorities.

In 2006 an independent in-depth review of the central agencies was completed. While the review pointed to successes, ministers agreed that more is needed from the central agencies, both jointly and separately, if they are to lift performance in the state sector. They must:

Provide effective leadership: Central agencies need to take responsibility for making our devolved system work. To that end, central agencies will work alongside other agencies on specific issues.

Central agencies will work to give ministers better information and advice. They will ensure that the right guidance and monitoring is in place to enable the system to run smoothly so that agencies will have a clear understanding of ministers' performance expectations.

Focus on the things that matter: Efforts need to be better targeted to where they are going to have the most impact on results. Central agencies will focus on priority issues and get action on these, while retaining responsibility for a system-wide view.

Work together more effectively: By sharing information and integrating aspects of planning, the central agencies will aim to develop joint views on where priority issues lie. They can then identify where there is value in taking joint action on issues, or where separate action is likely to be more productive.

In 2007/08 the central agencies will work in a number of areas. These include:

Cross-government policy issues: Central agencies will provide the leadership and support needed to achieve progress on complex issues where the government expects to see significant shifts in outcomes. These issues often cross agency and sector boundaries.

State systems improvement: Central agencies will work together where systems improvements would significantly assist the government to deliver on priorities.

Central agency organisational improvements: Each central agency is changing and better aligning its internal processes to more effectively carry out the shared central agency role.

The **measurement** of whether central agencies are adding value to state sector performance will be done through an annual survey of government agency leaders, and feedback from central agency ministers.



"Government House staff strive to provide skilled and responsive support to Their Excellencies."



CAPABILITY

The key capabilities needed to achieve DPMC's outcomes and ensure delivery on the Development Goals for the State Services are: high-performing staff; agency credibility; good networks and working relationships; effective infrastructure; and strong performance management. Over the next three years DPMC will continue to focus on management and enhancement of its capability in several priority areas, based on an overall assessment of its requirements and business risks.

The department has already taken a number of steps to reduce its environmental impact, as recognised by its receipt of a Govt3 award in 2006/07. As part of its leadership responsibility in respect of achieving a carbon-neutral public service, it will put in place a wider range of measurement and monitoring systems to enable more systematic management of resources.

DPMC's top priority is action to improve whole-of-department performance. As a central agency DPMC has significant leadership, co-ordination, and advisory responsibilities. This year the department will conduct a stakeholder survey to provide an assessment of its effectiveness in these responsibility areas. DPMC has other initiatives underway to improve performance. These include adopting the government's e-strategy to complement the existing information strategy; upgrading information systems; and

advancing secure remote access via the government shared network (GSN). Another priority is completion of the department-wide rollout of the new electronic records and document management system (eDRMS).

Other consolidation work in 2007/08 involves: implementation of improvements to DPMC's recruitment, selection and induction processes; completion of changes to the department's performance management system; and more emphasis on the range of training and development made available to staff. DPMC has developed a special exchange relationship with the Leadership Development Centre (LDC), which involves a greater number of senior DPMC staff participating in the LDC's Executive Leadership Programme (ELP), and more opportunities for senior staff from other agencies to be seconded into DPMC.

The organisational health of DPMC is regularly monitored through exit interviews and staff surveys. Results from the last climate survey show that staff like working for DPMC and morale is good. The Pay and Employment Equity Review, which is currently underway, will provide insights into staff perceptions of gender equity at DPMC. Results from such assessments help inform departmental thinking about areas of ongoing improvement.

SUMMARY OF DPMC'S OUTCOME AND OUTPUT FRAMEWORK

<p>The government's key strategic priority for the next decade is achieving true sustainability in New Zealand through its work programme of:</p> <ul style="list-style-type: none"> • economic transformation • families – young and old • national identity. <p>DPMC will support the Prime Minister in carrying forward this strategic agenda by working with Treasury, State Services Commission, and other key departments, so that the government's priorities are delivered.</p>	<p>DPMC's Contributing Outcomes:</p> <ol style="list-style-type: none"> 1. Decision making by the Prime Minister and Cabinet is well informed and supported. 2. Executive government is well conducted and continues in accordance with accepted conventions and practices. 3. The Governor-General is well supported. 4. The management of domestic and external security is well planned, informed and co-ordinated. 5. A high-performing, trusted and accessible state sector, delivering the right things, in the right way, at the right prices. 	
<p>Departmental Output Class 1</p> <p>Policy advice and secretariat and co-ordination services (includes Contributing Outcomes 1, 2, 4, and 5)</p>	<p>Departmental Output Class 2</p> <p>Support services to the Governor-General and maintenance of the residences (includes Contributing Outcome 3)</p>	<p>Departmental Output Class 3</p> <p>Intelligence assessments on developments overseas (includes Contributing Outcomes 1 and 4)</p>

Part B of the Department of the Prime Minister and Cabinet's Statement of Intent 2007/08 contains output-class information (in the Statement of Forecast Service Performance) and forecast financial statements.