

CONTRIBUTING OUTCOME 1

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

Cabinet and the Prime Minister 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 to ensure the Prime Minister and Cabinet are supported in carrying out the government's business in a collective, well co-ordinated and organised way. This role is primarily the responsibility of the Policy Advisory Group, the Domestic and External Security Group (DESG), and the Cabinet Office, although the External Assessments Bureau (EAB) also plays a part.

The Policy Advisory Group and the Domestic and External Security Group both provide policy advice to the Prime Minister. These two groups are responsible for ensuring state sector support for effective Cabinet decision making. To do this, they provide comment and assistance to ensure that final Cabinet papers provide a good basis for ministers' collective decision making. They comment on draft papers and provide briefings to the Prime Minister across all areas of government business (and other areas when relevant). They 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, the three government themes and associated priorities. They help remove bottlenecks in the flow of departmental policy making. The two groups also 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. Partly as a result of the development of the government's three themes, these two groups will have an increasing role in co-ordinating and monitoring the development and implementation of government policy.

The Cabinet Office administers the Cabinet system, including a range of requirements that ensure issues are presented to Cabinet in a way that supports good decision making. It gives advice and support to ministers, ministerial staff, and public sector agencies about these requirements; and it works proactively with agencies to improve the quality of Cabinet papers. It supplies information and briefings on Cabinet procedures to departments and ministerial staff. It records Cabinet decisions accurately, and circulates them promptly to relevant ministers and departments. It also maintains a record of all Cabinet decisions, as these decisions authoritatively set out executive government policy and its development over time. The Cabinet Office also helps co-ordinate the government's legislative programme; and it supports decision making by the Prime Minister and senior ministers on the awarding of honours, arranging the ceremonies at which citizens receive these honours.

The External Assessments Bureau (EAB) contributes to this outcome through assessments and reports to the Prime Minister and other key ministers on external developments that could significantly affect New Zealand's interests.

Finally, DPMC maintains an ability to respond rapidly at an administrative level to new policy issues that require close monitoring by senior ministers. These issues may, on occasion, require the addition of more staff. Recent examples of this "troubleshooting" and issues-management role include the Foreshore and Seabed Group and the Climate Change Office, both of which were housed within DPMC.



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 this contributing outcome 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 Governors-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, the Parliamentary Counsel Office, the Ministry of Justice, the State Services Commission, and The Treasury.

The Cabinet Office provides impartial 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.

Maintaining the trust of ministers and other stakeholders, and maintaining its reputation for integrity and judgement, is critical to the operation of the Cabinet Office. It is rigorous in maintaining impartiality between administrations, agencies, and individual ministers. Knowledge and expertise in the Cabinet Office is developed and shared, so that it can respond quickly to new issues.

The process for the change of Governor-General is also administered by the Cabinet Office: this will be a key 2006/07 activity in support of this contributing outcome. The outgoing Governor-General, the Honourable Dame Silvia Cartwright, will be farewelled and the incoming Governor-General,

Judge Anand Satyanand, sworn in. In the coming three years the Cabinet Office will continue its usual range of support services on constitutional matters – such as advising the Prime Minister, where required, on the application of the guidance in the *Cabinet Manual*. The Cabinet Office will also begin its preparations for the next general election.

The Cabinet Office also contributes to a wider awareness and understanding of the structures and processes of government. It does this by informing the public service – and the wider public – about 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 Cabinet Office *Step by Step Guide*, and material on the Cabinet and Cabinet Committee workspace on the public sector intranet and on DPMC's website (www.dPMC.govt.nz). Work to improve the accessibility and ease of use of this material is ongoing.

CONTRIBUTING OUTCOME 3

The Governor-General is well supported

The Governor-General represents The Queen as New Zealand's Head of State. The Governor-General exercises important interlinking constitutional, ceremonial, and community duties and roles.

The Governor-General's constitutional duties ensure the legitimacy and continuity of government. They include: summoning, suspending and dissolving Parliament; assenting to Bills; appointing ministers; presiding over meetings of the Executive Council; and being Commander-in-Chief of the New Zealand Defence Force. In exercising these constitutional powers and functions, the Governor-General is supported by 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 credibility and status of the office of the Governor-General is integral to the effective performance of vice-regal constitutional, ceremonial, and community roles. This year will see the appointment of a new Governor-General. To make this change as seamless as possible, particularly during the initial period of appointment, the focus of Government House staff will be to provide continuing skilled and responsive support.

The ceremonial role of the Governor-General is broad. It includes: opening new sessions of Parliament; welcoming visiting heads of state; receiving the credentials of foreign diplomats; holding investitures where honours awarded to New Zealanders are formally presented; and participating in public commemorations such as ANZAC Day. In assisting the promotion of New Zealand interests overseas through state visits by the Governor-General, Government House works closely with the Cabinet Office and the Ministry of Foreign Affairs and Trade.

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 visiting specific interest groups throughout New Zealand. During the year the Governor-General usually attends about 500 community-based events.

The two Government Houses in Wellington and Auckland provide venues for the many constitutional, ceremonial, and community functions undertaken by the Governor-General. These are historic properties and must be maintained to meet the required heritage standards. In Wellington this year, exploratory work is to be undertaken to determine the extent of restorative projects that will be phased over the next three years, ensuring that the House is in a fitting condition to celebrate its centenary in 2010.

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



CONTRIBUTING OUTCOME 4

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

Domestic and international risks to New Zealand's wellbeing can include threats to national security, terrorist activities, major accidents, natural disasters, the loss of essential infrastructure, and physical and bio-security hazards. These can encompass terrorist threats to New Zealand citizens when they are abroad, major floods at home, and the threat of an influenza pandemic.

"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 this contributing outcome through their advisory, planning, co-ordination, assessment, and reporting functions.

The responsibility of the External Assessments Bureau is to *increase New Zealand's understanding of the external environment*. The reports produced by the External Assessments Bureau are intended to inform the Prime Minister, other senior ministers, senior officials, and New Zealand's diplomatic representatives overseas about external political, economic, security, strategic, environmental, scientific, and biographic developments of significance to New Zealand's national interests. The External Assessments Bureau's reports are as objective as possible and do not contain policy advice or advocacy.

The responsibility of the Domestic and External Security Group is to *maintain security responsiveness and co-ordination*. DESG promotes the use of effective planning and inter-agency co-operation to manage security risks. This work covers reducing the possibility of a particular adverse event happening, lessening the severity of its impact if it occurs, and dealing with the consequences of an actual event. The Group has a centre-of-government function in overseeing the preparation of overarching national strategies, providing leadership in policy development, and co-ordinating the work of other departments and agencies in developing their capacity

to deal with specific security risks. DESG 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 for Domestic and External Security Co-ordination (ODESC), an inter-departmental body chaired by the Chief Executive of DPMC.

These responsibilities will continue in 2006/07. The External Assessments Bureau and the Domestic and External Security Group will remain responsive to emerging issues and risks. Mechanisms for this include the system of watch groups chaired by DESG: it convenes these watch groups, sometimes at short notice, to review operational responses to – and intelligence support for – situations as they arise.

The External Assessments Bureau requires close relationships with other departments and agencies, in particular the Ministry of Foreign Affairs and Trade and the agencies involved in the New Zealand intelligence community. The Domestic and External Security Group works across the public service issue by issue with agencies such as the Ministry of Agriculture and Forestry, the Ministry of Fisheries, the Ministry of Health, the New Zealand Customs Service, the New Zealand Police, the New Zealand Defence Force, the Department of Labour, and The Treasury.

CONTRIBUTING OUTCOME 5

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

The primary 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 role to play in aligning the activities of the state sector with government's goals and in making sure that ministers receive the best possible advice before making decisions.

Each central agency has its own key responsibilities, but it also requires contributions from the other two agencies. One of the main functions of *DPMC* is to support the process of collective decision making, and to convey Cabinet's decisions to the relevant ministers and officials. *DPMC* has a role in conveying the government's priorities to officials, which involves a focus on the strategic themes of: economic transformation; families – young and old; and national identity. *DPMC* also ensures that the Cabinet receives well conceived and co-ordinated advice. *The Treasury* exists to monitor and manage the financial affairs of the government and to provide economic and fiscal policy advice. As such, *The Treasury* is the key agency for supporting ministers in their balancing of priorities through the budget process, and for providing insight into the effectiveness of government agencies and their interventions. *The State Services Commission (SSC)* exists to appoint and manage the public service's chief executives, to provide leadership across the state sector, and to ensure that state servants are appropriately focused on addressing the government's priorities. These roles give the *SSC* opportunities to use performance management in encouraging good performance and in giving expression to expectations about standards of work.

Over the last two years there have been some good examples of new and innovative approaches to working together, such as the development of an approach that enables the central agencies to identify emerging performance problems within agencies at an early stage.

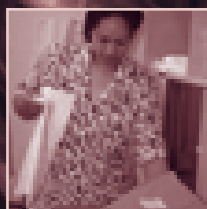
In 2006 and 2007 there will be a focus on the continuous improvement of the state sector.

The central agencies are reviewing and improving their monitoring of the state sector and their advice to ministers on the sector's performance. This requires the central agencies to consider their individual and collective roles in the management of state sector performance.

Current areas of opportunity for improvement may include:

- setting performance expectations and using performance information to better manage performance
- supporting initiatives to improve value for money across the state sector
- providing support to the Prime Minister and ministers in decision making
- facilitating sector-wide or whole-of-government approaches, including ensuring clearer responsibility for leadership and co-ordination
- facilitating and, where appropriate, providing collective or connected services where this is beneficial to the performance of the state sector
- examining whether central agencies' tools are the right ones, are being used in the right way, and are well aligned and co-ordinated for achieving the desired effects on the performance of the state sector
- reviewing the central agencies' organisational structures, their processes, and the way they are resourced for meeting current and future operating environments (this includes how central agencies relate and link among themselves and with the state sector)
- examining the adequacy of current arrangements for monitoring and reviewing the ongoing performance of central agencies.

performance, credibility, management



Capability

To improve performance over the next three years, DPMC will continue to focus on assessment, management and enhancement of capability in some key priority areas.

Capability issues are central to DPMC's ability to perform its role and achieve its outcomes because of its strong servicing functions and explicit whole-of-government responsibilities for specific issues.

Government systems and structures are complex: significant new events are always occurring; and problems and issues change, often in subtle ways. So the ability to work well with all parts of the public service is central to DPMC's effectiveness in dealing with complex public-policy issues. The ability of staff to adapt and to learn quickly is also central to DPMC's success – particularly in its “troubleshooting” and issues-management role, and when it needs to quickly assess, analyse and respond to a new development.

The key capabilities we need to achieve our outcomes are: high-performing staff; agency credibility; good networks and working relationships; effective infrastructure; and strong information management.

In focusing on these areas, DPMC has identified some ongoing risks and priority areas for capability management and enhancement.

CAPABILITY RISK MANAGEMENT

During 2005/06 the department developed and implemented a new risk-management framework. This exercise allowed us to identify key risks that face DPMC and to assess the quality and appropriateness of the measures in place for managing these risks. The framework is intended as a living document that is regularly reviewed and updated.

In 2006/07, each DPMC business unit will be reviewing its key business risks. This will include identification of the specific controls that should exist for managing each risk, how current controls compare with the recommended controls, and where controls need to be enhanced (for higher-rated risks) or reduced (especially for lower-rated risks). Once this detailed in-house assessment is complete, DPMC will report its findings.

The following table outlines our responses in the next few years to the capability risks that have been identified.

Key Performance Risks	Capability Risk
Risk of not having appropriate and/or adequate specialist knowledge and skills to operate the key functions of the department	<p>Not developing and maintaining the necessary levels or mix of staff skills in DPMC</p> <p>Our response:</p> <ul style="list-style-type: none"> • continue to promote DPMC as a great place to hone skills and experience in areas such as policy advice and co-ordination, assessments, and Cabinet processes • continue to assess the current and anticipated specialist knowledge and skill requirements of each business unit, and ensure the right recruitment strategies and development plans are in place to respond appropriately
Risk of not being able to attract and retain the type of people required to successfully operate the department	<p>Not developing a supportive and challenging work environment where people are motivated to achieve a high standard</p> <p>Our response:</p> <ul style="list-style-type: none"> • continue initiatives to make DPMC an employer of choice, including taking action in response to staff feedback from the annual climate survey • implement staff training and development audit recommendations in each business unit, and across DPMC • strengthen links with the LDC, and promote secondments • continue to support initiatives on work/life balance
Risk of not having quality processes to support the delivery of reliable, effective, efficient, and timely advice and service	<p>Not making use of opportunities offered by improvements to information systems and more joined-up government</p> <p>Our response:</p> <ul style="list-style-type: none"> • encourage closer working relationships with the other central agencies • review current work processes to identify opportunities and enhancements (particularly electronic) to the services we provide • develop a key stakeholder survey that addresses overall performance
Risk of the department losing the trust and confidence of key stakeholders	<p>Recruitment processes resulting in the wrong appointments; or significant errors of judgement being made by our staff</p> <p>Our response:</p> <ul style="list-style-type: none"> • review recruitment, selection and induction processes to ensure rigour • continue to improve the quality of induction and staff training at the business unit level • implement changes to performance monitoring and feedback
Risk of not being able to provide high-quality, relevant, objective, and credible information and advice within required timeframes to key stakeholders	<p>Not implementing and supporting available improvements in information and communications technology</p> <p>Our response:</p> <ul style="list-style-type: none"> • implement new electronic records- and document-management system, and take advantage of this new technology to enhance all our business processes • improve the sourcing of a variety of information in terms of processing, storage and retrieval • develop an e-strategy to complement our existing information strategy • upgrade information systems across the department • provide secure remote access to the DPMC corporate network

ORGANISATIONAL HEALTH

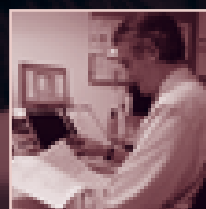
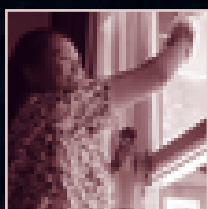
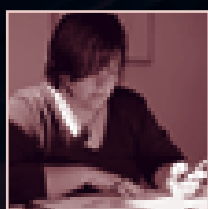
DPMC undertook staff climate surveys in February 2005 and in March 2006 – a key measure of organisational health. Response rates were high and results positive, in both years. Staff are committed to the department, and have a sense of pride in DPMC: they are satisfied with the work they do and the tasks they carry out.

The 2006 results show a year-on-year improvement in the four major climate indicators (clarity, drive, alignment,

and confidence). This is most evident in the clarity score that measures purpose, values and roles, and in the drive score that measures standards, leader behaviour and challenge. There are also improvements in cross-organisation co-operation and workplace flexibility. Job satisfaction has increased; and ratings of organisational effectiveness have risen to over 80 per cent. This evidence suggests that the organisational health of DPMC compares favourably with that of other organisations.



performance,
advice, security



Statement of forecast service performance

OUTPUT CLASS 1

SERVICE PERFORMANCE:

Policy advice and secretariat and co-ordination services

Description

This class of outputs involves:

- the provision of immediate, medium- and long-term policy advice of an impartial nature, delivered freely and frankly to the Prime Minister and, at the Prime Minister's request, to other ministers
- the promotion and facilitation of interdepartmental co-ordination of policy development and the promotion of a more collective approach to performance standards across the state sector through the formulation and implementation of the government's key priorities
- the co-ordination of central government activities aimed at protecting New Zealand's domestic and external security, including intelligence, counter-terrorism preparedness, emergency/crisis management, and defence operations
- the provision of advice to the Governor-General, the Prime Minister and ministers on constitutional

issues relating to the conduct of executive government, to support the conduct and continuity of government within accepted conventions and practices (this includes support for the change of Governor-General)

- the provision of impartial secretariat services to Cabinet, Cabinet committees and the Executive Council; and the promulgation of their decisions
- the provision of advice on the policies, processes and procedures relating to the Executive Council, Cabinet and Cabinet committees, and the adaptation of these as required.
- the co-ordination of the policy and administrative aspects of the legislative programme as directed by Cabinet Legislation Committee
- advice on central-government decision-making processes
- the provision of policy advice and administrative support for the New Zealand Royal Honours system.

Policy advice and co-ordination services

- 1: *Provide high-quality information, analysis and advice to enable the Prime Minister to lead and manage the public-policy business of the government.*