

STATEMENT OF INTENT 2011 – 2015

DEPARTMENT
of the PRIME MINISTER
and CABINET



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STATEMENTS OF RESPONSIBILITY

MINISTERIAL STATEMENT OF RESPONSIBILITY

I am satisfied that the information on future operating intentions provided by the Department of the Prime Minister and Cabinet in this Statement of Intent and the Information Supporting the Estimates is in accordance with sections 38, 40, 41 of the Public Finance Act 1989 and is consistent with the policies and performance expectations of the Government.



Rt Hon John Key
Prime Minister
13 April 2011

CHIEF EXECUTIVE STATEMENT OF RESPONSIBILITY

In signing this statement, I acknowledge that I am responsible for the information contained in the Statement of Intent for the Department of the Prime Minister and Cabinet. This information has been prepared in accordance with the Public Finance Act 1989. It is also consistent with the proposed appropriations set out in the Appropriations (2010/11 Estimates) Bill, as presented to the House of Representatives in accordance with section 13 of the Public Finance Act 1989, and with existing appropriations and financial authorities.



Maarten Wevers
Chief Executive
13 April 2011



Brent Anderson
Chief Financial Officer
13 April 2011

INTRODUCTION FROM THE CHIEF EXECUTIVE

The devastating events of the past year, principally the tragic earthquakes in Canterbury and the Pike River mining disaster, along with the ongoing effects of the global financial crisis, will have a significant influence on the work of the Department of the Prime Minister and Cabinet in the coming twelve months.

Firstly, in the case of Christchurch, there is a major recovery effort required to rebuild the city. That will last many years. A priority for DPMC will be the provision of appropriate and coordinated support across central government to the new Canterbury Earthquake Recovery Authority, so that it can most effectively carry out its mission. The department will have a particular role in coordinating whole-of-government support for the new agency, and in continuing to provide policy advice to the Prime Minister and ministers on earthquake-recovery issues. Sadly, this stream of advice has become a new part of DPMC's role since the first Canterbury earthquake on 4 September 2010.

Secondly, the concurrence of these historic natural disasters with the ongoing global economic crisis has placed unprecedented strain on the Government's fiscal resources. So while DPMC was already engaged with Treasury and the State Services Commission in efforts to lift performance and efficiency across the public service, the need for that work has intensified. DPMC's central agency leadership role will continue to remain a top priority for the coming period.

These unforeseen events have placed unusual and unwelcome pressures on the nation, on regional communities like Canterbury and the West Coast, and on businesses, social organisations, families and individuals. For some, the burden of the last year has been extreme. Pressures have also been placed on government organisations locally and in Wellington – including this department.

In times of national emergency it is important that DPMC is well placed to support the Prime Minister and his Cabinet in discharging their leadership and decision-making roles. We need to prepare ourselves, practice our emergency routines, and ensure we have resilient structures, processes and staff available at all times. Over the coming year, DPMC's various business units – especially the Security Risk Group – will be assessing the lessons from recent events so that we are even better placed and stronger in future.


The coming year will also provide two anticipated points of focus for the department: the swearing-in of a new Governor-General, Lieutenant General Jeremiah (Jerry) Mateparae ONZM in August; and later in the year the formation of a new Government following on from the general election held on 26 November. The department has core responsibilities in both these instances – and so appropriate preparatory work will be undertaken by the Cabinet Office, Government House, the Policy Advisory Group and other DPMC business units to ensure that these transition points are managed well and in accordance with established conventions and practices. DPMC must acquit its functions at these important times with professionalism and integrity, so as to maintain trust and confidence in our democratic institutions.

The Cabinet Office and Government House will also be giving particular attention to supporting Their Excellencies, the Rt Hon Sir Anand Satyanand and Lady Satyanand as they conclude their term of office.

Notwithstanding the pressures on the department arising from the Canterbury earthquakes and the tightened public finances, DPMC will be required to maintain its traditional high standards of advice, coordination and leadership in support of the Prime Minister and the Governor-General over the year. Difficult public policy issues will continue to confront the Government, all requiring high-quality advice and management from the department itself and more widely across the public service.

DPMC's enhanced role in leading and coordinating the New Zealand Intelligence Community (NZIC) will remain a priority, as will effective provision of government support for the successful hosting of the Rugby World Cup 2011 in September and October. It will be another very busy year.

In an election year, there is a particular requirement for all staff in the department to acquit their functions in support of the Government of the day, in complete accord with the State Services Standards of Integrity and Conduct. I am confident that, as they execute their roles, DPMC staff are fully aware of their responsibilities to act fairly, impartially and responsibly, and in a trustworthy manner – as they have in the past.



Maarten Wevers, CNZM
Chief Executive

NATURE AND SCOPE OF FUNCTIONS

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 the Cabinet, and is responsible for the effective operation of executive government. These roles combine political and executive responsibilities. DPMC provides assistance to the Prime Minister in three broad categories.

Issues that are the direct responsibility of the Prime Minister

The Cabinet Office provides free and frank advice and support on constitutional issues relating to the conduct of executive government – including during elections and transitions between administrations – and issues associated with the operation of the Cabinet system.

Issues that arise across the full range of government business

DPMC provides a continuous flow of advice to the Prime Minister on major and daily issues, along with oversight of wider government activity and access to information and assessments. DPMC works with central agencies to draw together departments in support of the Government’s priorities, to focus agencies on providing options for action, to ensure implementation of agreed programmes and policies, to drive for enhanced agency performance, and to deal effectively with issues which affect the nation. DPMC also provides the secretariat support for decision-making by the Cabinet and its committees.

Administrative support to the Prime Minister

This includes preparation of 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: it is the primary point of responsibility for managing political issues and relationships with other political parties and for providing administrative and media support.

SUPPORTING THE GOVERNOR-GENERAL

The office of the Governor-General is an important part of New Zealand’s constitutional arrangements. New Zealand is a constitutional monarchy and the Governor-General serves as the representative of the Head of State, The Queen of New Zealand. His constitutional, ceremonial, and community roles together seek to maintain national unity and foster national identity. The Clerk of the Executive Council and Government House staff support the Governor-General in carrying out his functions.

BRINGING THE SYSTEM TOGETHER

DPMC strives to support a high standard of executive decision-making by providing quality advice that is timely, is responsive to the directions set by the Government, is forward-looking, is cognisant of changing circumstances and emerging issues, and gives assurance that policies are being delivered in an effective and coordinated manner. In addition we play a role in coordinating and leading the work of government departments and agencies, and other entities as appropriate, to ensure that decision-making takes account of all relevant viewpoints and that advice is as coherent and complete as possible.

To fulfil this role the department draws on close relationships with other departments and agencies, crown entities, local government, business, iwi, and the wider community.

DPMC'S BUSINESS UNITS

The department has an establishment cap of 124 full-time-equivalent (FTE) staff in seven business units: Cabinet Office (CO); Government House (GH); Policy Advisory Group (PAG); Security and Risk Group (SRG); Intelligence Coordination Group (ICG); National Assessments Bureau (NAB); and Corporate Services Unit (CSU). These business units are spread over six locations. For further detail, see DPMC's website (www.dPMC.govt.nz).

STRATEGIC DIRECTION

THE GOVERNMENT'S PRIORITY

BUILDING A BRIGHTER FUTURE

To build the foundations for a stronger economy

To build better results from the public service that New Zealanders rely on

To rebuild Christchurch and the Canterbury economy

DPMC'S OUTCOME

Good government with effective public service support

DPMC'S OBJECTIVES

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

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

The Governor-General is appropriately advised and supported in undertaking his constitutional, ceremonial and community-leadership roles.

The national security priorities and intelligence system are well led, coordinated and managed.

State sector performance is improved.

DPMC OUTPUT CLASSES

Policy advice and secretariat and coordination services

Support services to the Governor-General and maintenance of the residences

Intelligence coordination and national security priorities

DPMC has an additional fixed-term fund-transfer responsibility: Science Advisory Committee.

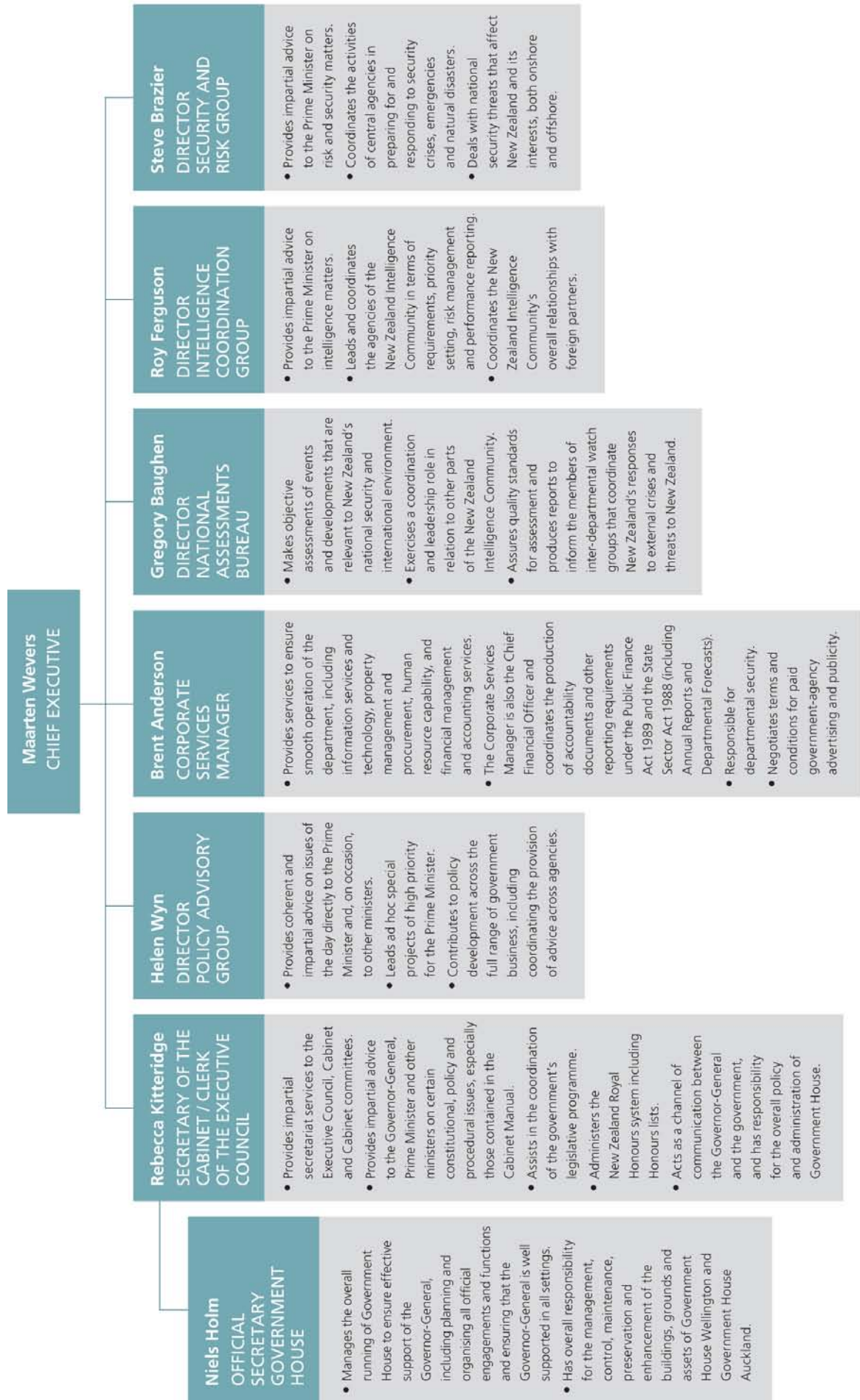
STRATEGIC ENVIRONMENT

DPMC works closely with the Office of the Prime Minister, other ministers and their offices, with business, iwi, and other external interests, and with public service and state sector agencies.

OUR CAPACITY AND CAPABILITY

DPMC values its people for their capacity to: shape thinking; achieve results through others; communicate with influence; serve; exemplify professionalism and probity; and exercise leadership. DPMC provides personal and professional development and opportunities in a challenging work environment.

WHAT WE DO: ADVISE, LEAD, SUPPORT, COORDINATE



OPERATING INTENTIONS

To achieve our outcome of “*good government with effective public service support*” DPMC provides continuity in constitutional and administrative services that helps to maintain New Zealand’s parliamentary democracy. We are both the “constitutional and institutional glue” that holds the system together and the “oil” that allows the free flow of information, advice and policy for government decision-making.

DPMC works at the point of intersection where ministers, agencies and advice streams come together at the Cabinet table – ensuring that the final decisions of the Government are well informed and that these decisions are given effective public service support in implementation.

The department’s operating intentions are expressed through its five objectives.

OBJECTIVE ONE

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

What are we seeking to achieve?

The Prime Minister and the Cabinet are the centre of executive government in New Zealand. By chairing the Cabinet, the Prime Minister leads and coordinates government and oversees its general policy direction. Ministers work together as the Cabinet and in Cabinet committees to discuss issues, make decisions, and exercise a critical national leadership function. DPMC, along with the wider public service, must support the Prime Minister and ministers to the greatest extent it can by ensuring provision of high-quality information and advice that enables sound decision-making.

How will we demonstrate success in achieving Objective One?

The department’s role is to provide outputs in support of others’ actions, including decision-making by the Prime Minister and the Cabinet. The department has the advantage of almost daily contact with, and immediate feedback from, the Prime Minister and other ministers; we expect feedback from them to be positive in relation to the support, advice and services delivered. We will seek feedback by surveying chief executives in the public sector to ascertain their views on the contribution we have made. We expect the results to be an improvement on the 2008/09 stakeholder survey.

What will we do to achieve Objective One?

DPMC supports the Prime Minister and ministers by ensuring they receive timely, high-quality and coordinated advice that enables them to carry out the Government’s business in an effective manner, and by providing impartial and timely secretariat services for the Cabinet and its committees.

Policy advice

The Policy Advisory Group (PAG) and the Security and Risk Group (SRG) advise the Prime Minister on a very broad range of policy matters. Both groups facilitate cross-government linkages amongst agencies working on related issues and seek to ensure that officials' advice takes account of broader government priorities. They also help remove bottlenecks in the flow of departmental policy advice. To do this, they maintain close links with other agencies and with ministers' offices; provide comment on draft papers; and give free and frank advice to the Prime Minister on all items of government business. Furthermore PAG and SRG staff participate in a range of officials' committees, attend Cabinet committee meetings in an advisory and support capacity, monitor implementation, and coordinate follow-up.

Where possible PAG and SRG seek to address issues strategically, with a medium- or longer-term perspective. They also monitor emerging priorities. Both groups have a role in communicating across government, helping departments to understand ministers' perspectives, assisting agencies to develop policy that supports government priorities, and dealing with implementation issues.

Support for Cabinet

The Cabinet Office administers the Cabinet system, distributing Cabinet and Cabinet committee papers and decisions accurately and promptly. It also maintains a record of all Cabinet decisions, helps coordinate the Government's legislation programme, and supports decision-making by the Prime Minister and ministers in relation to appointments and honours.

The Cabinet Office works with ministers' offices and departments to ensure that issues are presented to the Cabinet in a clear and robust way that supports good decision-making. It does this through quality control and monitoring, feedback, developing and promulgating guidance and education and training. The Cabinet Office is currently developing a business case for investing in an electronic system to support Cabinet processes and, subject to ministerial approval, proposes to progress this project in 2011/12.

Assessments of national security and foreign relations

The National Assessments Bureau (NAB) prepares assessments – which are distinct from policy advice – for the Prime Minister and certain other ministers on developments relating to national security and foreign relations that could significantly affect New Zealand's interests. The purpose of these assessments is to inform the Government's decision-making, by providing awareness of and insights into issues of policy relevance.

OBJECTIVE TWO

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

What are we seeking to achieve?

At the heart of New Zealand's democratic and political system is stable executive government accountable to an elected House of Representatives. The executive branch of government comprises the Governor-General, the Prime Minister, other ministers of the Crown, and the public service. The department provides the administrative support for the ongoing business of executive government – including support necessary for the smooth transfer of power between successive administrations, Prime Ministers, ministers, and Governors-General.

How will we demonstrate success in achieving Objective Two?

Feedback from the Governor-General and the Prime Minister will be positive as to their level of satisfaction with the advice, support and services provided. A stakeholder survey will be undertaken in the coming year and we expect the results to show an improvement on the results of our last survey in 2008/09.

What will we do to achieve Objective Two?

As the recognised source of expert knowledge on the systems of Cabinet and executive government, the Cabinet Office is the primary contributor to Objective Two. In carrying out its role the Cabinet Office also works with the Crown Law Office, Parliamentary Counsel Office, Ministry of Justice, the State Services Commission (SSC) and the 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 discretion, integrity and judgement are vital to the effective 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's 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.

Projects associated with support for the next general election and the change of Governor-General will be a focus of the Cabinet Office in 2011/12.

OBJECTIVE THREE

The Governor-General is appropriately advised and supported in undertaking his constitutional, ceremonial and community-leadership roles

What are we seeking to achieve?

The Governor-General of New Zealand fulfils important constitutional, ceremonial and community-leadership roles. In undertaking these roles the Governor-General is supported by the Clerk of the Executive Council – who is responsible for liaison between the Governor-General and the Government – and by the Official Secretary and Government House staff.

How will we demonstrate success in achieving Objective Three?

Formal and informal feedback will be sought from Their Excellencies on whether a high-quality standard of advice and support is being provided and on whether the Governor-General is able to undertake his constitutional, ceremonial and community-leadership roles effectively.

All programme requirements for the Governor-General will be fully met, and will receive positive feedback from Their Excellencies and other stakeholders. A smooth transition between Governors-General will be achieved, with positive feedback received from both on the transition arrangements.

What will we do to achieve Objective Three?

As a key contributor to the New Zealand system of government, the Governor-General requires high-quality advice and support.

The Governor-General undertakes a number of important constitutional functions, including appointing the Prime Minister, assenting to legislation, and making regulations. The Clerk of the Executive Council supports him on these matters.

The ceremonial role of the Governor-General encompasses national and local events, and the promotion of New Zealand's interests overseas. Government House works closely with the Clerk of the Executive Council and other agencies to ensure that the Governor-General's ceremonial role is well conceived and supported.

The Governor-General provides non-partisan community leadership through a programme of speeches, patronage of community groups, attendance at and hosting of events, and visits to specific interest groups throughout New Zealand. Government House maintains and supports the programme, which is regularly reviewed in consultation with Their Excellencies to ensure it is relevant and well balanced.

With the completion of the Government House Conservation Project in March 2011, on budget and several months ahead of schedule, the Official Secretary and Government House staff will ensure that the newly strengthened and refurbished House in Wellington, and also Government House Auckland, are appropriately staffed, furnished and maintained.

In late August 2011, Their Excellencies the Rt Hon Sir Anand Satyanand and Lady Satyanand will conclude their five-year term at Government House. The Governor-General Designate of New Zealand, Lieutenant General Jerry Mateparae ONZM, will be sworn in on 31 August 2011 as New Zealand's 20th Governor-General. The Official Secretary and Government House staff will work to ensure that all programme and household management requirements for the remainder of the term and for the period of the incoming Governor-General's term are fully met. Appropriate domestic, personal and programme management services will be provided to ensure this occurs.

OBJECTIVE FOUR

The intelligence system and national security priorities are well led, coordinated and managed

This objective contributes to achieving national security outcomes: the safety and security of New Zealand, New Zealanders and New Zealand interests at home and abroad; and the promotion of New Zealand and New Zealand interests.

What are we seeking to achieve?

DPMC's objective is to support decision-making by the Government on matters of national security and foreign relations and to ensure that intelligence makes a valuable contribution to these areas.

With regard to national security DPMC's role is to ensure that:

- potential national security risks to New Zealand's wellbeing are assessed
- an adequate level of preparedness for security is tested and maintained
- responses to incidents, and the consequent information provided to the Government, are timely and coordinated.

In respect of foreign relations, DPMC provides assessments designed to give ministers and senior officials a "decision advantage" – to inform their decisions on risks and opportunities relating to New Zealand's interests.

DPMC will continue to coordinate the New Zealand Intelligence Community (NZIC). This includes:

- setting priorities
- recommending the allocation of resources
- ensuring cost-effectiveness
- leading engagement on intelligence matters with other countries
- providing timely, coordinated intelligence advice relating to the Government's national security priorities.

DPMC is continuing to implement this leadership chiefly through new governance and oversight arrangements for the Officials Committee for Domestic and Security Coordination (ODESC); a strengthened coordination role for NAB, and the effective functioning of the Intelligence Coordination Group (ICG) within the NZIC.

How will we demonstrate success in achieving Objective Four?

Performance will be demonstrated by:

- contributing to a successful Rugby World Cup (RWC) – measured by giving support to the New Zealand Police to maintain a safe and stable environment, free of significant security events, up to and during the RWC tournament
- enhancement of the government's ability to function in times of crisis by supporting agencies in identifying and mitigating risks in their emergency response plans
- the Government's satisfaction that crisis-management preparedness is satisfactory and works promptly and effectively when called upon
- the Government's satisfaction that its decision-making on matters of national security and foreign policy is adequately supported by intelligence advice and assessments (in particular, that reporting from the NZIC is responsive and coordinated)
- completion of a National Security Framework (NSF) across the spectrum of entities with an interest in and responsibility for identified national security risks; and the provision by the NSF of a shared frame of reference to improve the effectiveness of governance, strategic planning and management of national security risks
- the effective use of the Domestic and External Security Coordination (DESC) system to promote whole-of-government preparedness for national security risks and development of whole-of-government responses
- fiscal performance by the NZIC in a manner that is accountable, provides value for money, and is consistent with the Government's fiscal strategy.

What will we do to achieve Objective Four?

DPMC will continue to support the DESC system and to chair ODESC so that they are effective vehicles for managing national security risks and providing coordinated advice to ministers.

In overseeing the preparation of overarching national security strategies SRG will continue to lead a coherent all-of-government approach to the management of national security risks, with an emphasis on the role of intelligence gathering in risk management. SRG's responsibilities for national security in 2011 will include the outlining of clear priorities and a framework in which New Zealand's diverse national security issues can be managed more effectively.

To ensure better coordination and enhanced performance and operational efficiency, ICG will continue to provide leadership to the NZIC – focusing not only on NAB, the New Zealand Security Intelligence Service (NZSIS) and the Government Communications Bureau (GCSB) but also on the Directorate of Defence Intelligence and Security (DDIS), the New Zealand Police, the New Zealand Customs Service, and Immigration New Zealand. ICG will also continue to provide support for ODESC in its governance responsibilities in relation to the NZIC.

NAB will continue to tailor its reporting closely to the decision-making needs of ministers and senior officials, and will continue to move towards international best practice for assuring the quality of assessment reporting. It will broaden out its coordination role across the assessments community to provide the responsive and comprehensive coverage that the Government is seeking.

The relocation of ICG, NAB and SRG to Pipitea House, which also houses GCSB and the Combined Threat Assessment Group (CTAG), provides a unique opportunity for using physical proximity to transform the culture of the NZIC to one of "One Community; Many Agencies". All five agencies are actively promoting this transformation. Work on developing a joint outcomes-based framework for the agencies' activities will shortly be completed.

OBJECTIVE FIVE

State sector performance is improved

Along with the two other central agencies – the Treasury and SSC – DPMC is responsible for providing leadership that enables the public service as a whole to carry out the business of government efficiently, effectively and collectively.

The central agencies will be giving particular attention over the coming year to lifting the performance of the public service.

What are we seeking to achieve?

The Government has three objectives in its approach to state sector reform:

- *clear priorities* – focusing on the things that matter to New Zealanders
- *high-quality services* – ensuring services are modern, responsive and provide good value for money
- *reducing waste* – ensuring that government is as efficient and well organised as it can be.

How will we demonstrate success in achieving Objective Five?

Success will be demonstrated by the public sector delivering the services New Zealanders want and need, and by it being seen as an efficient and world-class organisation. To support transparency, identify opportunities for improvement, and track performance changes over time, the benchmarking of management information through the Better Administration and Support Services (BASS) programme will continue to be reported on.

What will we do to achieve Objective Five?

Priority projects for the central agencies are:

- providing joined-up central agency support to those agencies most needing it, with the objectives of lifting agency performance
- continuing the roll-out of the Performance Improvement Framework to the majority of public service departments and some large crown entities over the next three to four years, with the objective of identifying and following up on actions that make a material difference to the performance of those agencies
- supporting ministers in moving the state sector towards a simpler, more streamlined and more cost-effective way of working.

MANAGING IN A CHANGEABLE OPERATING ENVIRONMENT

OUR OPERATING ENVIRONMENT

DPMC's priorities over the next four years will, by necessity, be determined by the policy priorities of the Prime Minister and the Government of the day. DPMC must be prepared to alter its work programme to reflect the particular needs of the leader of the Government, whoever that person may be. Our work must adapt as appropriate within the very small resource base we have at our disposal. The organisational priorities for the department relate principally to sustaining operational resilience, generating efficiencies so that we can deliver within financial constraints, ensuring high-quality staff are available, and maintaining high standards of performance and security.

It is difficult to forecast, with precision and over a four-year period, the nature of any likely changes to the mix of services we provide. The broad expectation is, however, that DPMC will continue to focus on provision of services to the Governor-General, the Prime Minister and Cabinet, and their supporting executive processes and facilities. This will mean an ongoing role in providing policy advice to the Prime Minister and ministers, support services for Cabinet decision-making and the New Zealand Royal Honours system, advice and support to the Governor-General, and oversight and strategic leadership of the NZIC – as well as supporting (together with Treasury and SSC) the effectiveness of the public and state sectors.

The additional responsibilities for oversight and leadership of the NZIC has meant an expanded function, and DPMC is also proposing to restore NAB's foreign assessment capabilities to previous levels. DPMC's three intelligence units have relocated to a purpose-built secure building and will be in a stronger position both to provide more coordinated advice and to ensure that assessment practices and standards across the sector are aligned.

We have also been tasked with continuing to support the Prime Minister's Chief Science Advisor. This mirrors changes we have been required to respond to and manage in the past: other examples of particular work requested of DPMC include coordinating a cross-agency project on "P" and leading the Canterbury Earthquake Recovery Policy team, as well as undertaking a small project looking at the state sector of the future. Similar tasks may be required of us in the future – indeed we would assess the likelihood as certain.

Supporting the Governor-General will mean a return to a full complement of staff in the newly restored Government House Wellington; and provision will be sought for adequate funding for long-term maintenance of the two Government Houses (Auckland and Wellington) from 2011/12, to avoid the risk of the buildings not being maintained to an adequate standard or to historic heritage policy expectations.

It is expected that a major pressure facing the department over the next four years will be the provision of competitive remuneration so that we can continue to attract and retain staff of suitable quality. In our recruitment and remuneration policies we are able to capitalise to some extent on the department's reputation and the benefits that accrue to personal careers from working at the very centre of our democracy. The implications of flat or reducing budgets on pay and employment levels will need to be managed by careful monitoring of a small number of vacancies; by securing staff and funding from other agencies where appropriate to meet new priorities; through achieving efficiencies and driving down costs wherever possible; or perhaps, as a last resort, through reductions in service levels or coverage.

Through the Cabinet Office, the department will be leading a project that identifies ways in which electronic technologies can provide better support for Cabinet decision-making. We are also planning for the general election in November 2011, particularly in relation to the formation of the incoming Government; and for the appointment and preparation of the new Governor-General, who takes office in August 2011. These activities will be managed within existing resources.

MANAGING RISK

Our strategy for managing risks is to:

- mitigate risk, where this can be done reliably and cost effectively
- coherently manage risks
- work to enhance system resilience
- apply an adaptive management response to risk events
- externally review risk treatments utilising the Audit and Risk Committee (which includes external appointees).

DPMC maintains a risk-management framework which it reviews regularly, identifying those risks which could prevent the achievement of our key outcomes. Changes in the DPMC risk profile can arise when there are changes in operational activities, in senior management and key personnel, in customer and stakeholder demands and expectations; and when there are significant risk events.

ASSESSING ORGANISATIONAL HEALTH AND CAPABILITY

The main measures and standards the department uses for assessing organisational health and capability are:

- a two-yearly climate survey to assess how staff feel about working in the department; we are aiming to maintain our upper-quartile result for engagement in 2012
- the Performance Management System (which rates individual performance and behaviours against role expectations and which maintains a line of sight between individual performance, organisation outcomes, and government priorities)
- the annual SSC Human Resource Capability Survey (this measures organisational performance against the public service benchmarks in critical areas such as staff retention and turnover, remuneration levels, and leave utilisation)
- human-resource metrics that gather data from exit interviews and analyse recruitment and retention rates according to gender, length of service, and level within the organisation.

We seek to maintain a climate at DPMC which is considered by staff to be challenging and satisfying and which makes them proud to work here. We have a strong performance culture within DPMC and we will continue to develop ways to attract, recruit, develop, engage and reward our people using the results of the measures described above. In the forthcoming year we will undertake a climate survey to provide an opportunity for staff to offer their views about working at DPMC. This is a valuable tool for senior managers as we seek to provide informed and effective leadership and management. The survey will be evaluated by age, gender and ethnicity to support workforce planning and to ensure we are meeting the needs and aspirations of our diverse workforce. We are aiming to maintain an upper-quartile result in staff satisfaction.

Over the next 12 months the central agencies' corporate services will be focused towards developing "a single model of supply with shared governance". The purpose of this initiative is to achieve greater central-agency efficiency and effectiveness by providing joined-up corporate and support services for less cost, while ensuring such services meet the three agencies' business needs for the future. A parallel initiative involving ICG, NAB and SRG aims to achieve greater coordination and efficiency through partnership with other agencies of the NZIC.

Our information management approach in 2011/12 continues, with leveraging efficiencies through the Integrated Corporate Services Project as well as improvements in information flows and the development of a sustainable technology platform.

FORECAST CAPITAL EXPENDITURE

DEPARTMENTAL AND CROWN CAPITAL INTENTIONS

2010/11 sees the completion of the project for the conservation of Government House Wellington, the official residence of the Governor-General. The project has been an extensive rebuild incorporating the preservation of historic heritage, and will make the House fit for its purpose for the next 50 years.

The project was completed in the first quarter of 2011, four months ahead of schedule and within the approved budget. There is projected to be a surplus against the original budget (which was \$44.7 million).

DEPARTMENTAL CAPITAL INTENTIONS	Budget 2010/11 \$000	Forecast 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
FIXED ASSETS	566	150	150	150	150
INTANGIBLES	200	150	150	150	150
TOTAL	766	300	300	300	300

The forecast departmental capital expenditure for the 2010/11 financial year is primarily routine replacement and upgrading of the department's information technology and office fit-out and equipment, to help our staff efficiently deliver the services set out in this Statement of Intent.

CROWN CAPITAL INTENTIONS	Budget 2010/11 \$000	Forecast 2011/12 \$000	Forecast 2012/13 \$000	Forecast 2013/14 \$000	Forecast 2014/15 \$000
FIXED ASSETS	17,463	150	150	150	150

The forecast Crown capital expenditure for the 2010/11 financial year is primarily for the conservation of Government House Wellington.

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 the mark”. This feedback allows judgements to be made on DPMC’s effectiveness and helps identify opportunities for improvement.

DPMC continues to operate within its current budget, and has realised savings to ensure that this remains so, without limiting overall efficiency and effectiveness. The DPMC departmental appropriation has remained reasonably constant since 1995/96.

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