



DEPARTMENT *of the*  
PRIME MINISTER *and* CABINET

*Te Tari o Te Pirimia me Te Komiti Matua*

# Four Year Plan

**2017 – 2021**

Including strategic intentions for the Department of the Prime Minister and Cabinet

Published 2017

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# Navigating our Four Year Plan

Chief Executive's overview and Ministerial Statement of Responsibility	3		
<b>Part A Our Purpose</b>	<b>6</b>		
Our role, how we work, and the value we bring to our partners and the New Zealand public	Who we are and why we are here	7	
	How we deliver our functions	8	
	Summarising the value we deliver to our key stakeholders	11	
<b>Part B Our strategic intentions</b>	<b>12</b>		
The context in which we work, and our five Challenges for the next four years	What drives our work	13	
	Challenge One	The public service understands, delivers, and helps shape the Government's priorities	16
	Challenge Two	Governance for the 21 <sup>st</sup> Century	17
	Challenge Three	New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared, sense of national identity	18
	Challenge Four	Increase New Zealand's resilience through leading and building a risk-based, community-focused, and integrated national security system	19
	Challenge Five	Leaving residents and agencies confident in the future of greater Christchurch	21
<b>Part C How we deliver</b>	<b>24</b>		
How we will deploy our resources to build and maintain the organisational capabilities we need to deliver our strategic intentions	Where we are going	25	
	StrengthOne	Strategic partnerships	27
	Strength Two	Corporate governance, capability, and infrastructure	30
	Strength Three	DPMC workforce	31
We also describe the strategic choices and trade-offs we face	Managing our responsibilities	33	
	Assumptions, choices, trade-offs and risks	36	
<b>Part D Annexes</b>	<b>41</b>		
Further information to support the Four Year Plan	Annex One: Further detail on our Workforce Strategy	42	
	Annex Two: Supporting financial information	49	
	Annex Three: Asset management and investment intentions	52	

## OUR PURPOSE

A confident, well-governed, and secure New Zealand

We deliver our purpose through our core functions

Executive Government  
Advice and Support

Constitution and  
Nationhood

National Security – Risk and  
Resilience

Greater Christchurch  
Regeneration

To contribute to the Government's priorities

Build better public services  
that all New Zealanders can  
rely on

Build a more competitive  
and productive economy

Responsibly manage the  
Government's finances

Rebuild greater  
Christchurch

## OUR STRATEGIC INTENTIONS

We focus our efforts through five Challenges

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

Governance for the  
21<sup>st</sup> century

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

Increase New  
Zealand's resilience

Leaving residents and  
agencies confident in  
the future of greater  
Christchurch



And we can see the impact we want to have by looking at

- Stakeholder satisfaction
- The Better Public Services result areas
- Trends in the quality of policy advice

- Satisfaction with CabNet
- Feedback from new Ministers
- Completion of the revised Cabinet Manual

- Tracking comments in the General Social Survey
- Media coverage of the Honours Lists
- The gender balance of the Honours Lists

- Aggregate national risk levels and profiles
- National preparedness and practices
- How well we are working with our priority partners

- How plans for Christchurch's regeneration are in place and progressing
- Trends in the progress of regeneration outcomes

## OUR BUSINESS PLAN

We know where we need to be in four years to achieve this

We will be more effective influencers  
and system stewards

We will be more interconnected

We will be less pressured, and more  
resilient

We will do this by building our organisational strengths

Strategic partnerships

DPMC workforce

Corporate governance, capability, and infrastructure

Throughout our work we will demonstrate our values by being

Resilient

Savvy

Principled

Agile

Courageous

Vigilant

Farsighted

# Chief Executive's overview

This Four Year Plan (the Plan) follows a period of change, challenge, and opportunity for the Department of the Prime Minister and Cabinet (DPMC). I am proud our staff have risen to the occasion and delivered to a high standard across our diverse business groups.

Our core business is enabling effective executive government. This means providing, on a daily basis, advice and support to the Prime Minister, Cabinet, and the Governor-General. We provide decision-makers with a key advantage – expert advice on policy and process – and help translate government priorities into action.

We also advise and support key figures in our constitutional arrangements to carry out their roles.

Our role has grown over the last few years, and we now serve Ministers with responsibilities relating to national security, risk and resilience, and the regeneration of greater Christchurch.

Despite this change, our purpose remains the same: advancing a confident, well-governed, and secure New Zealand. It is how we deliver this that is changing, as we take on new responsibilities; set ambitious goals; and exercise active leadership, coordination, and stewardship in partnership with our key stakeholders.

Our priorities for advancing our purpose over the next four years are described by our five Challenges.

The Challenges include increasing support for the Government of the day to set and achieve its priorities, ensuring our system of Cabinet government remains world-leading in the 21<sup>st</sup> century, enhancing our collective sense of national identity, shaping a National Security System that makes New Zealand more resilient, and supporting the transition to local leadership of greater Christchurch regeneration.

To deliver these Challenges, we need to be an exemplar of executive and policy leadership, expert in process, trusted by government and our strategic partners, and ready and able to work across the state sector, iwi, business, and our communities.

Our seven business groups have their own identities and expertise, brought together by our unique position at the centre of New Zealand's system of democratic government. Our Four Year Plan builds on this diversity, focusing on the things that connect us – our partnerships, our capabilities, and our need to support each other to achieve our goals.



*Chief Executive's statement of responsibility*



*Ministerial Statement of Responsibility*

In signing this information, I acknowledge that I am responsible for the information on strategic intentions for the Department of the Prime Minister and Cabinet. This information has been prepared in accordance with the Public Finance Act 1989 (sections 38 and 40).

A handwritten signature in blue ink that reads "Andrew Kibblewhite".

Andrew Kibblewhite  
**Chief Executive**  
November 2016

A handwritten signature in blue ink that reads "Rt Hon John Key".

Rt Hon John Key  
**Prime Minister**  
November 2016

This Plan focuses on three areas where we will need to build our capabilities – developing our people into more effective influencers and system stewards, becoming more interconnected, and becoming more resilient.

Looking ahead, 2017 is an election year and the Cabinet Office is ready to provide constitutional advice and support. Our strengthened capabilities will ensure we are best prepared to support the priorities of the government of the day.

We will also continue to play a key role responding to the 14 November 2016 Kaikōura earthquake. I would like to thank everyone who has worked tirelessly to lead our National Security System and coordinate the initial response and transition to recovery. What this event means for us in the medium term is still uncertain, but I am confident we are ready to take on the roles required.

Ultimately, the continued success of DPMC will be the result of the hard work done every day by our staff. I am indebted to them for their efforts, as I am to their families and others who provide support to them.

# Reflecting on our progress against our previous Four Year Plan

## Our 2015 Challenges and what we set out to do

## Our progress since our Four Year Plan 2015 – 2019

Challenge One	Shape and respond effectively to the Prime Minister's commissions.	Our advice 'far exceeded' the Prime Minister's expectations.
Ensure the public service helps shape, understands, and delivers on Government priorities	<p>Improve mechanisms to articulate and align Government priorities.</p> <p>Improve, with other Central Agencies, the execution of government priorities.</p>	<p>Worked with the Central Agencies for seamless messaging on priorities and provided feedback to policy leaders on alignment.</p> <p>Supported the transition to local leadership of the Christchurch regeneration, disestablishing the Canterbury Earthquake Recovery Agency (CERA) and transferring its functions.</p>
	Lift the quality of policy advice across the public service system.	Successfully delivered the first phase of the Policy Project and a suite of tools to build policy capability across the system.
	Support the Head of State Services in Public Service Reform.	Worked with Central Agencies and results agencies for assurance over the Better Public Services results, and assisted with the results refresh.
Challenge Two	Plan for further development of CabNet.	Having successfully implemented CabNet, we rolled out further enhancements and are working on a development strategy.
Support effective ministerial decision making	<p>Support Ministers so that they are well equipped to carry out their roles.</p> <p>Review and modernise the requirements for Cabinet papers.</p>	<p>Ongoing support was provided to new Ministers following formation of government after the 2014 general election.</p> <p>This work stream was not commenced following a review of Departmental priorities.</p>
	Review the Cabinet Manual.	We commenced this review.
Challenge Three	Conclude the flag consideration process.	The Flag Consideration Project concluded, under budget, with significant levels of public engagement with a world first process.
Enhance New Zealand's sense of nationhood	<p>Strengthen the office of the Governor-General as a symbol of New Zealand's national unity and leadership.</p> <p>Strengthen New Zealanders' understanding of the Honours System, and celebration of recipients.</p>	<p>We communicated information about the office and role of the Governor-General, including through social media, constitutional speeches, and the swearing-in of the new Governor-General. As part of the preparation for the transition, we planned ways to raise the effectiveness of the office in community leadership.</p> <p>Partnered with other agencies to discuss improving the diversity of nominations, and used the Governor-General's social media to promote Honours investiture ceremonies.</p>
Challenge Four	Embed a risk-based approach to national security.	Published the National Civil Defence Emergency Management Plan Order 2015, strengthening a risk-based approach, and began work on a national approach to managing risk.
Increase New Zealand's resilience through leading and building a risk based, trusted, and integrated national security system	<p>Support communities to enhance resilience.</p> <p>Help New Zealanders understand and value our National Security System.</p>	<p>Ran regional workshops and a national conference to help develop a National Disaster Resilience Strategy.</p> <p>1.36 million people took part in the national earthquake drill, New Zealand ShakeOut.</p> <p>Published a National Security System handbook to build understanding of the philosophy and doctrine governing the National Security System, and provided tuition through the Security Sector Professional Development Programme.</p>

	Lead a world class ODESC (Officials' Committee for Domestic and External Security Coordination) system.	Implemented a national intelligence priorities process, and led cross-agency advice on national security issues. Delivered Government's response to the 2015 Intelligence Agencies Review.
	Ensure that New Zealand is secure, resilient, and prosperous online.	Launched a new Cyber Security Strategy and Action Plan, secured funding in Budget 2016 for a CERT (a computer emergency response organisation), held New Zealand's first Cyber Security Summit in Auckland with almost 300 participants, continued the Connect Smart campaign and partnership, and established a cyber security skills taskforce.
<b>Challenge Five</b>  Leaving residents and agencies confident in the future of greater Christchurch <sup>1</sup>	Transition greater Christchurch recovery from the CERA to long-term arrangements.	We supported the disestablishment of CERA, introduced the Greater Christchurch Regeneration Act 2016, and transitioned CERA's functions to inheriting agencies.  We supported the establishment of Ōtākaro Limited and Regenerate Christchurch.
	Establish effective monitoring and reporting of the wider regeneration.	Provided policy advice to the responsible Minister on the regeneration of greater Christchurch, and established a monitoring and reporting framework to track progress.
	Identify lessons from the first five years for the benefit of New Zealand.	Launched an online platform "EQ Recovery Learning", to support organisations and groups to identify and share learning material.
<b>Organisational health and capability</b>	Fully incorporate some functions previously performed by CERA.	Established the Greater Christchurch Group, maintaining continuity of information, systems, and work programmes.
	Focusing on people and systems to support our challenges.	Enabled a consistent DPMC across all business groups through standardised and strengthened induction, staff development, performance management systems, and managerial reporting.  Built DPMC's values through assessment of our culture and engagement, and developed frameworks for talent management, recognition of high performance, career planning, and targeted leadership development.
	Building our corporate capability and infrastructure.	Built our people and performance capability; our project, risk and assurance, and reporting systems; and our communications, legal and Ministerial servicing capabilities.  Refreshed and updated corporate and HR policies and systems.  Increased capability to support the increased investments in the capacity of the Security and Intelligence Group and the Ministry of Civil Defence and Emergency Management (MCDEM), beginning in the 2016/17 financial year.  Increased our ability to be responsive and adaptable in our serving of the Government of the day, including taking on new or changed priorities or functions.

<sup>1</sup> Originally "Ensure central government's support of the regeneration of Canterbury", this Challenge was updated during 2015/16.

# Part A

## Our purpose

In this section we summarise our role, how we work, and the value we bring.

We outline the unique role we play within the State sector, providing advice, leadership, support, and coordination on activities that impact across the public service.

# Who we are and what we are here for

DPMC is now a mid-sized agency of seven business groups, with approximately 250 staff in Auckland, Wellington, and Christchurch. We have a unique role as the trusted advisor, leader, and steward of our system of executive government.

We are unified by an overarching purpose: to advance a confident, well-governed, and secure New Zealand.

A confident New Zealand has a strong sense of nationhood, and can rely on key institutions and systems to work together in the public interest.

Well-governed means Cabinet decision-making is supported by the best available advice and evidence, and the Governor-General is ably supported in her constitutional, ceremonial, community, and international roles.

A secure New Zealand is able to respond to and recover from shocks and stressors in a timely and effective way. It proactively builds resilience with a risk-based, reliable, and integrated National Security System.

## Our functions

To deliver our purpose, we perform four core functions:

- Executive government advice and support – serving the Prime Minister and Cabinet
- Constitution and nationhood – supporting well-conducted government
- National Security – Risk and Resilience – leading an effective National Security System, including cross-

government arrangements across the '4Rs' of risk management: reduction, readiness, response, and recovery

- Greater Christchurch regeneration – providing leadership and coordination of the Crown's regeneration effort

## Who we're here for

Ensuring that executive government functions well requires us to maintain close relationships of trust and confidence with the Governor-General, the Prime Minister, and Cabinet.

As our role and functions grow, so have the number of Ministerial portfolios we have responsibilities within.

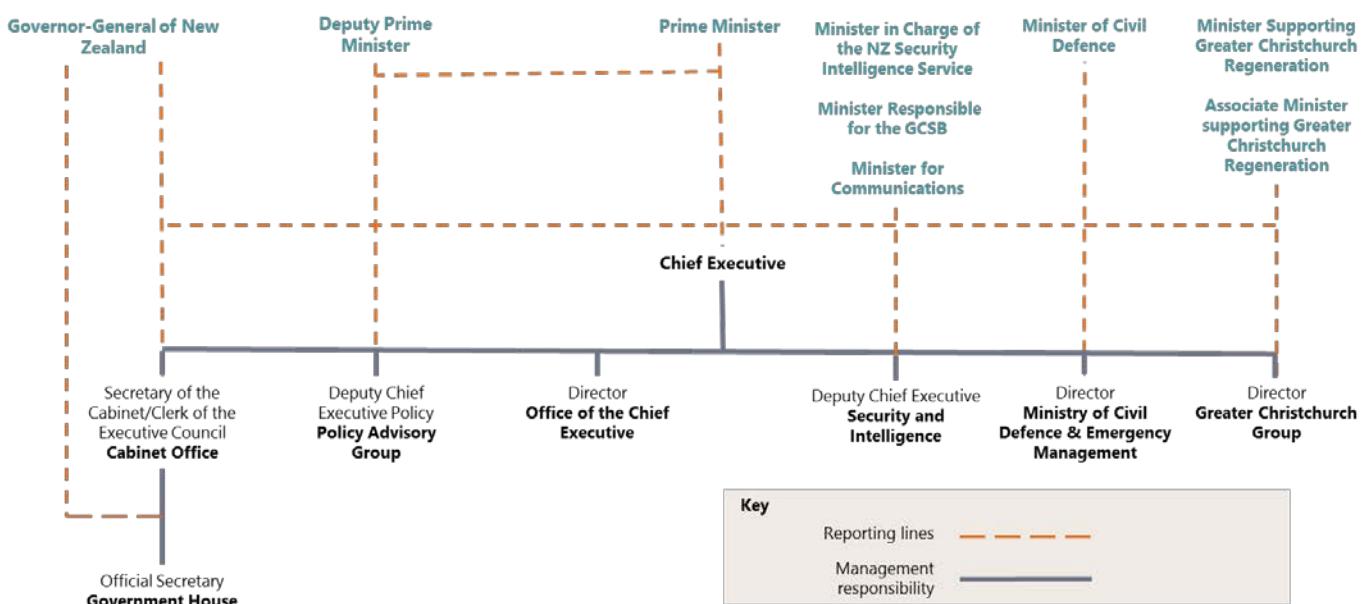
To deliver we need to work more broadly across DPMC with our increasingly diverse external stakeholders, including the public service; emergency services; local government; iwi; lifeline utilities; NGOs; the private sector; and outreach to the wider community.

## What we stand for

Our spirit characteristics underpin everything we do.

They are what we're about and the values we bring to work every day: principled, vigilant, farsighted, courageous, agile, savvy, and resilient.

DPMC people are committed to serve willing to lead.



# How we deliver our functions

The following section describes our core functions, how we are organised to deliver them, and how we measure and annually report our service performance.

## 1. Executive government advice and support

We provide services to support the effective conduct of executive government, including expert advice on policy and process.

### How we deliver this

Our Policy Advisory Group (PAG) provides free and frank advice to the Prime Minister, and on occasion to other Ministers, and leads policy initiatives if needed.

Coordinating across departments, PAG looks for emerging opportunities and risks, and exercises influence as a 'critical friend' to shape advice to the Prime Minister so that it is coherent, high quality, and impartial.

PAG currently hosts a dedicated Policy Project that supports the Chief Executive of DPMC in his stewardship role as Head of the Policy Profession. The Project is focused on building a high performing policy system that supports and enables good government decision-making.

PAG also provides a point of liaison with the Prime Minister's Chief Science Advisor.

The Cabinet Office acts as 'Government secretariat', providing impartial services to the Executive Council, Cabinet, and Cabinet committees. This includes

processing submissions, preparing summaries, managing agendas, and recording the decisions.

It advises on constitutional, policy and procedural matters, including relationships between the Executive, Governor-General, and Parliament; the appointment of Ministers and making of statutory appointments; and assisting the coordination of the legislation programme.

### Who we work with

In addition to those named above, our coordination and stewardship roles require us to work across the public service and with other key stakeholders.

### How we measure annual service performance

The quality of our advice and support is assessed by satisfaction surveying of the Governor-General and the Prime Minister, with the cost of producing policy used to measure value for money.

Outputs from the Cabinet Office are tracked using a range of indicators (e.g. timeliness, accuracy).

## 2. Constitution and nationhood

We advise and support key figures in our constitutional arrangements to carry out their roles, including ceremonial ones that build a sense of nationhood.

### How we deliver this

The Cabinet Office acts as a channel of communication between the Governor-General and the Government. It provides advice and support to the Government (including any period of caretaker government) over the election and government formation period.

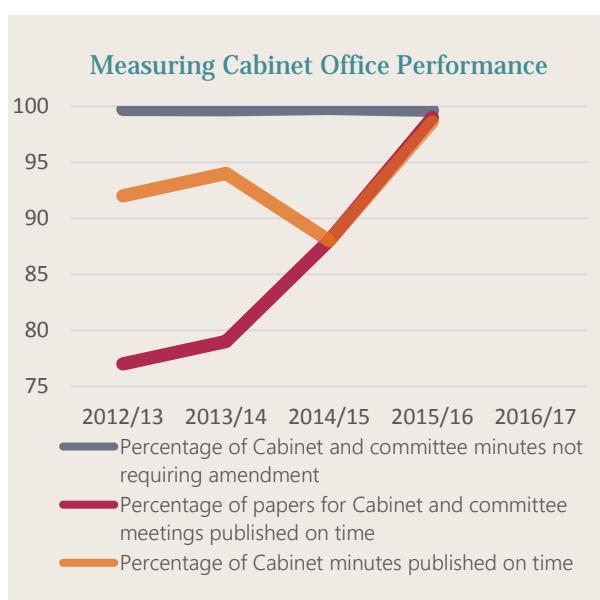
The Honours Unit sits within the Cabinet Office, administering and providing policy advice on the New Zealand Royal Honours System.

Government House in turn provides administrative and support services for the Governor-General, and maintains the official residences and grounds.

### Who we work with

As well as advising Ministers, the Cabinet Office is involved in nationhood issues cutting across the public service.

Government House connects the Office of the Governor-General to the wider community and enables more than 20,000 yearly visitors to Government House, Wellington.



## How we measure annual service performance

The performance of Cabinet Office and Government House are assessed through satisfaction surveying of the Governor-General and the Prime Minister.

Statistics on public engagement with the Office of the Governor-General (e.g. visits to Government House, Wellington) are also collected.

## 3. National security – risk and resilience

The Government has a responsibility to protect national security and advance national interests.

This responsibility is discharged through the National Security System, which DPMC leads with an all hazards/all risks approach. The scope is extensive, including geological, infrastructure failure, drought, biosecurity, pandemics, oil spills, regional instability, counter terrorism, cyber security, and other threats to New Zealand's security integrity.

### How we deliver this

Our Chief Executive chairs the Officials' Committee for Domestic and External Security Coordination (ODESC), and is the 'lead official' in the National Security System. The ODESC system has three Chief Executive-level leadership boards: ODESC-G (overall governance), and the Security and Intelligence and Hazard Risk Boards.

DMC stewards the National Security System and leads cross-government responses to events via our Security and Intelligence Group (SIG). It ensures the National Security System is alert, coordinated, delivers high-quality decisions across complex issues, and communicates effectively with its stakeholders.

SIG also exercises a collaborative leadership role within the New Zealand Intelligence Community (NZIC), and its policy teams provide advice on intelligence, cyber security, and Civil Defence Emergency Management



(CDEM) policy issues. Intelligence and Assessments (which includes the National Assessments Bureau) coordinates all-source assessments for decision-makers.

MCDEM contributes as a member of the Hazard Risk Board, as the lead agency for geological and meteorological hazards and infrastructure failure, and by providing support to other lead agencies.

MCDEM leads across the '4 Rs' of comprehensive emergency management, stewards the CDEM Act 2002 and maintains the CDEM strategic framework.

It supports CDEM guidance, planning, and operations; builds the CDEM capability of organisations and individuals; supports the resilience of communities and the public by educating and informing; and manages the central government response to large-scale emergencies.

### Who we work with

The National Security System includes many public and private actors with responsibilities for hazard and intelligence-related risks.

We work with each of the government agencies that protect New Zealand as part of their core business (e.g. the New Zealand Intelligence Community (NZIC), New Zealand Customs Service and the Ministry of Health), and across groups of agencies acting together to respond to an emerging threat or emergency.

MCDEM maintains diverse relationships – 70 agencies have responsibilities in the National CDEM Plan, including departments, emergency services, local government, lifeline utilities, NGOs, and the private sector.

It is an operational principle of CDEM that risks and emergencies are best managed on the basis of *act locally, coordinate regionally* (in the form of 'CDEM Groups'), and *support nationally*.

## How we measure annual service performance

The quality of assessments, advice, and guidance is measured using surveys of key stakeholders – Ministers, senior officials and other users of this information.

MCDEM collects a range of performance indicators and statistics relating to:

- Community awareness and readiness (including public surveying).
- Emergency management support and development (including both measures of output and stakeholder satisfaction surveying).
- Operational performance measures (e.g. timeliness of the issuing of national warnings).

## 4. Greater Christchurch regeneration

185 lives were lost in the Canterbury earthquakes and countless homes, businesses, and lives were changed forever. Over six years on, greater Christchurch is entering a new phase by moving from recovery to regeneration.

DPMC provides leadership and coordination across government agencies, engages with local leadership and the community, and supports the transition of leadership of greater Christchurch regeneration to local institutions.

### How we deliver this

For the period of transition to locally-led regeneration our Greater Christchurch Group (GCG) will provide policy and planning advice, including the future uses of the residential red zones, and administer part-funding and joint governance of horizontal infrastructure repairs through to completion.

We will work across government, and with Ōtākaro Limited and Regenerate Christchurch, so Ministers receive consistent and connected advice and to ensure learning and insights from the recovery and regeneration are collated, embedded, and put into action to ensure New Zealand is more resilient.

Once the transition to local leadership is complete, it is anticipated that GCG will be disestablished as a separate business group, and its residual policy and monitoring functions incorporated elsewhere in DPMC.

### Who we work with

Regeneration of greater Christchurch is a collaborative effort between central and local government, business, insurers, iwi, NGOs, and the wider community.

Key strategic partners are the Christchurch City Council, Te Rūnanga o Ngāi Tahi, Selwyn District Council, Waimakariri District Council and Environment Canterbury.

### How we measure annual service performance

Our performance is assessed through satisfaction surveying of the Minister supporting Greater Christchurch Regeneration, external reviews of the quality of policy advice, and the timeliness of delivery of key milestones.

### Our role in the Central Agencies

DPMC works closely with the State Services Commission (SSC) and the Treasury (the Central Agencies) to lead the public service to deliver outstanding results for New Zealanders.

We are collectively responsible for enabling performance to improve across the State sector. We contribute to this by monitoring progress, and promoting and modelling change.

### Corporate support and services

Our Office of the Chief Executive (OCE) supports DPMC to achieve its strategic priorities and manage risk through sound strategy, effective governance, and efficient organisational systems and processes.

The Central Agencies Shared Services (CASS) provides corporate shared services (HR, Finance, IT, Information Management and Publishing) to DPMC. The service is provided by the Treasury, with DPMC's share of costs funded through an annual CASS charge.

# Summarising the value we deliver to our key stakeholders

Our business groups	Executive government The Governor-General The Prime Minister and Cabinet	The public service Departments and other state sector agencies	The wider community Individuals, NGOs, businesses, iwi
Policy Advisory Group	<p>We provide free and frank advice to the Prime Minister (and other Ministers when required) and lead special projects.</p> <p>We coordinate advice from different agencies to ensure decision-makers receive integrated, high quality advice.</p>	<p>We contribute to policy development across complex or cross-cutting issues.</p> <p>We host the Policy Project, exercising stewardship to lift the quality of the policy system.</p>	<p>We engage with a wide range of stakeholders to ensure policy reflects the perspectives and expertise of an increasingly diverse New Zealand.</p>
Cabinet Office	<p>We provide secretariat services and constitutional, policy, and procedural advice so that Executive government continues to function effectively.</p>	<p>We are involved with issues of nationhood, when these cut across agencies and the State sector, and provide expert advice and support.</p>	<p>We provide information about and access to the New Zealand Royal Honours system.</p>
Government House	<p>We provide advice, administrative and support services so the Governor-General can perform her roles and duties effectively.</p>	<p>We provide agencies with advice and support about engagement with the Office of the Governor-General.</p>	<p>We support community access to and identification with the Office of the Governor-General.</p>
Security & Intelligence Group	<p>We provide integrated, all-source advice and assessments on events and developments affecting New Zealand's security interests.</p>	<p>We lead the National Security System to ensure that it is risk-based, community-focused, and integrated.</p> <p>We coordinate across a broad range of agencies with a role in maintaining New Zealand's national security, and have specific leadership responsibilities in two sectors: the New Zealand Intelligence Community (via SIG) and Civil Defence Emergency Management (via MCDEM).</p>	<p>We partner with the community on issues of security (e.g. cyber-crime).</p> <p>We provide communications to build public trust and confidence in the National Security System.</p>
Ministry of Civil Defence & Emergency Management	<p>We provide advice on civil defence emergency management.</p>	<p>We support access to information, provide public education and seek community participation in building resilience across the '4Rs' of risk management: reduction, readiness, response, and recovery.</p>	
Greater Christchurch Group	<p>We provide advice on the progress of the regeneration of greater Christchurch, and support decision-making on interventions and administration of the Greater Christchurch Regeneration Act.</p>	<p>We lead central government's contribution to the regeneration of greater Christchurch.</p>	<p>We support local leaders and institutions to lead regeneration over time.</p>

## Part B

# Our strategic intentions

Here we describe the context in which we operate and the five Challenges that will focus our work for the next four years.

We also summarise the goals and key milestones we will be using to track our progress.

# What drives our work

## The Government's priorities

To make sure investment is directed to where it is needed most, the Government has four priorities to which we make a significant contribution.

### Build better public services that all New Zealanders can rely on

The Better Public Services (BPS) programme aims to meet increasing expectations for the State sector.

The key lies in productivity, collaboration, innovation, and increased agility to provide services. As a Central Agency we need to model this vision of excellence, work to bed-in the BPS changes, and provide assurance on the BPS result areas.

We lead the National Security System with the intention that it models this new way of working – a diverse sector coming together to be greater than the sum of its parts. Similarly, our policy stewardship role needs to lift the capabilities of the public service to deliver high quality advice that helps shape government priorities.

### Build a more competitive and productive economy

The Government's Business Growth Agenda is intended to create jobs and improve New Zealanders' standard of living through economic growth.

As well as contributing through our Central Agency role, our focus on resilience strengthens the institutions needed for sustained economic growth.

By enabling New Zealanders to better manage and reduce their exposure to risk – including external threats, natural hazards, and cybercrime – we will need to provide confidence and security for business to grow, and reinforce our reputation for transparency, integrity, and as a place to do business.

### Responsibly manage the Government's finances

We have a value for money focus; looking for ways to meet our cost pressures by being more efficient.

For example, we aim to take a whole-of-department approach, moving funding across work programmes as priorities change, and actively managing personnel costs.

## Rebuild greater Christchurch

With the disestablishment of CERA, we have taken on responsibility for coordination of the Crown's regeneration effort, partnering with central and local agencies to support the transfer of responsibility for leading regeneration back to local entities.

We also monitor the overall progress of regeneration and complete critical short-term recovery functions.

## The changing needs of our stakeholders

Given our role at the centre of executive government, and the increasing significance of our system roles, the number and needs of key stakeholders and customers we serve has continued to grow and change.

We now have responsibilities to seven Ministers, and a wide range of individuals, NGOs, businesses, and iwi. Properly executing these responsibilities requires us to better manage our relationships, exercise influence and system stewardship, and increase our ability to broker solutions and manage change.

## The world we operate in

A number of environmental factors can shape, influence, and change our priorities.

### Elections and the Government's priorities

The Government has set priorities, but as governments and circumstances change these priorities will change as well.

### Unpredictable hazards and risks

As events over the past six years have shown, emergencies and other unforeseen shocks do occur.

DPMC plays an important role in ensuring the response and recovery is well coordinated. This means we need to ensure the resilience of DPMC's staff, systems, and arrangements.

### Increasingly complex, interdependent security and policy issues

The globalised world is based on interconnected networks – physical, social, and economic. These provide opportunities, but also risks and complex problems that we must monitor and prepare to respond to.

Cyber security demonstrates this. Those meaning harm may be states, criminal organisations, or individuals. Attribution is difficult, and cyber threats have the potential to affect any New Zealander. It activates forces within the border without a physical presence in New Zealand, challenging how we view protective security.

As the leader of the National Security System, we need to continue to effectively work across government to identify, reduce, and prepare for shocks and stressors. We will also face pressure to grow our capability to provide decision–advantage through integrated, all–source assessments that take a longer–term view.

#### Fiscal restraint

A more efficient public service that achieves better results through collaboration remains a top priority for the Government.

We will continue to work with the Treasury and SSC to seek savings through our CASS partnership, and will be reviewing our ongoing internal corporate service needs as we right–size over the next four years.

#### Diversity

New Zealand's demographics are changing – we are becoming more ethnically diverse, the average age is increasing, and technology is changing how we interact. Diverse perspectives – including ethnic, gender, and experiential differences – cultivate different ways of thinking, which help address complex issues.

While the diversity of DPMC's workforce has increased over time, there is still room to improve. Our recruitment practices and organisational culture need to support diverse backgrounds, perspectives, and approaches.

## Our Challenges and business plan

How we are responding to these drivers – the Government's priorities, the needs of our stakeholders, and our operating environment – is summarised in our Challenges – the five medium–term strategic priorities that we are aiming to achieve through to the end of the 2020/21 financial year.

Underlying the Challenges are 14 goals that frame the work programme and help to focus our efforts on what really matters. The remainder of Part B summarises each of these goals.

Delivery of these strategic intentions is supported by the objectives in our business plan, described in Part C.

# DPMC's Challenges

Challenges	Our goals, and links to Government Priorities	Progress indicators
<b>Challenge One</b>  The public service understands, delivers, and helps shape the Government's priorities	<ol style="list-style-type: none"> <li>Understanding and delivery – Mechanisms to articulate and align government priorities are stronger; working with Treasury and SSC, we support a seamless execution of the Government's priorities.</li> <li>Shaping – The quality of policy advice across the public service increases.</li> </ol>	<p>How satisfied our key stakeholders are. The progress of the Better Public Services result areas. Broad trends in the quality of policy advice.</p>
<b>Challenge Two</b>  Governance for the 21 <sup>st</sup> Century	<ol style="list-style-type: none"> <li>Integrated Governance – Government decision-making processes and systems are integrated across the public service, support the presentation of high quality advice to Ministers, and facilitate collaborative working.</li> <li>Knowledge and Support – Newer Ministers have the knowledge and support necessary to carry out their roles and functions.</li> <li>Ethical Government – Executive government is supported to function in a manner that upholds, and is seen to uphold, the highest ethical standards.</li> </ol>	<p>Satisfaction with CabNet. Feedback from new Ministers about the support provided. Completion of the revised Cabinet Manual.</p>
<b>Challenge Three</b>  New Zealanders understand and celebrate the institutions and processes that contribute to a strong, shared, sense of national identity	<ol style="list-style-type: none"> <li>Understanding – Increasing numbers of New Zealanders have a better understanding of New Zealand's system of government, including the office and role of the Governor-General and Prime Minister.</li> <li>Acknowledging and celebrating honours – New Zealanders acknowledge and celebrate the service, achievement, and diversity of recipients of Royal honours.</li> </ol>	<p>Tracking comments in the General Social Survey, and other surveys. Monitoring media coverage of Honours Lists as they are published. Monitoring the gender balance of the Honours Lists over time.</p>
<b>Challenge Four</b>  Increase New Zealand's resilience through leading and building a risk-based, community-focused, and integrated national security system	<ol style="list-style-type: none"> <li>Risk-based – Increased use of risk-based approaches to building resilience in New Zealand, including building community resilience.</li> <li>Community-focused – More New Zealanders – including our priority partners – trust our national security system to manage shocks and stressors, understand their responsibilities, and are prepared.</li> <li>Integrated – We are increasingly seen as providing leadership across the National Security System – from central government, to local government, to the wider community.</li> </ol>	<p>Aggregate national risk levels and profiles. National preparedness and practices. How well we are working with our priority partners.</p>
<b>Challenge Five</b>  Leaving residents and agencies confident in the future of greater Christchurch	<ol style="list-style-type: none"> <li>System Leadership – Support and influence across government to deliver system wide leadership.</li> <li>Shape the Transition – Support and shape the transition into long-term arrangements for greater Christchurch.</li> <li>Maintain momentum – Ensure recovery continues without loss of momentum.</li> <li>Lessons and Insights – Learning and insights are collated, embedded, and put into action so New Zealand is more resilient.</li> </ol>	<p>Plans for Christchurch's regeneration are in place and progressing. Trends in the progress of regeneration outcomes.</p>

Government priorities:

Better public services

A more competitive and productive economy

Responsibly manage the Government's finances

Rebuild greater Christchurch

# Challenge One

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

The Prime Minister and the Cabinet are the centre of executive government. Ensuring there is a strong connection with the public service is critical.

**Goal 1** Understanding and delivery – Mechanisms to articulate and align government priorities are stronger; working with Treasury and SSC, we support a seamless execution of the Government's priorities

### What we intend to achieve

With our Central Agency partners, we will improve the processes, systems, and mechanisms that translate Government priorities into agency action.

### What we will do

We will help departments understand Ministers' perspectives, develop policy that supports Government priorities, and deal with implementation issues.

We will facilitate links across agencies working on related issues, including through the setting of national intelligence priorities. We will work with the other Central Agencies to further refine the policy priority setting process and ensure coordinated assurance, including through regular reviews of the Better Public Services (BPS) result areas.

A focus will be coordination across sources – both policy and intelligence – to ensure that decision-makers receive cohesive, integrated, all-source advice and assessments.

### How will we measure our progress

Our excellence in policy services, and effectiveness as a model policy agency will continue to be measured by satisfaction surveying. We will also continue to track the BPS result areas.

**Goal 2** Shaping – The quality of policy advice across the public service increases

### What we intend to achieve

Policy advice varies in quality, evidence is not always used to best effect, and new methodologies are

emerging domestically and internationally that departments need support to come to grips with.

Addressing these Challenges requires a dedicated, multi-year programme of work. Policy excellence will see the public service deliver better policy processes, more responsive solutions, and better outcomes over time.

### What we will do

The DPMC-led Policy Project and the leadership of the Head of the Policy Profession (currently the Chief Executive of DPMC) will help to drive continuous improvement in the quality of policy advice and the capability of policy agencies.

The Policy Project has multiple workstreams and over the next year our focus will shift towards encouraging and supporting agencies to use the tools and frameworks developed so far. In addition, we are developing work programmes for:

- Sharing knowledge and building capability on promising methods for using and generating evidence and insights.
- Scoping issues and opportunities for collective action on the policy workforce.
- Looking at options to embed the Head of Policy Profession role and required infrastructure, including monitoring benefits.
- Establishing a repository of information, tools, and learning accessible to the policy community (if this is assessed as worthwhile).
- Improving support for policy stewardship and free and frank advice.

We will also continue to model a professional, politically neutral, and highly effective policy agency.

### How will we measure our progress

We will look for improvement over time in:

- Agencies' policy advice quality ratings (using the Policy Quality Framework or other assessments).
- The number of engagements the Policy Project has with other agencies around deployment of the Policy Project frameworks and tools.
- Reported use rates of the Policy Project frameworks and tools.

# Challenge Two

## Governance for the 21<sup>st</sup> Century

The executive branch of government comprises the Governor-General, Prime Minister, other Ministers of the Crown and the public service. The engine room of executive decision-making is the Cabinet system, and the resilience and security of this system is critical to stable and effective governance.

**Goal 3** Integrated Governance – Government decision-making processes and systems are integrated across the public service, support the presentation of high quality advice to Ministers, and facilitate collaborative working

### What we intend to achieve

We will, in partnership with other agencies, improve the level of support provided to Ministers. Integrated systems and processes will contribute to more effective execution of the Government's priorities.

### What we will do

The Cabinet Office will continue to steward and enhance the Cabinet system and processes. We will work with Ministers' offices and departments so that issues are presented to the Cabinet clearly and robustly, supporting good decision-making.

Following the successful deployment of CabNet, providing electronic management of Cabinet material, we will further develop the system, driven by the needs of our users. We will also commence a review of the current requirements for Cabinet papers to ensure they meet the needs of Ministers.

### How will we measure our progress

The effectiveness and ease of use of CabNet will be tracked using surveys and feedback from users, including the number and nature of calls to helpdesks.

**Goal 4** Knowledge and support – Newer Ministers have the knowledge and support necessary to carry out their roles and functions

### What we intend to achieve

We provide advice and support to new Ministers to help them in their roles. We will improve the quality of this advice and support, so they can more effectively carry out their functions.

### What we will do

We will work with Ministerial Services in the Department of Internal Affairs to ensure Ministers have the systems they require to work efficiently and effectively.

We will develop a refreshed approach for the induction of Ministers ahead of the 2017 elections, and consider other initiatives to support Ministers in their roles.

### How will we measure our progress

We will use feedback from Ministers about the services provided to them, including induction programmes and ongoing advice and support.

**Goal 5** Ethical Government – Executive government is supported to function in a manner that upholds, and is seen to uphold, the highest ethical standards

### What we intend to achieve

Supporting Ministers to carry out their duties to the highest ethical standards is critical to maintaining New Zealand's trust and confidence. We can create an environment where appropriate conduct is clear, and assistance is available to clarify expectations.

### What we will do

The Cabinet Office will provide advice to Ministers and their offices on issues concerning conduct and management of conflicts of interest.

We will also complete a review of the Cabinet Manual as the authoritative guide to central government's decision-making. This will involve reviewing and updating its text to reflect legislative changes and new policies and practices since its last update in 2008.

This will be alongside our ongoing work to promote, through a range of channels and agencies, a greater understanding of New Zealand's approach to executive government, central government decision-making structures, and the statutory and constitutional framework within which central government operates.

### How will we measure our progress

The revised Cabinet Manual will be endorsed by Cabinet.

We will also continue to receive feedback from Ministers and their offices as to the clarity, accuracy, and quality of the guidance provided by the Cabinet Office.

# Challenge Three

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

New Zealanders sharing a sense of political community and national identity increases social cohesion and enhances wellbeing, and strengthening this is an important long-term goal for DPMC.

**Goal 6** Understanding – Increasing numbers of New Zealanders have a better understanding of New Zealand's system of government, including the office and role of the Governor-General and Prime Minister

## What we intend to achieve

Our goal is more New Zealanders understanding our system of government, including the constitutional, ceremonial, international and community functions of the office of the Governor-General.

## What we will do

In addition to continuing to provide advice and support to the Prime Minister, we will support a programme for the Governor-General to communicate information about the office and role and contribute to a series of national commemorations and other events and projects.

Our role will be underpinned by an effective media strategy, which capitalises on major events to further boost the profile of the Governor-General Government House will facilitate visits and maintain the Government Houses in Wellington and Auckland, so the public continues to view them as heritage sites.

The Cabinet Office will continue to engage and support other agencies working in the nationhood space, and Government House will work with organisations who have relationships with the Governor-General (e.g. patronages) to promote the role to their membership.

## How will we measure our progress

Public understanding of the offices and roles of the Governor-General and Prime Minister will be measured through Statistics New Zealand's General Social Survey. We will also track measures of public engagement – the Governor-General's social media statistics, and visitor numbers to Government House.

**Goal 7** Acknowledging and celebrating honours – New Zealanders acknowledge and celebrate the service, achievement and diversity of recipients of Royal honours

## What we intend to achieve

The New Zealand Royal Honours System provides a way to recognise people who have served their communities and to acknowledge their achievements.

As New Zealand becomes more diverse the honours system should operate in a way that reflects this, with a nominations process accessible to diverse communities.

## What we will do

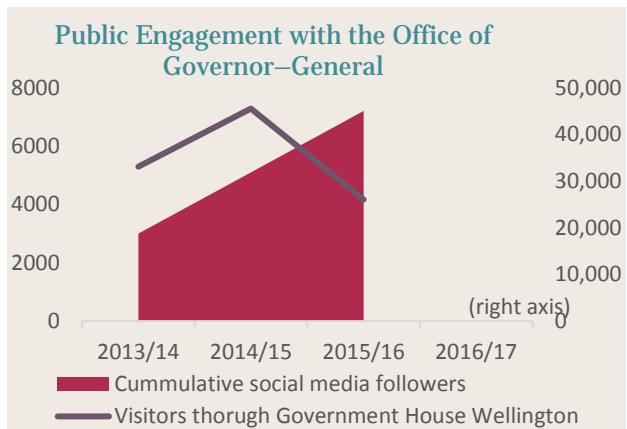
We will continue to work with the Minister for Women and other relevant Ministers, and identify ways to strengthen our connections with Māori, Pacific peoples, and people from ethnic communities to improve the number and diversity of nominations.

Increasing public acknowledgement and celebration of the honours system requires us to better understand what drives engagement by strengthening how we measure national and regional coverage.

## How will we measure our progress

We will monitor trends in the diversity of nominees over time. This will require us to identify options for improving how we track this information, as the data we currently collect is incomplete.

Public acknowledgment and celebration will be measured through use of media monitoring, looking at the number of articles covering announcement of the list in national and regional papers, and tracking of distribution of coverage.



# Challenge Four

Increase New Zealand's resilience through leading and building a risk-based, community-focused, and integrated national security system

A resilient New Zealand has a National Security System that works together effectively to manage risks across the 4Rs – reduction, readiness, response, and recovery. This means we are safer, can build a stronger economy, and advance our interests internationally.

## Goal 8 Risk-based – Increased use of risk-based approaches to building resilience in New Zealand

### What we intend to achieve

We aim to reduce New Zealand's aggregate levels of risk, and build national resilience by improving how our partners identify and manage risks, based on the 4Rs.

### What we will do

We will exercise collective leadership of the National Security System through our role as Chair of the ODESC committee structure, our Security and Intelligence Group, and MCDEM. We will support the passage and implementation of a CDEM Amendment Bill to strengthen the legislative framework for recovery, and a Security and Intelligence Bill to respond to the recommendations of the 2015 Independent Review of Intelligence and Security.

We will steward public alerting enhancements, draft and implement a National Disaster Resilience Strategy, and better link risk management practice to the implementation of the national intelligence priorities.

Our support for the establishment of a Computer Emergency Response Team, refresh of the Cyber Security Emergency Response Plan, and the conduct of regular cyber security exercises will contribute to preparedness and resilience against cyber threats.

We are also leading a process to better identify, understand, and articulate existing and emerging risks for New Zealand. This is a long-term project to strengthen the National Security System and the support that it provides to decision-makers.

### How will we measure our progress

One of our medium-term aims is to improve how we measure aggregate national risk levels. For certain

priority risks, assessing plans and arrangements against good practice, and tracking the outcomes of post-event reviews and practitioner surveys will provide ongoing insight into the health of the National Security System.

**Goal 9** Community-focused – More New Zealanders – including our priority partners – trust our National Security System to manage shocks and stressors, understand their responsibilities, and are prepared

### What we intend to achieve

Managing national security risk and supporting the country's resilience is complex and involves many partners: government agencies, local government, NGOs, the private sector, and our communities.

We will ensure each partner understands their roles and responsibilities around risk identification, the 4Rs, and (where relevant) our role as leader of the National Security System.

Public awareness of our partners' role in preparedness is a focus, as elevated readiness following the Christchurch earthquakes is trending back towards the historic norm.



### What we will do

We will continue to increase the availability of clear, high-quality public information about the National Security System. We will also work closely with our priority partners to ensure that they have the information and support they need to fulfil their roles. For example, we will:

- Update and provide ongoing support for the new National Security System Handbook.

- Support the extension of the Security Sector Professional Development Programme to local authorities and their partners.
- Respond to the Auditor-General's findings in her performance audit of the National Security System (expected late 2016).
- Coordinate the national exercise programme.
- Implement the new CDEM public education programme launched in July 2016.
- Establish a cyber security credentials scheme to help improve the cyber security of small businesses.
- Undertake a confidential survey of businesses to improve our shared understanding of the cost and incidence of cyber insecurity.
- Partner with New Zealand Police to advance the National Plan to Address Cybercrime.
- Set up a cyber security skills taskforce to build up New Zealand's cyber security professional workforce.

#### How will we measure our progress

We will be looking for evidence of improved interface between central government, local government, emergency services, lifeline utilities, and the wider community.

This will include evidence that we are fulfilling our role as sector leader, that individuals and organisations are managing their own risks within the national framework, and that our advice is seen as reliable and trusted across system levels.

We will also continue to measure both national emergency preparedness and cyber-security practices, using established national survey measures. We are also working on a cyber security capability maturity model.

**Goal 10** Integrated – We are increasingly seen as providing leadership across the national security system – from central government, to local government, to the wider community

#### What we intend to achieve

Our goal is to enhance coordination of effort across the many agencies and organisations with a role to play in increasing New Zealand's resilience.

Investment in SIG over the next four years will focus on capacity and capability development for the National

Assessments Bureau, in areas consistent with New Zealand's intelligence priorities.

#### What we will do

Key to this goal is continuing to provide high quality advice and support to our partners. This provides coordination, helps to broker disputes, and creates the opportunity for the development of system learning and a culture of continuous improvement.

In addition to continuing to deliver excellence in our core business we will strengthen linkages between intelligence priorities and collection processes – SIG is leading the implementation of a systematic framework for collaboration on the priorities, supporting delivery of coordinated, high quality intelligence and assessment with measurable impact.

We will also deliver annual reports on the implementation of the Cyber Security Strategy.

MCDEM will commission an independent review of its capability and capacity to perform its statutory and public duties and functions. This will have a specific focus on effective and timely response and recovery; a proactive focus on risk reduction and resilience building; and seizing opportunities offered by technological advancements and other developments.

The discipline of emergency management has evolved into one focused on addressing total disaster risk, rather than one that seeks purely to focus on readiness and response. Subsequently, there has been a growing expectation on MCDEM for stewardship and comprehensive functional leadership across the 4Rs.

Changes as an outcome of this review, which may include recommendations for future investment in MCDEM's capabilities and capacity, will be progressed through a combination of prioritisation within our existing appropriations and business cases for additional funding, as appropriate.

#### How will we measure our progress

Measuring the effectiveness of collaboration across a system will be done at three levels:

- Using self-assessment tools and satisfaction surveys to track how well we work with our partner agencies.
- Reviewing post-event and exercise reviews and evaluations for evidence of effective collaboration and system integration.
- Looking for evidence that a culture of learning is forming in the National Security System.

# Challenge Five

Leaving residents and agencies confident in the future of greater Christchurch

Greater Christchurch is entering a new phase as it moves from recovery to regeneration. Central government's role has moved from leading and coordinating, to supporting local institutions to get back into the "driving seat" of regeneration.

**Goal 11** System Leadership – Support and influence across government to deliver system wide leadership

## What we intend to achieve

We aim to provide system leadership so that the Government supports local leaders and institutions to undertake their regeneration roles effectively.

## What we will do

We will maintain strong relationships with our strategic partners, central government agencies, Ōtākaro Limited and Regenerate Christchurch; supporting and influencing them to collaborate effectively.

We will also participate in a number of fora and governance groups, including the Urban Development Strategy Implementation Committee, Chief Executives Advisory Group, the City Executives Forum, the Psychosocial Governance Group, the Canterbury Government Leaders Group, and the Horizontal Infrastructure Governance Group.

Our objective is to ensure that the Crown remains connected with the regeneration effort and supports local leaders to take regeneration forward.

## How will we measure our progress

To ensure that critical regeneration issues continue to be prioritised, we will regularly engage with stakeholders and identify where we can provide support.

We will also monitor the experiences of our key stakeholders through surveys, tracking how well we are undertaking our role.

**Goal 12** Shape the Transition – Support and shape the transition into long-term arrangements for greater Christchurch

## What we intend to achieve

Our priority is to support the transition of regeneration leadership back to the local level. Central government also remains a partner in regeneration – our role is to make sure that the Crown's views and interests are appropriately represented.

## What we will do

To achieve this we will support the newly established entities (Ōtākaro Limited and Regenerate Christchurch), as well as government agencies that inherited some of CERA's recovery functions, to ensure that they are functioning effectively and successfully delivering on approved work programmes.

We will advise Ministers on the progress of regeneration outcomes, as well as the performance of entities responsible for delivering regeneration functions.

The Crown's interests will be represented in related local planning and review processes. These will help shape the planning frameworks that best support the long-term arrangements for greater Christchurch.

We will support entities with a statutory role in regeneration planning processes, and advise the Minister supporting Greater Christchurch Regeneration in exercising statutory roles under the Greater Christchurch Regeneration Act.

## How will we measure our progress

We will monitor Ōtākaro Limited and Regenerate Christchurch's progress in achieving regeneration outcomes, and the performance of Regenerate Christchurch against the purpose and objectives agreed upon within its Statement of Intent.

Regeneration outcomes will be monitored through a now-established monitoring and reporting framework. Issues will be included in reporting and advice provided to Ministers.

The effectiveness of the support we are providing to local leadership will be measured through stakeholder surveys.

## **Goal 13** Maintain momentum – Ensure recovery continues without loss of momentum

### **What we intend to achieve**

There is a critical need to ensure that recovery and regeneration momentum is maintained following the disestablishment of CERA.

### **What we will do**

We have ongoing responsibility for the delivery of some short-term recovery work relating to the repair of the city's horizontal infrastructure, and representing the interests of the Crown on the Christchurch Replacement District Plan review.

We will oversee the horizontal infrastructure programme in partnership with the New Zealand Transport Authority and the Christchurch City Council. We expect this work to be completed in 2017.

In the medium term we will support the transition of responsibility from the Stronger Christchurch Infrastructure Rebuild Team (SCIRT) Alliance to the Christchurch City Council, including transferring information and systems, and managing the close out of the SCIRT Alliance and the wider programme.

### **How will we measure our progress**

The delivery aspects of this goal will be tracked against the milestones in the relevant programme plans.

This will ensure that agencies, organisations, and individuals are better prepared to respond to future shocks – building New Zealand's resilience and capacity to respond to disasters.

### **What we will do**

We are currently undertaking a whole of government initiative to support relevant agencies to start projects related to learnings from the Christchurch regeneration.

We have launched a public-facing "EQ Recovery Learning" website that brings together the knowledge, insights, case studies, and real-life stories garnered from those involved directly in the Canterbury earthquakes.

### **How will we measure our progress**

Engagement with the EQ Recovery Learning website will be tracked by monitoring use levels through a web analytics service.

We will also be tracking the number of agencies who undertake and complete a learning project.

## **Goal 14** Lessons and Insights – Learning and insights are collated, embedded and put into action so New Zealand is more resilient

### **What we intend to achieve**

The Christchurch earthquakes represented an unprecedented challenge for New Zealand's risk management and response agencies, and exposed potential weaknesses in how we prepare for and manage shocks and stressors, including natural disasters.

To ensure that gaps are addressed and systems strengthened, we are working across our agency partners to ensure learning and insights from the earthquakes and rebuild are properly documented, embedded, and put into action.

# Our initiatives portfolio

Project	Linking Challenge	High-level Objective	Lead
Cabinet Manual Review & Update	<b>2</b>	Update Cabinet Manual to reflect changes in legislation and practice since last update.	CO
Demise of the Crown	<b>2</b>	Prepare for and lead the transition to new sovereign when required.	CO
Government House Long-term Maintenance Plan	<b>3</b>	Prepare and implement a plan to maintain the physical fabric of Government House (Wellington) and Government House (Auckland).	GH
Public Alerting System	<b>4</b>	To deploy a national public alerting system, providing agencies with an effective mechanism to warn at-risk communities of threats.	MD
Recovery Review	<b>4</b>	Support the passage and implementation of a CDEM Amendment Bill to strengthen the legislative framework for recovery.	MD
Public Education Programme	<b>4</b>	Implementation of the new CDEM public education programme launched in July 2016.	MD
EMIS (Emergency Management Information System)	<b>4</b>	Investigating a platform upgrade for EMIS, including a potential redesign, inputting dashboards, and integration with RealMe.	MD
National Warning System	<b>4</b>	Moving the National Warning System to a more modern, more functional and more robust platform.	MD
Cyber Security Action Plan	<b>4</b>	Annual evaluation of progress and consideration of new actions to ensure the Action Plan addresses emerging threats and evolving technology.	SIG
National Computer Emergency Response Team (CERT) Establishment	<b>4</b>	To improve New Zealand's response to cyber security incidents.	SIG
Cyber Credentials	<b>4</b>	To help improve the cyber security of small businesses.	SIG
Cyber Skills Taskforce	<b>4</b>	To build up a cyber security professional workforce.	SIG
Addressing Cybercrime	<b>4</b>	To improve New Zealand's ability to prevent, investigate and respond to cybercrime.	SIG
Security and Intelligence Bill	<b>4</b>	Support the passage and implementation of a Security and Intelligence Bill to respond to the recommendations of the 2015 Independent Review of Intelligence and Security.	SIG
Horizontal Infrastructure	<b>5</b>	To deliver the repair and rebuild of greater Christchurch's three-water and roading horizontal infrastructure to enable recovery outcomes.	GCG
Canterbury Earthquake Recovery Learning and Legacy	<b>5</b>	Support the development of lessons and legacies regarding government role and responsibilities in recovery and a "whole of recovery" story.	GCG
Policy Project – Phase 2	<b>1</b>	Maturing the Head of the Policy Profession (HoPP) role, and implementing the policy frameworks established in Phase 1.	PP

## Part C

# How we will deliver

This is where we discuss the organisational capabilities we will be building over the next four years to deliver our strategic intentions.

We also describe the strategic choices and trade-offs we face, and how we plan to manage these in a way that maximises the value we deliver.

# Where we are going

DPMC has grown and taken on new responsibilities. From 2013 to 2016 we doubled in size, with operational functions different from our traditional business.

While GCG and its supporting corporate functions have a limited lifespan, we expect to offset growth, due to decisions in Budget 2016 to increase investment in MCDEM and intelligence assessment. As a result, we will be transitioning to a permanent new shape as a larger organisation.

Our growth also means that we have become more dispersed, with staff in Christchurch, Auckland and multiple sites in Wellington, adding further complexity.

We have prioritised establishing a sense of collective identity that recognises the strength of our diversity and individual brands and robust systems of corporate support. With these foundations in place, we can begin the next phase of organisational development – to ensure that our increased capabilities deliver more value for money, achieve our strategic intentions, and are enabled by fit-for-purpose corporate infrastructure.

## Our 10 year organisational vision

In ten years' time we will still be delivering excellence in our core business – providing integrated advice and support to the Governor-General, the Prime Minister and Cabinet, and senior officials – but we will be more adaptive to their needs, with modern technology, new approaches, and more diverse perspectives.

We will be influencing and leading the public service by producing more coordinated, all-source policy advice

and assessments to advance the Government's priorities. We will be seen as standard-setter for policy and assessment practice.

Under our effective and trusted stewardship, and with the active support of other agencies, the National Security System will be world class, underpinned by systems and processes to govern and coordinate our efforts across the Security and Intelligence and Hazard Risk Boards. Risk identification and management, based on the 4Rs will be embedded across an integrated sector, with us providing leadership, coordination, and expert support.

We will be effectively engaging with Auckland as the city's prominence in the nation's life continues to grow. We will have supported transition in greater Christchurch from central government-led recovery to a locally-led regeneration that leaves residents positive about the future of their city.

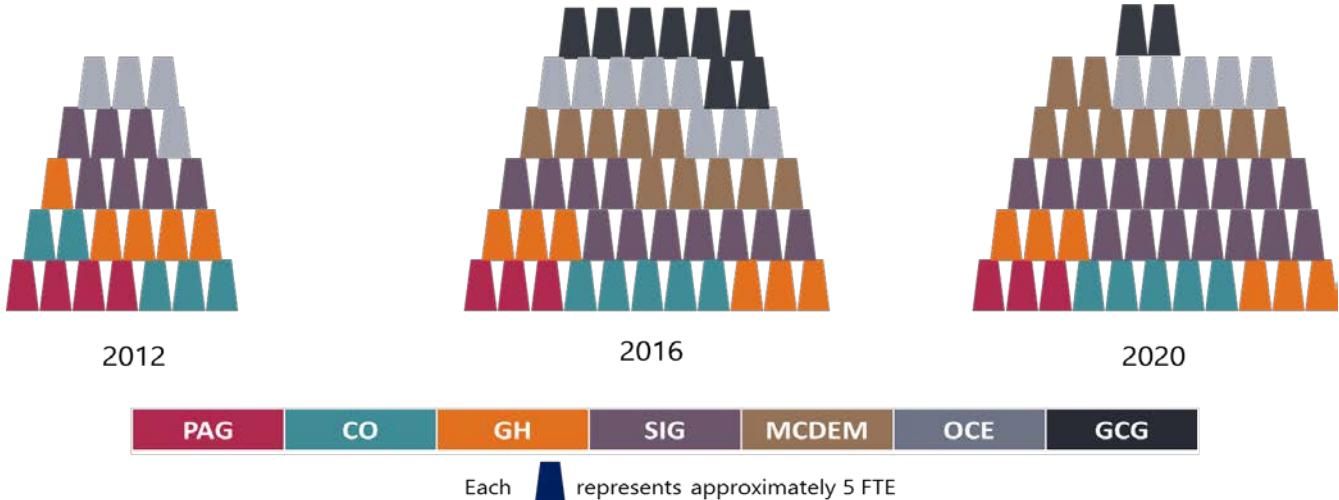
## Our four year excellence horizon

In four years' time DPMC will have implemented some fundamental changes, so we can achieve our Challenges and move closer to our 10 year organisational vision. We will be more effective influencers and system stewards; more interconnected; less pressured, and more resilient.

### We will be more effective influencers and system stewards

This shift recognises that, while we will deliver to an excellent standard for our key customers, we also have a responsibility to provide stewardship across a wider

Illustrating the changing scope and form of DPMC



group of stakeholders. For example, as leader of the ODESC system, principal support to the Governor-General in her constitutional and ceremonial role, and as Head of the Policy Profession.

We will increasingly need to provide decision–advantage over – and sustainable solutions to – intransigent and cross–cutting problems that require complex, long–term, and multi–faceted solutions.

This means producing more medium–term strategic advice, initiating debates amongst the policy community, and using evidence and insight to better inform our analysis.

This will require us to enhance our specialist technical knowledge, problem solving abilities, and analysis and information technology capabilities – demonstrating to the rest of government what an innovative, modern policy and assessments function looks like. We will also need to enhance our ability to shape and communicate the Government’s priorities via strategic partnerships.

To better fulfil our stewardship responsibilities, we will need our staff to demonstrate leadership at every level, to influence the wider public service and the processes and systems of executive government.

We will need to be more explicit in our role setting standards. We will model good practice, communicate expectations effectively, and partner with others to lift the whole system’s capabilities. We will also need to work with a wider set of stakeholders – for example, NGOs, business, iwi, and local government – supported by enhanced communication capability that helps us constructively influence public discussion of the systems we steward.

Underpinning this will be our role within the Central Agencies. While respecting each’s role, we will speak with one voice, acting as the coach rather than the referee or opinionated bystanders.

#### We will be more interconnected

As we grow, we will maintain the strong brands and identities of each of our business groups. However, as the new shape of the organisation matures, we will encourage and enable appropriate collaboration on the things that matter.

For some areas of the organisation, structured approaches to collaboration are already emerging and will be further strengthened. SIG and MCDEM have complementary responsibilities within the National Security System, while the Cabinet Office and

Government House have important constitutional and nationhood functions.

Elsewhere collaboration will be supported by internal communication; identification, and removal of barriers to working together; a more proactive approach to capitalising our wider talent base; and looking for opportunities to share knowledge and resources.

We will also have continued to monitor the sufficiency of our Auckland presence, while our role in Christchurch will have been reduced to the right size needed to perform our ongoing monitoring and support role.

#### We will be less pressured, and more resilient

We need to respond to changing government priorities, often by assuming new functions or prioritising what we deliver in a short time frame. This has put pressure on us and building our resiliency – both of our organisation and our personnel – is a priority.

We need to know where our knowledge and talent are, and improve our ability and commitment to move resources and expertise where they are needed most.

We will have a culture that values and rewards cooperation and resource sharing, and reinforces the importance of versatility, adaptability, and flexibility.

Better processes and information flows will enhance collective ownership of our issues, risks, and priorities. They will ensure that resources flow more easily across the organisation – both to where they are needed, but also where they best deliver value for our stakeholders.

#### How we will achieve this

The following sections describe our plan for reaching these ten and four year horizons.

We intend to build three strengths within the organisation – strategic partnerships; corporate governance, capability, and infrastructure; and our DPMC workforce

These strengths will be built on a shared foundation of fiscal sustainability and value for money; a workforce with the culture and capabilities it needs to meet our objectives; effective information and asset management; and effective corporate governance.

# Strength 1: Strategic partnerships

## Developing as leaders and system stewards

Effective stewardship requires Ministers to have confidence in DPMC's long-term vision and a shared understanding of our roles, responsibilities, and priorities within the systems we steward.

We now have responsibilities within the portfolios of seven Ministers, and many of these relationships are new and emerging. Consequently we will be working with Ministers, as part of annual priority setting and performance conversations, to develop more explicit expectations in this area.

Our security and intelligence work has already achieved success in this area with the development of the National Security System Handbook and New Zealand Intelligence Community Four Year Plan, which clarify our role in the system. We will build on this platform by ensuring that refreshes of the national intelligence priorities are risk-based, and implementation of the priorities is dynamic and customer-focused.

It is important that expectations on our staff to demonstrate leadership qualities in their work continue to rise, and we develop leadership pipelines at every level. We will be exploring using the SSC Leadership Success Profile as a roadmap for the capabilities needed.

For our senior leaders, the 'leading strategically' and 'leading with influence' domains provide room for development. We will invest in the systems-thinking skills of our leaders; create space for connection, thinking, and reflection; and strengthen leadership recruitment processes. In turn we will support leaders within the systems we steward to develop these capabilities and our existing leadership strengths (for example, leading at the political interface).

Reviewing our induction programme, internal communications, and staff intranet will ensure all staff are aware of our system roles, and can (where appropriate) confidently talk about our purpose, values, and priorities.

## Strategic communications

Our communication capabilities have recently been reviewed, and we are making changes to strengthen and integrate these capabilities.

This will enhance our ability to carry out our core functions of leadership and coordination. It is important that communication is two-way, so that we understand our stakeholders' needs and perspectives.

We have also worked with CASS to identify ways to improve how we use the internet and social media to communicate, and plan to simplify our website portfolio.

Improvements in internal communication will also help us to use our external relationships more strategically, as stakeholders will receive consistent messages no matter who within the organisation they engage.

## Building our key strategic partnerships

Key to strengthening the relationships we have with our priority external stakeholders will encourage and enable more planned approaches to stakeholder management across the organisation.

This includes more formal relationship management roles and responsibilities for staff, and greater use of innovative approaches to relationship management. To make use of these opportunities, we will continue to invest in developing the relationship building, influencing, and negotiation capabilities of our leaders and staff.

# Building our key strategic relationships

Partners	Why this relationship is important	How we will strengthen this relationship over the next four years
Our Ministers, and the wider Cabinet	<p>In addition to our obligations to the Prime Minister and our other responsible Ministers, we play a key role in support of the wider Cabinet.</p>	<ul style="list-style-type: none"> <li>Engaging with Ministers to develop a shared understanding of our changing shape and growing functions, and how we interpret and execute our emerging stewardship roles.</li> <li>Reviewing how we gather Ministerial satisfaction information and how we can better use this information to improve how we work.</li> <li>Continuing to integrate and leverage our Ministerial Servicing functions to support the wider DPMC.</li> </ul>
Public service	<p>DPMC has key roles within the public service as the leader of the ODESC system, one of the Central Agencies, and currently, with its Chief Executive's role as the Head of Policy Profession.</p> <p>DPMC is also the main link between the political system and the public service, connecting Ministerial priorities to agency performance.</p>	<ul style="list-style-type: none"> <li>Continuing to develop our work streams to improve processes for setting and monitoring Government priorities.</li> <li>Establishing the next phase of the Policy Project, which may provide an opportunity to formalise our policy stewardship role.</li> <li>Reviewing how we measure stakeholder satisfaction with the services we provide, and how we use this information to improve how we work.</li> </ul>
Central Agencies	<p>For the Central Agencies to effectively carry out their role, they need to have shared expectations, role clarity and effective communication.</p>	<ul style="list-style-type: none"> <li>Along with Treasury and SSC, reviewing the purpose and functions of the Central Agency relationship mechanisms to ensure they are effective.</li> <li>Encouraging greater interconnectedness between the strategy and planning teams within each organisation.</li> <li>Moving towards greater alignment in planning, language, and approach in each agency's Four Year Plan.</li> <li>Considering ways that CASS can be used to build connections between the Central Agencies.</li> </ul>
Auckland	<p>As Auckland continues to grow in prominence as New Zealand's largest and most diverse city, our policy and operational roles need to reflect this.</p>	<ul style="list-style-type: none"> <li>Continuing to support a continued DPMC policy presence in Auckland.</li> <li>Reviewing how the Governor-General engages with Auckland, as part of our civic engagement/nationhood work programme.</li> </ul>
Greater Christchurch Regeneration	<p>Through GCG we have an ongoing responsibility to monitor and coordinate the inheriting agencies, and support local entities to lead the regeneration of greater Christchurch.</p>	<ul style="list-style-type: none"> <li>Working with colleagues in the other inheriting agencies and across all central government agencies to grow lateral, sustainable networks of relationships that will endure beyond our role.</li> <li>Ensuring that the GCG's resources are used to build sustainable capability in local entities leading regeneration, and ensuring mechanisms to support the regeneration in the long term.</li> </ul>

# Building our key strategic relationships

Partners	Why this relationship is important	How we will strengthen this relationship over the next four years
<b>Private and other sectors</b>	<p>Working with a broad network of stakeholders outside of the Government – e.g. iwi, private sector, and non-profits – provides more perspectives to inform policy work and our other functions.</p>	<ul style="list-style-type: none"> <li>Using recruitment and turnover in our policy functions as an opportunity to diversify the backgrounds and perspectives in these teams.</li> <li>More deliberately sharing expertise and insight from people with diverse backgrounds across the organisation.</li> <li>Better connecting external stakeholders with each other across the communities of interest we serve – e.g. private organisations that have interests in both cyber security and civil defence issues.</li> </ul>
<b>National security system partners</b>	<p>DPMC plays a leadership role within the New Zealand Intelligence Community and the National Security System.</p> <p>We also have a number of international security partners, with whom we work to maintain our place in an international rules-based order, and the foreign and domestic capabilities upon which our security depends.</p>	<ul style="list-style-type: none"> <li>A key part of our Security and Intelligence Groups' work programme is about enhancing collaboration within the NZIC. This includes identifying opportunities to encourage and enable sharing resources, collaborating, and eliminating duplication so that the sector is seen to work seamlessly as a whole. We are also working to better align the NZIC with the New Zealand Intelligence priorities, which are focused on both geographic and thematic threats.</li> <li>Working across the sector to build an intelligence assessments community with common standards, training, staff development, and customer outreach.</li> <li>For our international partners, our focus is on being aware of our environment, maintaining connections to like-minded countries, understanding and aligning to international best practice, and servicing key supplier relationships.</li> </ul>
<b>Partners in resilience</b>	<p>Through MCDEM, DPMC plays the central coordination and leadership role for civil defence emergency management, which complements our role as leaders of the National Security System.</p>	<ul style="list-style-type: none"> <li>Leading and collaborating on activities that contribute to building a resilient New Zealand with our sector partners, and across sectors to strengthen CDEM policy advice, set the strategic direction and build strong relationships.</li> </ul>
<b>Partners in nationhood</b>	<p>Through the Cabinet Office and Government House, DPMC has a number of responsibilities for systems and functions key to New Zealand's nationhood, including the Cabinet system of Executive Government, and support for the Office of Governor-General.</p>	<ul style="list-style-type: none"> <li>Supporting the Governor-General, Prime Minister, Ministers, and our public service partners, by providing advice on constitutional issues that have implications for executive government and constitutional procedures that support the conduct and continuity of executive government.</li> <li>Reviewing how Government House can best support the Governor-General to exercise her nationhood role.</li> </ul>
<b>CASS</b>	<p>CASS provides DPMC support services for ICT, Finance, HR, Information Management and Web and Publications.</p>	<ul style="list-style-type: none"> <li>Restructuring how DPMC engages with CASS at a governance level to ensure the service relationship best meets the needs of both parties.</li> <li>Supporting CASS to better understand DPMC's needs and priorities.</li> </ul>

# Strength 2: Corporate governance, capability, and infrastructure

DPMC prides itself on its light corporate infrastructure. However, as we grow in size and complexity we have needed to bolster corporate capability and systems.

This was highlighted in our 2015 Performance Improvement Framework review, which noted the need for more robust governance and operating procedures.

The transfer of functions from CERA required us to build up our people and performance capability; our project, risk and assurance and reporting systems; and to standardise corporate and HR policies and systems.

We will retain a small proportion of these resources on an ongoing basis, to enhance our effectiveness and our capacity to take on new initiatives and projects for the Government. The level of service will be reviewed as DPMC evolves to ensure it is fit-for-purpose.

## Governance, strategy and performance

In 2016, we reviewed our governance and leadership frameworks, and will be implementing a new model with a greater degree of devolution of 'day to day' responsibility to subject-specialist boards (e.g. security and organisational health).

We have also refocused our Executive Leadership Team on key cross-Departmental issues (e.g. priority programmes, strategic risks), and undertaken a review and refresh of our planning, prioritising, and performance systems.

## Portfolio and risk management

We have appointed project and portfolio and risk advisors to provide greater consistency of project and risk management. We also have established more consistent risk and assurance practices.

## Security, privacy, and health and safety

We are leveraging off a short-term CERA-related increase in our legal capacity to increase our levels of privacy and procurement maturity.

We are also embarking on a multi-year programme of work to grow our Protective Security Requirements and health and safety maturity, recognising our responsibilities as a Central Agency and within the National Security System.

## Shared services arrangements

As part of our reform of governance and corporate performance, DPMC is working with CASS to identify opportunities to improve the partnership model and ensure CASS' product offerings continue to meet DPMC's needs.

## ICT management

In close collaboration with the Central Agencies, CASS has developed an Information Services Strategic Plan which provides a common direction for the Central Agencies' ICT capabilities.

We are also taking steps to minimise risk in the provision of secure technologies within the NZIC. This includes outsourcing some IT capabilities to the Government Communications Security Bureau, and taking advantage of outsourced security services for our workforce holding top secret clearances.

## Information

We continue to support the Government's Open Data initiative in making appropriate information and data DPMC holds publicly available.

We will continue to release data and information while balancing the principles of Open Data with security and privacy considerations.

## Procurement and strategic contract management

DPMC recognises that building capability in strategic contract management will help to build organisational resilience by making us better able to manage the contracts and service providers that matter most to us.

In late 2016 the New Zealand Government Procurement released the Significant Service Contracts Framework. We intend to use the framework to support teams as they undertake procurement activities, aligned with the key domains of the framework: visibility, expectations, accountability, evidence, and capability.

# Strength 3: DPMC workforce

## Our workforce story – committed to serve, willing to lead

For much of our history we have been a small agency of fewer than 120 FTEs. However, with the incorporation of MCDEM and CERA, changes to the SIG, and investment in our core capabilities, our headcount has steadily grown.

In 2015/16 our staff numbers increased by approximately one-third as a result of the CERA wind down, with 84 new roles created to deliver inherited functions, and increased corporate services requirements taking our total FTE count to just over 260.

Our role in Christchurch (and the need for accompanying corporate support) will diminish over time. However, we do not project a return to our historic numbers, as this reduction is offset by decisions in Budget 2016 increasing the level of investment and personnel in MCDEM and SIG.

We will need to ‘right-size’ the organisation over the next four years. Reduction in the size of some business groups will be driven primarily through attrition and the expiration of fixed-term contracts, while expansion in other areas will require a coordinated programme of recruitment and workforce development.

As the majority of our operating costs are in personnel, we will **s9(2)(g)(i), s9(2)(j)** to better manage the financial pressure on our baselines.

## Our Workforce Strategy 2017 – 2020

Our Workforce Strategy was developed to achieve our Four Year Excellence Horizon: being more effective influencers and system stewards; more interconnected; less pressured; and more resilient.

### Growing our role as systems stewards and influencers

Developing the breadth and strength of our strategic partnerships is key to our ability to be more effective stewards and influencers. From a workforce perspective we will focus on communicating this to our staff; growing capabilities needed to be effective in this area; and recognising and reinforcing great examples of these behaviours when we see them.

### Becoming more interconnected

Integrating new business groups into DPMC highlights the need to more actively identify opportunities for knowledge sharing and the creation of efficiencies through resource sharing.

We also want to build on staff talent and succession risk management; create clearer internal and external development and career paths to improve talent retention; and implement best practice workforce management processes, systems, and policies.

### Becoming less pressured and more resilient

Our role growing New Zealand’s resilience has also made us reflect on whether we are as resilient as we need to be.

We need to strengthen our relationships; grow the personal resilience of our staff; lead and participate in joint workforce initiatives to support talent attraction, development and retention, and share knowledge and resources.

## Four goals within our Workforce Strategy

Our Workforce Strategy has four goals:

1. A consistent DPMC – Creating further consistency and efficiency in how we communicate, employ, induct, develop, manage, and reward our staff.
2. Achieving greater system integration of our workforce – Working at a system level to manage critical workforce resources in a smart way.
3. Building DPMC values and engagement – Building on the key things that help us create positive staff engagement, and shifting our culture to support our ability to achieve our key objectives.
4. Developing DPMC people – Supporting and developing our people so that they can grow their careers and contribute to our success.

### A Consistent DPMC

We will implement consistent best practice workforce management policies, systems and processes across DPMC. These will facilitate sound and agile decision-making. Key priorities are recruitment, induction, employment terms and conditions, performance management, remuneration, and delegations.

Workforce capacity management will ensure we are able to operate within our baseline funding, and that any deviations from our workforce capacity plans are visible, deliberate, and justifiable.

### Achieving greater system integration of our workforce

Leading the development and implementation of a workforce strategy to maximise the attraction, development, retention, and use of New Zealand's workforce with top secret clearances. This work will create a multi-agency co-operative approach to how this workforce can be more effectively recruited, developed, used and retained.

### Building DPMC's values and engagement

We will develop a programme of initiatives designed to achieve culture change aligned to the three key shifts (being more effective influencers and system stewards; more interconnected; and, less pressured and more resilient).

This will involve ways that we can communicate, facilitate, and reinforce attitudes and behaviours that are important to our ability to achieve these shifts.

Strengthening our internal communications will be critical to consistent messaging and engaging with our staff effectively as 'one organisation'. Improving our communication about the direction and objectives of DPMC and how our staff contribute to this will improve staff engagement.

Attracting and retaining a diverse workforce will improve our work through broadening our thinking. We will focus on ways to minimise bias in recruitment and selection, and implement policies and practices that enable more flexible working arrangements.

### Developing DPMC people

We will advance our systems and processes to develop our top talent in a flexible way, taking a system-wide view of talent development and retention.

Implementation of a resource rotation policy and changes to employment terms and conditions to enable redeployment will help with resource sharing, reinforcing a flexible working culture, and our organisational resilience.

Building strong people leadership capability is critical to our ability to grow our resilience as an organisation; attract, motivate and retain talented staff; and grow our capability through strong positive modelling of behaviours central to effective system stewardship – relationship building, leading and influencing.

The results of the Leadership Insight Assessment for our senior manager cohort highlighted five areas for leadership development: leading strategically; managing work priorities; enhancing organisational performance; achieving through others; and enhancing people and team performance.

Key priority areas for overall workforce capability development are also based on the achievement of our strategic goals, and include analytical skills; influencing and negotiation skills; communication skills (written and oral); personal and professional resilience; and building strategic partnerships.

We will also ensure that all employees have an individual development plan in place, and that the organisation supports and facilitates a wide range of opportunities to grow capability, including rotations, secondments and projects, and opportunities to mentor and coach.

### Function-specific goals

As well as concentrating on the four goals above, CASS HR will also focus on activities that address the particular needs in each of our business groups.

We also plan to set up community of interest groups such as a Policy cohort and an Executive Business Support group.

### Diversity and equal employment opportunities

DPMC actively seeks to become a more diverse organisation. The Department considers diversity to cover ethnicity, gender, disability, age, diversity of thought, and diversity of experience.

Key equal employment opportunity diagnostic statistics are provided below:

Gender pay gap: 7%    Female senior leaders: 47%

# Managing our responsibilities

## Financial outlook

Increasing complexity and expectations, new roles, and short-term project work have at times put pressure on our baselines. These are reflected in some significant changes in our appropriations over time.

We received additional funding to support the transition of activity from CERA to inheriting agencies, and to establish both the new functions of GCG and the corporate services needed to support our growth.

The majority of the new funding reduces as the focus of the earthquake recovery shifts to regeneration and ownership by local institutions. By 2020/21 a reduced amount of funding will be retained to support the ongoing programme of work.

We are well prepared for this reduction, anticipating that the transfer of ownership to local institutions will occur more quickly than originally anticipated. Our forecasts reflect an expectation that some of the time-limited funding will not be required in each year from the 2016/17 year, and will be available for reprioritisation.

At the same time we will continue to manage the regular cost pressures we face, including expected remuneration increases; inflationary pressures on other expenses; and increasing levels of depreciation due to investment in shared infrastructure across the Central Agencies.

While increases to our baseline have alleviated the pressures identified in our previous Four Year Plan 2015 (where a shortfall of approximately \$1.4 million by 2019/20 was forecast), vigilance is required to ensure we live within our means.

## Financial strategy

As part of the strengthening of our corporate functions, we are improving our financial management. We are establishing programme and portfolio management processes to better track the financial health of our major projects, and we are increasing the quality of the financial forecasting and performance reporting provided to our leadership team. Over time, we will also improve the financial insights available to Tier Two and Tier Three managers.

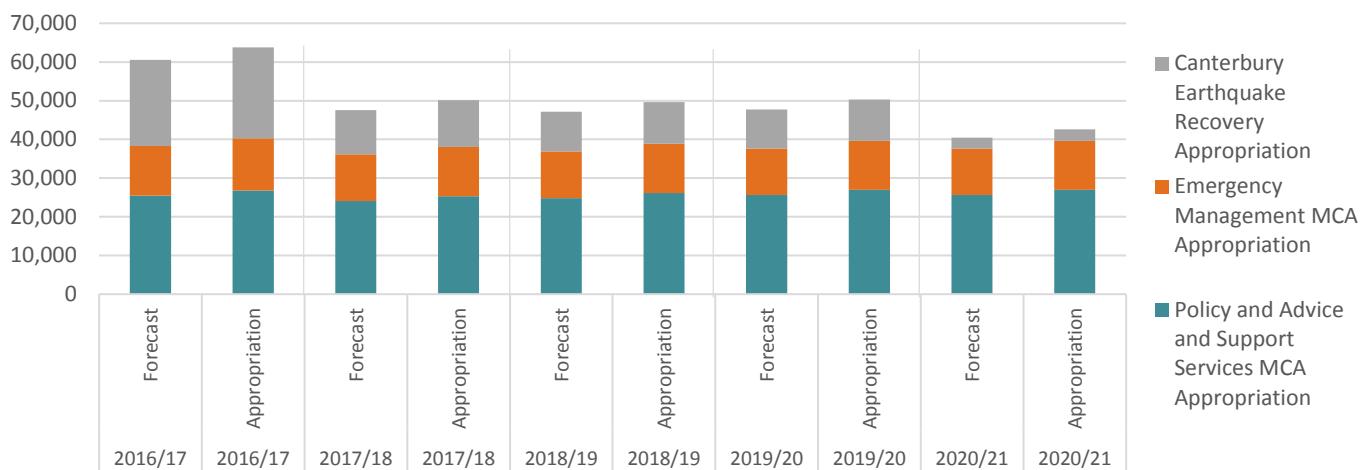
While some cost pressures will still be managed within business groups, we will be continually improving our understanding of the trade-offs involved and the impact this has on our ability to deliver our services.

This will help us reprioritise expenditure using the financial management tools available, including transfers between appropriations or categories within multi-category appropriations.

Where external demands exceed our capability and capacity this may be resolved, if necessary, by stopping or postponing work in lower priority areas. We will take constructive actions to reduce this risk. In particular, we will ensure productivity improvements so that we can continue to deliver the same level of service with lower staffing levels.

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

## Departmental Forecast Spend Compared to Baseline



## Value for money focus

We have a value for money focus, and some examples of measures already underway are:

- Reducing personnel costs through active management of our workforce; attrition; and optimising the mix of managers, senior and less experienced staff within business groups.
- Working towards better organisational integration to share resources and manage vacancies more strategically.
- Reviewing resourcing models. For example, we have reduced PAG headcount while building seniority and expertise.
- Deferring capital expenditure, such as information technology replacements.

s9(2)(g)(i), s9(2)(j)

However, remuneration increases will continue to be tightly targeted to reward high performance and address recruitment pressures in key positions.

Going forward we will focus on delivering efficiencies by:

- Continuing to refine medium-term forecasts for our Christchurch regeneration work so we're well-placed to recommend reprioritisation options to Ministers if an underspend is projected – including, but not limited to, returning funding to the centre.
- MCDEM commissioning an independent review of the capability and capacity to perform its statutory duties and functions, and other formalised roles, responsibilities and arrangements.
- Reviewing existing resourcing levels and functions across DPMC. For example, reviewing communications and administration support to gain efficiencies and best leverage resources.

We are also working with CASS and the Central Agencies to explore opportunities for ongoing savings.

## Risk and assurance processes

DPMC's Risk and Assurance Committee provides challenge and assurance services to the Chief Executive. During 2015/16 the Committee continued to meet quarterly to review and assess areas of potential risk,

DPMC's progress toward mitigating those risks, and a range of other capability and strategic issues.

In 2015/16 we added a new member to this committee to ensure continuity of oversight of the risks owned by CERA.

## Security, privacy and information

DPMC stewards the Protective Security Requirements on behalf of government, and our leadership within ODESC implies responsibility for good security practice both at a system and agency level.

We also take seriously our responsibilities for privacy and for classified information, and are looking for opportunities to strengthen our policies and processes in this area, including utilising our short-term increase in legal capacity following the CERA wind-down.

## Health and safety

DPMC is committed to managing health and safety in the workplace in a proactive and participative way. In 2016 we updated our Health and Safety Policy to align with best practice as described in the Health and Safety at Work Act 2015.

Because we are committed to a continuous improvement approach to health and safety, annual goals are agreed by our leadership team and our health and safety committee.

## Our partnership with CASS

The CASS short-to-medium-term goals are to continue to improve shared service benefits by improving resilience, reducing future costs, and being able to access more strategic and innovative ideas that are relevant to the Central Agencies' purpose and operation. As opportunities are presented, CASS will partner with the Central Agencies to work through the trade-offs and benefits relating to the adoption of new services.

CASS will work with the Central Agencies to assist with significant change over the short term, while maintaining operating baselines and utilising a charge back model for agency specific initiatives.

The long-term vision for CASS is to continue to grow by allowing customer agencies to forge relationships with other small agencies and offer a standard corporate service while continuing to customise unique service offerings and grow corporate maturity. This will be achieved by:

- Realising the potential benefits of technology and information (efficiency, innovation, security, resilience).
- Increasing connectivity (enabling data, people, and agency connectivity).
- Increasing diversity (to leverage value and reflect the communities served).
- Improving the delivery experience.

## Organisational resilience

DPMC recognises the importance of ensuring its staff and its operating model are resistant to shocks and emergencies. We hold a regular series of business continuity exercises covering both our own operations, and our obligations in regards to the functioning of executive government and the National Security System.

### Staff

DPMC has undergone a number of change processes recently, and has above-average turnover. This has reduced organisational resilience to future change. A key part of our strategy is building this resilience, through cultural change and initiatives to build a more consistent, cohesive DPMC.

### Information systems

Core ICT systems are provided by CASS, and are backed-up and off-site. Some downtime of core systems has been observed, and we are working with CASS to ensure appropriate actions are taken to manage this risk.

### Stakeholder relations/reputation

Our strong reputation and key strategic partnerships are critical to delivering our intentions, and improving our relationships is an important focus.

Our high turnover is a risk to these relationships, and we are looking at ways to more formally manage key stakeholders.

### Physical

DPMC has limited physical assets beyond our property portfolio. Generally this is of acceptable quality, although in the long-term we will be looking at options for more earthquake-resilient accommodation.

Business continuity and emergency management is core work for DPMC, and we have a range of plans and processes in place.

### Finances

Following reviews of our financial control and management processes, we have improved our audit rating, and will continue to invest in developing our capability in this area.

We have strengthened our multi-year planning, and are well placed to manage our finances within our baseline. However, strategic financial management remains a development area across the organisation.

## Organisational resilience

Staff	Information systems	Stakeholder relations	Physical assets	Finances	Overall score
3	3	3	4	3	16
1 No resilience to many eventualities					
2 Only weakly resilient to most eventualities, exposed to significant risk in excess of appetites					
3 Resilient to some eventualities but needs strengthening in some areas to be within risk appetites					
4 Resilient to most eventualities, mainly within risk appetites					
5 Strongly resilient to most possible eventualities, well within risk appetites					

# Assumptions, choices, trade-offs and risks

## Key assumptions

Our proximity to executive government means our work programme can experience significant change as the government of the day's priorities shape what we are expected to deliver.

This is illustrated by the additional functions (CDEM, Christchurch regeneration) and special projects (the Flag Referendum) we have taken on in recent years.

On the other hand, other aspects of our business are more stable.

The key assumptions underpinning this plan are:

- The required outcomes for GCG can be delivered alongside the planned staffing reductions over the next four years.
- Expectations on the structure and form of PAG (that can vary significantly based on the preferences of the Prime Minister of the day) remain the same.
- The relationship with CASS to provide shared services continues (i.e., we do not insource these functions).
- MCDEM and SIG are able to buy or acquire the capabilities and capacity needed to deliver on the increased functionality they have been funded to provide.
- There is not a significant change to our constitutional order that would affect the functions provided by Government House.
- Any significant change to our scope of functions is supported with appropriate changes to our baseline funding.

## If we are required to make cost savings

We anticipate managing our existing cost pressures within our baselines through a mixture of productivity

improvements and efficiency gain. However, if unmanageable pressures do arise, we have identified a range of remedial actions we could take.

As these would come at some cost in output and increase in risk that would need to be managed we would discuss these options with Ministers, and they should be considered as indicative only.

In addition, any reductions or shifts in capacity would need careful management to ensure that this does not erode expertise critical to delivering core functions, or reduce expertise that is difficult or costly to replace. For example, some institutional knowledge may be lost, which could hamper DPMC as it responds to future issues. This could reduce DPMC's capability to provide the same level of advice to Ministers and the Prime Minister.

## If we have the opportunity for further investment

While we do not anticipate seeking new funding for initiatives in Budget 2017, we have identified our current priorities for investment across the organisation. These provide an early indication of the emerging pressures and opportunities within our scope of role and function.

They could be funded from new money, reprioritisation of existing activities, or through the realisation and investment of an efficiency dividend generated by our other investments in our capabilities.

## Impact of expenditure reprioritisation on our functions

Function	Potential saving and impact on delivery
Executive government advice and support	<p>Staffing reduction in PAG – a 0.250 \$m reduction in operating expenditure would result in approximately a 10% reduction in Advisor FTE. Advisor FTE provides specialist expertise, including an Auckland geographic presence. Beyond a 10% FTE reduction, impact is likely to be significant.</p> <p>The Policy Project is only partly funded from DPMC baselines and savings would need to be coordinated across funding agencies – a 0.250 \$m in operating expenditure is approximately 25% of output, and would require prioritisation among the six planned work streams.</p> <p>Core Cabinet Office secretariat services cannot be easily reduced without significant risk to Cabinet support – e.g. the production of timely Cabinet minutes.</p>
Constitution and nationhood	<p>Reducing household or administrative support to the Governor-General is not feasible given the nature of support provided. A 0.250 \$m reduction in operating expenditure would be absorbed through reductions in service levels across all areas of Government House. Further savings would only be realisable with significant reductions in Household or administrative support.</p>
National Security – Risk and Resilience	<p>Capacity to reduce core National Security System is limited without introducing significant system-level risks. Savings could be realised by reducing the quality/volume of intelligence assessments. 0.250 \$m of annual operating expenditure equates to approximately three FTE of assessment officers. Each officer allows for an increase of the quality (breadth of sources, depth of analysis) and volume (topics covered), and also increases the level of specialist subject matter capability in the Group.</p> <p>National Security Policy and Cyber Policy Office functions could be reduced by deferring policy work, and reprioritisation of initiatives. A 0.250 \$m reduction in operating expenditure would result in reductions of two – three FTE of policy staff, which is approximately 35 – 50% of total policy output.</p> <p>As noted in our previous Four Year Plan 2015 – 2019, core CDEM activities are already operating at or near the limit of their capacity to absorb further savings.</p>
Greater Christchurch regeneration	<p><b>s9(2)(j)</b> This would reduce the outputs that could be delivered. In particular, outputs relating to ongoing monitoring and support for inheriting agencies would be significantly impacted. A 0.250 \$m reduction in operating expenditure would impact approximately two – three FTE of specialist planning, policy or support FTEs.</p>
Corporate services	<p>A 0.250 \$m reduction in operating expenditure would impact approximately two – three specialist legal, policy or communications FTEs. Reducing corporate services faster than the complexity of the organisation's requirements reduces could result in a degradation of the organisation's risk management and benefit realisation.</p> <p>IT expenditure could be deferred, although this would increase the risk that systems and equipment (which are fit-for-purpose today) will require additional unplanned investment in the future.</p>

## Specific reprioritisation Opportunities

Initiative and Potential saving \$m	Impact on delivery
Putting the CDEM public education campaign on hold	<1.000
Deferring or stopping Cabinet Office policy work	<0.250

# Opportunities for further investment

This table lists our priorities for future investment, with indicative cost implications.

Function or initiative and indicative cost \$m (PA)	Impact on delivery	
MCDEM Operating model review and possible recommended changes	1.000 – 4.000 OPEX/CAPEX	MCDEM is currently undertaking a review of the capability and capacity to perform its statutory duties and functions, and other formalised roles, responsibilities and arrangements, Changes as an outcome of this review, which may include recommendations for future investment in MCDEM's capabilities and capacity, will be progressed through a combination of prioritisation within our existing balance sheet and business cases for additional funding, as appropriate. This was flagged in the supporting material for our Budget 2016 proposals. We intend to consider any options for investment via a multi-agency process, so that Ministers can be presented with a coherent set of options and proposals. This will include exhausting baseline funding options (e.g. club funding, strategic partnering, public-private partnerships) before seeking new funding, noting DPMC has limited capacity to fund investment from its baseline. This investment would contribute to the delivery of Challenge Four.
Other strategic MCDEM projects	<1.000 OPEX/CAPEX	MCDEM has a range of strategic projects underway (e.g. work to better identify and manage national level risks, or lessons identified for large scale or complex emergencies). These may result in opportunities for further investment that will not be able to be funded due to limited room for reprioritisation within our baseline. This investment would contribute to the delivery of Challenge Four.
Policy Project Website	<1.000 CAPEX	A planned development area for the Policy Project is an interactive web platform for the policy community. A business case will be developed in 2016/17 for funding for this platform. This investment would contribute to the delivery of Challenge One.
Policy Project ongoing funding	<1.000 OPEX	The Policy Project is currently funded from club funding and DPMC's baseline. Sustainable ongoing funding could be sought if this work becomes a permanent support structure for the policy community and DPMC is assessed as the best location for it.
CabNet refresh	1.000 – 10.000 OPEX/CAPEX	CabNet was developed with an expected five year lifecycle, and investment in a major refresh is unlikely to be possible out of accumulated depreciation and our balance sheet if major enhancements are required. We will develop a two stage business case towards 2020. This investment would contribute to the delivery of Challenge Two.
Improvements to Government House Auckland	1.000 – 4.000 CAPEX	Government House Auckland is not currently configured as well as it could be and lacks some of the amenities and capacities of the Wellington property. If, in the medium term, the Governor-General wished to use this property more extensively for official business, redevelopment may be required. This investment would contribute to the delivery of Challenge Three.

## Organisational risk management

We refreshed our approach to risk management during 2016. The Executive Leadership Team approved a new Organisational Risk Management Policy and a standard taxonomy to identify, assess, and measure risk.

This refreshed approach distinguishes between three main types of organisational risk:

- Strategic – risk associated with the successful achievement of DPMC's strategic objectives
- Operational – risk associated with the successful delivery of DPMC's 'business as usual'
- Project/programme – risk associated with the successful delivery of change initiatives and work programmes

The Executive Leadership Team maintains and oversees a register of DPMC's key operational risks that cut across DPMC teams and activities and could be overlooked or ineffectively managed without senior oversight.

As part of this year's refresh, key strategic risks to the successful achievement of each Challenge have been identified and assessed and are being monitored as part of our performance management framework. Strategic workforce and financial risks have also been identified and are discussed in this plan under the respective Workforce and Finance sections.

In addition to these risks, there are some overarching strategic risks that could impact on our ability to achieve our strategic objectives. These are set out below and shown graphically using our new standard risk matrix or 'heat map'. These risks will also be regularly reviewed by the Executive Leadership Team, and DPMC's Risk and Assurance Committee.

DPMC embraces the fact that to meet our strategic challenges involves some risk – we are confident about taking managed risks (where the likelihood and consequences are known and acceptable) to achieve our strategic objectives.

## Our key strategic risks

### Loss of trust and confidence

Poor quality advice or service, unexpected major events and/or internal incident(s) (e.g. integrity or security-related) could result in the sudden or gradual loss of trust and confidence of the Prime Minister and/or other Ministers, impacting our ability to execute our strategy.

### Differing roles, accountabilities and priorities

DPMC comprises business groups with some disparate functions and objectives. While the potential synergies from a 'One DPMC' approach that identifies and uses shared strengths is a strategic opportunity, the flipside is a risk that our business groups approach their work and strategic objectives in isolation.

We actively manage this risk via promotion of the 'One DPMC' culture and behaviours, and the Executive Leadership Team having collective responsibility for achievement of our strategic Challenges and objectives.

### Partners and suppliers

Due to our small size, we rely on third party suppliers for a range of services, some of which are critical to delivery of our functions.

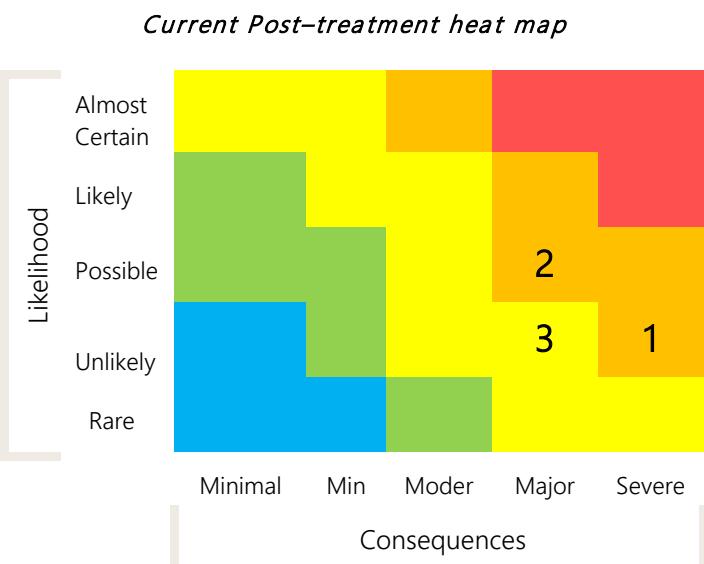
To improve our management of this risk, we are investing in the maturity of our procurement function. For example, we have published a procurement policy, and will be looking at growing capability in contract and relationship management across DPMC.

# Key strategic risks

Risk	Level	Treatments / Comments
<b>1 Loss of trust and confidence:</b> Poor quality advice or service, unexpected major events and/or internal incident(s) (e.g. integrity or security-related) could result in the sudden or gradual loss of trust and confidence of the Prime Minister and/or other Ministers, impacting our ability to execute our strategy	High	We will mitigate this risk through: <ul style="list-style-type: none"> <li>Establishing clear expectations for how we will operate in our Four Year Plan and our Strategic Intentions</li> <li>Ministerial satisfaction surveys</li> <li>Regular media monitoring</li> <li>Regular ELT scanning and discussion about DPMC performance and risks</li> <li>Our external audit and annual report</li> </ul>
<b>2 Differing roles, accountabilities and priorities:</b> Differing / conflicting roles and responsibilities of individual DPMC business groups, and/or of agencies we rely on to help achieve our strategy, could result in non-alignment of priorities, impacting on our ability to execute our strategy	High	Strategic planning (e.g. Challenges) and DPMC values and culture promote a “one DPMC” approach that uses shared strengths and opportunities, along with greater leveraging of capability across DPMC. Key treatments and controls in place include: <ul style="list-style-type: none"> <li>Protocols relating to roles and responsibilities between PAG and: S&amp;I, MCDEM &amp; GCG.</li> <li>ODESC handbook in which roles and responsibilities within the system are defined.</li> <li>Through ODESC, SIB, responsibility allocated for key programmes to a lead agency, and DPMC takes a strategic co-coordinating role</li> </ul>
<b>3 Partners &amp; suppliers:</b> Third parties providing business-critical deliverables and services could fail to deliver to agreed or required levels of service, to the extent that our ability to execute our strategy is impacted	Medium	We are working on developing the maturity of our procurement function, and closely monitoring these relationships.

## Risk levels

Very High	Risk is unacceptable – High priority response required at ELT level to reduce risk
High	Risk is usually unacceptable – Decision & action required at appropriate senior management level to reduce (or accept) risk
Med.	Risk may be acceptable – Determine whether further action is required to reduce risk further
Low	Risk is usually acceptable – Continue to monitor
Very Low	Risk is acceptable – No action required



# Part D

## Annexes

Three annexes with extra information to support the Four Year Plan:

- Annex One: Further detail on our Workforce Strategy
- Annex Two: Supporting financial information
- Annex Three: Asset management and investment intentions.

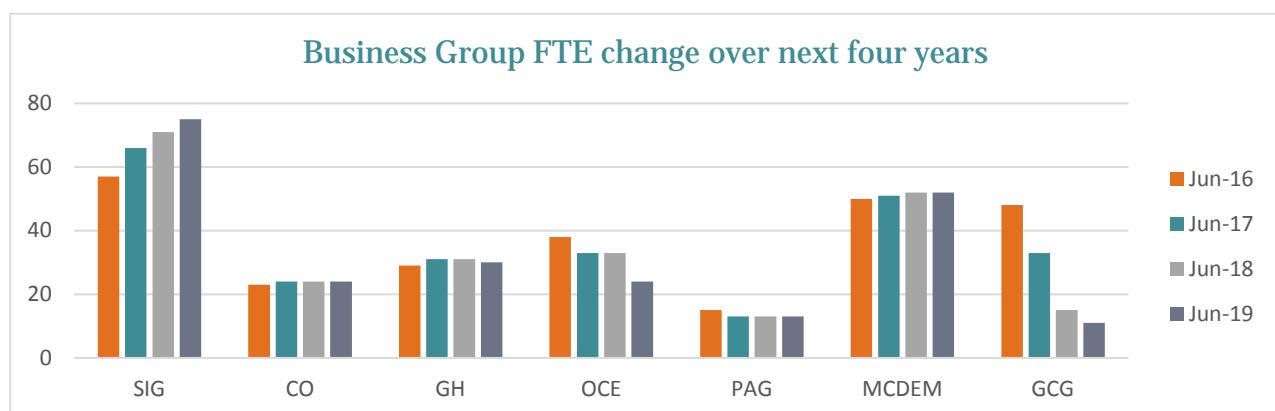
# Annex One: Further detail on our Workforce Strategy

This annex contains further information on DPMC's Workforce Strategy for the years 2017–2021. It also includes detailed supporting information about our workforce capability, capacity, and costs.

## Our workforce story – committed to serve, willing to lead

Over the past three years the size of DPMC has significantly increased due to the incorporation of MCDEM in 2014, the growth of (SIG), and the incorporation of inherited CERA functions in GCG. GCG has a limited lifespan, and will significantly reduce in size over the next 12 to 24 months. At the same time, however, some increase in the size of some of our business groups is planned.

Our growth to 260 FTEs in 2016 is a peak, with our projections reducing to around 230 by 2020.



Contraction will occur through attrition and the expiry of fixed-term agreements, as illustrated by our current proportion of permanent to fixed-term employees of 189/71. Expansion will involve a coordinated programme of recruitment and a strong focus on induction and capability development to maximise return on investment.

Our workforce by Tier statistics show that 7 (2.7%) of our positions are at senior management level (Tiers 1 and 2); 36 (13.8%) of our positions are at middle management level (Tier 3 and 4), and 217 (83.5%) are at staff level.

Summary workforce statistics									
Average employee age	43	Average tenure (years)	5.4	Unplanned turnover (%)	15.7	% Māori in workforce	6	% Pacific Islanders in workforce	1.7
% Asian in Workforce	1.7	% women in workforce	55	% of women at senior management level	43	Gender pay gap (average %)	7		

From these numbers, we see room for improvement in the diversity of our workforce. Our unplanned turnover rate is also higher than the public sector average of 10.9%, and our average length of service is less than the nine year public service average, although we need better metrics to understand why. Our age and gender statistics are generally reflective of the wider public sector average, although our gender pay gap is approximately half the average.

Our remuneration currently sits at 95% of the public sector market median. We have improved our competitiveness over the past 12 months, and intend to work towards becoming a median payer over time, as our funding allows.

Our engagement survey results for December 2014 indicates we have good staff engagement. For most staff our culture is supportive and productive, but there is room for improvement in how well we communicate with our staff, how well we empower staff to act (including the need to delegate more and reduce bureaucracy), and our career development and progression pathways and opportunities. This survey will be repeated in late 2016 and priorities for focus set accordingly.

## Impact of the CERA wind down

Staff numbers increased by approximately one third as a result of the CERA wind down, with 84 roles created to deliver inherited functions and to provide increased corporate support services.

As recovery continues and the focus shifts to regeneration and leadership by local institutions, our role will diminish. As the majority of our operating costs are in personnel we will seek opportunities to further optimise the configuration of our workforce.

Beyond 2020, we expect to retain some part of the increased corporate capability to ensure we are well placed to continue to respond to government priorities.

## Four goals within our Workforce Strategy

Our Workforce Strategy has four overarching goals:

1. A consistent DPMC – *Creating better consistency and efficiency in how we communicate, employ, induct, develop, manage and reward our staff.*
2. Achieving greater system integration of our workforce – *Working at a system level to manage critical workforce resources in a smart way, with a particular focus on our workforce with top secret clearances.*
3. Building DPMC values and engagement– *Building on positive staff engagement, and shifting our culture to support our ability to achieve our objectives.*
4. Developing DPMC people – *supporting and developing our people so that they can grow their careers and contribute to our success.*

### Goal 1: A consistent DPMC

We will implement consistent best practice workforce management policies, systems, and processes across all of DPMC. Key priorities are:

- Recruitment processes and policies that maximise good decision-making and reduce unconscious bias, and induction tools and processes that reinforce the 'one DPMC' view of our role, expectations, and objectives.
- Employment terms and conditions to support more flexible resource use and create better consistency.
- Performance management to support better conversations about career aspirations and paths, performance expectations, and development; and remuneration policies and systems to improve internal equity and transparency and ensure better market competitiveness.
- Delegations – review our approach to delegation of decision-making to ensure we devolve decision-making as far as we can while managing an acceptable level of risk.

Work is already underway in many of these areas. Our service relationship with CASS will be a key factor in our ability to implement consistent best practice across all of DPMC.

Our Workforce Strategy contributes to the changes required to achieve our Four year Excellence Horizon.

### Becoming more effective influencers and system stewards

- A culture change programme with a focus on communicating the importance of our stewardship and influencing role to staff
- Growing workforce and leadership capabilities in influencing, relationship management, and thinking strategically.

### Becoming more interconnected

- A focus on creating a consistent, best-practice organisational environment for collaboration and resource sharing.
- Encouraging connections internally and externally for development and career paths, talent utilisation and succession risk management.
- Shaping our organisational culture to value and reward diversity, cooperation and resource sharing,

### Becoming less pressured, and more resilient

- Growing the capability of our managers to plan well, and provide sound leadership and management through the process of change.
- Reinforcing the importance of versatility, adaptability, and flexibility.

### Indicators of success: Goal 1

Business Group feedback indicates enhanced ability to recruit, manage, and retain.

The majority of employees have consistent terms and conditions, including provision for redeployment.

## Workforce capacity management

We will ensure DPMC can deliver on its goals and obligations within its baseline funding. We will improve our ability to actively monitor and manage our workforce capacity, and ensure any deviations from our workforce capacity plans are visible, deliberate and justifiable. We will look for and implement opportunities to gain efficiencies through (e.g. specialist) resource sharing within DPMC and with other agencies, and implement an effective programme of work prioritisation and re-prioritisation to ensure our work is well aligned.

### Goal 2: Achieving greater system integration of our workforce

Leading the development and implementation of a strategy to maximise the attraction, development, retention, and use of New Zealand's workforce with top secret clearances. This work aims to create a multi-agency, co-operative approach to how this workforce can be more effectively recruited, developed, used and retained.

Particular areas of focus will include:

- Providing a broader range of career opportunities as a sector to improve retention of talent across the system.
- Working collaboratively rather than competitively to overcome recruitment and retention challenges.
- Facilitation of flexible ways of deploying resources across the sector to manage work priorities and share specialised skills.
- Creation of a stronger sense of community united by a common purpose and shared core values.

### Goal 3: Building DPMC values and engagement

#### Culture change

We will develop a programme of initiatives designed to achieve culture change aligned to the three key shifts. This will involve ways that we can communicate, facilitate, and reinforce attitudes and behaviours that are important to our ability to achieve these shifts.

In particular, we will focus how we can reinforce the value of collaboration and mutual support to achieve organisational goals; flexibility, adaptability, and agility in how we work; and building and using effective strategic partnerships to enable us to lead and influence to achieve our goals.

Some examples of initiatives may include: Communities of Practice to foster collaboration and knowledge sharing; and a Chief Executive Employee recognition (award) programme.

#### Internal communications

Strengthening internal communications across DPMC will be critical to achieving consistent messaging and engaging with our staff effectively as 'one organisation'. A review of our internal communications function is currently underway, and we will work to implement improvements based on this, including developing an internal communications strategy that facilitates clear and consistent messages from the organisation's leadership.

We will also work to reinforce proactive and meaningful communications as a key expectation for managers through our performance expectations. We will work to increase the visibility of our Chief Executive and Executive Leadership Team across the organisation, particularly in support of key strategic messaging and organisational development and change initiatives.

#### Indicators of success: Goal 2

A sector strategy to grow and retain the workforce with top secret clearances is agreed and implemented.

Workforce capacity and capability is improved.

#### Indicators of success: Goal 3

Feedback from staff (e.g. via the engagement survey) that are more empowered and supported.

Less unplanned turnover and longer retention.

Staff and managers are able to articulate and demonstrate key behaviours and attitudes.

Improved workforce diversity.

## Workforce diversity and inclusiveness

We will focus on ways to minimise bias in recruitment and selection, and implement policies and practices that enable more flexible working arrangements. Our ability to attract and retain a more diverse workforce will improve the quality of our work through broadening the diversity of our thinking, and also contribute to the agility of our workforce resourcing model.

### Goal 4: Developing DPMC people

#### Talent management

Work to identify our highest potential future leaders (both people and technical) at a senior level has been undertaken, and this is now being extended to Tier Four management and Principal level roles. We will continue this process for emerging leaders.

We will work to develop our systems and processes to grow our ability to use and develop our top talent in a flexible way, taking a system-wide view of talent development and retention. Implementation of a DPMC resource rotation policy and changes to employment terms and conditions to enable redeployment will help with resource sharing, reinforcing a flexible working culture, and our organisational resilience.

#### Leadership capability

The results of the Leadership Insight Assessment for our senior manager cohort highlighted five areas for leadership development: leading strategically; managing work priorities; enhancing organisational performance; achieving through others; and enhancing people and team performance. In addition, to support our strategic goals, we will develop the ability of our managers and technical leaders to build strategic partnerships, show resilience, and influence others.

We will also focus on how we can develop our emerging leaders in these areas to create a strong pipeline of role-ready future leaders.

#### Workforce capability

Key priority areas for overall workforce capability development are also based on the achievement of our strategic goals, and include analytical skills, influencing and negotiation skills, communication skills (written and oral), personal and professional resilience, building strategic partnerships, and increasing diversity of perspective.

We will use the offerings of CASS and the LDC, and other providers as appropriate, to grow our leadership capability across these priority areas. We will also provide opportunities for staff to grow these capabilities through on-the-job learning experiences such as rotations, secondments, and projects, along with mentoring and coaching.

#### Indicators of success: Goal 4

Improved talent management processes and systems are in place.

An agreed, and affordable future workforce capacity plan is implemented.

An Analyst Capability Development Plan is in place.

All DPMC staff have a development plan in place.

DPMC's staff and leadership cohort has successfully participated in relevant development opportunities through CASS/ Leadership Development Centre (LDC)

Stakeholders report an improvement in DPMC staff capability in key areas.

Staff report an improvement in managerial ability

#### Growing our people capabilities – highlighted capability areas

Capability area	Description of capability pressure	How we will address this
Influencing and negotiation	Connected to our organisational priorities.	Opportunities for across-organisation projects and work are identified and allocated, including developing sector-wide collaboration roles for the SIG.
Personal/ professional resilience	Connected to our organisational priorities, and as a result of recent changes in organisational scale and scope.	Develop and conduct training in adaptable skills and dealing with ambiguity, and improve the ease with which DPMC moves resources through rotation and internal secondments while ensuring we are able to deliver on core business.

## Business Group-specific workforce goals

Business Group/function-specific workforce goals		
Function	Workforce goal	How we will achieve this
OCE	Transitioning to a permanent operating model and structure	Managing the wind-down in our post-CERA capacity and capability investment to preserve capability within the organisation, and to retain a fit-for-purpose corporate services function.
PAG	Growing diversity e.g. corporate experience	Using the natural cycles of appointments (PAG advisors have a typical tenure of three to five years) to acquire priority skills and experience.
	Ensuring the Policy Project is adequately staffed	Working with our agency partners to ensure stable resourcing arrangements for the Policy Project.
GH	Growing advisory capability	Looking for opportunities develop strategic/advisory capability to support the Governor-General's public engagement programme.
	Ensuring optimal configuration	Reviewing how Government House can best support the Governor-General to exercise her roles and functions.
	Reviewing Auckland staffing requirements	Continuing ongoing consideration of the possible staffing impacts of a greater focus on Auckland in the future, as the city continues to grow in size and public prominence.
CO	Improving learning and development	Ensuring roles are designed to offer challenge where possible, and through quality conversations about career planning and aspirations with staff.
	Succession planning and management	Continuing work underway to ensure backup is in place for key roles wherever possible.
MCDEM	Successful implementation of Budget 2016 decisions to increase MCDEM resourcing	Phased recruitment to integrate new staff Capital expenditure to ensure office facilities are able to support the increase of staffing. Implementing changes to business support to ensure the increased staffing is optimised by support that is fit for purpose.
	Strengthening internal communications	Increasing focus on teaming across specialists and functional responsibilities internally to make the best use of resources and expertise.
	Shifting internal culture to emphasise the system stewardship and influencing role	The use of the additional FTEs including new roles at Principal and Senior levels, where these expectations are more clearly defined also signals change in this regard.
GCG	To support regeneration effort while undertaking planned capacity reductions	Developing a comprehensive retention strategy to ensure that GCG is adequately resourced to undertake its required functions.
SIG	Growing its leadership role in the National Security System	Focusing on building leadership and influencer capability within the Group, aligned with the DPMC's wider programme and NZIC workforce strategy.
	Growing assessments capacity through increased staffing	Undertaking a planned programme of recruitment, focusing on diversifying the skill, knowledge, and experience-base of the Group.
	Strengthening talent retention	Enhancing intra and inter-agency workforce planning and capability development to provide meaningful opportunities for staff.

## Priority workforce groups and recruitment

Our priority workforce groups		
Workforce group	Why is this a priority	What are we doing about this
Policy analysts	Capable policy staff are critical to the organisation, providing high level advice and services.	While PAG in particular continues to be able to attract and retain talent due its unique value proposition, we will continue to invest in ensuring its policy teams offer a competitive proposition to highly capable candidates.
Security Policy Advisors/Assessment Analysts	Staff for these positions can be hard to attract and retain, mainly due to the length of security clearances and sector competition for talent.	Over the next four years, DPMC will work closely with similar organisations in an effort to build an integrated security sector and grow this capability as well as better manage staff departure risks.

## Workforce costs

The average salary for permanent employees at 30 June 2016 was \$100,536 compared to \$98,296 on 30 June 2015. This is compared to the public sector average salary of \$70,000. Workforce cost trends are summarised below.

Direct employment costs – Departmental		2016/17	2017/18	2018/19	2019/20	2020/21
Total direct employment costs		29.865	26.216	24.332	25.029	23.527
% change		–	-12%	-7%	3%	-6%
Components of the change						
Position numbers – Departmental		251	239	229	233	220
% change		–	-5%	-4%	2%	-6%
Change in costs associated with progression (\$0.000m)		–	0.557	0.495	0.496	0.465
Change in costs associated with staff numbers (\$0.000m)		–	(4.206)	(2.379)	201	(1.967)

s9(2)(g)(i), s9(2)(j)

## Workforce-related risk

Workforce impact and risk analysis	
Risk	Treatment
Change in government priorities leads to a significantly changed capacity or capability	Building capability that is more flexible and adaptive – focusing on problem-solving and leadership skills – and investing in our corporate services and our strategic relationships to build resiliency and become more customer centric.
Inability to recruit and retain analytical staff with security clearances means we are unable to expand as expected.	Continuing to address salary competitiveness within baselines, improving opportunities for career development for staff, and looking to more proactively manage the pool of cleared candidates for the workforce with top secret clearances.
Poor implementation of workforce development initiatives undermines their potential for results.	Ensuring we communicate the relevance of the initiatives to meet the workforce needs and priorities of the business groups. We design key aspects with business group input and the leadership team actively leads, tracks and communicates our plan and our progress.

## Supporting statistics

Historic Position numbers		30 June 2011	30 June 2012	30 June 2013	30 June 2014	30 June 2015
Position numbers – Departmental		125	113.3	108.8	161	175.38
Position numbers – Non-departmental		2	2	2	1	1
Total position numbers		127	115.3	110.8	162	176.38

Forecast position numbers		Baseline	30 Jun 2016	30 Dec 2016	30 Jun 2017	30 Jun 2018	30 Jun 2019	30 Jun 2020	30 Jun 2021
Number of FTEs		225	246	238	233	225	228	215	
Vacant positions		35	23	13	6	4	5	5	
Total position numbers – Departmental		260	269	251	239	229	233	220	
Position numbers – Non-departmental		1	1	1	1	1	1	1	

FTE by Business Group, and headcount by tier as at 30 June 2016							
	Permanent Staff	Temporary Staff	Total		Permanent Staff	Temporary Staff	Total
<b>FTE by business group</b>				<b>Headcount by Tier</b>			
Policy Advisory Group	11	4	15	Tier 1 – Chief Executive	0	1	1
Cabinet Office	21.43	1.5	22.93	Tier 2 – Deputy Chief Executive; Director	6	0	6
Government House	28.7	0.5	29.2	Tier 3 – Director; Manager	11	7	18
MCDEM	47.9	2	49.9	Tier 4 – Manager; Team Leader	16	3	19
Security and Intelligence Group	52.17	5	57.17	Tier 5 – Staff	166	65	231
Greater Christchurch Group	10.7	37.57	48.27				
Office of the Chief Executive	15.74	21.5	37.24				
<b>Total FTE</b>	<b>187.64</b>	<b>72.07</b>	<b>259.71</b>	<b>Total Head Count</b>	<b>199</b>	<b>76</b>	<b>275</b>

Overall DPMC is somewhat 'management heavy' with an above average ratio of managers to staff. This reflects the diverse and complex nature of our business, and our relatively limited operational and service delivery aspects.

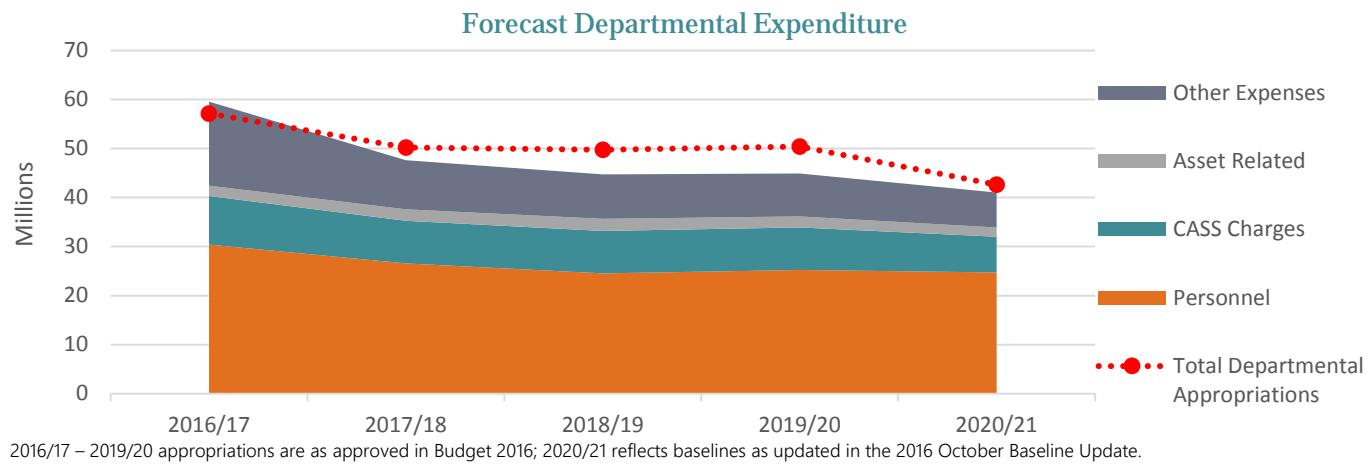
Workforce diagnostics and demographics			
	30 June 2014	30 June 2015	30 June 2016
Annualised attrition (%)	14.05	17.56	15.66
Sick leave (average of days)	4.8 days	3.51 days	6.6 days
Annual leave (>5 days over entitlement)	17.6%	14.20%	8.10%
Average age	47.7	46.4	43.3
Female (%)	51	55	64
Female (%) – Tier 2 DCE/Directors	25	50	50
Female (%) – Tier 3 Managers	10	36	39
Female (%) – Tier 4 Managers	38	54	66
Māori (%)	5.57	6.88	6.0
Pacific Island (%)	1.39	1.88	1.70
NZ European/Pākehā (%)	30.85	55.31	55.80
Other European (%)	2.78	5.63	5.70
Asian (%)	0	0	1.70
Other/Unknown (%)	59.41	29.05	25.90

Trends for retention and leave have remained steady over the previous five years, with some variations a likely consequence of the changing composition of DPMC's workforce due to our changing roles and functions.

## Annex Two: Supporting financial information

### Vote Prime Minister and Cabinet

The graph below compares forecast expenditure to total appropriations. It shows that we are forecasting to manage expenditure within total funding. The graph also shows a reduction in appropriations between 2016/17 and 2020/21.

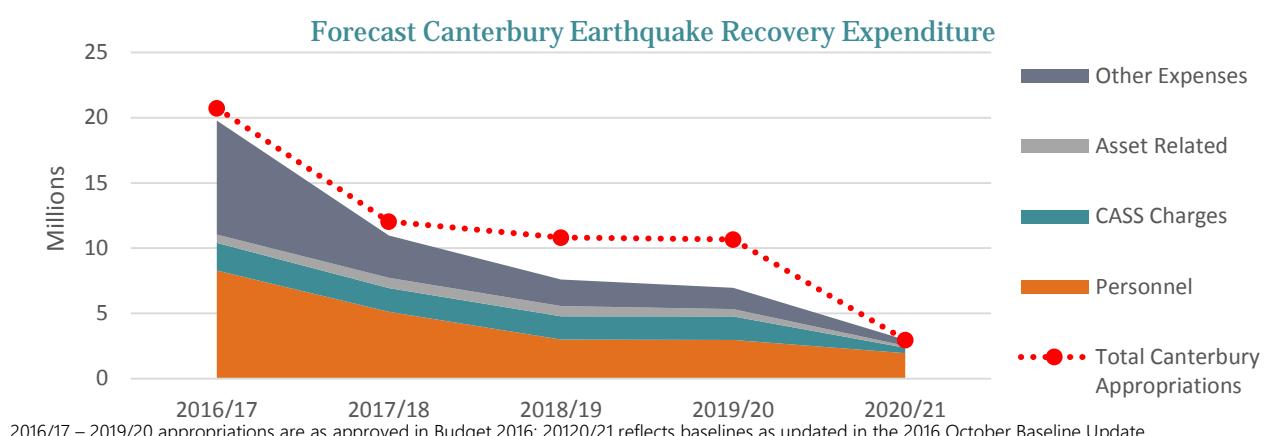


Annual departmental expenditure is forecast to reduce from around \$62 million in 2016/17 to around \$41 million in 2020/21. 2016/17 expenditure is forecast to slightly exceed the appropriations as at Budget 2016 as it includes expenditure approved in the 2016 October Baseline Update.

CASS charges represent the cost of the Finance, HR, and ICT functions which DPMC has outsourced to the CASS unit at the Treasury.

While we do not anticipate any change to the cost of this service (aside from reduced costs as our Christchurch regeneration activity transitions to local institutions) the cost of the service could change if, at some stage, DPMC elects to change the level of services sought or if there are, with our agreement, changes to the CASS operating model.

The following graph presents the main driver of DPMC's reduced appropriations and expenditure in the next five years.



The reduction in expenditure reflects key milestones in our support of Christchurch regeneration. In 2016/17 we established monitoring and support mechanisms, and managed some residual functions transferred from CERA. Expenditure reduces from around \$20 million in 2016/17 to around \$10 million in each of 2017/18, 2018/19 and 2019/20 as our role shifts to monitoring and support. By 2020/21 ongoing expenditure is forecast to reduce to around \$3 million as most functions supporting Christchurch regeneration will have transferred to local institutions and we retain a smaller monitoring function, supported by some corporate functions.

The risk associated with this declining appropriation is that we may not reduce actual expenditure at the same rate. These expenditure reductions are to be managed through planned reductions in staff numbers and other expenditure, such as external resources, incurred in support of the Christchurch activity.

Robust management, combined with the likelihood that the transfer of functions to inheriting institutions may occur sooner than anticipated means that there is likely to be opportunity to reduce appropriations in the future. Our forecast makes some allowance for this.

The 2016/17 funding included provision for onerous accommodation leases in respect of HSBC tower in Christchurch, where DPMC occupies one floor but holds the lease for three floors (inherited from CERA). We have now sub-let one of the unoccupied floors and are pursuing opportunities in respect of the other. Our forecast reflects our current view that it is unlikely that the \$2.5 million funding tagged to onerous accommodation leases in 2016/17 will be required.

## Departmental cost pressures

s9(2)(j)

DPMC has reprioritised its baseline funding in order to deliver on new activity and cost pressures.

Our departmental baseline reduces as activity related to Christchurch regeneration reduces. Underspend is forecast in respect of Christchurch regeneration. The values included in the above table for this are indicative and may vary from what is shown.

Costs absorbed include: s9(2)(j) [REDACTED], inflationary pressures on other expenses, and higher levels of CASS service charges driven by increased depreciation due to investment in Central Agencies integrated IT systems.

s9(2)(j)

## Non-departmental expenditure

DMC administers a range of non-departmental expenditure. We administer the contestable Resilience Fund and emergency expense payments in line with the financial assistance provisions in the CDEM Plan. Emergency expense payments will vary from year to year depending on whether there are any local, regional, or national emergencies to which this funding can be applied.

We also administer payments (under permanent legislative authority) for the salary, allowances, programme, and travel expenses outside New Zealand of the Governor-General; and for maintenance of Government House. DPMC proactively liaises with the Governor-General to minimise any major additional funding requirements to support the Governor-General's programme, salaries, and allowances, and travel outside New Zealand.

In its role working directly with the Governor-General, we provide reporting on the level of funding planned against the appropriation provided. The level of expenditure may vary depending on the Governor-General's programme. Variations have not been forecast at this stage.

We also administer expenditure for a research programme that supports the Science Advisory Committee; for fees for the Commissioner of Security Warrants; and funding for Regenerate Christchurch.

Non-departmental expenditure					
	2016/17 \$0.000m	2017/18 \$0.000m	2018/19 \$0.000m	2019/20 \$0.000m	2020/21 \$0.000m
Resilience Fund	0.889	0.889	0.889	0.889	0.889
Emergency Expenses	2.000	2.000	2.000	2.000	2.000
Governor General salary and expenses	1.872	1.672	1.672	1.672	1.672
Maintenance of Government House	0.770	0.600	0.600	0.600	0.600
Government House capital investment	1.050	0.800	0.800	0.550	0.550
Depreciation of Crown assets	1.962	1.962	1.962	1.962	1.962
Science Advisory Committee	0.120	0.120	0.120	0.120	0.120
Commissioner of Security Warrants	0.074	0.074	0.074	0.074	0.074
Regenerate Christchurch	4.000	4.000	4.000	4.000	4.000
Total Non-departmental expenditure and capital investment	12.737	12.117	12.117	11.867	11.867

# Annex Three: Asset management, investment intentions

## Capital expenditure

Capital expenditure – Departmental					
	2016/17 \$0.000m	2017/18 \$0.000m	2018/19 \$0.000m	2019/20 \$0.000m	2020/21 \$0.000m
Opening balance of funding available	5.497	5.736	6.665	7.590	8.509
Add depreciation funding received	1.014	1.019	1.019	1.019	1.019
Add receipts from sale of assets	0.025	0.010	0.006	–	–
Add capital injection for budget initiatives	0.163	0.200	0.300	–	–
Deduct transfer to Treasury for IT historical accumulated depreciation	(0.700)	–	–	–	–
Equals total balance of funding available	5.999	6.965	7.990	8.609	9.528
Subtract capital investments funded from baselines and balance sheet	0.263	0.300	0.400	0.100	4.544
Equals closing balance of funding available	<b>5.736</b>	<b>6.665</b>	<b>7.590</b>	<b>8.509</b>	<b>4.984</b>

## Capital intentions

DPMC has a low level of capital. Generally we use two factors to determine funding ability: the availability of cash (current balance sheet cash, plus depreciation plus proceeds from sale of assets) and the ability to fund depreciation (and other asset-related costs) from departmental operational baselines.

DPMC's asset base mainly comprises furniture and fit-out across the various sites it occupies, and the CabNet application. Sites occupied include Wellington and Auckland Government Houses; The Beehive, Pipitea House, Bowen House, and Parliamentary Library (CabNet) in Wellington; and regional sites in Auckland and Christchurch (for MCDEM offices, some OCE functions, and GCG).

### Government Houses

DPMC's non-departmental capital is required to maintain the Government Houses. The Crown has a strong desire to maintain both Government House (Wellington) and Government House (Auckland) to an acceptable standard. We have developed a long-term maintenance plan for both Government Houses, which will ensure they maintain their capital value.

### Information systems

When CASS was implemented, the net book value of IT assets was transferred to Treasury, but the accumulated cash reserves related to those assets was not transferred. This was deferred until an Information Systems Strategic Plan (ISSP) had been developed which would identify the long-term funding requirement for IT assets for all three agencies.

The ISSP was recently finalised. It had been highlighted as a risk that DPMC may have insufficient funding to meet its technology requirements, but it is now anticipated that requirements can be met across the central agency sector. In addition, the changing nature of delivery (e.g. Infrastructure as a Service, Software as a Service and Cloud solutions) are anticipated to result in lower capital costs and higher operating costs.

DPMC will transfer \$0.7 million to Treasury in 2016/17. This will leave a small amount of capital to address minor fit-out, furniture and equipment requirements, and the CabNet system. Over the last three years DPMC has

supplemented its cash position by seeking operating-to-capital transfers. This may continue so that the reserves available for CDEM functions or CabNet are not used for other departmental capital replacements.

DPMC received Crown funding to build CabNet. The depreciation stream from this asset will accumulate funds to support replacement or enhancements after 5 years (2020/21).

## Information Technology

DPMC uses a centralised shared service approach through CASS. The CASS ICT strategy intends to move the agencies forward in three main areas which align with the Government ICT refreshed strategy and action plan (2015): innovation and optimisation; reduced risk and improved resilience; and stronger alignment with the business.

### Innovation and optimisation

Part of the value proposition for CASS IT is to be able to provide the expertise and scale at a level higher than any one of the agencies could alone. Over the medium term CASS IT will be providing improvements in the underlying technology used by all agencies to improve stability and supportability, as well as enabling future innovation. Some areas for review include: software licensing, cloud versus on-premise and increased automation to better deliver low value IT services.

### Reduced risk and improved resilience

With a change in context for our risk environment there needs to be a review of IT risk and resiliency management. We need to ensure governance is reviewed regularly with appropriate mechanisms for risk identification and system security certification and accreditation. We also need to review our current technology locations, infrastructure, and our strategies, including the ISSP, Information Strategy, and IT investment plan.

### Stronger alignment with the business

Information technology and information management needs a stronger alignment to all areas of our business if we are to lead the world and remain relevant and productive for our customers. This will require a deeper understanding of the work that our customers do and the challenges that they face now and into the future.

CASS IT Work Programme				
Agency	2016/17	2017/18	2018/19	2019/20
DPMC	<ul style="list-style-type: none"><li>• EMIS upgrade complete</li><li>• NCMC technology refresh delivered</li><li>• CabNet enhancement programme</li></ul>	<ul style="list-style-type: none"><li>• Information Management process refinement</li><li>• CabNet enhancement programme</li></ul>	<ul style="list-style-type: none"><li>• Information Management systems upgrade</li><li>• Honours CRM review</li><li>• CabNet enhancement programme</li></ul>	<ul style="list-style-type: none"><li>• EMIS outputs review</li><li>• CabNet review</li></ul>

## Property and fleet

DPMC's property portfolio, and how we will manage it over the next two years, is described in our Property Strategy 2016 – 2018, and Property Operational Plan 2016 – 2018.

As at 1 July 2016, DPMC's property portfolio comprises eight properties in three locations. This includes: leased office space in Wellington, Auckland and Christchurch (four properties) and other occupied premises under other special arrangements – loaned from other departments, or owned by the Crown under special arrangements.

10 motor vehicles are leased, supporting MCDEM regional staff. In addition, motor vehicles are owned within GCG, having been inherited from CERA.

DPMC faces three significant property ‘challenges’ that need to be addressed across the duration of this plan: Accommodating the forecast growth of DPMC; right-sizing DPMC’s property portfolio following the wind-down of CERA; and continuing to work towards the goal of reducing our average density to between 13 – 14 m<sup>2</sup> per person by 2019.



