

The Treasury

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- [1] 6(a) - to prevent prejudice to the security or defence of New Zealand or the international relations of the government
- [2] 6(c) - to prevent prejudice to the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial
- [3] 9(2)(a) - to protect the privacy of natural persons, including deceased people
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- [6] 9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials
- [7] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions
- [8] 9(2)(h) - to maintain legal professional privilege
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- [12] Not in scope
- [13] 7(b) - to prevent prejudice to relations between any of the Governments of New Zealand, the Cook Islands or Niue
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Where information has been withheld, a numbered reference to the applicable section of the Official Information Act has been made, as listed above. For example, an [4] appearing where information has been withheld in a release document refers to section 9(2)(b)(ii).

In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.

DPMC FOUR YEAR PLAN

1.0 Strategic Direction

Purpose

DPMC exists to support New Zealand's head of state and Governor-General in the conduct of their responsibilities, and the effective conduct of executive government by the Prime Minister and members of the Cabinet. It provides a broad range of outputs: policy advice and secretariat and coordination services; support services to the Governor-General and maintenance of the official residences; intelligence coordination and national security priorities.

The Department's priorities over the next four years will, by necessity, be determined by the policy priorities of the Prime Minister and the government of the day. DPMC must be prepared accordingly to adjust its work programmes to reflect the particular needs of the Prime Minister as the leader of the Government.

DPMC is however facing significant challenges in meeting these expectations. A budget shortfall of approximately \$2.2 million in 2013/14, increasing to \$2.7 million by 2016/17, is projected. The Department has reached the limits of belt tightening. Without an increase in its cost structure, the level of support DPMC will be able to provide the Prime Minister and Cabinet over the next four years will be degraded. This Plan assumes that DPMC's senior stakeholders expect it to continue to maintain at least the same level of services delivered to the same high standards of performance.

Accordingly, our expectation over the next four years is that DPMC will continue to be required to undertake a broad range of tasks by the Prime Minister, in support of effective government and building national resilience. We need to maintain the capability and flexibility to do that effectively. There is also the possibility that additional functions(s) may be brought into the department, as has happened in the past.

DPMC's overarching purpose is to support a system of executive government that is trusted and acknowledged for its integrity, service, resilience and high ethical standards.

More specifically, the Department's key objectives are:

(1) *Decision-making by the Prime Minister and Cabinet is well informed and supported.*

DPMC supports the Prime Minister and Ministers by ensuring they receive timely, high quality and coordinated advice that enables them to carry out the Government's business in an effective manner. Secretariat services for the Cabinet and its committees are provided in an impartial, accurate and timely manner.

(2) *Executive government is well conducted and continues in accordance with accepted conventions and practices*

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

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

As the representative of the Head of State, the Governor-General requires high-quality advice and support. The Clerk of the Executive Council and the Official Secretary support the Governor-General in undertaking his constitutional, ceremonial, international and community-leadership roles.

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

DPMC has a sector lead role in the intelligence and security sectors. The Department will continue to support the DES system and to chair ODESC so that they are effective vehicles for managing national security risks and providing coordinated advice to Ministers. While agencies have made a lot of progress in collaborative working, DPMC (as the security sector lead) must keep up the momentum of collaboration and in taking a sector-wide view of resources. It will also be focused over the next four years on ensuring a more trusted, integrated and customer-oriented intelligence community.

(5) State sector performance is improved

With Treasury and the State Services Commission, DPMC is part of the 'Corporate Centre' for the New Zealand State services. In this capacity, DPMC has a key leadership role to play in supporting the Head of the State Services (HoSS), supporting the implementation of the Better Public Services (BPS) programme, and supporting the achievement of the Government's four priorities and the Prime Minister's Results for New Zealand. Of the corporate centre agencies, DPMC has the closest day-to-day relationship with the Prime Minister and his office, and is in a key position to ensure that the public service is well attuned to the Prime Minister's top policy priorities. The corporate centre is still evolving, and DPMC has a key role to play in gaining support and understanding of it among Ministers, public service chief executives, and other key stakeholders.

Better Public Services

DPMC will work closely with its central agency partners, SSC and Treasury, to build a strong and coordinated Corporate Centre that provides leadership to the State sector.

The Corporate Centre will assist State sector agencies to meet New Zealanders' expectations of better services, to be delivered in more immediate and flexible ways; to gain better traction on the results that matter most; and to increase the efficiency and effectiveness of the State sector to deliver more with less.

As part of its Corporate Centre role, DPMC will continue to assist with the monitoring and provision of timely policy advice concerning progress on delivery of the ten BPS result areas. More broadly, the Department will continue to work proactively with a broad range of lead agencies responsible for specific policy outcomes, to ensure their work is on track and their advice is consistent with broader government priorities.

Sector leadership is a key element of the BPS programme. DPMC has a sector lead role in the intelligence sector. The NZ Intelligence Community (NZIC) has worked as a more integrated sector over the last two years, reflected in a joint work programme and workforce planning, budgeting, and the co-location of agencies to Pipitea House. This sector-based approach to the way the intelligence agencies are working contributes to the BPS programme of being well coordinated and delivering value for money.

DPMC has a specific leadership role in supporting and ensuring the success of the functional leadership of government ICT.

Future State – what success will look like

This section sets out the aspired state of DPMC over the next four years. It is divided into three sections: Core Outputs; Corporate Centre; and Organisation Development.

Core Outputs

The Prime Minister and Cabinet will be confident that their decision making is supported by world class advice, assessments, and processes. Information systems and advice will meet the needs of stakeholders in a secure and efficient way. Intelligence assessments will be integral to decision making by Ministers on national security issues. DPMC will be the Prime Minister's trusted source of advice. Policy advice will anticipate issues and address solutions. The Prime Minister will continue to commission work from DPMC advisors to get "cut through" on critical issues.

New Zealanders will know more about centre of government constitutional arrangements, including the role of head of state and the Governor-General. Information on the function, powers and duties of New Zealand's head of state and Governor-General will be readily accessible. The Government House Visitor Centre will facilitate the visits of school pupils while also developing its capacity to handle public visits and investigating ways of broadening its appeal to special interest groups. The Government House website will be further ungraded, with video capacity added, and consideration given to how better to publicise the international dimension of the Governor-General's activities.

New Zealanders will be more familiar with and value an honours system that recognises the service and achievements of outstanding citizens. New Zealanders in general, and under-represented sectors in particular, will be encouraged to nominate people from their sector for an honour. The public profile of the New Zealand Honours system will be raised, and those who receive honours will be encouraged to be involved in raising the profile of the Honours system.

New Zealand will have world class processes in place to deal with national security events and emergencies and to build national resilience. Risks will be reviewed and reprioritised annually and regularly reported in summary to Cabinet. An annual National Security Plan will inform the work of agencies. Significant decisions by Cabinet on security related matters will be taken within the context provided by this plan.

DPMC will lead a more integrated, customer-oriented and trusted New Zealand Intelligence Community that is seen as crucial to national security planning. DPMC's leadership of the NZIC, in collaboration with its agencies, will result in a sector being seen to work seamlessly as a whole, sharing resources, collaborating, and eliminating duplication to provide significantly improved results. Compliance and oversight mechanisms of the NZIC will be updated and strengthened. There will be a greater understanding among key stakeholders and the public of the value the NZIC delivers to New Zealand in helping identify national security challenges. The NZIC will have moved towards joint customer outreach so that Ministers and organisations which interact with the NZIC can do so in a more coherent and managed way. Customers of the NZIC will, through a deeper knowledge of the capabilities of the NZIC agencies, be more discerning in their requirements. In turn, the NZIC will be more sharply focused on fulfilling those requirements that add real value to national security objectives. The NZIC will have developed new tools for measuring the impact of its deliverables and ensuring it is focused on intelligence that changes decisions.

New Zealanders will enjoy a secure and prosperous cyberspace where they will be able to live, work and play confidently. DPMC will lead the development of robust policies for cyber security. New Zealand's cyberspace will be hardened and equipped effectively to respond to threats. New Zealanders, including both the public and private sectors, will understand their

contribution to cyber security. Economic activity will be further enabled by a secure infrastructure.

Corporate Centre

The Corporate Centre will be a more mature and effective entity providing enhanced value to Ministers and to State sector agencies. It will lead the State sector in delivering outstanding results for New Zealanders and, in effect, “own” the performance of the agencies and sectors, including taking early action in cases of underperformance. DPMC will apply the intimate understanding it has of the government’s collective ambitions, preferences and priorities to add significant value to the Corporate Centre and to supporting the delivery of the Prime Minister’s results for New Zealand.

Organisation Development

Our people will remain our most important asset. We take pride in the high calibre of our workforce, and will look to continue attracting talented staff (including secondees from across the public service and the private sector) who see DPMC as employer of choice. The Department will be a role model of public service collaborative leadership, an incubator of public sector leaders and a place to which people will continue to aspire to join. We will build our links with the Department’s alumni and enhance our recruitment strategy, so that we are recruiting the right mix of skills and work experiences. We will continue to aim to be an employer of choice/good employer.

DPMC will be a well-integrated and highly regarded department: our component parts will liaise effectively with each other. The Senior Leadership Team (SLT) will develop into a cohesive, high performing team that provides strategic leadership across the whole organisation, as well as providing management of separate units within the department.

1.1 Operating or Business Model

While DPMC’s value proposition will continue to be underpinned by the specialist expertise and strong performance of its individual business units, we will be looking to develop greater collaboration and collective leadership across the department, to create an organisation where the whole is greater than the sum of its parts and thereby create even more value for our stakeholders.

The Department is currently undergoing a PIF review. This review and the development of an action plan in response to it will be key opportunities for DPMC to develop a strategy of further innovation in how we do our business and improved performance for our stakeholders, while maintaining the high standards of day to day advice to the Prime Minister and the Governor-General that DPMC is known for.

DPMC funding model for its core functions has remained unchanged over a number of years. It has received some additional funding over the last four years to deliver on additional intelligence sector functions and for the restoration of Government House. In order to address rising cost pressures in accommodation and other fixed costs, however, DPMC has progressively reduced its corporate service functions and its staffing levels in delivery business units. These pressures continue to increase and DPMC no longer has the capacity to make savings to absorb them.

In March 2012, the central agencies shared services (CASS) was implemented. CASS is housed within Treasury and delivers the IT, IM, HR and Finance functions to all central agencies (DPMC, State Services Commission and Treasury). Although the overall costs of CASS are lower than the costs of these functions in their separate agencies, the cost and

level of service now being provided to DPMC is higher, creating an additional \$1.2 million pressure.

The combined pressure of rising costs for core DPMC activities and corporate functions is \$2.2 million in 2013/14 increasing to \$2.7 million by 2016/17. For 2012/13, this pressure has been addressed by reprioritisation of savings due to project delays and a contribution from Treasury of \$900,000. In order to continue to meet DPMC's objectives and aspired future state (as set out in the previous section) the Department will need to increase its cost structure.

Looking ahead over the next four years, the most pressing need for investment is in DPMC's leadership and coordination of the intelligence and security sectors, in order to maintain effectiveness and build organisational resilience.

In its first two years **the Intelligence Coordination Group (ICG)** has focussed on steps towards a more integrated and better coordinated intelligence community. It has also refined the priorities for the NZIC. Looking ahead, the ICG seeks to achieve an integrated, customer-oriented and trusted NZIC that is seen as crucial to both the National Security System and in supporting New Zealand's foreign policy. But it is currently too small (5 officials, \$735,000 budget) to carry out this sector lead function. NZIC agencies have agreed to reprioritise resources to meet the following new capability needs and to locate them in ICG.

- A strengthened policy capability, The purpose is to strengthen policy development and mitigate risks on key issues affecting the NZIC, including compliance and oversight of the community, [1]

This new capability will consist of 3 additional FTEs at an annual estimated cost of \$0.590 million with additional set-up costs of \$45,000 in 2013/14.

- A strategic communications plan and unit. The purpose is to develop a communications strategy and plan for the NZIC, addressing not only passage of any possible legislation but also provide a narrative to the public explaining how a contemporary intelligence community fits within the national security system. This capability would also be deployed to support a cyber security awareness programme, targeting the general public and private sector. It makes sense to do this on an NZIC-wide basis. This new capability will consist of [3],[10]

with additional set-up costs of \$24,000 in 2013/14.

There is also a need within the NZIC for greater unity of customer relations services so that organisations which interact with the NZIC can do so in a more coherent and managed way. Over the period of this plan, the NZIC intends to work with key customers to understand their needs, measure the impact of its deliverables and thereby improve the prioritisation of NZIC resources. In 2013, NAB will create a new position for outreach to customers and intelligence collectors. Separately, the ICG will investigate creating a joint outreach capability.

The **National Assessments Bureau** will continue to provide indigenous assessments that give the Government and senior officials a "decision advantage" on the risks and opportunities affecting New Zealand's national security interests, and to lead New Zealand's assessments community by coordinating the efforts of assessment capabilities in the wider community. [1]

It is also re-

examining its products and how it delivers them. NAB will adjust its business model and some staff resource to provide much greater capacity for working with ministerial offices, CEs and the intelligence agencies.

The **National Cyber Policy Office** (NCPO) was established to oversee and coordinate the development, implementation and review of national cyber security strategies and policy across government. At full strength, the NCPO will consist of up to 8 FTEs (depending on funding, secondments, and availability of suitable staff) and an executive assistant. Presently due to its start-up stage, it is operating with only 4.5 FTEs, which is not sufficient for it to deliver on its ongoing work programme. From 2013/14, the office is expecting to operate at the resource levels originally funded. A priority for the Department will be attracting additional staff with the necessary skills (including by way of secondment) to increase the NCPO's capability to a sustainable level and to deliver on ministers' expectations.

The **Security and Risk Group** (SRG) has responded to a number of challenging national emergencies in recent years, and is building national resilience through the rolling out of an integrated, whole-of-government national security system and enhanced maritime domain policy and surveillance environment. But SRG's resourcing is unsustainably low (5 FTEs, budget \$880,000), given the demands and the risks, especially in the event it had to respond to a large national emergency or simultaneous national emergencies. It will also be involved in managing risk in respect of a number of major upcoming events in New Zealand, including the U20 FIFA World Cup and the Cricket World Cup (co-hosted with Australia). SRG is currently below an effective level of establishment. New capability of 2 additional FTEs (at an on-going operating cost of \$0.320 million plus setup costs of \$30,000 in 2013/14) would enable SRG to deliver to an effective level.

The **Policy Advisory Group** (PAG) will continue to facilitate cross-government linkages among agencies working on related issues (to ensure that officials advice takes account of broader government priorities) and give free and frank advice to the Prime Minister on all items of government business. We will explore the possibility of enlisting 2-3 agencies to fund on-going positions in the PAG. In return these agencies will gain the staff development benefits of rotational secondments into the PAG. This will free up some resources and capability for PAG to increase its focus on longer term strategic issues, and build relationships with key overseas counterparts.

The **Cabinet Office** will continue to provide continuity and impartial support for operations at the centre of government. This will include the development and administration of Cabinet processes, providing advice on constitutional and central government administrative matters, and administration of the Honours system. Alongside the roll-out of CabNet the Cabinet Office will work with departments on clearly specifying the requirements and standards expected for Cabinet papers, to ensure best practice is observed and Cabinet decision making is effectively supported.

Government House will continue to provide appropriate advice and support for the Governor-General in undertaking his constitutional, ceremonial and community leadership roles. [6]

[6]

The **Corporate Centre** is about better coordination, a clearer focus and stronger State sector leadership, with the three Central Agencies working more effectively in partnership. The biggest change in the way Central Agencies operate is that the Corporate Centre is about doing this together. The future operating model for the Corporate Centre is still being considered. Currently it ranges from the central agencies working individually but alongside each other, to working collaboratively, to the creation of a cross agency co-located policy team (the proposed “performance hub”).

1.2 Operating Environment and Strategic Challenges

DPMC has a leadership role in supporting agencies to succeed in delivering the government’s agenda. Changes in the government’s priorities would naturally mean changes in DPMC’s priorities and the strategic results expected of the State sector. DPMC must be prepared accordingly to adjust its work programmes to reflect the particular (and often changing) needs of the Prime Minister as the leader of the Government. The wide ranging amendments to the Public Finance, State Sector and Crown Entities Acts will require DPMC to be more mindful of the longer term needs of the department, the state services and indeed the country as a whole.

The current fiscal environment brings significant challenges to DPMC in its ability to continue to support the Prime Minister and Cabinet, and to lead the State sector in implementing the government’s priorities, to the level of excellence that is required. Over a period of time, witnessed by belt tightening and the need for savings, core elements of DPMC’s infrastructure (eg IT and IM systems) became run down, suffering from lack of investment. [1]

The Central Agency Shared Services (CASS), established earlier this year, provides corporate support services for IT, IM, HR and Finance to DPMC, the Treasury and the State Services Commission. CASS is vital to DPMC being able to address the resilience issues noted above and, in doing so, to develop and draw more heavily on its information and technology resources so that it can provide and develop new products and services for its key customers.

As recent events have unfortunately shown (eg the Canterbury earthquakes, Pike River mine disaster, Rena grounding), natural disasters and other unforeseen events and circumstances will likely continue to occur over the next four years, affecting DPMC’s operating environment and often requiring it urgently to reprioritise its focus and resources.

In 2015 New Zealand will host the U20 FIFA World Cup and co-host the Cricket World Cup; the centenary of the ANZAC landings in Gallipoli will be commemorated; and the Rugby World Cup will be held in the United Kingdom. Providing the appropriate level of leadership, coordination, and support will stretch the modest resources of DPMC’s Security and Risk Group.

The resilience of DPMC’s staff and systems will be put at risk in the event of having to respond to multiple national emergencies or crises (in New Zealand or offshore), given the present level of resourcing and capability.

It is essential that the New Zealand intelligence community be trusted and understood (within security-prescribed limits) by key stakeholders and customers for it to meet its outcomes. The NZIC (including DPMC as the sector leader) will give a higher priority to engaging with stakeholders and improving their understanding of threats to national security and the NZIC's role, challenges and limitations in mitigating them. This includes improving public understanding of the role of the NZIC.

The rapid improvement in communications has also increased the threat and ubiquity of cyber crime and cyber intrusions by both state and non-state actors, potentially threatening our critical national infrastructure, the intellectual property of our businesses and the privacy of our citizens. DPMC will need to commit the appropriate resources to support the development and implementation of appropriately robust national cyber security strategies across the government.

[1]

Please include your baseline profile as at October Baseline Update (OBU) 2012.

| Baseline profile – OBU 2012 | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating expenditure – departmental | 20.314 | 18.458 | 18.408 | 18.408 | 18.408 |
| Operating expenditure – non-departmental | 4.266 | 3.548 | 3.548 | 3.548 | 3.548 |

1.3 Decision Points and Trade-offs

A recent, comprehensive stakeholder survey concluded that, overall, “DPMC is operating extremely well with all business units effective and highly functioning”. This success was attributed to the Department having good staff; effective communication and strong relationships; and strong and effective leadership.

The key challenge going forward is to rebuild organisational resilience by addressing effectively the increasing resource and funding pressures that DPMC has found itself under in recent years (as noted previously, DPMC is facing a shortfall of approximately \$2.2 million (in 2013/14), increasing to \$2.7 million by 2016/17).

Earlier this year, DPMC, Treasury and SSC commissioned Dr Murray Horn to report on the Department's finances, including the value-for-money of its current service provision and the extent of resourcing required for DPMC to deliver the services required by its Minister. Dr Horn concluded that the department's financial pressures cannot be addressed solely from savings without “significant degradation” in the level of support it provides for the Prime Minister and Cabinet. Some additional funding would be required, imposing an obligation on DPMC to add more value. In his view DPMC had reached the limit of its belt tightening.

Looking ahead, the Department is confronted with two broad alternatives: increase its cost structure; or retract DPMC's business to the extent necessary to close the fiscal gap. This Plan is based on pursuing the former. If savings of sufficient size to address the current deficit were needed, however, a significant decrease in the present level of DPMC's business and outputs would also be required. [1],[6]

[1],[6]

2.0 Medium-term Intentions

Please use the table below to summarise key material changes to your agency's/sector's outputs, services or delivery through the next Four-years. **You will need to complete Section 6.1 before completing this section.**

Note that this is a summary of the intended changes that you have worked through in Section 6.1.

2.1 Summary of Medium-term Intentions – Intended Changes

Cut and paste from the templates in Section 6.1 to populate the table below.

| Intention (Name and brief description) | | Type of Action (New/stop/change) | Success measures (Text) |
|--|---|--|--|
| A | ICG Strengthened Policy Capability | New | Enhanced NZIC framework More high quality policy advice on NZIC matters to Ministers |
| B | NZIC strategic communications | New | The New Zealand public understands how the NZIC fits within the national security system |
| C | Establishment of a customer relations manager at NAB | Change | Improved relevance of NAB product Increased demand for NAB product |
| D | Leading integrated NZIC outreach | New | NZIC integrated outreach capability proposal delivered in 2013 |
| E | SRG strengthened capability on security and risk management | New | More high quality policy advice and greater level of outputs on security and risk issues and frameworks. Stronger resilience in being able to respond effectively to major national emergencies. |
| F | CabNet: secure, shared electronic environment to support Cabinet processes and ministerial decision making. | Change | Enhanced public service productivity, improved quality of submissions to Cabinet and enhanced security of Cabinet information. |
| G | [6] | | |

2.1.1 Summary of financial implications from medium-term intentions – intended changes

Note that this is a summary of the financial impacts that you identified in Section 6.1.

| Financial implications arising from changes to outputs, services or deliveries | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| Operating impact – departmental | | 3.100 | 3.100 | 3.100 | 3.100 |
| Operating impact – non-departmental | | | | | |
| Capital impact – departmental | | 0.020 | | | |

| | | | | | |
|-----------------------------------|--|--|--|-------|-------|
| Capital impact – non-departmental | | | | 0.800 | 1.000 |
|-----------------------------------|--|--|--|-------|-------|

2.1.2 Summary of new funding sought from the centre

Note that this is a summary of the new funding sought from the centre that you have identified in Section 6.1.

| Value of new funding sought | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operational expenditure – departmental | | 2.500 | 2.500 | 2.500 | 2.500 |
| Operational expenditure – non-departmental | | | | | |
| Capital expenditure – departmental | | 0.020 | | | |
| Capital expenditure – non-departmental | | | | 0.800 | 1.000 |

2.2 Core Business, Continuous Improvement and Other

Please provide a broad overview of your outputs, services and delivery that has not been covered in the summary of changes section 2.1. This will include your 'business as usual' activity that is not planned for major change and a broad overview of any changes that were not considered material or key enough to include in Section 2.1.

Any cost pressures on your business as usual activities should be discussed in Section 6.2.

Refer to section 1 for a high level overview of DPMC's core areas of business, services and outputs.

3.0 Organisational Capability and Workforce

Note: The purpose of this section is for agencies/sectors to describe **how** they will address at a 'whole-of-organisation' level required organisational, change, and workforce capacity and capability needs. Please refer to the guidance notes before completing this section. It is recommended that agencies/sectors also review workforce strategy information on the SSC website. Agencies/sectors are free to use a different heading structure for this section provided the key areas of enquiry are covered.

[1]

3.1 Organisational/Sector Capability

Please outline your approach to building the organisational and corporate capability you require to deliver on your work programme (for example, the infrastructure required to deliver on medium-term intentions, business improvement capability, changes to service models etc). Include an assessment of your current capability to deliver.

It will be challenging for DPMC to maintain its capability to deliver on its existing objectives for the reasons outlined in section 1. To meet increased stakeholder expectations DPMC is planning to increase ICG's capability (through a reprioritisation of resources within the intelligence sector) and to strengthen SRG's capability and resilience in carrying out its security and risk management responsibilities.

3.1.1 Change leadership

Please describe the key changes that your work programme will drive for your organisation. What is your change leadership approach to drive these changes?

A major goal over the next four years will be for DPMC to promote a culture where the whole (all of DPMC) is greater than the sum of the parts (DPMC's extant business units). This culture change has started with the senior leadership team working more cohesively on issues that confront individual business units as well as the whole department. Over the next four years the senior team will continue to promote this culture across and down the organisation with direction setting and defining new ways of working together.

The changes driven by the Corporate Centre will also require DPMC to play a major change leadership role at the centre of the public service in collaboration with the other central agencies and lead departments.

The CabNet project will change how departments and Crown entities communicate with and participate in Cabinet and Cabinet Committee processes and including the official release of Cabinet information. DPMC will be taking a lead role in the introduction of new processes to ensure maximum returns from the CabNet investment.

3.1.2 Culture

Please describe the organisational culture needed to deliver on your work programme. What does your organisational culture look like now? How will you progress any development needed?

Linking with “the whole is greater than the sum of the parts” goal that DPMC has set itself, a more cohesive internal culture is being led by management, which can embrace difference within each of its business units while retaining the traditional strengths of DPMC as a small and agile agency which sets very high standards for itself.

A significant proportion of DPMC’s work is in the intelligence sector. NAB and ICG are part of the now well established cooperation and coordination pathways that have been adopted by the intelligence sector in its joint planning. [1]

Government House has its own unique culture based around the needs of the Governor-General and his programme. The House sets very high standards of service and organisation exemplified most recently by the recent Royal visit.

The PAG operates directly with the Prime Minister and his office providing contestable advice across a spectrum of policy issues. The business model for the PAG has proven to be a durable one where public and private sector expertise is seconded or contracted for two to three year terms in a highly professional manner.

The Cabinet Office provides professional and impartial advice and secretariat support for both the Prime Minister, the Cabinet. The Office also administers the NZ Honours system.

Each of the department’s business units above has a separate purpose and way of working. This has resulted in durable and purposeful “local cultures”. The challenge for DPMC over the next four years is to find a way to utilise the inherent diversity as a strength to build more cohesion.



Looking ahead, the DPMC will also benefit from a more collective development programme operated by CASS involving all three central agencies.

3.2 Workforce


Please outline the overall implications of your strategic direction and medium-term intentions for your workforce.

3.2.1 Workforce capacity and capability impacts – intended changes

Please use the table below to summarise the impact on workforce capacity and capability highlighted in your medium term intentions-intended changes (section 6.1). This can be shown as an overall summary or itemised where there is one or more intended change that has a significant workforce impact. See key below.

| Capacity Change | Capability Change | Context | Change in Capability |
|---|-------------------|----------|---|
| ICG – Strengthened Policy capability | | 3 x FTEs | These FTEs will require induction into the intelligence community and on-going professional development |
|  | | | |
| ICG – Communications strategy | | 1 x FTE | This FTE will require induction into the intelligence community and on-going professional development |
|  | | | |

| | | | |
|---|--|---------|--|
| NCPO – Increasing staff to establishment | | 3.5 FTE | These FTEs will require induction into the intelligence community and ongoing professional development |
|  | | | |

| | | | |
|---|--|----------|--|
| SRG - Increasing resilience | | 2 x FTEs | These FTEs will require induction into the security sector and on-going professional development |
|  | | | |

Key

| Capacity Change | | | Capability Shift | | |
|---|---|---|---|---|---|
|  |  |  |  |  |  |
| Neutral | Decrease | Increase | High | Medium | Low |

3.2.2 Workforce capacity and capability impacts – whole of organisation/sector

Use the second summary table below to illustrate direction of workforce capability and capacity at a whole of organisation or sector level. This should be an overall summary that covers your workforce requirements for ‘business as usual’ as well as the change section above. You can present this section in any way that makes sense based on how you organise your workforce, for example, by business line or grouping, by output or by key capability/occupational group.

| Capacity Change | Capability Change | Context | Change in Capability |
|---|---|--------------------------------------|---|
| <i>[Name of output/business line etc]</i> | | <i>[Describe context for change]</i> | <i>[Bullet point changes in capability required (eg, customer service skills, IT capability etc)]</i> |
| Insert direction [arrow] | Insert size of shift required [circle] | | |
| <i>[Name of output/business line etc]</i> | | <i>[Describe context for change]</i> | <i>[Bullet point changes in capability required (eg, customer service skills, IT capability etc)]</i> |
| Insert direction [arrow] | Insert size of shift required [circle] | | |

3.2.3 Capability

Please outline your approach to achieving the key capability shifts you require?

There is a generic development programme for all staff being developed and delivered through CASS which is linked to annual performance appraisals. This will cover IT skills, management and leadership skills and generic skills such as writing, time management, induction, relationship management and influencing skills. System efficiencies will be achieved through automation and process improvement and the DPMC workforce plan will reflect this.

[1]

3.2.4 Capability pressures

Please use the table below to list any specific capability pressures or gaps that may be difficult for your agency to resolve. Note this will be used to inform analysis of any capability gaps that may occur across agencies/sectors. Possible gaps or pressures could range from specific skills or skill sets through to occupational groups that may be challenging to develop/source.

| Capability Gap/Pressure | Reason for capability gap/pressure |
|---|--|
| <i>eg, commercial contract management</i> | <i>Skills in short supply and demand growing</i> |
| | |
| | |

3.2.5 Capacity

Please describe your total workforce capacity now and your expected future capacity requirements over the next four years. Include consideration of how any changes to capacity will be achieved. Note table in 2.2 below.

Apart from ICG and SRG, DPMC will need to maintain capacity while absorbing forecast cost increases in each of the out years of this plan. We expect to do that by achieving efficiency gains through automation, process improvement and capability development.

[1]

3.3 Total Workforce Costs

Please describe your expected workforce cost picture over the next four years. Workforce costs include all people-related cost drivers – examples include employee costs, contractors, learning and development, recruitment etc.

You should include the impact of already committed spend; what you have estimated, where actual spend is yet to be determined and your overall approach to managing workforce cost pressures. Note that information on cost pressures relating to direct employment costs should be discussed in Section 6.2.

Please complete the summary tables below. Break down by any major occupational groups where this is feasible and useful (eg, teachers/principals; doctors/nurses).

It is noted that the figures provided below will be based on assumptions at the time of preparing the Four-year Plan but should be best estimates.

3.3.1 Total workforce costs

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Workforce costs – departmental | 12.127 | 12.254 | 12.498 | 12.736 | 12.989 |
| Workforce costs – non-departmental (cover Fees for the Commissioner of Security Warrants and Governor General's remuneration) | 0.440 | 0.440 | 0.440 | 0.440 | 0.440 |
| Total workforce costs | 12.567 | 12.694 | 12.938 | 12.766 | 13.011 |

3.3.2 FTE numbers

| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--------------------------------|---------|---------|---------|---------|---------|
| FTE numbers – departmental | 125 | 133 | 133 | 133 | 133 |
| FTE numbers – non-departmental | 2 | 2 | 2 | 2 | 2 |
| Total FTE numbers | 127 | 135 | 135 | 135 | 135 |

4.0 Summary of Total Financial Impact

This is a summary of total financial impact derived from other sections of the framework as indicated in the table below.

Operating – Departmental

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Current operating expenditure baseline</i> | 20.314 | 18.458 | 18.408 | 18.408 | 18.408 |
| Financial Implication of Planned Changes and Cost Pressures | | | | | |
| Financial implication arising from changes to outputs, services or deliveries (copy from table in Section 2.1.1) | | 1.155 | 1.113 | 1.113 | 1.113 |
| Direct employment cost pressures (copy from table in Section 6.2.1.1) | | | | | |
| Operational cost pressures arising from capital (copy from table in Section 6.2.1.2) | | | | | |
| Other operational operating cost pressures (copy from table in Section 6.2.1.3) | | 1.945 | 1.987 | 1.987 | 1.987 |
| <i>Total of all changes and pressures on operating expenses</i> | | 3.100 | 3.100 | 3.100 | 3.100 |
| Funding for Changes and Cost Pressures Available From | | | | | |
| Operational efficiencies/reprioritisation (copy from tables in Section 6.2.2.1) | | | | | |
| Changes to third-party revenue (copy from table in Section 6.2.2.2) | | | | | |
| Transfers to/from other Votes (copy from table in Section 6.2.2.3) | | 0.600 | 0.600 | 0.600 | 0.600 |
| <i>Total funds available</i> | | 0.600 | 0.600 | 0.600 | 0.600 |
| Savings required but not yet identified | | | | | |
| Savings required as % of baselines | | | | | |
| New Funding Sought from the Centre | | | | | |
| Total new funding sought (copy from table in Section 2.1.1) | | 2.500 | 2.500 | 2.500 | 2.500 |
| <i>Savings required if new funding received</i> | | | | | |

Operating – Non-departmental

| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <i>Current operating expenditure baseline</i> | 4.266 | 3.548 | 3.548 | 3.548 | 3.548 |
| Financial Implication of Planned Changes and Cost Pressures | | | | | |
| Financial implication arising from changes to outputs, services or deliveries (copy from table in Section 2.1.2) | | | | | |
| Direct employment cost pressures (copy from table in Section 6.2.1.1) | | | | | |
| Operational cost pressures arising from capital (copy from table in Section 6.2.1.2) | | | | | |
| Other operational operating cost pressures (copy from table in Section 6.2.1.3) | | | | | |
| Total of all changes and pressures on operating expenses | | | | | |
| Funding for Changes and Cost Pressures Available from | | | | | |
| Operational efficiencies/reprioritisation (copy from tables in Section 6.2.2.1) | | | | | |
| Changes to third-party revenue (copy from table in Section 6.2.2.2) | | | | | |
| Transfers to/from other Votes (copy from table in Section 6.2.2.3) | | | | | |
| Total funds available | | | | | |
| Savings required but not yet identified | | | | | |
| Savings required as % of baselines | | | | | |
| New Funding Sought from the Centre | | | | | |
| Total new funding sought (copy from table in Section 2.3) | | | | | |
| Savings required if new funding received | | | | | |

Capital

Capital expenditure

| Departmental Expenditure | Increase/(Decrease) | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Opening balance funding available | 1.748 | 0.048 | 0.048 | 0.048 | 0.048 |
| Depreciation funding | 0.100 | 0.100 | 0.100 | 0.100 | 0.100 |
| Sale of assets | | | | | |
| Other Capital Contribution | 2.600 | | | | |
| Total baseline funding available (a+b+c+d) | 3.448 | 0.148 | 0.148 | 0.148 | 0.148 |
| Capital investments funded from baselines | 2.700 | 0.100 | 0.100 | 0.100 | 0.100 |
| Other Capital Withdrawal to Treasury to fund IT asset replacements (still to be confirmed level needed for replacements – unable to transfer total accumulated depreciation on IT assets of \$1.144) | 0.700 | | | | |
| New capital funding sought from the centre (copy from table in Section 2.1.2) | 0.020 | | | | |
| Closing baseline funding available | 0.048 | 0.048 | 0.048 | 0.048 | 0.048 |

| Non-departmental Expenditure | Increase/(Decrease) | | | | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Baseline funding available for the purchase or development of Crown capital assets | 1.050 | 0.150 | 0.150 | 0.150 | 0.150 |
| New capital funding sought from the centre (copy from table in Section 2.1.2) | | | | 0.800 | 1.000 |
| Capital investment in organisations other than departments | | | | | |
| Total | 1.050 | 0.150 | 0.150 | 0.950 | 1.150 |

Likelihood: Use the scale below to estimate the probability of risk events

| Likelihood of risk event with existing controls in place | |
|--|---|
| Almost certain | The event is expected to occur in most circumstances. Probability: 80%–100% expectation that the event will occur. |
| Likely | The event will probably occur in most circumstances. Probability: 50%–80% expectation that the event will occur. |
| Possible | The event could occur at some time. Probability: 30%–50% expectation that the event will occur. |
| Unlikely | The event could occur at some time. Probability: 5%–30% expectation that the event will occur. |
| Rare | The event may occur only in exceptional circumstances. Probability: Less than a 5% expectation that the event will occur. |

Consequences: Use the scale below to identify and assess consequences

| Magnitude of consequences | |
|---------------------------|---|
| Major | Extensive senior management attention or resources diverted to recovery from a crisis event affecting service quality, a programme or major project, the viability of the agency overall. This level of risk would have extreme consequences for the organisation both financially and politically. |
| Severe | Significant senior management attention to manage issues or prevent a crisis that may threaten the viability of a branch, service quality, programme or project. This level of risk would have very high consequences for the organisation financially and/or politically. |
| Moderate | Consequences could require review or changes to operating procedures with management effort required to prevent escalation. Although the consequences would not threaten the viability of the programme or organisation, service quality or performance could be affected. |

Determine level of risk exposure

| Level of risk exposure | | | | | | |
|------------------------|---------------------|----------|----------|----------|----------------|-----------|
| Consequences | Major | Moderate | High | High | Very high | Very high |
| | Severe | Moderate | Moderate | High | High | Very high |
| | Moderate | Low | Moderate | Moderate | Moderate | High |
| | Minor | Very low | Low | Low | Moderate | Moderate |
| | Routine | Very low | Very low | Low | Low | Moderate |
| | Rare | Unlikely | Possible | Likely | Almost certain | |
| | Likelihood of event | | | | | |

6.0 Detailed Activity and Financial Planning

This section provides a structure for agencies/sectors to work through and to describe the detailed service/programme changes and financial planning needed to provide the high-level summaries under Sections 2.0 and 5.0. This section should be completed before Section 2.0.

6.1 Medium-term Intentions – Intended Changes

Describe any material or key changes to your outputs, services or delivery through the next four years. Examples of changes would include reduced or increased emphasis on programmes, programmes that will stop, new initiatives, new delivery methods of existing programmes etc.

The key tests for what should be included in this section are:

- **materiality:** *changes that are expected to have a large/noticeable impact on agency/sector resources (financial and human) and/or may be controversial or carry significant risk; and/or lead to a large/noticeable change in the level or quality of services provided to the public or Ministers, and*
- **new funding:** *any activity, regardless of size, for which you will be requesting new funding from the centre should be described here. Only agencies that have an indicative allocation from the Budget 2013 operating allowance should seek new operating funding.*

Changes that do not significantly alter the number of outputs produced/people served but which generate efficiencies can be captured in the ‘reprioritisation’ section.

The aim is that this section will outline all key intentions to provide assurance to Ministers. If in doubt whether or not a change is material enough to include, please include it.

*Please repeat the box for **each** significant intended change to your outputs, services or delivery through the next four years and please include a specific box for the savings that your agency will realise through each of the functional leadership work streams.*

Intention name: **SRG strengthened capability on security and risk management**

Note strategic outcome(s) related to this intention:

More high quality policy advice and greater level of outputs on security and risk issues and frameworks. Currently the 4 FTEs + one Director are fully committed and with some additional large projects coming on stream (eg the National Security System, enhanced Maritime Domain policy and surveillance environment) SRG does not have sufficient capacity to produce effective results or realise the full potential for NZ. It is currently below an effective level of establishment. Two additional FTEs would lift output considerably and build in much needed resilience for SRG to be able to respond effectively to a large national emergency or multiple national emergencies.

| | |
|---|--|
| <i>Type of action</i> (Insert : New/stop/change) | New |
| <i>Motivation for change (circle)</i> | Generating funds for reprioritisation |
| | Seeking greater efficiency/performance from current spending |
| | Responding to government priorities |
| | Other..... |

Describe the intended change including timeframes of the intended implications:

SRG funding to recruit staff and support their ongoing operations. The shortfall in resourcing is currently being experienced and the new staff would make a significant difference at any time with no disruption.

The work areas they would be involved in are currently active and results once they are employed should be almost immediate.

Describe and quantify the financial impacts of the intended change:

| Financial impact of intended change | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating impact – departmental | | 0.329 | 0.318 | 0.318 | 0.318 |
| Operating impact – non-departmental | | | | | |
| Capital impact – departmental | | 0.020 | | | |
| Capital impact – non-departmental | | | | | |

If this intention requires new funding from the centre, please:

- explain why the activity cannot be funded from within existing baselines or balance sheets
- refer to the 'New Funding' information at the bottom of this section, and
- complete the following table.

DPMC is already facing significant unfunded cost pressures for which it is seeking additional funding. It does not have the capacity to reprioritise to address this additional requirement.

| Value of new funding sought from the centre | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| Operating expenditure – departmental | | 0.329 | 0.318 | 0.318 | 0.318 |
| Operating expenditure – non-departmental | | | | | |

| | | | | | |
|---|--|-------|--|--|--|
| Capital expenditure – departmental | | 0.020 | | | |
| Capital expenditure – non-departmental | | | | | |
| <i>Describe any implications for workforce capacity and capability of the intended change:</i> | | | | | |
| <i>Describe any other significant capability implications of the intended change (eg, IT):</i> There are no significant capability implications of the change. | | | | | |
| <i>Describe how the success of the intended change will be known or measured, including the value of spending:</i> | | | | | |

| | | | | | | |
|---|--|--|------------------------------|------------------------------|------------------------------|------------------------------|
| Intention name: ICG Strengthened policy capability | | | | | | |
| <i>Note strategic outcome(s) related to this intention:</i> This would enhance ICG's ability to advise the Prime Minister on intelligence issues and improve coordination and collaboration within the NZIC. | | | | | | |
| <i>Type of action</i> (Insert : New/stop/change) | | New | | | | |
| <i>Motivation for change (circle)</i> | | Generating funds for reprioritisation | | | | |
| | | Seeking greater efficiency/performance from current spending | | | | |
| | | Responding to government priorities | | | | |
| | | Other..... | | | | |
| <i>Describe the intended change including timeframes of the intended implications:</i> This is an increase in ICG's capability to develop policy and mitigate NZIC risks. ICG received a short-term increase in staff in late 2012 to manage pressing NZIC policy issues around compliance and governance. It has become apparent that ICG requires an on-going permanent capability in this area. Initially, this capability would support the legislative process expected to take place in 2013. Subsequently, it would be used to provide policy advice on maintaining and extending support for military operations, law enforcement and border protection agencies. | | | | | | |
| <i>Describe and quantify the financial impacts of the intended change:</i> Funding is required for a minimum of 3 FTE positions and a significant contribution to fund this will be made by fiscally neutral transfer from Vote Communications, Security and Intelligence and from Vote Security Intelligence. | | | | | | |
| Financial impact of intended change | | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Operating impact – departmental | | | 0.592 | 0.576 | 0.577 | 0.577 |
| Operating impact – non-departmental | | | | | | |
| Capital impact – departmental | | | 0.029 | | | |
| Capital impact – non-departmental | | | | | | |
| <i>Describe any implications for workforce capacity and capability of the intended change:</i> This will require at least an additional 3 FTE positions. Of these, some will require a legal background. This will enhance the NZIC's capacity to address legal and policy matters. | | | | | | |
| <i>Describe any other significant capability implications of the intended change (eg, IT):</i> There are no significant capability implications of the change. | | | | | | |
| <i>Describe how the success of the intended change will be known or measured, including the value of spending:</i> Enhanced framework and an increased ability to provide high-quality policy advice on NZIC matters to Ministers. | | | | | | |

| | | | | | |
|---|-------------------|--|-------------------|-------------------|-------------------|
| Intention name: NZIC Strategic communications | | | | | |
| <i>Note strategic outcome(s) related to this intention:</i> There is a greater understanding amongst key stakeholders including Members of Parliament and the public of the value the NZIC delivers to New Zealand in meeting national security challenges. | | | | | |
| <i>Type of action</i> (Insert : New/stop/change) | | New | | | |
| <i>Motivation for change (circle)</i> | | Generating funds for reprioritisation | | | |
| | | Seeking greater efficiency/performance from current spending | | | |
| | | Responding to government priorities | | | |
| | | Other..... | | | |
| <i>Describe the intended change including timeframes of the intended implications:</i> ICG will develop and implement a communications strategy and plan for the NZIC. This will provide a narrative to the public explaining how the NZIC fits within the national security system. It would also support a cyber security awareness programme targeting the general public and the private sector. | | | | | |
| <i>Describe and quantify the financial impacts of the intended change:</i> [3],[10] | | | | | |
| | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
| Financial impact of intended change | (\$0.000m) | (\$0.000m) | (\$0.000m) | (\$0.000m) | (\$0.000m) |
| Operating impact – departmental | | [3],[10] | | | |
| Operating impact – non-departmental | | | | | |
| Capital impact – departmental | | 0.010 | | | |
| Capital impact – non-departmental | | | | | |
| <i>Describe any implications for workforce capacity and capability of the intended change:</i> A structured strategic communications strategy will support the workforce strategy's aim to recruit the very best. At present, the NZIC sometimes struggles to do this and this may be because the external brand of the agencies, either collectively or singly, is not well-defined, and is often set by media and interest groups rather than by planned public relations efforts. | | | | | |
| <i>Describe any other significant capability implications of the intended change (eg, IT):</i> Enhancements to the DPMC website to enable it to support the requirements of a cyber security communications plan and safely host information about the NZIC. | | | | | |
| <i>Describe how the success of the intended change will be known or measured, including the value of spending:</i> The New Zealand public have an understanding of how the NZIC fits within the national security system. | | | | | |

| | |
|--|--|
| Intention name: NAB improved outreach | |
| <p><i>Note strategic outcome(s) related to this intention:</i></p> <ul style="list-style-type: none"> to bring the unique insights available only from intelligence to ministers and CEs in a way that meets their needs and is easy for them to use. | |
| <i>Type of action</i> (Insert : New/stop/change) | Change |
| <i>Motivation for change (circle)</i> | Generating funds for reprioritisation |
| | Seeking greater efficiency/performance from current spending |
| | Responding to government priorities |
| | Other – responding to feedback that showed NAB not adequately tuning into ministers’ and CEs; needs |
| <p><i>Describe the intended change including timeframes of the intended implications:</i></p> <p>One intended change, consistent with the strategic outcome referred to above:</p> <ul style="list-style-type: none"> to draw more value for ministers and CEs from NAB’s analytic resource, by creating a new position dedicated to constructing much more interactive relationships with selected offices, and with intelligence collectors in NZSIS and GCSB. The purpose would be to materially improve NAB’s existing ability to understand what “customers” need, and when and how they need it, what the NZIC can provide, and to make sure ministers and CEs get what they want in the most user-friendly and timely way; <p>Timeframe: NAB will establish this position in FY 2012/13.</p> | |
| <p><i>Describe and quantify the financial impacts of the intended change:</i></p> <p>None. The position will be resourced from within NAB’s existing budget.</p> | |
| <p><i>Describe any implications for workforce capacity and capability of the intended change:</i></p> <p>The new position will be more senior than NAB’s current analytic cadre and require a different emphasis in skillsets. NAB will implement it by re-assigning resources from its existing analytic cadre, even though this will further reduce analytic coverage and/or management direction and quality control.</p> | |
| <p><i>Describe any other significant capability implications of the intended change (eg, IT):</i></p> <p>Given there will be no increase in overall staff numbers, it is not expected that there will be any other significant capability implications.</p> | |
| <p><i>Describe how the success of the intended change will be known or measured, including the value of spending:</i></p> <p>Assessment outputs are difficult to measure in any specific way, apart from the simple volume of reports (which could fail if the new position is funded by re-directing resource away from analytic cadre) – but volume is seldom the most significant indicator of success in assessment. The objective is to improve <u>relevance</u> – providing insights on briefs that stakeholders have said are more important to their business. Feedback from ministerial and CE offices, particularly where it leads to an increased demand for NAB assessment product, will be the most important indicator of success.</p> | |

| | |
|---|---|
| Intention name: ICG-led Improved customer engagement | |
| <i>Note strategic outcome(s) related to this intention:</i> | |
| <i>Type of action</i> <i>(Insert : New/stop/change)</i> | Change |
| <i>Motivation for change (circle)</i> | Generating funds for reprioritisation |
| | Seeking greater efficiency/performance from current spending |
| | Responding to government priorities |
| | Other..... |
| <i>Describe the intended change including timeframes of the intended implications:</i> | |
| <p>Each NZIC agency recognises that the NZIC, both collectively and individually as agencies, needs to enhance its engagement with its customers. In order for the NZIC's deliverables to be more keenly focussed on its customers' needs, it must ensure that it can make well-informed decisions on where to allocate NZIC resources to best meet the most important needs. This would be assisted by NZIC customers being better educated about the capabilities, capacity and priorities of the NZIC in order to empower them to ask the right questions of the NZIC.</p> <p>There is a need for greater unity of customer relations services so that organisations which interact with the NZIC can do so in a coherent and managed way. Over the period of this plan, the NZIC intends to work with key customers to understand their needs, measure the impact of its deliverables, and thereby improve the prioritisation of NZIC resources. In 2013, NAB will create a new position for outreach to customers and intelligence collectors. Separately, the ICG will investigate creating a joint NZIC outreach capability.</p> | |
| <i>Describe and quantify the financial impacts of the intended change:</i> | |
| This initiative is still in development stages. NZIC agencies will seek to reprioritise to deliver this once fully formulated, otherwise a budget bid will be submitted in Budget 2014. | |
| <i>Describe any implications for workforce capacity and capability of the intended change:</i> | |
| <i>Describe any other significant capability implications of the intended change (eg, IT):</i> | |
| <i>Describe how the success of the intended change will be known or measured, including the value of spending:</i> | |

Intention name: **CabNet Project**

Note strategic outcome(s) related to this intention:

The three most significant benefits accruing to the State sector from CabNet will be:

1. Enhanced productivity in the public service because of:
 - reducing the time required to process submissions through the Cabinet system;
 - faster dissemination of Cabinet’s decisions;
 - easier access to Cabinet material for authorised users;
 - removing duplication and providing a single electronic source for authoritative Cabinet information;
 - support for proactive release of Cabinet material where Ministers have agreed to proactive release;
2. Improved quality of submissions to Cabinet, because of:
 - quality assurance controls built into the system requirements;
 - guidelines built into the system; and
 - enabling officials to better collaborate and consult on draft submissions.
3. Enhanced security of Cabinet information because of:
 - a more secure means of sharing Cabinet information amongst authorised users and inherent audit trails and tracking mechanisms.

It is likely that there will be other significant non-financial benefits (such as increased levels of cooperation enabled by better communication tools, more purposeful inter-departmental consultation driven by increased transparency of comments, and increased ability to focus on value-added work because of improved information provision and better administrative tools, for instance). During Stage 2 and Stage 3, the project will identify and validate benefits and develop a benefit realisation plan that will enable tracking of benefit realisation once CabNet is fully implemented.

| | |
|--|---|
| <i>Type of action</i> <i>(Insert : New/stop/change)</i> | Change |
| <i>Motivation for change (circle)</i> | Generating funds for reprioritisation |
| | Seeking greater efficiency/performance from current spending |
| | Responding to government priorities |
| | Other..... |

Describe the intended change including timeframes of the intended implications:

The current Cabinet support system is a business critical system providing support for Cabinet processes and ministerial decision making. Although structured around largely paper-based processes, it still ensures reliable, timely and secure distribution of material. CabNet will strengthen the Cabinet support processes by providing an electronic platform that will enable access to cabinet papers in a secure digital environment. By creating better tools to support cross Government connections, communications and workflow, significant productivity gains and cost/time savings can be made.

CabNet will be a secure, shared electronic environment in which the Cabinet Office, Ministers’ offices and departments will be able to collaborate on the consultation, management and communication of Cabinet information. CabNet will use technologies and processes allowing staff in departments, Ministers’ offices and the Cabinet Office to work together more effectively in supporting the Cabinet system. At the heart of CabNet will be a repository of Cabinet submissions and decisions, accessible to authorised users (including Ministers, if they so choose).

High level planning for the final stage of the CabNet project has an implementation timeframe of Q4 in 2013.

Describe and quantify the financial impacts of the intended change:

In April 2012, Cabinet approved capital and operational funding for the CabNet Project as a Budget initiative in Vote Prime Minister and Cabinet. It is not anticipated that the CabNet Project will require additional funding from the centre.

The CabNet project is estimated to cost up to \$2.6 million. Ongoing maintenance costs are subject to confirmation from the Request for Proposal due for completion in March 2013, estimates are in the range of \$200k to \$350k per annum.

In total, an estimated \$4 million per annum of productivity improvement (exclusive of ongoing costs) can be returned to the public sector via the implementation of CabNet. These productivity improvements will yield time savings which can be redeployed to other activities within the wider public sector rather than representing cashable savings.

Describe any implications for workforce capacity and capability of the intended change:

Implementation of CabNet will involve change management and training across the public service and agencies. The Cabinet Office will have a lead role in coordinating and advising on that change.

Describe any other significant capability implications of the intended change (eg, IT):

CabNet will be an all-of-government system. Infrastructure, hosting and support are yet to be determined.

Describe how the success of the intended change will be known or measured, including the value of spending:

Benefits realisation planning and the determination of key measures for how well CabNet will deliver the estimated benefits will take place during Stage 2 and Stage 3 of the CabNet Project. This work is scheduled to begin in Q1 2013.

Benefit realisation is an activity that will continue after the project has completed to measure ongoing success.

[6]

[6]

New funding

Funding is being sought from the centre for the following:

| Value of new funding sought from the centre | Initiative | 2012/13 (\$0.000m) | 2013/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Operating expenditure – departmental | Address fiscal cost pressures | | 2.171 | 2.182 | 2.182 | 2.182 |
| Operating expenditure – departmental | SRG increase in emergency response capability | | 0.329 | 0.318 | 0.318 | 0.318 |
| Total Operating expenditure – departmental | | | 2.500 | 2.500 | 2.500 | 2.500 |
| Capital impact – departmental | | | | | | |
| Capital expenditure – departmental | | | 0.020 | | | |
| Total Capital expenditure – departmental | | | 0.020 | | | |
| Total Capital expenditure – non-departmental | Planned and Preventative Maintenance for the Official Residences of the Governor-General | | | | 0.800 | 1.000 |

If you are seeking new funding from the centre for any new initiative or for business-as-usual activity these activities must have been described in Section 6.1. Only agencies that have an indicative allocation from the Budget 2013 operating allowance should seek new operating funding.

Additional analysis supporting an initiative should be provided directly to your Treasury Vote Analyst. This analysis does not need to be included in full in this template. This additional analysis should cover:

- *problem definition*
- *intervention logic*
- *options analysis*
- *evaluation of the initiative's contribution to your agency's/sector's outcomes and result areas*
- *how the new initiative will be implemented and evaluated, and*

- *options for scaling the initiative.*

This analysis should be proportionate to the size and scale of the initiative. Further clarification on what analysis should be provided can be sought from your Treasury Vote Analyst.

Any new capital initiatives seeking new Crown funding from the Future Investment Fund should follow the Capital Assessment Management and Better Business Case Guidelines. In general, if new Crown capital funding is sought, a business case must be produced.

6.2 Fiscal Implications

Please note this section is designed to capture marginal changes from baselines, not total costs.

6.2.1 Cost pressures

*Please identify **operational** cost pressures. Cost pressures are items or issues arising from business-as-usual activities that will increase, or have a high likelihood of increasing, your operating costs above the baselines.*

DPMC's funding model for its core functions has remained unchanged over a number of years. It has received over the last four years some additional funding to deliver on additional intelligence sector functions and for the restoration of Government House. In order to address rising cost pressures in accommodation and other fixed costs, however, DPMC has progressively reduced its corporate service functions and its staffing levels in delivery business units. These pressures continue to increase and DPMC no longer has the capacity to make savings to absorb them. Items creating pressure include rising insurance, higher running costs in the refurbished Government House, higher rental costs in order to co-locate intelligence sector and remuneration risks.

In March 2012, the central agencies shared services (CASS) was implemented. CASS is housed within Treasury and delivers the IT, IM, HR and Finance functions to all central agencies, DPMC, State Services Commission and Treasury. Although the overall costs of CASS are lower than the costs of these functions in their separate agencies, the cost and level of service now being provided to DPMC is higher, creating an additional \$1.2 million pressure.

The combined pressure of rising costs for core DPMC activities and corporate functions is \$2.2 million in 2013/14 increasing to \$2.7 million by 2016/17. For 2012/13, this pressure has been addressed by reprioritisation of savings due to project delays (particularly in National Cyber Policy Office) and a contribution from Treasury of \$900,000. In order to continue to meet DPMC's objectives the Department will need to increase its cost structure.

If additional funding is not provided to DPMC to address this cost pressure, changes to the operating model would be required. [1].[6]

[1],[6]

| | 2012/13 (\$0.000m) % | 2013/14 (\$0.000m) % | 2014/15 (\$0.000m) % | 2015/16 (\$0.000m) % | 2016/17 (\$0.000m) % |
|-------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Value of cost pressure | | | | | |
| Departmental | | 2.171 12% | 2.182 13% | 2.182 15% | 2.182 16% |

This amount includes the pressures arising from direct employment costs and other amounts from rates etc.

6.2.1.1 Direct employment costs

Consider factors such as negotiated settlements, other forms of pay adjustment (eg, competency/service/performance-based) and changes to FTE levels.

It is noted that the figures provided below will be based on assumptions at the time of preparing the Four-year Plan but should be best estimates.

Summary of direct employment cost pressures (summary of white boxes below)

| | 2012/13 (\$0.000m) % | 2013/14 (\$0.000m) % | 2014/15 (\$0.000m) % | 2015/16 (\$0.000m) % | 2016/17 (\$0.000m) % |
|---|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Total departmental direct employment cost pressures | | 0.110 2% | 0.358 4% | 0.0.592 6% | 0.845 8% |

6.2.2 Offsetting operational funding from reprioritisation/third-party revenue/vote transfers

6.2.2.1 Reprioritisation

Where savings are generated from significant changes to services/outputs/delivery, please record these in Section 6.1. Any other reprioritisation of funding should be captured here (eg, from building rationalisation).

Summary of funding available from reprioritisation (summary of white boxes below)

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.00m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|---|-----------------------|---------------------|----------------------|-----------------------|-----------------------|
| Total departmental reprioritised funding | - | - | - | - | - |
| Total non-departmental other operating cost pressures | - | - | - | - | - |

6.2.2.2 Third-party revenue

Summary of third-party revenue changes (summary of white boxes below)

| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
|--|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|
| Total departmental third-party revenue changes | - | - | - | - | - |
| Total non-departmental third-party revenue changes | - | - | - | - | - |

6.2.2.3 Transfers from/to other votes

| | \$m Increase/(Decrease) | | | | |
|-----------------|-------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Total transfers | - | 0.600 | 0.600 | 0.600 | 0.600 |

| | \$m Increase/(Decrease) | | | | |
|---|-------------------------|---------------------|-----------------------|-----------------------|-----------------------|
| | 2012/13 (\$0.000m) | 13/14 (\$0.000m) | 2014/15 (\$0.000m) | 2015/16 (\$0.000m) | 2016/17 (\$0.000m) |
| Strengthening of Intelligence Capability and NZIC Strategic Communications Advisor | | | | | |
| Departmental Output Expenses | | | | | |
| Vote Communications Security and Intelligence | | | | | |
| <i>Communications Security and Intelligence (M60)</i> | - | (0.400) | (0.400) | (0.400) | (0.400) |
| Vote Security Intelligence | | | | | |
| <i>Security Intelligence</i> | - | (0.200) | (0.200) | (0.200) | (0.200) |
| Vote Prime Minister and Cabinet | | | | | |
| <i>Intelligence Coordination and National</i> | - | 0.600 | 0.600 | 0.600 | 0.600 |

| | | | | | |
|----------------------------|--|--|--|--|--|
| <i>Security Priorities</i> | | | | | |
|----------------------------|--|--|--|--|--|

7.0 Savings Ideas

The Government has set itself the target of returning the Crown's accounts to surplus in 2014/15, subject to any shocks. Global economic uncertainty may put pressure on government revenue and make it more challenging to identify this goal. As a result, Cabinet agreed that departments should identify savings that could be used to maintain the track to surplus, should the economy perform worse than expected.

Please identify options which could provide savings equivalent to 5% of you current expenditure. Options should spell out:

- *scale of savings generated*
- *what would be required to realise savings*
- *when savings could be realised, and*
- *the impact of taking the savings (eg, what the impact would be on service delivery).*

If DPMC is required to make a further 5% savings it would most likely involve reducing the capability in three units (PAG, NAB and NCPO) to such a level that they may no longer be able to deliver on their core objectives (as the recent DPMC value for money review by Dr Horn noted, there is little left to cut without serious degradation of capability). If this was the case, the following departmental objectives would not be delivered (in whole or in part):

- Decision making by the Prime Minister and Cabinet is well informed and supported;
- State Sector performance is improved;
- Leading the development of cyber security policy and providing advice to government on investing resources in cyber security activities as efficiently as possible to provide a proportionate and efficient response to cyber threats;
- Ensure the effective provision of high quality, accurate and succinct assessments of national security and overseas developments that are of policy relevance to New Zealand.

Some functions and capability in the Cabinet Office could be reduced, though with a potential loss of quality as a result.

In order to absorb 5% savings SRG and ICG could maintain delivering a minimum level of outputs against core objectives, but with degraded resilience to address unforeseen events or multiple issues/emergencies occurring simultaneously. There would be significant failure of service risk for the Department in such circumstances.