

# PERFORMANCE IMPROVEMENT FRAMEWORK

## Review for the Ministry of Foreign Affairs and Trade

June 2017

STATE SERVICES COMMISSION  
Te Komihana O Ngā Tari Kāwanatanga



New Zealand Government

# Lead Reviewers' Acknowledgement

The Ministry of Foreign Affairs and Trade (the Ministry) sought this Review as a chance to take stock of progress and to identify opportunities for improvement. We wish to thank the Senior Leadership Team, Heads of Mission, management and staff of the Ministry for their support and insights during this Review. We appreciated their passion for doing well for New Zealand and the commitment to strengthening the Ministry to be 'best in class' in pursuit of New Zealand's interests here and internationally.

We appreciate the time Ministers and a wide cross section of stakeholders gave us, including from business, non-government organisations (NGOs), academia, foreign services and Māori interests. Their willingness to give their time and their thoughtful constructive contributions is indicative of the importance they place on the Ministry's role and in supporting it to improve. We also thank officials from across government for their support and insights.

We also wish to acknowledge the outstanding support we received from the Ministry. The Ministry prepared an excellent, thorough PIF Self-review that provided us with invaluable insights. In particular, we thank Rachel Fry and Shirley Munro-Holmes who provided superb support, including with collation of background information and the scheduling of interviews and focus groups. We had regular access to Chief Executive Brook Barrington throughout the Review. In the final week of interviewing a 7.8 earthquake struck affecting many parts of the country, including Wellington. This meant some logistical challenges for us and for Rachel and Shirley. The former offered alternative work space in her home and the latter seamlessly set about rescheduling commitments. We were grateful for the cooperation of interviewees both inside and outside of the Ministry with whom we were scheduled to meet face to face but for whom circumstances meant we had to talk via conference call.

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# Agency's Response

Growing uncertainty in the global environment means that the Ministry will need to keep lifting its performance to deliver on making New Zealanders safer and more prosperous. We will need to up our pace and agility to anticipate and respond to the increasing rate of change and volatility in the world. The Ministry embraces this performance challenge at the heart of the review. We are equally seized of the need to meet shifting expectations in our domestic environment.

We are grateful to the reviewers, and to all the external stakeholders and staff members who contributed to the review, for the guidance provided on how the Ministry can meet the challenge ahead of us.

We are also pleased that the review recognises the Ministry's achievements in delivering on the Government's priorities and delivering value across our core business, for example in improving market access for exporters, demonstrating leadership in the United Nations Security Council, operating effectively in the Pacific, sustaining relationships critical to New Zealand's interests, contributing to climate change outcomes, and providing excellent consular services.

We welcome the endorsement of the direction of travel in the Ministry's organisational improvement in areas such as strategic clarity, leadership development and people capability. We are committed to sustaining our programme of continuing organisational development with insights from the review.

We plan to focus on the following four improvement opportunities:

- engagement with our New Zealand customers, partners and other stakeholders
- Ministry culture and values
- leadership and people capability
- strategic performance.

The following sections outline our intentions in each area, all of which are inter-linked. We also see the action planned in these four areas contributing in aggregate to improving the 'operating model' as recommended in the review.

## ***Engagement with our New Zealand customers, partners and other stakeholders***

The Ministry understands that to be successful in delivering on our strategic objectives internationally, we need to be well grounded in and connected to New Zealand's society and economy, to discharge our NZ Inc leadership role, and to collaborate effectively with NZ Inc agencies and other partners. Our New Zealand engagement is extensive but needs to be more systematic, customer-focused and interactive. Action we will take to make the Ministry a more effective domestic player spans all four improvement areas.

New Zealand stakeholder engagement and outreach is an organisational priority in 2017. The work now under way will create a path towards long-term excellence in this area. To underpin improvements in all our New Zealand engagement, we will:

- take a more coordinated and purposeful approach to our New Zealand engagement, including through a dedicated Māori engagement strategy
- obtain and act on feedback from customers and partners in a more systematic way

- build staff capability for domestic engagement with Māori, businesses and civil society
- improve our management of stakeholder information, and
- communicate better how the Ministry operates and how we deliver value to New Zealanders.

For our business customers, we will:

- improve the clarity and consistency of our service offering, and facilitate access to our services, and
- adopt a more collaborative model for working on strategies for growing the value of New Zealand's exports through Trade Agenda 2030.

How the Ministry works with other New Zealand agencies on international issues and on issues that span the domestic and international agenda is critical. NZ Inc agencies are indispensable partners - the quality of policy advice to the Government and delivery of services to New Zealand customers depends on these partnerships. The strategic leadership the Ministry provides is another critical factor. We embrace the view that the Ministry needs to be a 'generous and equal participant in the New Zealand public service'. We will reinforce this through the work outlined below on the Ministry's culture and values, and specifically:

- Adopt a more collegial, collaborative and inclusive approach to working with NZ Inc colleagues.

### ***Ministry culture and values***

The review's recommendation to develop a 'single strong narrative about the Ministry's beliefs and way of working' aligns with our own intentions. Building on existing strengths in our organisational culture, we are setting out to be more explicit about our values and how we put these into practice. This will enhance both organisational well-being and how we work with New Zealand partners and stakeholders.

Two important building blocks are the 'One Ministry' approach, which aims to create a more inclusive and collaborative internal culture that harnesses the talent of all staff (locally engaged and Wellington-based), and the related work we have under way on diversity. Future work will include exploring ways to improve the Ministry's approach to organisational learning, innovation and experimentation and support more confident and explicit risk management in line with the review's recommendations.

Our key additional actions will be to:

- refresh our organisational values so that they are visible and relevant to staff, and
- embed the values in how we operate so that they positively influence behaviours.

### ***Leadership and people capability***

We agree with the review's identification of a range of leadership, management and people capability challenges as central to organisational effectiveness and sustainability. We are encouraged by the endorsement of the direction set through the Career Ministry project.

The key action through which the Ministry is taking these issues forward is to:

- Finalise and implement a five-year People Strategy.

This Strategy will set out our 'One Ministry' aspiration to build a happy, healthy and high performing community in which everyone is valued and has a place to stand. The work on Ministry values and culture described above is at the heart of this aspiration. Implementing the strategy, and related work already initiated, will address specific recommendations in the review on diversifying our workforce, investing further in leadership and management capability, developing and leveraging the capability of the whole organisation including local staff at posts, deploying our resources strategically, providing career path clarity for all staff, and enabling staff to achieve better work/life balance.

We will explore the recommendation in the review about accessing and valuing external expertise and capability, while retaining the strength of a career organisation. We will encourage a 'leave, learn and return' approach to career development, and will participate in all of government talent management processes to accelerate two-way movement. We will also engage with other agencies on the availability of untapped resources and expertise which the review suggests could contribute to New Zealand's international engagement.

We endorse the expectations of the organisation's senior leadership set out in the review. The Senior Leadership Team will:

- focus internally on leading for impact, and
- contribute more external system leadership beyond the Ministry's core functions.

In doing so, the Senior Leadership Team will ensure senior managers have scope to exercise their responsibilities while retaining coherence on policy and resources.

### ***Strategic Performance***

We welcome the review's endorsement of the Ministry's Strategic Framework and the recognition that we deliver well in the 'what' and the 'how' dimensions of strategic clarity. We agree that we need to work on the 'why' and the 'impact' dimensions, both of which are vital to strategic performance as well as improving our customer focus. To address this, we will:

- articulate better the value we deliver to New Zealanders and demonstrate more compellingly the impact the Ministry achieves for New Zealanders from the investment of taxpayer money
- bolster the longer-term dimension of our strategic planning
- strengthen prioritisation of effort and resources, and
- extend evaluation approaches beyond one centre of excellence to other areas of the Ministry's work to strengthen strategic and operational performance, improve our ability to understand and demonstrate impact, and encourage innovation.

Given the timeframes the Ministry works to and the nature of some of our work, it will sometimes be challenging to articulate, let alone calculate, a straightforward return on investment but we are committed to addressing this challenge.

## ***Implementation***

These four priority areas will be integrated into the Ministry's overall organisational improvement programme.

The improvement programme also involves action on some other areas identified in the review. These include continuing to invest in modern technology and digital capability, in order to keep pace with evolving communication and engagement channels. We will explore the scope for further use of data analytics. We are working on improving internal communications and process efficiency. The recommendation to take a 'mindful and active' approach to managing security responsibilities and enabling operational agility is inherent to the current work on implementing the Government's Protective Security Requirements.

The Ministry's Senior Leadership Team looks forward to leading the Ministry's efforts to continuously improve as an organisation. We will ensure that we capitalise on the valuable insights and advice from the PIF review so that the Ministry continues delivering real benefits for New Zealanders in a fast-paced, changing world.

## **Brook Barrington**

Secretary of Foreign Affairs and Trade

## Lead Reviewers' Key Messages

We undertook this Performance Improvement Framework (PIF) Review at a time when the global context in which the Ministry of Foreign Affairs and Trade (the Ministry) operates is experiencing dramatic shifts and disruptions. The pace of change and volatility in geo-political, security, and other significant areas affecting New Zealand's future prosperity and security, are continuing to increase.

We have considered the Ministry's preparedness and capability in light of this challenging context. The environment in which the Ministry operates is exposed to greater volatility and fluidity than may be the case for some domestic focused peer agencies. We acknowledge this places a heightened performance expectation on the Ministry to exercise foresight and agility in order to front foot issues and provide timely advice to Government.

A PIF Review is a future focussed look at what it will take for an organisation to deliver on its strategic objectives (the Four Year Excellence Horizon) and how well it is placed to do so across a broad range of organisational capability areas. A PIF review is not a review of structure or specific functional areas. It is designed to highlight the performance potential of an agency, highlighting areas of strength and opportunities for improvement.

In the course of this review we saw the considerable work the Ministry has undertaken in the last two years. We saw an organisation which is stabilised and successfully delivering on Government priorities. The new Chief Executive and wider leadership team developed and implemented initiatives such as the Strategic Framework, the Career Ministry, One Ministry and the restructure of the Pacific and Development Group. The Chief Executive has been instrumental in gearing the organisation to be clear on its purpose and more deliberate about managing and tracking performance. We observed marked progress in addressing some of the areas of weaknesses identified in the previous PIF Review through these and other foundation initiatives. We believe the direction of travel is broadly correct.

However, the Ministry is still to address some critical aspects of its organisational culture and way of working that are fundamental to its ability to optimally deliver for New Zealand. Furthermore the increasingly dynamic nature of the external environment requires the Ministry to adopt a greater urgency in driving performance gains.

The Ministry needs to evolve in order to continue to provide high quality foreign policy advice and successfully support the Government to further its foreign policy and trade objectives. An outward focus on collaboration, engagement with key partners and more deliberate prioritisation will be important to the Ministry's continued success.

We identified the following capability areas for attention if the Ministry is to meet its performance challenge: leadership and management practice; organisational culture; and operating model. Developing an operating model to support the Ministry's strategic objectives will also necessitate reconsidering the approach to managing talent, dramatically shifting how information is managed and shared, and the use of associated information technologies.



Continued concerted attention from the Ministry's Chief Executive and greater ownership by the wider leadership will be required to ensure a sustained programme of continuous improvement is embedded within the organisation. We recognise that organisational and cultural change takes time but with the right focus in 12 months' time we would believe the Ministry is able to deliver:

- a Leadership Team, with an open collaborative style within and outside the Ministry, focussed on leadership for impact
- a way of working that underpins value creation for the Ministry's customers and stakeholders and guides how it works and communicates internally and externally, including with Ministers, business, NGOs, Māori and other State agencies
- evidence of an uplift in management capability including better development and incentivising of talent, investment in simplification of work practices and processes, and enabling technologies
- agreed and well understood values encompassing a common set of expectations of how individuals and teams work together, and what it means to be 'one Ministry'.

We are encouraged that the Chief Executive and wider leadership see, and are embracing the challenge, and are developing further critical foundation blocks such as the People Strategy and the planned work on Ministry values.

Given the context described earlier the Ministry needs to act with determination and at pace. The Ministry will need to harness the considerable commitment and capability of its people, as well as seek support from the wider system and access expert input. Embracing programme management disciplines will support it to deliver the change required and provide visible momentum both internally and to key stakeholders.

If the Ministry is successful it will have addressed issues currently being grappled with by other leading foreign service agencies around the world, and assure its place as a truly world leading foreign service. We have rated the Ministry on the basis of the performance challenge it has ahead of it. The opportunity is the Ministry's to rise to this and we wish it every success as it continues on its journey.

## Four-year Excellence Horizon

*In undertaking this Review we considered: “What is the contribution that New Zealand needs from the Ministry of Foreign Affairs and Trade and, therefore, what is the performance challenge? And if the agency is to be successful at meeting the future performance challenge, what would success look like in four years? And is there the change capability to get there?”*

### Environment

The international environment in which the Ministry of Foreign Affairs and Trade (the Ministry or MFAT) acts for New Zealand is increasingly complex and turbulent.

As a trading nation, New Zealand relies on export and investment to prosper. New Zealand’s high-value service and technology exports, with complex and fragmented international value chains, are increasingly important alongside the traditional primary sector. All rely on international stability, trade frameworks and market access. New Zealand’s security is reliant on established global rules, multi-lateral architecture and relationships. The complex geo-political environment is putting pressure on the rules-based system. However, this is also a time of great opportunity through increased connectedness and people movement, technology and improved communications.

In recent years we have seen the shifts in dynamics between major world powers, challenging the dominance of the United States (US). The rise of ‘post-truth’ populism and associated protectionism may change the course of globalisation we have seen over past 30 years. The implications of Brexit will be a pre-occupying priority for the European Union and the United Kingdom (UK) in coming years.

In recent decades there has been a shift in power and economic strength towards Asia. Movements in US-China relationships and stability within the Asia-Pacific region affect New Zealand’s prosperity and stability. Further afield, conflicts, extremisms, mass people movements and other instability have flow-on effects for New Zealand.

Climate change, its impacts on the natural environment, and on regions such as the Pacific will have dramatic implications for New Zealand. New Zealand will be required to play increasingly complex and far reaching stewardship and leadership roles in the region. The response to the Paris Agreement on Climate Change will necessitate transformational change, and opportunities, in industries and economies around the world, including here in New Zealand.

We are experiencing an information revolution. Technology-driven change will continue to disrupt traditional ways of doing things in coming years. With electronic information flows, New Zealand is not an isolated place in the world. While this creates opportunities, there is greater exposure to cyber security risks. Data and the manipulation of information is being used to predict future behaviour. State-to-state dialogue is just one lens in the power dynamics, with non-state actors also influencing internationally important outcomes.

Over the coming decades New Zealand’s population will shift from diverse to super-diverse. By 2028, New Zealand Statistics projects 45% of the population will identify as Māori, Asian and/or Pasifika. The diverse population will broaden and deepen people-to-people ties across the globe, with links to Asia as important as those to Europe and the Pacific. The Māori, Pasifika and Asian populations have a younger age profile and will form a larger part of the future

workforce. The new generation of workers will have a world view shaped, in part, by the technology they have grown up with.

The population increases in New Zealand will be seen most in Auckland and its surrounding regions. New Zealand needs Auckland to succeed as the engine room of the economy and to compete with comparable cities around the world.

As we move into the post-Treaty of Waitangi settlement phase we are seeing increasing maturity in Crown-Māori relationships.

The New Zealand public expects its institutions to earn confidence through authenticity, transparency and demonstrating that the opinions of New Zealanders count. The public sector is challenging itself to improve services for New Zealanders through new ways of working. Expectations of improved services in government cover areas such as how New Zealanders access services, the quality of stakeholder and cross-government engagement and the ability for government agencies to propose sound investment propositions and demonstrate impact.

## Performance Challenge – Purpose and Outcomes

The Ministry's purpose is to act in the world to make New Zealanders safer and more prosperous. It seeks to deliver value to New Zealand and New Zealanders in four primary ways:

- improved **prosperity** for New Zealand and our region
- **stability** by delivering security and resilience of our country, our people and our region
- **leadership** by amplifying New Zealand's influence and standing in the world
- **kaitiakitanga** by delivering solutions to global challenges for the benefit of present and future generations.

To give effect to these, the Ministry's Strategic Framework has crystallised seven four-year Strategic Objectives:

- |                    |  |
|--------------------|--|
| <b>Objective 1</b> | Maximise the impact of New Zealand's membership on the UN Security Council (UNSC)  |
| <b>Objective 2</b> | Increase market access, regional economic integration and improve the international performance of New Zealand businesses and lead the export markets stream of the Business Growth Agenda (BGA) |
| <b>Objective 3</b> | Embed New Zealand as an integral and trusted partner in the Asia-Pacific   |
| <b>Objective 4</b> | Maximise the impact of New Zealand's engagement in improving the prosperity, stability and resilience of the Pacific Islands region and its people   |
| <b>Objective 5</b> | Promote sound international solutions on climate change, natural resources and environmental protection  |
| <b>Objective 6</b> | Protect and advance New Zealand's and New Zealanders' security   |
| <b>Objective 7</b> | Build robust and enduring organisational capability to deliver strengthened and coherent international engagement.   |

The Government's priorities for the Ministry are encompassed in these four-year Strategic Objectives.

The Ministry's stated purpose and Strategic Objectives are sound and are (with the exception of Objective 1 – Maximise the impact of New Zealand's membership on the UNSC) enduring priorities for New Zealand. They are sufficiently high level to provide guidance to the organisation's operations over the medium term. The Objectives sit within a Framework that provides three-dimensional depth to the way in which the Ministry works to deliver Government priorities.

To deliver against its Strategic Framework, in the context of the foreseeable global environment that will challenge New Zealand's ability to promote and protect its core interests, the Ministry needs to apply its global knowledge, expertise and capability to continue to make New Zealand and New Zealanders safer and more prosperous.

To do this it must achieve the following:

- continue to maintain and strengthen New Zealand's critical international relationships
- ensure the post UNSC objectives are delivered
- New Zealand's export opportunities are enabled and maximised through diverse, agile and flexible access infrastructure and conditions
- impact of New Zealand Inc agencies in the world is maximised through stronger engagement and alignment
- New Zealand's reputation in the world is maintained and enhanced
- New Zealand retains favourable relationships with its traditional partners
- New Zealand's participation on key multilateral bodies is maintained, respected and gives it influence
- the Ministry's capability is actively deployed to deliver its strategic priorities.

The Ministry's challenge is to be able to clearly articulate the outcomes and impacts it is seeking to deliver in each of its Strategic Objective areas, balancing both its near-sited delivery focus and a longer-term strategic focus. The Ministry's pursuit of outcomes and impact for New Zealand will inevitably change as the global context changes.

The Ministry needs to continue to raise the organisation's strategic capability to balance its need to focus on the urgent and important; to ensure its long-term focus is adequately planned for. The diagram below shows a model for thinking about strategic capability. The Ministry is very strong on the 'what' and the 'how'. But it is not yet strong on the 'why' and the 'impact – benefits, evaluation and learning'.



Recognising the enduring nature of many of New Zealand’s strategic relationships, the Ministry needs to move to an investment mindset in its resource prioritisation and allocation to deliver against its purpose. This mindset will always look for a value proposition and to make an investment case – be it for resourcing, long-term organisational focus or relationship capital. Analytical rigour and diverse thinking will help the Ministry to articulate the return on investment, particularly on some of the more abstract value it creates, such as improving relationships. An investment focus involves decisions that will require the Ministry to strengthen its prioritisation and actively determine what not to pursue.

In order to build on its reputation as a highly successful, responsive and tactical organisation to being a world-leading strategy-led modern foreign service, the Ministry must:

- be bold and deliberate about the impact it is seeking for New Zealand, able to clearly articulate that impact, and actively align its resources accordingly
- become more deliberate about its strategies in respective geographies, recognising the balance of short and long-term objectives globally
- become more transparent and accountable for its performance expectations and explicit about its anticipated impact and investment returns
- embrace contemporary engagement models with other New Zealand agencies to align and foster country and regional strategies that support Government priorities and in doing so realise greater alignment of domestic and international policy settings
- invest so iwi see the Ministry as a valued partner
- consider how New Zealand’s reputation, reach and impact can be enhanced by better using and coordinating soft power diplomacy including, but not limited to, leveraging New Zealand’s strong human rights performance, Māori culture and indigenous people’s rights, management of natural resources and science and education leadership
- become far more accomplished in engaging in regular and proactive dialogue with New Zealanders about critical issues to inform and grow social license for its role and impact on their security and prosperity
- be more purposeful in “saying no” where there’s little strategic merit or alignment.

## Performance Challenge – Agency

The Ministry has a long history as a professional foreign service. As one of the smaller foreign services amongst our traditional partners, the Ministry has a reputation for being very effective for its size and as having achieved considerable success in critical areas for New Zealand.

The Ministry largely still follows a service model common around the world, and driven from a western world diplomatic perspective. Increasingly in response to the fast changing global environment, leading foreign services are rethinking their operating models as they grapple with geo-political, domestic and technology changes. The Ministry is no different and must pay serious attention to its role in New Zealand and the world if it is to continue to be effective.

In the last 18 months, the new senior leadership at the Ministry has invested considerable time and effort in improving the strategic clarity and refocusing the organisation after significant restructuring in 2013. The Ministry is experiencing increased confidence and cohesion and is in a good position to continue the evolution of its organisational direction and capability. However the Ministry's external environment requires that it accelerate and focus its efforts to align its culture and operating model with achievement of its 10 year strategic ambition.

Historically the Ministry has demonstrated strong performance in its foreign service activity. Its organisational strategy and model have been relatively static. The Ministry's success has been largely owing to the strength of its people. The Ministry prides itself on recruiting highly intelligent and capable people and shaping them through their careers to be high-performing diplomats. It has been largely successful in this regard. Individual performance has been strong and New Zealand has benefitted from the personal motivation and dedication of its foreign service employees (and their partners and families).

Looking forward, the Ministry's business challenge is to move beyond an organisational leadership strategy that is largely reliant on 'career MFATers' to one that better supports its people to have fulfilling and successful careers and which facilitates the organisation to recruit and retain expertise at all levels based on modern leadership and management practices. The Ministry realises it needs to invest in its organisation capability and has a programme of professional development in place strengthen organisational capability.

The Senior Leadership Team has performance challenges in three areas:

- One – Modernise its organisational leadership and management practices
- Two – Reorient the organisation's culture, values and beliefs to align with what foreign service needs to look like in the future
- Three – Develop an operating model that supports a contemporary foreign service.

### ***One – Modernise its organisational leadership and management practices***

The Ministry's challenge is to invest with urgency and build on the recently developed foundation work in management and leadership to:

- *Systematically invest in enterprise leadership capability:* The Senior Leadership Team needs to invest in its leadership capability, and more visibly demonstrate leadership both internally and externally. In doing so it also needs to invest in the third tier leaders and divest responsibility to them. This will support an all-of-organisation lift in leadership.



- *Continue to invest in professionalising management capability and roles:* In valuing professional management competency, achieve greater consistency and competency throughout the organisation.
- *Access and value external expertise and capability:* The Ministry needs to assess the competencies and capability it could access externally to support its resourcing challenges. An important part of this will be to consider how to more successfully integrate expertise into the Ministry. It needs to introduce new models for resourcing and recruitment and move beyond the 'make' model to embrace other options such as 'buy' and 'share'.
- *Actively seek to diversify (in its widest sense) its workforce:* The Ministry is aware of its need to diversify its workforce. Its challenge is to do this in the widest interpretation of diversity to encourage a workforce that more accurately reflects the demographic, cultural and societal make up of New Zealand and to achieve broader perspectives and outlooks.
- *Normalise adaptive change:* The Ministry does not have a history of being a change agile organisation. It needs to embed change as a key tool in its learning and performance improvement ethos and to move beyond the current change anxiety that characterises the organisation. In recent months the Ministry has successfully restructured the Pacific and Development Group, demonstrating to the rest of the organisation that proactive managed change is a powerful tool in supporting organisational priorities.
- *Invest in the digital future – technology and digital resources to support the organisation's strategy:* Technology, information and the use of data will be important in the future of communications and diplomacy. Data analytics and data mining represent major opportunities for information and intelligence gathering to complement traditional diplomatic methods. Developing a new and more comprehensive Digital Strategy that supports the Ministry's brand, strategic and communication imperatives is critical and urgent.
- *Review the organisation's security settings and practices:* The Ministry has a culture of over-classification that is impacting operational and strategic performance. It needs to delineate between what matters from a security perspective and what is routine operational information. This requires adopting a mindful and active approach to managing security responsibilities moving beyond its current blanket and default response.

## **Two – Re-orient the organisation's culture**

The Ministry's culture has many positive attributes commonly expressed as a motivation to serve, a commitment to New Zealand, operating with integrity, being ambitious for New Zealand's place in the world and a focus on excellence. However, the culture also has a number of attributes that need reframing if the Ministry is to become the high performing organisation it aspires to be, optimise its contribution to New Zealand and retain the respect and authority of its role and purpose.

The Ministry's challenge is to actively and deliberately embark on a programme of organisational transformation. Cultural change also means aligning organisational practice, procedures and incentives in ways that empower its people. Central to this would be a strong single narrative about the organisation's beliefs and way of working.

The Ministry's culture needs to move beyond a belief that it is separate and special and embrace its role and contribution as a generous and equal participant in a high-performing New Zealand Public Service. As a critical player in the New Zealand Public Service, the Ministry must understand its value proposition to New Zealand and New Zealanders and align its value set accordingly with a strong focus on customer centric delivery. The Ministry needs to frame the reset of its values in 2017 in such a way that there is safety in challenging accepted norms. The Ministry has an exemplar in this area in its consular services area which demonstrates a strong and keen motivation to inform, assist and support New Zealanders wherever they are in the world.

This change will necessitate reorienting ways of engaging to be more inclusive and to develop a culture where co-design with partners is normal. It could instil networking and coordination, expertise and skills developed overseas at offshore postings, into the way it works within New Zealand. Where there are good examples of applying these principles, such as a recent example in the Services Group working across New Zealand Inc agencies, these should be showcased throughout the organisation as a model of good collaborative practice.

Furthermore, the Ministry will need to embrace a culture of experimentation that supports innovation in its approaches. The Ministry's partners see it as very reluctant to take risks, which frustrates its ability to do things in new ways. We repeatedly heard the need to communicate more effectively – the Ministry's partners and stakeholders demand it and the New Zealand public has a right to expect to know what and how its interests are being represented or pursued and why this is of benefit to them. The Ministry needs to recognise that to continue to be successful it must establish ways of actively engaging with the New Zealand public and play its part in a national dialogue. The Ministry could learn from other agencies and businesses that make exemplary use of a variety of channels and methods for communication and information dissemination.

Internally, it needs to continue and build upon its work on the 'Career Ministry' to achieve a 'One Ministry' model where all parts of the organisation are valued equally and have opportunities for development and advancement. The early work on the People Strategy needs to be accelerated in the context of a new operating model and values set. The Ministry should break the organisational silos and change the internal labels that reinforce difference, to encourage greater collaboration and leverage its organisation-wide capability.

It needs to communicate and create confidence that Ministry staff can have successful careers in the Ministry and maintain a work/life balance and ensure this is role modelled at all levels.

The Ministry needs to shift its paradigm in relation to its responsibility as a Treaty partner and determine not only how it engages with authenticity and integrity but also develop a shared understanding of its value proposition for and with Māori.

### ***Three – Align its Operating Model***

The Ministry's default operating model has evolved over decades of practise and is largely anchored around developing and deploying diplomatic resource across its globally distributed network rather than being driven from a strong organisational strategic framework. (We do note that New Zealand's aid programme has been more fully intergrated into the Ministry in a way that aligns with strategic objectives in Pacific and development areas). The changing nature of New Zealand's connections and relationships, that we described earlier, mean this model needs to be refreshed to better meet the changing nature of the global context in which it operates and the strategic priorities it is charged with achieving.



Planned Ministry work on its culture and values will create a frame for a re-freshed operating model - how the Ministry orients itself around its customers and the value it creates for New Zealand. Drawing from other organisations who do this very well will be useful to this exercise. A good operating model will support improved performance and capability development.

The Ministry's challenge is therefore to develop a way of operating anchored around an understanding of the value the Ministry creates for its customers. This way of operating should:

- Leverage and value the collective capabilities around the network and facilitate access to that capability in a matrixed model
- Guide how the Ministry works and communicates internally and externally, including with Ministers, business, NGOs, Māori and other State agencies
- Embrace modern technology
- Deliver consistency of service experience and meet the expectations of the Ministry's customer groupings (including the New Zealand public)
- Recognise the need to stand up programme and project capability on a regular basis
- Respect the Ministry's real security responsibilities but challenge 'security as an excuse' thinking
- Introduce strong evaluation elements to inform the Ministry's continued strategic and operational performance
- Capitalise and build on the management and leadership capability across the network and support leaders to play leadership roles wherever they are in the network at any point in time.

The Performance Challenge outlined in this Four-Year Excellence Horizon is significant, complex and multi-faceted. The Reviewers acknowledge the work the Ministry has undertaken to understand the issues it faces and the planning that is underway to address them. To be successful in delivering the required change, it is critical that the Ministry takes an active, systematic and integrated approach to delivering the programme of change ahead of it underpinned by sound programme management disciplines. The Ministry can not afford to fail to address its performance improvement challenges and therefore must give serious consideration to how it accesses the capability and expertise required to support it to achieve a successful, unifying and empowering outcome. While retaining absolute ownership of the process and the desired outcome, the Ministry must recognise that it may achieve significant benefit from accessing external expertise to support it and grow its internal capability.

These three performance challenges represent an organisational challenge and the Ministry needs to proceed at pace. The risk of not acting will result in a Ministry that is, in time, unable to deliver on its purpose. If the Ministry does not better connect and integrate externally, it will be left behind by other agencies and lose its leadership edge. If the Ministry does not act strategically and boldly enough in people development, it will find it does not have the resource it needs in the medium term, critical for a people-based organisation. The Ministry risks running out of goodwill from staff continually putting in extra effort. If it does not actively embrace new ways of working, it will be stuck in an old paradigm while decision-makers and businesses are communicating and getting their intelligence to support decision-making from other sources. However, we believe the Ministry is confident, capable and positioned to take the next steps.

## What will success look like?

In four years the Ministry's strategic clarity and cohesive leadership will have seen the organisation's performance measurably improve both externally and internally. The Ministry's excellence in policy advice and strategic prioritisation will ensure that New Zealand's investment in its foreign service is making New Zealand safer and more prosperous. Ministers and New Zealanders will be able to see demonstrable impact that is planned and cohesive. In short, it will have "grown its weight".

The organisational culture will be characterised by a renewed energy and enthusiasm for the Ministry's role. The organisation's humility, generous and collegial approach will make it a partner of choice amongst its public sector peers. Through this the Ministry will have achieved greater alignment in domestic and foreign policy. As an organisation it will be constantly seeking ways to fine tune and improve its performance, based on a rich culture of organisational learning and global best practice.

The Ministry will have a deep understanding of both the way it delivers impact for New Zealand and what impact it is seeking to achieve. It will recognise that both the way it works and the outcomes contribute to that impact. The Ministry's operating model will have made the organisation easier to work in. Through streamlined processes, active management of security settings and new technology it will have improved access to appropriate, real-time information to support timely and evidence-based decision-making. It will have a reputation as a credible, intelligent and highly responsive organisation that increasingly reflects New Zealand's diversity.

Global events will inevitably have disrupted the Ministry's short-term tactical plans. But the strength of its strategy and investment in long-term traditional, economic and security partnerships will allow it to flex and still achieve outcomes in prosperity, security and Kaitiakitanga. The Ministry will have certainty in where taking a leadership role internationally best supports New Zealand's interests, and will have invested in those opportunities.

The strategic alignment of soft diplomacy – leveraging New Zealand's strengths in areas such as environmental management, Māori culture, human rights, science and research, agriculture – will be supporting foreign policy outcomes.

The business community will feel confident in what the Ministry is achieving on their behalf in export markets and foreign investment. They will have certainty of the Ministry's offering to business, find it easy to engage with and see how it fits with New Zealand Inc partners. Combined with a consistency of service and exceptional in-country intelligence, businesses will experience greater success in overseas markets. Having achieved the goal of 80% of export value covered by free trade agreements, the Ministry will have successfully shifted the balance of its focus to leveraging existing markets, eliminating non-tariff barriers and have developed a range of agile measures for facilitating New Zealand's trade aspirations. Ministers will be seeing greater progress on the BGA goals.

Māori will value the Ministry as a partner that seeks and values its culture and the relationships it holds. Stemming from the strength of relationships, opportunities for Māori export, both in traditional trade and through soft diplomacy, will be enhanced and developed.

New Zealand's presence and relationships in the Pacific region will continue to strengthen and improve stability and prosperity outcomes. The Ministry's aid programmes will be considered best practice for impact and return on investment supported by aligned policy and diplomacy.

New Zealand and Australia's collaboration with Pacific nations will be viewed as a model for regional development.

The wider New Zealand public will have a far greater appreciation of the way in which the Ministry contributes to its security and prosperity. New Zealanders will see a connection with the Ministry's outcomes, because the organisation so strongly reflects New Zealand's values. The Ministry will have found a balance between an authentic and relatable public face, while preserving the Ministry's role of foreign policy advisor to the Government.

**Jenn Bestwick**  
Lead Reviewer

**Sandi Beatie**  
Lead Reviewer

## Central Agencies' Overview

The Central Agencies congratulate the Ministry and its people on the open way they engaged with the Review, how they are thinking about their agency, and how they are challenging themselves on the improvement journey. We thank the Lead Reviewers for their comprehensive Review.

The Ministry is an important organisation in our Public Service. New Zealand needs it to succeed. The context the Ministry works in is challenging and rapidly evolving. The Ministry is adapting and learning in response to this changing environment.

The Reviewers have endorsed the Ministry's direction of travel and the clear thinking behind the development of its strategic framework. The Ministry is, and needs to be, ambitious for what it can become.

We agree with the four improvement opportunities identified in the Ministry's Agency Response. Working out and across the public sector means the Ministry will enhance its contribution to across system goals and the sector groups the Ministry is a part of. The Ministry will over time be dealing with issues of interest to many, or all, New Zealanders. It needs to have authentic conversations and really listen as it engages with New Zealanders. The Central Agencies will help create the space and authorising environment for this to happen. We will also work alongside the Ministry to connect with other agencies working on engagement across government and with New Zealanders broadly.

A big focus will be developing a new people strategy and new career paths for the Ministry people. Our support and tools can materially assist. We can provide opportunities to develop the range and depth of leadership capability. We will work with the Ministry to use the all of government talent management tools, and to access system capability, wherever it might sit, when the Ministry needs it.

The Ministry acknowledges it is struggling with internal silos, like many organisations. Building organisational culture is the right thing to do, but takes time.

The Ministry will articulate and measure the impact and value it creates, including extending evaluation approaches. It needs clear agreement about what to prioritise. Supporting and empowering staff to say 'no' to work will become even more important as the Ministry adjusts to new expectations about what good looks like. Organisational and behavioural change of this level is a big job for an already busy organisation and we will provide support to the Ministry as it goes about these changes.

It is good to see the Ministry plans to address other issues raised in the PIF review. Particularly important is continuing to invest in modern technology and digital capability and enabling approaches which enhance how information is used to support the Ministry's strategic priorities. As the Reviewers note, strong leadership, challenge and cultural change will be required if the Ministry is to truly be able utilise information to support its objectives.

The Ministry faces a more challenging context than many government agencies. Change will be the norm for the Ministry in the near future and beyond. We are confident the Ministry will keep learning, improve and succeed in this environment. In turn we ask the Ministry to share the best of what it learns along the way.

**Peter Hughes**

State Services Commissioner

**Gabriel Makhlouf**

Secretary to the Treasury

**Andrew Kibblewhite**

Chief Executive,  
Department of the Prime  
Minister and Cabinet

# Summary of Ratings

These ratings reflect the agency's current capability to deliver on the Performance Challenge described in the Four-year Excellence Horizon. There have been several significant changes to the PIF model since it was first implemented in 2009, this affects comparability of ratings with previous PIF reports.

## Results






Government Priorities	
Trade and Economic	
Traditional Partnerships	
Asia Pacific Relationships	
Pacific Diplomacy and Development	
Multilateral Institutions	

Core Business	Value to Customers and New Zealanders	Increased Value Over Time
Prosperity		
Stability		
Leadership		
Kaitiakitanga		

## Organisational Management

Leadership and Direction	
Purpose, Vision and Strategy	
Leadership and Governance	
Values, Behaviour and Culture	
Review	
Delivery for Customers and New Zealanders	
Customers	
Operating Model	
Collaboration and Partnerships	
Experiences of the Public	
Relationships	
Engagement with Ministers	
Sector Contribution	

People Development	
Leadership and Workforce Development	
Management of People Performance	
Engagement with Staff	
Financial and Resource Management	
Asset Management	
Information Management	
Financial Management	
Risk Management	

Rating	Judgement	What it means
	<b>Strong (Excellent)</b>	<b>Best practice/ excellent</b> <ul style="list-style-type: none"> <li>▶ High level of capability and sustained and consistently high levels of performance</li> <li>▶ Systems in place to monitor and build capability to meet future demands</li> <li>▶ Organisational learning and external benchmarking used to continuously evaluate and improve performance.</li> </ul>
	<b>Well placed</b>	<b>Capable</b> <ul style="list-style-type: none"> <li>▶ Delivering to expectations with examples of high levels of performance</li> <li>▶ Evidence of attention given to assessing future demands and capability needs</li> <li>▶ Comprehensive and consistently good organisational practices and systems in place to support effective management.</li> </ul>
	<b>Needing development</b>	<b>Developing</b> <ul style="list-style-type: none"> <li>▶ Adequate current performance – concerns about future performance</li> <li>▶ Beginning to focus on processes, repeatability, evaluation and improvement and management beyond and across units</li> <li>▶ Areas of underperformance or lack of capability are recognised by the agency</li> <li>▶ Strategies or action plans to lift performance or capability, or remedy deficiencies are in place and being implemented.</li> </ul>
	<b>Weak</b>	<b>Unaware or limited capability</b> <ul style="list-style-type: none"> <li>▶ Significant area(s) of critical weakness or concern in terms of delivery and/or capability</li> <li>▶ Management focuses on tasks and actions rather than results and impacts</li> <li>▶ Agency has limited or no awareness of critical weaknesses or concerns</li> <li>▶ Strategies or plans to respond to areas of weakness are either not in place or not likely to have sufficient impact.</li> </ul>
	<b>Unable to rate/not rated</b>	<b>There is either:</b> <ul style="list-style-type: none"> <li>▶ No evidence upon which a judgement can be made; or</li> <li>▶ The evidence available does not allow a credible judgement to be made.</li> </ul>

## Agency Context

The Ministry of Foreign Affairs and Trade acts in the world to make New Zealand safer and more prosperous. The Ministry is the Government's advisor on foreign, trade and development policy and is the official representative of the Government offshore. The Ministry builds connections and influence in other countries to advance New Zealand's interests. It has responsibility for the expansion of trade access and representing New Zealand's interests through the various multilateral agreements and international organisations New Zealand participates in. The Ministry delivers New Zealand's aid programme, which provides development assistance offshore. The Ministry provides consular assistance overseas and services to the foreign diplomatic corps based in New Zealand.

In 2016/17 the Ministry has an operating budget of \$522 million plus a non-departmental development assistance budget of \$1.7 billion over three years. The Ministry has about 1,460 staff. Of these, about 870 are employed by the Ministry in New Zealand and about 600 are employed at the offshore locations where the Ministry is based. The Ministry supports 57 diplomatic posts. In many offshore posts the Ministry leads a New Zealand Government presence which can include staff from New Zealand Trade and Enterprise (NZTE), Defence agencies, Immigration New Zealand, the Ministry for Primary Industries, Customs, Tourism New Zealand, Education New Zealand and others.

The Ministry's head office is in Wellington and there is a small Auckland-based team and a one-person Christchurch office. Six new permanent diplomatic posts have been opened since 2012 and two closed. All Heads of Mission are appointed by the Minister of Foreign Affairs.

The Ministry has Crown entity monitoring responsibility for Antarctica New Zealand. Together with the Ministry of Business, Innovation and Employment it has responsibility for monitoring the performance of NZTE.

Over recent years the Ministry has sought to modernise its organisation. The 2012 Ministry Business Model project reformed some of its ways of working but also caused disruption for some time. The Development function was re-incorporated in the Ministry in 2008 and was more organisationally integrated this year through the creation of a Pacific and Development Branch.




# Results Section

## Part One: Delivery of Government Priorities

This section reviews the agency’s ability to deliver on its strategic priorities agreed with the Government.

The Ministry’s Strategic Framework has been refreshed and refocused. Underpinning the Strategic Framework are four strategic outcomes – Prosperity, Stability, Security and Kaitiakitanga. These are the areas of core business for this PIF Review. This PIF Review also discusses Government Priorities, set through Ministerial letters of expectation. We also reference the seven Four-year Strategic Objectives throughout this document. The Ministry’s Crown entity monitoring role has been covered in Kaitiakitanga area of core business.

The Strategic Outcome areas overlay the Government priorities and relate to the Four-year Strategic Objectives. These essentially align in a matrix model. As far as possible we have sought to avoid repetition and cross-referenced where possible. The Ministry’s Strategic Framework diagram is shown on the page following.

<b>Government priority 1: Delivering international trade and economic opportunities in support of the Business Growth Agenda</b>	
Performance Rating: Well placed	

Given New Zealand’s economic base and geographic location, establishing successful trading opportunities and agreements is essential to its economic prosperity. The Ministry has a central role both in utilising its overseas network to open doors for New Zealand business with overseas governments and in leading key negotiations to develop new markets. The Ministry has generally performed well in a number of areas.

The cornerstone to our trade and economic policy is the Government’s Business Growth Agenda (BGA). The Ministry leads the export ‘pillar’ workstream of the BGA, which aims to lift the ratio of exports to gross domestic product to 40% by 2025. While exports are growing, this ratio has remained constant at 30%. Reaching the 2025 target represents a challenge. The next few years will be critical to securing outcomes from free trade agreement (FTA) processes with key markets if the Ministry is to achieve its goal of 80-90% of exports being covered by FTAs.

In recent years, the Ministry has been successful in negotiating a number of FTAs. Along with the high profile Trans-Pacific Partnership (TPP), other agreements include the recently concluded Korean FTA, which has significantly improved market access and export opportunities for New Zealand businesses. Further negotiation includes the Regional Comprehensive Economic Partnership, the Gulf Cooperation Council FTA negotiations, a planned refresh of the FTA with China and the launch of FTA negotiations with the European Union.

At the same time, the Ministry continues to pay attention to the trade conditions in traditional markets, such as Australia and the UK post Brexit. The Ministry is working to establish support for an FTA with India, as well as develop new markets elsewhere in Asia and Latin America.



# Our strategic framework

The Ministry acts in the world to make New Zealanders safer and more prosperous

**Economy**  
Build a more competitive and productive economy

**Finances**  
Responsibly manage the Government's finances

**Services**  
Deliver better public services to New Zealanders

**Christchurch**  
Support the rebuilding of Christchurch



**Kaitiakitanga**  
Our work delivers solutions to global challenges for the benefit of present and future generations

**Leadership**  
Our work amplifies New Zealand's influence and standing in the world

**Stability**  
Our work delivers security and stability to our country, our people, and our region

**Prosperity**  
Our work delivers improved living standards for New Zealand and our region

**Objective 1**  
**UNSC**  
Maximise the impact of New Zealand's membership on the UNSC

**Objective 2**  
**BGA**  
Increase market access, regional economic integration, and improve the international performance of New Zealand businesses

**Objective 3**  
**Asia-Pacific**  
Embed New Zealand as an integral and trusted partner in the Asia-Pacific

**Objective 4**  
**Pacific**  
Maximise the impact of New Zealand's engagement in improving the lives of Pacific islanders and the people. What happens in the Pacific has a direct bearing on New Zealand's well-being

**Objective 5**  
**Environment**  
Promote sound international solutions on climate change, natural resources and environmental protection

**Objective 6**  
**Security**  
Protect and advance New Zealand's and New Zealanders' security

While domestically there were many views for and against the TPP, the skill with which the Ministry navigated New Zealand's interests, leading to the ultimate signing of the TPP, demonstrates the depth and expertise it and other partner agencies have in developing trade agreements. The TPP provided New Zealand with the ability to diversify its trade and investment relationships and to build on the \$28 billion of goods and services already exported to TPP countries. With the US decision not to ratify meaning that TPP as originally conceived will not be implemented, the Ministry will need both to explore options for preserving TPP in alternative configurations and, at pace, pursue other bilateral, regional and multilateral trade agreements. It will need to do so in a context, domestically and internationally, where the social license for free trade agreements is being challenged.

Work on reducing non-tariff barriers in-market is ongoing and an area the Ministry acknowledges it needs to increase focus in conjunction with other New Zealand economic agencies.

The refresh of the trade policy strategy is the platform on which trade and market access will be led into the future. This is discussed later in this report, see Core Business 1: Prosperity.

<b>Government priority 2: Strengthening Traditional Partnerships</b>
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Performance Rating: Strong
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Australia, the US and the UK are the three countries discussed here as traditional partners.

The New Zealand relationship with the US is strong. There have been recent high profile indicators of the improving quality of the relationship, such as senior level visits, military ties and influential access in Washington. The Ministry, and its partner agencies, have been successful in working to build and support these relationships over time. However, the Ministry will need to operate with adaptability and agility to both get the attention of, and build relationships with, the new US administration.

The relationship with Australia is New Zealand's most important. It is long term, critically important, multi-dimensional and, by and large, strong. New Zealand is seen as playing an influential role. The key official points of leverage in the Trans-Tasman partnership include Closer Economic Relationship (CER), annual meetings between Prime Ministers, a commitment to closer defence relations and shared interests in security. Given the large number of New Zealanders in Australia there are inevitably areas where policy differences arise. For example, the Ministry needs to advance New Zealand's interests in securing more favourable conditions for New Zealand citizens living in Australia.

The Ministry needs to continue, along with Australia, to coordinate on foreign policy and national security challenges in our region and beyond. The Ministry also needs to land a refresh of the New Zealand Inc strategy as it relates to Australia. A collaborative effort both with the core agencies is essential to delivering an up-to-date understanding of this country's overall ambition for the Trans-Tasman relationship and consequently setting priorities.

The other key traditional partner discussed here is the UK which is still our fifth largest export market. Again, the relationship is seen as strong. Brexit is causing uncertainty. Traditional agreements such as access for skilled New Zealanders to work in the UK can no longer be relied upon. There is a need to wait for the new environment post Brexit to become clearer. However, the Ministry will need to continue to strike a balance between waiting for events to unfold, and having a coherent response with tactics ready to deploy.

New Zealand's partnership with the Five Eyes countries (US, UK, Canada, Australia, New Zealand), and strong security and defence ties, gives the Ministry a platform of access and influence. The Ministry has demonstrated wide ranging initiatives under its core business objective of protecting and advancing New Zealand's security interests. The focus on security will be an essential element of the Ministry's work into the future. To support this the Ministry will need to continue to strengthen its traditional ties with the Defence agencies on shore and engage more substantively with New Zealand's security agencies on policy issues.

**Government priority 3: Placing a high priority on relationships in the Asia-Pacific region**

Performance Rating: Strong



The Ministry is able to demonstrate it has placed priority on developing New Zealand's relationships across the Asia-Pacific – the region is critical to achieving export growth targets and is geo-politically important. There are a number of Asia-Pacific bodies. The Ministry has successfully played a role in presenting New Zealand's interests with credibility on a broad spectrum of issues, including trade, development, regional issues and security challenges. The Ministry is seen to play a sound role in the Asia-Pacific forums.

There are deep relationships that include trade, development, education, culture and tourism with the Asia-Pacific region. Two-way trade in goods and services between New Zealand-APEC is up 4% on 2015 and worth \$97 billion (year ending March 2016). Visitor arrivals are up 11.3% as at June 2016 equating to 2.5 million visitors annually.

New Zealand's relationship with China has been built over a number of years and remains strong but must continually be invested in if we are to retain and expand the economic opportunities available to us and support the many other interests New Zealand has in the relationship. Chinese interest in New Zealand has also grown and, in the context of broader demographic changes, more people are moving to New Zealand from China and taking up investment opportunities. A refresh of the FTA is an important economic initiative. The Ministry has an opportunity here, and elsewhere, to reset engagement in New Zealand. The Ministry needs to reach out to business, iwi and NGOs to ensure potential new market /new relationship opportunities are not missed. It also needs to take the public along with the journey by telling the story – what success in the FTA has looked like for the New Zealand economy, the continuing opportunities and benefit.

The Lead Reviewers saw evidence of the Ministry's focus on China capability and leadership of the China Capable public service programme. The NZ Inc China Vision 2020 (developed using an innovative design approach) was well received by stakeholders. Depth of China capability will continue to be a challenge over the medium term and the Ministry should think about how it organises itself to maximise the reach of this specialist capability, and to continue to foster its development. The same challenge applies, to a certain extent, in other important markets in Asia.

An important element that stands New Zealand apart in Asia-Pacific is that we are endeavouring to grapple with indigenous issues particularly through Treaty settlements with Māori. The size and multifaceted nature and value of the Māori economy (with an asset base of \$40 billion) means it is an essential part of any New Zealand trade and investment strategy. Bringing a Māori presence into the trade and economic equation should increasingly be seen as a competitive advantage, as well as a vehicle for growing Māori and New Zealand's business interests.



#### **Government priority 4: Enhancing effectiveness and coherence of New Zealand's diplomacy and development delivery in the Pacific**

Performance Rating: Well placed



The Pacific is strategically important to New Zealand, both by virtue of its proximity, the long relationship and history with Pacific countries, population flows and that the residents in some of the Pacific Islands (Cook Islands, Niue and Tokelau) are New Zealand citizens.

The Government expects priority to be accorded to the Pacific. This is demonstrated in the aid budget where close to 60% of New Zealand's development assistance goes to the Pacific – approximately \$1 billion over the current three-year period. To that end, the Ministry has a strong presence in the region, along with staff from other New Zealand agencies involved in improving economic development, law and order, health outcomes, climate change and disaster response and recovery. Aid programme investment priorities for 2015-2019 are well articulated in a strategic plan and the Ministry is currently positioning itself to support New Zealand's future interests as a centre of excellence in Pacific matters. It has led the development of a framework for New Zealand Government engagement in the Pacific to enable greater policy coherence and better coordinated cross-agency efforts. The framework will underpin the development of country-specific plans.

The Ministry has set up a new Pacific Branch that incorporates both foreign and development policy and aid delivery. This initiative is fairly recent and it is too early to tell whether the outcomes envisaged will be realised. To deliver on the potential value of an integrated Pacific branch, the Ministry needs to develop depth of expertise and specialisation that is not rotated out of the branch.

The challenges for Pacific countries are not insignificant. Each is, of course, unique and development efforts in one may not be applicable for another. But there are some commonly shared issues in health, education and economic wellbeing. An overriding concern is the impact of climate change, which will increasingly be felt and will require close cooperation with Pacific governments as to how they plan for the effects and the support that may be required. If the Ministry is to achieve its goal as a centre of excellence it will need to better gather the insights, data and learnings it has from working with and in Pacific countries, and make that analysis accessible to others internally and externally. It should consider reaching specialist and non-specialist audiences.

The Ministry will need to work actively to facilitate the alignment of domestic policy settings with the stability and prosperity outcomes New Zealand is seeking for Pacific countries. The Ministry needs to help make overall long-term investment cases where there are populations that move between New Zealand and their home countries.

Given the changing world dynamics and our proximity to the Pacific, inevitably the world looks to New Zealand and Australia to be the key regional partners and to work effectively with other countries that are investing in Pacific countries.

## Government priority 5: Multilateral Institutions

Performance Rating: Strong



As a small country, New Zealand has an enduring interest in being part of an international system that encourages countries to work together for shared benefit and according to rules or international law. The Ministry is the guardian of New Zealand's interests in multilateral systems. Its role is to protect and further New Zealand's interests internationally. It must ensure that New Zealand's voice is represented in a plethora of matters that affect us, or for which there is a defensive interest, for example, disarmament, treaties, counter-terrorism, environment, climate change and security.

New Zealand is adept at working through regional and multilateral relationships to make its voice heard. Its relative independence was a factor in gaining support for its bid for membership of the United Nations Security Council (UNSC) particularly amongst small developing states for whom peace and security are key concerns.

The Ministry's highly developed ability to respond to a Government priority, and 'stand up' a successful campaign is evident through New Zealand gaining a seat on the UNSC. This has been an opportunity to influence global peace and security and deepen relationships. New Zealand has, by all accounts, been a constructive and effective contributor on the Council. This has included not being afraid to have a voice on issues such as Syria and the Middle East peace process. As New Zealand's term comes to an end (at the time of writing this report) the challenge now is to clearly articulate the benefits and impact for New Zealand's relationship with the rest of the world and, importantly, to proactively utilise the relationship capital that has been built.

Other recent multilateral achievements include securing the desired outcome of addressing the global climate change threat through the recent Paris Agreement and the Ross Sea Marine Protected Area Agreement. The Ministry has leveraged the UNSC experience to strengthen bilateral relationships with Africa, Europe and small developing nations. It also demonstrated its agility in mounting a campaign in support of the Government's nominee for UN Secretary-General. While a successful outcome was not achieved there were reputation upsides to a well deployed and credible campaign.

The improvement challenge for the Ministry, given its size and New Zealand's relative place in the world, is to try not to be spread too thinly. Prioritising what really matters and regularly advising and discussing with Ministers where the most gains are to be had will be important in an increasingly fast moving and complex world. It is hard to represent globally when the New Zealand representation is much smaller than others. The Ministry needs to think laterally and reach out to potential partners who would help bring support (and complementary expertise) to its resources. The Ministry could also consider how to better use the very good stories and outcomes in this work as an opportunity to connect with the New Zealand public.

## Part Two: Delivery of Core Business

### Core business 1: Prosperity

*Our work delivers improved prosperity for New Zealand and our region*

Performance Rating (Value to Customers and New Zealanders): Well placed



Performance Rating (Increased Value Over Time): Needing development



This Core Business area encompasses a large part of the Ministry's overall role. It relates predominantly to the following strategic objectives:

- Objective 2 – Increase market access, regional economic integration, and improve the international performance of New Zealand businesses
- Objective 3 – Embed New Zealand as an integral and trusted partner in the Asia-Pacific
- Objective 4 – Maximise the impact of New Zealand's engagement in improving the prosperity, stability and resilience of the Pacific Islands region and people.

These are underpinned by strategic objectives relating to security, stability and finding solutions to global environmental problems.

The Ministry is currently refreshing the trade policy strategy. The refreshed strategy doesn't signal fundamental change in direction with respect to negotiation and market access. It does, however, reflect the need for greater emphasis on implementation of existing agreements, the removal of non-tariff barriers, measures affecting services, investment and the digital economy, and supporting exporter success.

For business, while the process of developing the policy would ideally have involved greater engagement, the draft provides clarity and visibility on the policy direction. It is imperative that the Ministry now resources and does the follow through well. This includes going back out to business and other partners in such a way that it enrolls their support in achievement of the strategy.

The trade policy strategy has identified that if BGA targets are to be met the challenge is not only to increase the volume of exports but increase the value realised from those exports, and export value will need to grow rather than export volume. The Ministry needs to continually push itself in its leadership role in the BGA if the goal is to be achieved. The trade policy provides the frame for this. In its leadership role the Ministry needs to be engaging actively and collaboratively with the other economic agencies to achieve greater strategic alignment of policy settings and planning in relation to key markets. Part of its leadership role in the BGA export pillar is driving delivery on priorities.

The Ministry is also putting more emphasis on how it works to support the BGA export goals beyond trade negotiations. As signalled in the trade strategy, the Ministry needs to shift from gaining free trade access, to supporting increased value of exports through maintaining and enhancing market access. Business needs to get the best from the free trade access negotiated. Coordination with New Zealand Inc on identifying and tackling non-tariff barriers is good and needs an increased reach.

Organisational alignment around the BGA export goals needs to be coherent and clear, so staff at post can be sure their actions and decisions support the strategy. The Ministry needs to

develop a defined and consistent way of working with business customers (an ‘MFAT way’) that promotes greater consistency of service across locations. A pre-requisite will be being clear on the Ministry’s value add in relation to New Zealand Inc partners. The Ministry should consider developing supporting tools that reduce the transactional burden, while making the Ministry easy to engage with.

As discussed earlier the Ministry has generally performed well in negotiating FTAs and planning for access to new markets. The Ministry has strong trade negotiation capability, which is respected internationally. In recent times it has conducted limited sector and industry engagement with regards to, for example, the refresh of the trade policy strategy.

To further strengthen its performance in this area, the Ministry needs to find ways to engage more openly in genuine and meaningful dialogue with the business community and wider New Zealand public on key trade and economic issues. Clearly there is a balance with the need to hold its trade negotiation strategy close. However, a greater degree of engagement and transparency is non-negotiable if it is to retain and build public and business confidence in trade policy.

The Ministry’s activities in the Asia-Pacific are extensive and strong. The Ministry works on bilateral and multilateral fronts in this region and has established relationships with New Zealand’s strategic partners. In addition, New Zealand’s seat on the UNSC has further cemented its relevance and relationships with many of our Pacific neighbours. The work on better relationships serves to indirectly support the prosperity outcomes.

The Ministry’s Pacific aid work is respected both for the outcomes and the way in which it works with Pacific nations and Australia to deliver support. The Ministry is working to improve both its processes and those of the parties it utilises to deliver aid programmes to better understand the impact and social investment value of its aid programmes.

To strengthen its performance the Ministry should improve understanding of its impact in the Pacific region. In particular its work in aid and development needs to show how the work programme is contributing to regional and New Zealand prosperity based on clear strategic objectives and outcomes.

**Core business 2: Stability**

*Our work delivers security and resilience to our country, our people and our region*

Performance Rating (Value to Customers and New Zealanders): Well placed



Performance Rating (Increased Value Over Time): Well placed



The Ministry contributes to advancing New Zealand’s security interests operating at the point of intersection between domestic and international risk. It does this at a number of levels: as part of New Zealand’s security system; through its leadership role in New Zealand Inc; by membership of ODESC; through its representation of New Zealand’s interests in bilateral and multilateral relationships; and at an individual level through its consular services.

The Ministry’s key contributions to the security and resilience of New Zealand is through its diplomacy, membership in security networks, support for defence and peace keeping engagement, development work and consular services.



## ***National and International levels***

The Ministry is an integral part of New Zealand's security system, including its partnership with Five Eyes Countries. It participates in the governance of that system at many levels. The critical attributes the Ministry brings to the system are the connectivity, participation and intelligence it realises through its global network and its participation on international bodies which allows it to influence global and regional views on security, trade and humanitarian issues. For example, New Zealand's seat on the UNSC has been actively used to press for action on major security and humanitarian issues aligned with this goal.

Through these mechanisms the Ministry contributes to:

- international peace and security efforts
- helping shape Asia-Pacific security architecture
- investing in security and broader development initiatives in the Pacific
- pursuing disarmament efforts
- providing global and regional humanitarian and crisis response assistance.

## ***Individual Level***

The Ministry's consular activity supports New Zealanders travelling and living overseas to do so with greater safety and security. Increasing demand for consular services reflects both increasing numbers of New Zealanders travelling and recognition of the value of the service.

A specialist operational area within the Ministry, Consular Division, operates outside of the Ministry's rotational process, building specialist capability that works in a matrixed model to support and deliver through the wider network. Accessing capability from the market as required, this model is seen as an exemplar internationally, and it appears highly valued by those New Zealanders who access its services.

The interconnectedness of the world and the rise and broad spectrum of international and regional security threats requires greater effort by the Ministry, both in the exercise of diplomacy and its level of engagement with partner agencies. Its collaborative efforts offshore are highly valued and it needs to continue to be a key player domestically. The Ministry will be challenged to cover all the bases and must therefore work its alliances to provide fully rounded and timely advice to Government and in its representative role at international forums.

To be strong in this area the Ministry will need to improve its value over time by:

- targeting its efforts to where it can have most impact and drawing on partners to cover areas in which it does not have expertise
- actively partnering with the intelligence and security agencies to ensure greater strategic and policy alignment
- continuously improving the services it provides to New Zealand travellers and New Zealanders living overseas.

### Core business 3: Leadership

*Our work amplifies New Zealand's influence in the world*

Performance Rating (Value to Customers and New Zealanders): Well placed



Performance Rating (Increased Value Over Time): Needing Development



This Core Business element relates to the Ministry's role representing New Zealand on the global stage and in doing so building New Zealand's long-run reputation, 'brand', influence and credibility in the global context. In foreign policy terms 'growing our weight' where it matters is a key tactic the Ministry consistently applies to build influence to then deploy to further New Zealand's priorities.

The Ministry does this consistently through its diplomatic activities delivered in its global network, participation in global fora, and its development, security and humanitarian work. It has been successful at realising opportunities where it has actively sought them. For example, the campaign to secure the seat on the UNSC (explored earlier) is an excellent example of how the Ministry activated and delivered a successful campaign to achieve a leadership outcome.

Furthermore, the Ministry's role as one of the agencies that sponsors The New Zealand Story, a New Zealand Inc initiative intended to provide a set of values and attributes (with supporting toolkits) that align with New Zealand's national characteristics, is evidence of the Ministry starting to think more cohesively about how the New Zealand leadership position and brand are evidenced more broadly. The Ministry's related role is in protecting New Zealand's brand in times of crisis and reputational damage.

To be well placed over time in this area the Ministry needs to ensure it continues to be as close as possible to the relevant centres of decision-making. This requires it to consistently and systematically apply a defined leadership focus, explicitly linked to its strategic objectives.

There needs to be absolute clarity in formulating regional and country strategies and approaches on what value the Ministry brings and where it can make the most impact and why. Systematic and transparent approaches to make the hard decisions about what it chooses to prioritise will be needed. These should be informed through evaluation of current and recent past activity to determine where it applies resources to maximise leadership impact over the next 10 years. A key element is seizing the opportunity to actively harness and leverage New Zealand's soft power and values-based potential to shape long-term attitudes and preferences to build on New Zealand's reputation and standing in the world.

The Ministry should continue to build social license through deliberate engagement with New Zealanders. It will do this by placing priority on providing context back into New Zealand about what it is attempting to achieve on the international front and why.

#### **Core business 4: Kaitiakitanga**

*Our work delivers solutions to global challenges, for the benefit of present and future generations*

Performance Rating (Value to Customers and New Zealanders): Well placed



Performance Rating (Increased Value Over Time): Needing Development



The Ministry sees this Core Business element of long-term stewardship responsibilities to global challenges primarily as being delivered through its Strategic Objective 5 – Promote sound international solutions on climate change, natural resources and environmental protection. The Ministry’s work in this area is largely through multi-lateral fora where it seeks to raise and find solutions to global challenges of interest to New Zealand. Staff commented this Kaitiakitanga outcome is a key motivator for them in their work.

Recently, two areas of significant progress are the negotiation and ratification in 2015 and 2016 of the Paris Agreement on Climate Change and the agreement reached at this year’s annual meeting of the Commission for the Conservation of Antarctic Marine Living Resources to introduce the world’s largest marine protected area. Both milestones represent years of diplomatic and policy endeavour.

Both now require a transition of focus from negotiation and reaching international accord, to a greater emphasis on the implementation of international commitments. The policy and implementation expertise sits within other agencies. The Ministry will need to continue to develop strong and collaborative ways of working where implementation has an international interface.

We heard that maintaining a depth of expertise over time in these specialist areas is a challenge. The Ministry could explore different models to scale up and down. This could include secondments in and out the Ministry and having planned access to alumni for priority work.

The Lead Reviewers would like to see the Ministry give consideration to its Kaitiakitanga stewardship responsibilities in a wider sense. These responsibilities are long term and constant and require the Ministry to commit to playing a generous and mindful role to its contribution and, where appropriate, leadership for the wider benefit and public good.

The Ministry has the role of monitoring Antarctica NZ, a Crown entity. The Ministry acknowledges there is room to elevate its leadership and focus on New Zealand’s presence in Antarctica. It needs to invest in the relationships associated with its role as monitor taking a more strategic long-term view. The presence of a credible long-term scientific research capability in Antarctica is a requirement for New Zealand to continue to have a say in the region’s treaty and multilateral agreements. The Ministry is currently working with Antarctica New Zealand and other government agencies to prepare a business case for government consideration. This would be to secure investment in facilities (and associated capital expenditure) to provide increased confidence of New Zealand’s continued leadership in Antarctica.

Accordingly, to continue to be well placed the Ministry needs to demonstrate long-run strategic consideration of the critical global issues for New Zealand and have a greater view on the critical levers and mechanisms that will support realisation of agreements reached. It needs to see itself as part of a wider team and therefore better linked in and more actively engaged with other New Zealand agencies with responsibility for aligned domestic policy that underpins New Zealand’s performance and credibility.

# Organisational Management Section

## Part One: Leadership and Direction

### Purpose, Vision and Strategy

How well do the staff and stakeholders understand the agency's purpose, vision and strategy?

How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?

Performance Rating: Well placed



### Leadership and Governance

How well does the senior team provide collective leadership and direction to the agency and how well does it implement change?

Performance Rating: Well placed



### Values, Behaviour and Culture

How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction and ensure customer value?

Performance Rating: Weak



### Review

How well does the agency encourage and use evaluative activity?

Performance Rating: Needing development



## Purpose, Vision and Strategy

'The Ministry acts in the world to make New Zealanders safer and more prosperous' is the cornerstone upon which a new Strategic Framework has been developed. The Framework sets out the Ministry's purpose and four-year Strategic Objectives with a link to Government priorities. The Framework is well known and understood within the organisation. It drives both how the organisation governs and is the basis for core planning documents. The Framework also provides direction to annual priority initiatives and projects to achieve the organisational objectives.

The Framework has acted as a galvanising tool for the organisation and its staff. Managers and staff we spoke with could see a link to the strategy in their day-to-day work and managers spoke about its usefulness to them in thinking about the work of their teams. There is a high degree of

enthusiasm for the direction and, in particular, the fact that the purpose of the organisation gives meaning to individuals about 'why they are here'.

The Ministry's own PIF Self-review acknowledges it is still to find the nexus between strategic prioritisation, managing the baseload and resourcing of the day-to-day work. This was a core issue in the previous PIF Review and its PIF Follow-up Review in 2013 and raises a question about strategic choice that requires exploration of what services it should provide having regard to what New Zealand can afford. There then needs to be some prioritisation within those services which discriminates against everything coming in the door being treated as urgent or important. The pace of disruption and change in the world is impacting the Ministry's capacity to cover all the bases it currently believes it needs to. No one we spoke to saw the Ministry as being able to say 'no'.

The improvement opportunity for the Ministry is to take its strategic thinking deeper into exploring value and impact. It also needs to turn good intentions about reaching out more to others into meaningful engagement. There are partners both in and outside of Government it could work with to help it deliver the desired outcomes for New Zealand.

## **Leadership and Governance**

The Ministry is an organisation in which context matters. There is a strong sense of having been through tough times, upheaval and change in recent years. While people spoke about the benefits that came with those changes there is also residual unease. The new Chief Executive, coming into the role 18 months ago, is attuned to this. He has adopted a relatively cautious approach to in the first instance stabilise the organisation and put in place some frameworks and governance structures to guide and provide oversight of the Ministry's work. Staff are positive about the leadership they are experiencing. This has been a successful approach in rebuilding a sense of purpose and morale within the organisation shown by the lift in engagement scores over the last year.

The culture and operating model changes set out in this PIF Review are leadership challenges. Responding to these will require taking the organisation to its next level of performance improvement more overtly and at pace. This will need deliberate visible and sustained collective leadership from the Senior Leadership Team.

People we spoke with inside the organisation were universally positive about the organisation's direction and see the leadership team taking collective ownership for this. Respect for the progress being made was echoed by external stakeholders, who understand work settling the organisation has been important. These external stakeholders would now like to see a more external presence and influence from the Ministry's senior leaders.

The Ministry, as a government agency, has a lot to offer public sector colleagues, business and other parties through its ability to contextualise what is happening internationally. It also has sector and system-wide contributions to make.

Where once building strong public service leaders who delivered solely in the context of their agency was the norm, the current paradigm requires leaders to deliver for New Zealand and New Zealanders through more collective action. This requires leaders to both work on their business and at the same time work effectively with others across the system for impact and results.

Apart from the corporate area, leaders within the Ministry are with few exceptions grown from within. While this isn't a negative per se, the narrower frame does place limitations on the opportunity for diversity of thinking and experiences in the senior leadership.

The Senior Leadership Team acknowledges that it hasn't spent sufficient time working on itself. There are upcoming changes to the composition of the senior team. This refresh of bench strength is an important point at which the senior team should set aside some dedicated time to reset collective accountability not only for leading change within the Ministry, but also how, individually and collectively, contributions are going to be made to the wider system.

## **Values, Behaviour and Culture**

This is an organisation that prides itself on hiring and retaining the best and the brightest. The positive side of this is that younger people are motivated to join the Ministry to work for outcomes for New Zealand. However a caution around this is the unintended belief that the Ministry can be self-sufficient in its capability needs.

There is an unquestioned commitment across the Ministry to service and excellence. Being the face of New Zealand internationally is a huge motivator. However, to become a high-performing organisation that optimises its contribution to New Zealand it needs to have some honest conversations about the behaviours and attributes that need reframing. In 2017 the Ministry is resetting its values. This exercise should be framed in such a way that there is safety in challenging accepted norms.

Moving beyond separateness is essential to the Ministry's growth and development and to its ability to be part of a high-performing New Zealand public sector. It needs to instil the networking and coordination expertise and skills developed overseas at post into the way it works within New Zealand. This will require shifting away from overseas being about connections and Wellington as it was described to us as being about desk jobs. The 'Wellington end' needs to reorientate how it engages with other agencies, business, NGOs and iwi to become more inclusive and to better recognise the value others bring to the table. The Ministry also needs to learn to overcome its natural caution and develop more open ways of working that include co-creation and co-design, as well as experimentation. In pursuit of being more outward looking it could also tap into academia and its own alumni who are actively engaged in relevant areas.

The Ministry could also reflect on how it is slow to bring in external expertise and can be reluctant to listen to those voices when they are brought in. This weakness is holding the organisation back. The Ministry would benefit from testing its culture and beliefs around attitudes to utilising external expertise, and understand how bringing in new or different voices and perspectives is vital to improving its performance.

We repeatedly heard of the need to communicate more effectively. The Ministry's partners and stakeholders demand it and the New Zealand public has a right to expect to know what and how its interests are being represented or pursued and why this is of benefit to them. There is much the Ministry could learn from other agencies and businesses that make exemplary use of a variety of channels and methods for communication and information dissemination. Adopting a 'go see' approach to learning more about how to do this well would help to broaden perspectives on what good engagement and communication looks like.

Mention is made in virtually all of the Ministry's strategies and plans of the need to develop better engagement with Māori. For an organisation that is a leading face of New Zealand overseas, its responsibilities as a Treaty partner are not universally well understood or



articulated, nor are they consistently applied. The Ministry urgently needs to develop a shared understanding of what its value proposition is for and with Māori. The relationship cannot be defined simply by ceremony for visitors or reliance on specialist advisers but embraced as a core part of how the Ministry does its business, including at offshore posts.

Internally, there is work to be done on breaking down silos and taking a more deliberate approach to pooling ideas and collaboration. The 'Career Ministry' initiative is well regarded by staff and needs to be used to promote the 'One Ministry' concept with further work on how the different parts of the Ministry, including locally employed staff, are valued and incentivised to do well for the organisation as a whole.

There is a perception within the Ministry that people are stretched and under pressure and that there are not enough people to do the job on the one hand, while on the other there are concerns about poor delegation and lack of autonomy. This is not a new issue, it was highlighted in the previous PIF Review and PIF Follow-up Review. There is no doubt that working hard, characterised as long hours, is the accepted norm in some areas. This, combined with a competitive environment, unfortunately plays into the pre-determinant of how you are viewed for more challenging roles or promotion. We acknowledge the Ministry is a distributed network with time zone factors that come into play as to when business with some posts can be done. Some clear messaging and role-modelling around the importance of wellbeing and work/life balance, together with strategies for dealing with peaks and troughs and proper prioritisation needs to be worked through both at a leadership level but also in a supportive way with unit managers who often find themselves the 'meat in the sandwich'. Excessive leave balances also need to be addressed as part of this.

Tackling the disposition to over-classification of material and information, coupled with updating technology tools (including software) and stripping out layers of process, will also be an important means to unlocking inefficiencies potentially contributing to the sense of overload.

## **Review**

The PIF Self-review notes that opportunities to explore evaluation across the Ministry are being considered, drawing on the experience of the Aid Programme evaluation team. There are currently no structured evaluative approaches in place beyond the Aid Programme, although there are pockets of internal review or assessment to understand lessons learned. The Ministry also gathers information from limited customer surveys, assessment of policy papers by the New Zealand Institute of Economic Research and from Better Administrative and Support Services which are used as part of the performance framework.

The new governance and planning processes, while a significant positive change, are yet to be fully bedded in. Governance is still Wellington focused. There is scope for engagement with overseas posts across the network. Working with posts will require the Ministry to have the corporate systems to support it.

Within its culture and operating model the Ministry should foster the concept of a learning organisation. This means:

- as part of becoming 'One Ministry', developing comfort with responding appropriately when things go wrong
- having transparent systems in place to deal with crisis or mistakes and to capture the learnings from them

- moving from avoiding risks to honestly articulating and managing them
- proactively seeking feedback and independent views on its work.

The Ministry also needs to put in place an evaluation loop, accompanied by systematic ways of capturing the strategic or policy imperative, how well it was delivered and the impact or value to New Zealand. These combined practices and processes should feed into a continuous circle of learning and improvement.



## Part Two: Delivery for Customers and New Zealanders

### Customers

How well does the agency understand who its customers are and their short and longer term needs and impact?

How clear is the agency's value proposition (the 'what')?

Performance Rating: Needing development



### Operating Model

How well does the agency's operating model (the 'how') support delivery of government priorities and core business?

How well does the agency evaluate service delivery options?

Performance Rating: Needing development



### Collaboration and Partnerships

How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with partners and providers?

How well do the agency and its strategic partners integrate services to deliver value to customers?

Performance Rating: Needing development



### Experiences of the Public

How well does the agency employ service design, continuous improvement and innovation to ensure outstanding customer experiences?

How well does the agency continuously seek to understand customers' and New Zealanders' satisfaction and take action accordingly?

Performance Rating: Needing Development



### Customers

The Ministry defines its customers as individuals and companies who receive private value from their business and consular services, and the New Zealand public. The Ministry acknowledges in its PIF Self-review that while it has some strong relationships with some stakeholders it needs a more deliberate approach to overall engagement. We agree.

While the Ministry's purpose of 'acting in the world to make New Zealanders safer and more prosperous' is the foundation upon which to build customer focus, the current definition of 'customer' is in itself limiting and while the PIF Self-review set out customer groupings and value created, we found a general lack of understanding around the full spectrum of customer groupings and their level of importance to the Ministry's ability to deliver against its priorities.

For some staff the term ‘customer’ is an anathema while for others it is the Minister or Ministers whom they believe are the primary focus.

That said there are areas of very good customer intent and practice. The consular service is one illustration of an area that has thought about services from a customer perspective and is continuously tailoring and improving its public messaging, as well as how it delivers those services. Another example is how networks are built, be they government to government, government to business or with other interested parties at overseas posts, that further New Zealand’s interests.

In reality many of the Ministry’s customers, partners and stakeholders will overlap and/or play multiple roles. Whether a group is seen as a customer, stakeholder or partner, the Ministry needs to apply the same focus and discipline in segmenting groups, managing the relationship and capturing the information that supports it. To bring customer focus to its work, the Ministry will need to make an effort to understand, from an external perspective, what it is like to engage with the Ministry. Understanding the customer experience and Ministry value proposition should inform operating model changes discussed in the next section.

In seeking to improve performance in this area the Ministry needs to:

- take a more deliberate and intelligence-driven approach to customer groupings and segmentation – there is no ‘one size fits all’ but there may be commonalities between segments
- learn from others how they segment customer groupings, how they work with them, and how they engage with them
- be determined about its value proposition – it can’t be all things to everybody. it needs to target and prioritise its resources accordingly
- team up with other government agencies, businesses, Māori and other stakeholders to realise its Strategic Objectives and to deliver on Government priorities
- broaden its sphere of influence beyond known networks to explore new opportunities for relationship development
- be more deliberate in understanding what matters to New Zealanders and to take a systematic but creative approach to engaging and communicating
- develop an enterprise-wide system of capturing customer relationship information so that this knowledge can be shared internally and with partners, for example, at handover points
- demonstrate its commitment to the way it thinks about the customer by aligning performance expectations and training to reinforce flexible, innovative approaches to engagement.

## **Operating Model**

A good operating model tells the various actors about “how we get things done around here” to support the delivery of Government priorities and other areas of core business. Defining an organisation’s Operating Model provides the opportunity for embarking on an enterprise-wide realignment of culture and all the associated rules, practices and processes to empower people.

An operating model takes customers, stakeholders and where the organisation creates value as a starting point. A good operating model provides a single narrative about the organisation’s beliefs and ways of working. It also articulates how it delivers value to its customers and New Zealanders and it guides how to think about risks and trade-offs.

The Ministry’s model of operating has evolved over time and is driven by practices, such as rotation as a means of deploying staff around a distributed network. Many of the rules are implicit as opposed to explicit – learning how things work and how to get things done is largely learnt on the job with the quality of induction dependent on the skill of the manager and/or the time they have to put into it. There is no simple and engaging way of communicating, especially to new staff, how things work and what’s expected of them. Instead the Ministry’s default operating style is one of rules and process which in turn leads to frustration and work-arounds.

The Ministry has embarked on a period of institutional rebuilding through the development of its Strategic Framework, new governance structures and the engagement of staff in the Career Ministry initiative. It also has some of the building blocks in place around the development of its people and has plans to improve its approach to technology. This, and work on culture and values, will create a frame for refreshing the Ministry operating model.

An operating model, however, is not just a series of component parts. Its development requires a fundamental rethink and shift from what is now to what it needs to be to become an adaptable, flexible organisation that can foot it in a fast- paced changing world. The operating model also needs to make explicit the relationship management model and common standards of service on and off shore. It also needs to instil a more disciplined approach to options analysis, risks, the costs and benefits. A set of design principles is set out in the Four-year Excellence Horizon.

## **Collaboration and Partnerships**

The Ministry is an interesting and complex organisation. There are 57 overseas posts charged with developing substantive relationships government to government and with an extensive network of other contacts and relationships. Its responsiveness and abilities to coordinate a range of parties to good effect within a country or region have been praised both by other foreign services and a range of stakeholders. Many remarked on how professional and capable Ministry staff are.

In New Zealand the picture is mixed. It appears at least to some stakeholders that the great skills exercised off shore are not replicated locally. This was described as the jobs at post are out building relationships whereas this did not play out as effectively in the Wellington/New Zealand context. There appears to be, at times, misplaced caution around what it means to collaborate with partner agencies and others. Conversely, there were very good examples of collaborative work, for example with New Zealand Inc agencies. The Auckland office relationship development with business, and the small one-person effort in Christchurch, provide models for potential future development and expansion.

In strategy and policy development, the Wellington end of the Ministry needs to step away from its traditional mode of operating and, in much the same way as it needs to think about

segmenting customers, it needs to segment its partners and develop a greater level of sophistication and openness in how it engages and works with them. We heard there is a reluctance to co-design, although the Ministry does not have that on its own. We also heard that concerns about security can act as the default for working with partner agencies in traditional ways, such as writing a paper and (depending on classification) sending that via email for comment and/or inviting parties to a meeting but only sharing edited highlights. There are pockets of emerging new practice within Divisions where people are seeking out different ways of working. External feedback, where these efforts were made, is positive. This needs to be encouraged, and experiences shared more widely across the Ministry for others to learn from.

The improvement challenge for the Ministry is to develop greater capability and depth to its policy advice role by broadening its knowledge of the range of tools it can use, especially by tapping into the public sector's policy project. It also needs to develop a deeper understanding of the power of systems thinking, big data and analytics and become confident and comfortable with co-creation and co-design.

### **Experiences of the Public**

The Ministry's PIF Self-review and our own review processes have elicited examples of the Ministry taking a more deliberate approach to designing services in response to feedback sought through surveys and from informal feedback, leading to improvements.

The Ministry undertakes two surveys of experiences of the public. An annual consular survey, which has been in operation for six years, provides a good demonstration of respondent satisfaction as well as progressive improvements to service delivery. An example is when, in response to criticism about out-of-date information, the Consular Service relaunched the SafeTravel website and an updated Facebook page. Currently, the Consular Service is looking at other enhancements to its service delivery, such as anytime anywhere apps. As noted above, it is clear on its service offering and has improvement cycles built in to how it works.

A short survey is also conducted of export business stakeholders with feedback indicating a need to ensure business understands the Ministry's network of overseas posts and how to engage with them. This has led to a number of Heads of Mission engaging directly with exporters through social media and at the Wellington end becoming more aware of the need for outreach activities within New Zealand.

The Ministry doesn't have any formal way of tracking public perceptions and knows it needs to do a lot better in this area. Again, it could learn from others who do this very well.

To be well placed the Ministry needs to:

- develop a coherent strategy around its digital presence and use this as a means of both communication and engagement
- consider if the existing customer surveys are sufficient and insightful enough to inform service design and improvements
- value the opinions and perceptions of the public through more structured feedback loops.

## Part Three: Relationships

### Engagement with Ministers

How well does the agency provide advice and services to Ministers?

Performance Rating: Well placed



### Sector Contribution

How effectively does the agency contribute to improvements in public sector performance?

Performance Rating: Needing development



### Engagement with Ministers

There is a strong alignment between the priorities of the Ministers of Foreign Affairs, Trade and Climate Change and the Ministry's own four-year Strategic Objectives. Along with providing advice to its Ministers, the Ministry advises the Prime Minister on foreign policy and security matters. The Ministry services Ministers both on shore and off shore, including supporting visits that advance New Zealand's trade and economic interests. In general, the Ministry is perceived as being focused and responsive in this area.

The Ministry demonstrated its very strong ability to position its Ministers well in the campaign for the UNSC seat. It also demonstrated just how well it can scale up the capacity and depth of its policy advice, in this case on international security issues to support Ministers at the Council.

Despite these strengths there are also some challenges. Ministers expressed a desire for the Ministry to strengthen the consistency and quality of the policy advice provided. The Ministry needs to find the balance between demonstrating strong policy capability and a greater contextualisation of advice. Ministers need to have confidence that a range of views have been articulated for the wider interests at play.

To be strong in this area the Ministry needs to continue to be in tune with the demands and styles across portfolios and to be quick to adapt when change is needed. It needs to strike a better balance between reactive, tactical, and strategic advice. In addition the demographic of Ministry staff, a significant portion whom are relatively new, will necessitate a continued focus on the fundamentals of how to provide of free and frank advice in the context of the organisation's stewardship responsibilities.

### Sector Contribution

The Ministry is seen by its peers as growing into its sector contribution role, and sector contribution is referenced throughout this report. The feedback from stakeholders is that the Ministry is taking a more active role in across-sector activity in the sectors in which it participates. The Ministry engages in many forums and is notable for its participation and uptake of across-government people capability work.

However, the public sector is increasingly seeking to operate as a team. This means that the senior leaders are being called on to do more than represent their agency position or guide their own priority policy through cross-agency forums. Senior leaders are expected to be visible to their peers and generous contributors to working across government, even when it seemingly

does not directly serve their interests. The Ministry's senior leaders have context and insight on international events and trends that others would value highly.

In order to be well placed the senior leaders of the organisation, like their challenge to lift to enterprise wide leaders internally, will need to stretch to be seen as system leaders externally.

## Part Four: People Development

### Leadership and Workforce Development

How well does the agency develop its workforce (including its leadership)?

How well does the agency anticipate and respond to future capacity and capability requirements?

Performance Rating: Needing development



### Management of People Performance

How well does the agency encourage high performance and continuous improvement amongst its workforce?

How well does the agency deal with poor or inadequate performance?

Performance Rating: Needing development



### Engagement with Staff

How well does the agency manage its employee relations?

How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

Performance Rating: Well placed



## Leadership and Workforce Development

Over the last 18 months the Ministry has delivered on three key people-related initiatives:

- enhancing the fluidity of the rotational foreign service
- crowd-sourcing ideas to strengthen the Career Ministry
- undertaking a capability review leading to the establishment of a Pacific and Development Group, which merges Pacific policy, aid and development.

The foundation work of taking a much more systematic approach to talent management has also been completed. There is now a Ministry Capability Framework, a Developing People Framework, a Foreign Policy Career tool and a Leadership Development Options tool. The Capability Framework is designed to provide staff and managers with a clear understanding of the capabilities required to successfully perform their roles. Staff and managers can also use the Framework to guide their development and prepare for the next stage of their careers. There are complementary guides covering professional development, foreign policy development and leadership development.

While this work has been well received it is too early to measure effectiveness of implementation and use, however, the tools are an excellent start. It is essential that both managers and staff are well trained in their use and that there are systems in place to obtain feedback and to monitor consistency in their application. A missing piece of this work was the application of career pathways, including for corporate and locally engaged staff. It may be that there are not obvious



career pathways for everyone within the Ministry and it needs to be honest about that and the level of development opportunities it is able to offer. And, while the Ministry does attract young bright people, they are also ambitious for themselves. They won't necessarily follow the path of career longevity that has been a traditional feature for the organisation. The Ministry needs to think about 'career' in a broader context so people see multiple pathways.

The Ministry also needs to move from rotation as a blunt tool to smart deployment. A 'one size fits all' approach is limiting. The Ministry could consider flexibility in the length and timing of rotations. Rotation can come at a cost to expertise and relationships that are developed. The Ministry also needs to work out where a depth of specialisation is necessary to achieve its strategic goals and create deep, fulfilling career pathways around those. These could be geographic (eg, China, Pacific, Asia) or functional (eg, development, multilateral, business growth).

People are the Ministry's greatest asset and work has begun on the development of a People Strategy. This is an important opportunity to reflect the Ministry's value proposition and its ambition for its people. The strategy needs to be seen as a fundamental pillar for giving effect to the achievement of the Ministry's purpose and objectives. It needs to describe how it plans to better manage and incentivise talent. It needs to be framed around the 'One Ministry' concept, lift beyond the tactical and truly grapple with the medium to longer term issues for the Ministry and its people.

The strategy also needs to substantively give signposts to addressing gender inequities, sourcing and recruiting for a much more diverse and representative (of New Zealand) workforce, shifting from the blunt instrument of rotation to smart deployment (including onshore/offshore career opportunities) and give license to recognising and valuing career development inside and outside of the Ministry with external experience seen as an essential element to a leadership pathway.

## **Management of People Performance**

In its PIF Self-review the Ministry notes there are clear requirements on managers and staff to set performance expectations and to have regular conversations on progress. These have been restated recently on the back of the Ministry's Engagement Survey (2016) that indicated setting performance objectives and providing regular feedback needs more rigour and consistent application.

We heard that the willingness and associated capability to address poor performance is variable, hampered by a reluctance to have the difficult conversations. This is not an uncommon concern but nevertheless for the Ministry it undermines the good work it is endeavouring to pursue in the development and careers space.

Good performance management helps everyone in the organisation and is key to shifting attitudes about what good performance looks like. It is a powerful contributor for shifting from ambivalence to engagement when done well. Staff know when individuals aren't performing and they will be quick to link that to the credibility of the performance/remuneration moderation processes. There is the added element of rotation potentially reducing manager and staff ownership of performance issues. This in turn undermines trust. Often organisations respond to the uneven application of performance management with a 'one size fits all' manager development approach, whereas a targeted approach developing those who need to increase their skill levels is likely to be more effective.

The Ministry will be well placed when:

- its approach to performance management aligns with its strategic objectives
- management practice enables freedom to do the job and exercise judgement
- regular feedback and coaching helps build competency and skill
- performance is measured by effectiveness and impact
- good performance is rewarded
- issues with performance are dealt with as they arise.

## **Engagement with Staff**

The Chief Executive has made a point of being visible and regularly communicating with staff. His blog appears to be hitting the mark – staff we spoke with appeared to have considered and reflected on what was being said. Individuals on the Senior Leadership Team have specific enterprise-wide responsibilities with the expectation that they will regularly communicate about them on behalf of the leadership team.

There are regular quarterly meetings between the Chief Executive and the Foreign Service Association, which are valued. And, there are regular forums with third and fourth tier managers in Wellington.

According to the latest IBM Engagement Survey (83.4% response rate there was an increase on 2015 results with 25.8% now engaged. This is above the State Sector benchmark of 18.2%. Sixty percent of staff are 'ambivalent' which, while in line with State Sector benchmarks, is a high proportion of the organisation. The Ministry acknowledges it has more work to do and managers have been tasked with engaging staff in developing specific action plans to address priority issues.

There is a lot that the Ministry could do to improve its internal communication and to use that to break down the divides between corporate and policy, and between Wellington and offshore. Better internal communication could serve as a vehicle for sharing ideas, good practice and lessons learned. People absorb information in different ways and the written word isn't the only means available. The Ministry needs to make much more use, for example, of 'town hall' face-to-face meetings and video screens around the Wellington office. The Ministry also needs to take the temperature of offshore posts to ascertain their expectations around information sharing and communication needs, including the appetite for regular face time (via digital technologies) with the Chief Executive and Senior Leadership Team. Again, this is an area where ideas could be garnered from how other agencies or organisations that have a distributed networks do things.

## Part Five: Financial and Resource Management

### Asset Management

How well does the agency manage agency and Crown assets, and the agency's balance sheet, to support service delivery and drive performance improvement?

Performance Rating: Well placed



### Information Management

How well does the agency manage and use information as a strategic asset?

Performance Rating: Weak



### Financial Management

How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?

Performance Rating: Well placed



### Risk Management

How well does the agency identify and manage agency and Crown risk?

Performance Rating: Well placed



### Asset Management

The Ministry's asset portfolio comprises two main sub-portfolios, property and information and communications technology (ICT). As at 30 June 2016, the net book value of these portfolios was \$412.1 million for property and \$7.2 million for ICT.

The Ministry's capital asset portfolio is significant both in terms of value and critical capability.

The Ministry has recently developed its Footprint Plan: Aligning investment to strategic priorities. This applies disciplined investment thinking and analysis to consider where to either open new posts or deepen its investment at posts to support the achievement of the Ministry's Strategic Objectives. It shows the thinking in how to align resources and investment in the network with strategy.

This document will go on to inform the Ministry's Global Property Asset Report and Plans providing a longer-term view of the Ministry's asset management requirements, planning and life-cycle asset management.

The Ministry essentially operates its own property development and management division, choosing an in-sourced model to manage its asset portfolio. It manages large capital projects itself, such as the new chancery in Beijing.

Capital investment decisions over \$250,000 are considered by the Operational Investment Board (and where appropriate by the Resources Committee) using the Better Business Case model and in accordance with delegated authorities.

The Ministry is currently developing comprehensive business continuity plans for all major property assets. It is also working on implementing health and safety legislation and physical security measures across the portfolio.

Supporting its understanding of asset management, the Ministry sought an independent assessment of its asset management maturity, as part of the Treasury- led Investor Confidence Ratings for capital intensive agencies. The report acknowledges the Ministry's improvement trajectory (for both ICT and property) over recent years to reach an intermediate level of maturity.

In recent months, the Ministry has been leading the inter-agency work to establish New Zealand's offshore footprint intentions over the next four years. This promises to deliver both efficiency and collaboration returns that would not otherwise be available to the respective agencies.

To improve in this area, the Ministry would need to be able to demonstrate industry best practice on all aspects of its property portfolio management, including showing active consideration of mixed model portfolio management. The Ministry is working towards this goal. While the nature of its property portfolio does not align comfortably with traditional return on investment models, the Ministry would need to firm up its way of thinking about property investment and how New Zealand experiences a return on the Ministry's property portfolio as an integral part of the evolution of its thinking.

## **Information Management**

Compared with other public organisations the Ministry has been a slow-adopter of technology and tools that would aid its efficiency. The Government's Protective Security Programme provides the the opportunity for the Ministry to own and drive its policies and processes for keeping its people, information and assets safe and to grow its own security maturity. There is a tension for an organisation that trades in information operating with considerable constraints on how quickly and effectively information can be used.

The Ministry's challenge is to develop a more sophisticated approach to its obligations to securely manage information recognising the complexities of its operating environment. To achieve this it needs to come to an organisational view on what 'good' looks like, and carefully balance this with it's the appetite for risk. Getting the balance right between achievement of strategic and operational objectives (value creation) and upholding the Ministry's core diplomatic role and reputation (value protection) isn't a simple exercise.

The Ministry's Strategy signals a much needed shift in its thinking regarding information management and the role of technology supporting the Ministry's Strategic Objectives. The Ministry's work will always involve security threats and risks. However, for the strategy to be effective the organisation needs to shift away from passive interpretation of security requirements to a more open and intelligent dialogue about business needs and how these can be addressed within a framework of protective security policies and protocols. The Ministry's participation in the Protective Security Programme is a good start and will require strong ongoing and considered leadership and risk assessment at the enterprise level. This is consistent with the approach being adopted by other foreign services. In particular the UK Foreign and Commonwealth Office and the Australian Department of Foreign Affairs are both grappling with

this issue as part of strategies to engage more widely and become more transparent and relevant to their customers.

The challenge for the Ministry to make changes to its current operating model in this area is not to be underestimated. It will take time and needs to be integrated as part of its work as 'One Ministry'. To not do so would represent a notable risk to the organisation's efficacy in the future. In some cases staff have found workarounds to get the job done which arguably creates the same or greater risk exposure for the Ministry. There is not visibility of the scale and extent of workarounds. Communication barriers between the Ministry and other agencies, and internally between posts and Wellington, were frequently cited to us as resulting from the current classification settings in place. Whether this is real or perceived, the impact is the same. An over emphasis on security or classification settings has imbued the culture and approach to collaboration. This, in turn, prevents the Ministry from using information as a strategic tool and from using data and intelligence to support better decision-making to any scale.

To be better positioned in this area the Ministry needs to continue to utilise the Protective Security Programme as the vehicle for overhauling its security management model to a higher standard of judgement and care. It needs to consider how it can manage risk more actively. It needs to invest in modern systems and technologies to support a networked organisation. It will need to engage and educate staff and align managerial incentives/disincentives to support behavioural change. Success will be a significant improvement in how information is managed and leveraged. We will see how increased communications, collaboration and cultural alignment enable, and give momentum to, how the organisation delivers on its Strategic Objectives.

## **Financial Management**

The Ministry has good financial management policies and procedures in place that ensure effective financial oversight, including robust recording, payment and control environment across its international network. It is noted that the Ministry's auditor, Audit New Zealand, does not record any concerns in its 2016 audit opinion.

The Ministry has a standing Audit and Risk Committee with three independent members providing governance oversight of the organisation's internal and external audit functions.

The Ministry has recently introduced new systems to support debtor payments which are streamlining processes. However, the reviewers heard of instances where inadequate systems drive manual or disaggregated financial reporting processes which potentially introduce risk and inefficiency. This noted, there does not appear to be a financial management concern in this regard.

In recent years, the Ministry has devolved great delegated financial responsibility to its managers. While management capability in this area is developing the organisation is still relatively immature in this regard.

The key area of underperformance relates to the organisation's apparent inability to accurately plan and utilise its departmental budget allocation. The Ministry has consistently underspent in recent years. The Ministry needs to understand what is contributing to this in its management, delegations and financial practices and address it with urgency. The Ministry recognises this as an issue and is seeking to strengthen its planning, budgeting and strategic financial advice.

To improve its rating in this area, the Ministry needs to continue to strengthen its managers' financial management and budgeting capability and improve its organisational budget

management and planning to ensure effective use of resourcing. It needs to invest in the information systems that will support the organisation's financial management performance, ensure that delegations are appropriate and understood, and support its managers to improve their budget management.

## **Risk Management**

The Ministry has had a professional internal audit and risk function in place for several years. There is an independent Audit and Risk Committee.

There is a structured programme in place to improve risk management capability. The organisation has developed an Enterprise Risk Register that recognises its risk maturity.

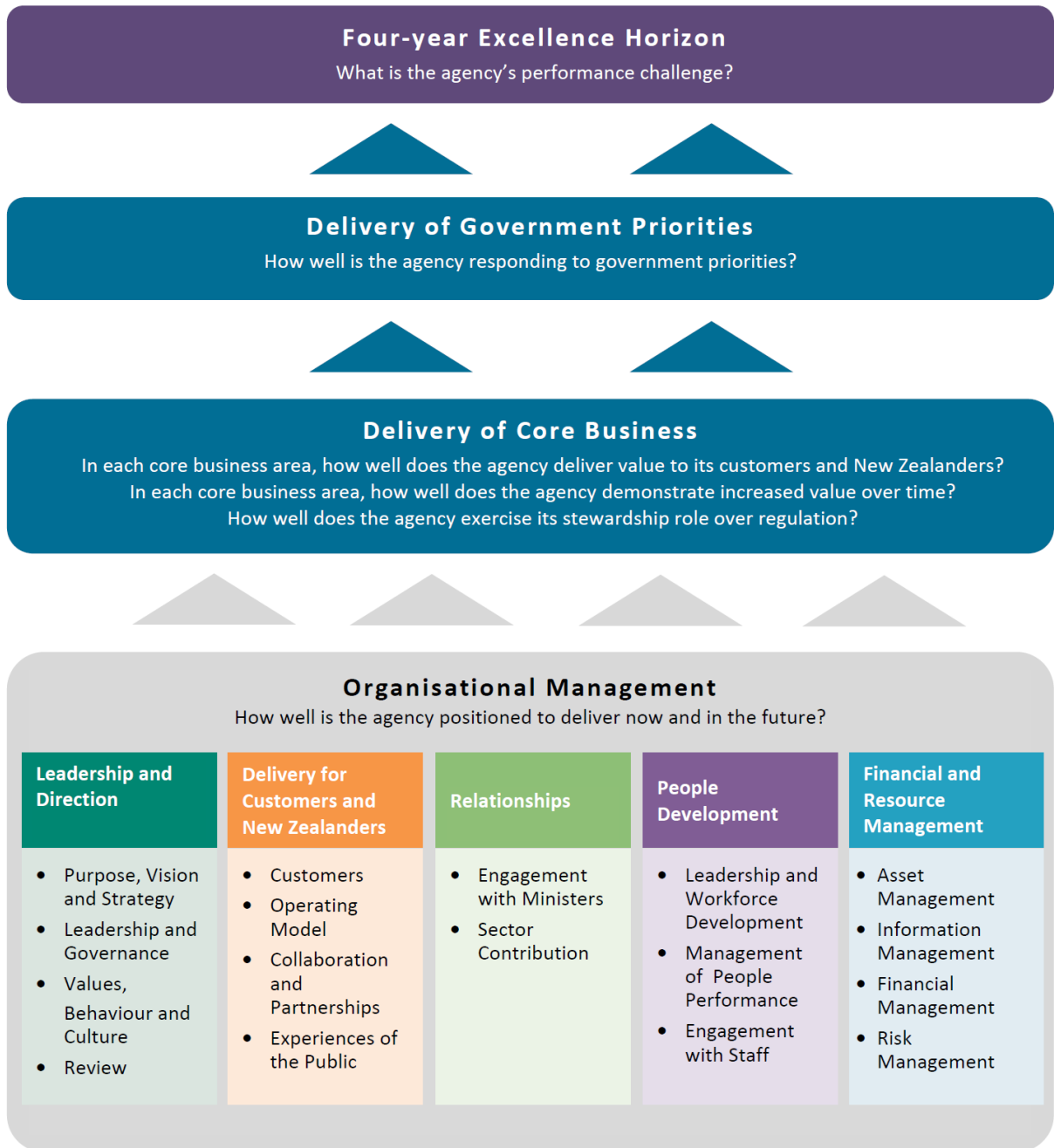
Good progress has been made in supporting the organisation to increase its risk thinking and risk management. Having initially determined the organisation's risk appetite, the Senior Leadership Team reviews the Risk Register quarterly.

The internal audit function has worked to increase awareness and introduce tools to support risk owners and managers operate effectively. Work is continuing to grow the organisation's risk maturity and it is estimated this will take approximately two more years to realise an appropriate level of maturity across the organisation.

To be strong in this area, the Ministry needs to continue to invest in growing its internal risk management capability in accordance with its Risk Framework. Planning and training in this area needs to continue in line with the Risk programme and in time the Ministry should also review its risk appetite as capability increases.

# Appendix A

## Overview of the Model





## Lead Questions

Four-year Excellence Horizon		
What is the agency's performance challenge?		
<b>Results</b>		
Critical area	Lead Questions	
Government Priorities	1. How well is the agency responding to government priorities?	
Core Business	2. In each core business area, how well does the agency deliver value to its customers and New Zealanders?	
	3. In each core business area, how well does the agency demonstrate increased value over time?	
	4. How well does the agency exercise its stewardship role over regulation?	
<b>Organisational Management</b>		
Critical area	Element	Lead Questions
Leadership and Direction	Purpose, Vision and Strategy	5. How well do the staff and stakeholders understand the agency's purpose, vision and strategy? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership and Governance	7. How well does the senior team provide collective leadership and direction to the agency and how well does it implement change? 8. How effectively does the board lead the Crown entity? (For Crown entities only)
	Values, Behaviour and Culture	9. How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction and ensure customer value?
	Review	10. How well does the agency encourage and use evaluative activity?
Delivery for Customers and New Zealanders	Customers	11. How well does the agency understand who its customers are and their short and longer term needs and impact? 12. How clear is the agency's value proposition (the 'what')?
	Operating Model	13. How well does the agency's operating model (the 'how') support delivery of government priorities and core business? 14. How well does the agency evaluate service delivery options?
	Collaboration and Partnerships	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with partners and providers? 16. How well do the agency and its strategic partners integrate services to deliver value to customers?
	Experiences of the Public	17. How well does the agency employ service design, continuous improvement and innovation to ensure outstanding customer experiences? 18. How well does the agency continuously seek to understand customers' and New Zealanders' satisfaction and take action accordingly?
Relationships	Engagement with Ministers	19. How well does the agency provide advice and services to Ministers?
	Sector Contribution	20. How effectively does the agency work across the sector?
People Development	Leadership and Workforce Development	21. How well does the agency develop its workforce (including its leadership)? 22. How well does the agency anticipate and respond to future capacity and capability requirements?
	Management of People Performance	23. How well does the agency encourage high performance and continuous improvement amongst its workforce? 24. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	25. How well does the agency manage its employee relations? 26. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?
Financial and Resource Management	Asset Management	27. How well does the agency manage agency and Crown assets, and the agency's balance sheet, to support service delivery and drive performance improvement?
	Information Management	28. How well does the agency manage and use information as a strategic asset?
	Financial Management	29. How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?
	Risk Management	30. How well does the agency identify and manage agency and Crown risk?

# Appendix B

## List of Interviews

This Review was informed by input provided by a number of Ministry of Foreign Affairs and Trade staff. The reviewers also spoke to a number individuals external to the Ministry. Where the reviewers spoke to representatives from a business, organisation or agency, the organisation is listed here.

<b>Agency/Organisation</b>
Air New Zealand
Antartica New Zealand
APEC Secretariat
Asia New Zealand
British High Commission
Canterbury Chamber of Commerce
Council for International Development
Australian Department of Foreign Affairs and Trade
Department of Prime Minister and Cabinet
Export NZ
Fonterra
Foreign Service Association
Human Rights Commission
Iwi Chairs Forum
Ministry for the Environment
Ministry of Business, Innovation and Employment
Ministry of Defence
Samoan Ministry of Foreign Affairs
New Zealand Customs Service
New Zealand Defence Force
New Zealand Trade and Enterprise
NZ China Council
NZ Institute of International Affairs
NZ International Business Forum
NZ Security Intelligence Service
Uniservices
Victoria University of Wellington