
PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the Ministry of Foreign Affairs & Trade (MFAT)

SEPTEMBER 2010

State Services Commission, the Treasury and the Department of the Prime Minister and Cabinet

**Performance Improvement Framework
Formal Review: Ministry of Foreign Affairs and Trade**

**State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet
Wellington, New Zealand**

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CENTRAL AGENCIES' OVERVIEW

The Challenge

Both the Government and New Zealanders have high expectations of our State Services, and these expectations are rising. The combination of high expectations and prolonged fiscal constraint requires us to work continuously to improve the performance of the State Services by focusing on our highest priorities and delivering services in different, more innovative and cost-effective ways.

While individual boards and chief executives can work to improve the effectiveness of their agencies, the ability to learn from others with similar challenges, operating in the same system, will speed up the process of performance improvement. Agencies increasingly must work together to get the job done. The challenge of lifting performance is therefore one shared between all of us who are responsible for leading and managing the State Services.

It would be wrong, however, to consider that the New Zealand State Services are broken – they are not. On many measures the sector performs well. A recent Institute of Policy Studies paper¹ noted that New Zealand is consistently seen internationally as among a small group of top performers on international measures of public service effectiveness. But in the current world we need to run fast just to keep up, let alone improve.

The Response

Learning from each other and identifying the need for sectoral and system change requires a common framework and language. We have looked to find world best practice in terms of performance improvement methodologies and have agreed to adopt and adapt the framework used successfully in the UK Civil Service. We have used its concepts to develop a framework suitable to our circumstances, focusing on results (what we have to do) and organisational management (our ability to do it well).

The use of a common and comprehensive framework, by a pool of respected organisational leaders, to review agencies and highlight their strengths and weaknesses, serves a number of purposes.

The reviews will:

- provide insights that chief executives can use to further improve their agencies – leveraging off their strengths and working on areas that require development
- provide all State Services leaders with examples of best practice, places we can go to find out how it should be done
- enable chief executives with similar issues to consider whether and how they can combine their scarce resources to get the job done
- ensure actions for improvement are identified and performance expectations are clarified
- allow us to measure over time whether we are in fact improving our performance.

In the future we will also apply this framework to sectors. The agency reviews will help us to build a picture of performance across the State Services. They will enable us to identify sectoral and systems issues and constraints that are beyond the capacity of individual chief executives and that require collective action or a response from central agencies.

1. 'The Future State' Institute of Policy Studies Working Paper 10/08 Gill, Pride, Gilbert and Norman – May 2010.

Implementation

In 2009 the Department of Internal Affairs (DIA) and the Ministry of Agriculture and Forestry (MAF) volunteered to pilot the Performance Improvement Framework (PIF). The pilot was viewed by chief executives as a worthwhile exercise, particularly in providing an authoritative, independent view of agency performance. Central agencies reviewed, refined and re-evaluated the framework following the pilot and will continue to do so as it is implemented progressively across the system.

We extend our thanks to the agencies and chief executives who took part in the pilot and helped us to trial and build this new tool. Since the pilot, we have undertaken four formal reviews as part of the roll-out – the Ministry of Foreign Affairs and Trade (MFAT), the Department of Conservation (DOC), Te Puni Kōkiri (TPK) and Land Information New Zealand (LINZ).

Some issues have been raised by agencies in relation to the use of ratings – the ‘traffic lights’. Our approach to rating agencies using traffic lights is consistent with the UK model and enables us to identify the range of areas that require improvement. Central agencies expect that we will all be looking at ways to lift our performance and the rating system provides a clear picture for chief executives, Ministers and the wider public of where improvements can be made.

Our experience has been that in the first tranche of reviews, all organisations have recognised they need to improve in some way. This is evidenced by the larger numbers of red/orange ratings than green. Where agencies are in transition the ‘needs development’ rating often reflects the reviewers’ judgement that an issue has been identified and planning is underway, but the change is not sufficiently embedded to rate ‘well placed’. The process for applying the rating indicators is still new and we will improve the level of consistency of judgements between reviews as the review process beds down.

Next Steps

The agencies that participated in this first tranche (along with the pilot agencies, MAF and DIA) are now using the reviews and their action plans to drive enhanced performance. We will monitor their progress in implementing their action plans, offering advice, assistance and support as necessary. In due course, we will revisit these agencies to see what progress has been made. A core objective of the PIF is to look at progress across a number of agencies over time to see whether we are achieving a systemic lift in performance.

We have commenced the second tranche of reviews involving the New Zealand Transport Agency, the Treasury, the Ministry of Education and the Department of Building and Housing.

Iain Rennie
State Services Commissioner

John Whitehead
Secretary to the Treasury

Maarten Wevers
Chief Executive
Department of the
Prime Minister and Cabinet

DEPARTMENTAL RESPONSE

The Ministry of Foreign Affairs and Trade is pleased to be one of the first government departments to make use of the Performance Improvement Framework Assessment. The Review by three independent reviewers carried out in February and March this year provides the Ministry and its management with useful insights and recommendations to help improve the Ministry's delivery of the Government's priorities, the efficiency and effectiveness of its core business services and organisational management.

The review is both constructive and challenging. The report makes it clear that while the Ministry is, and has been, a very high achieving organisation, it also identifies areas for improvement – in how we run our core business, in our internal systems and processes, our leadership and strategic planning, and how we organise ourselves and engage with stakeholders.

Many of the challenges to improve the Ministry's performance had been anticipated to some degree and are included in a comprehensive organisational change programme – Ministry 20/20 - developed over the past 12 months and now underway.

The Senior Leadership Team addressed the eleven priority areas for action identified by the reviewers and these are set out in a PIF Action Plan, and linkages to the Ministry 20/20 programme are indicated.

The action areas broadly cover: effective management of change processes; strengthening management and accountability; improving organisational structure and alignment; improving longer term strategic planning, enhanced engagement with stakeholders; improving the efficiency of corporate services on and offshore, (including through new business models) and introducing new HR, performance measurement and risk management processes.

The underpinning principles of Ministry 20/20 and the wider integrated programme of all change activity are: flexibility, focus and foresight.

The changes proposed will, when implemented, make a difference to what the Ministry does, how it does it, and – most importantly – to the culture which supports its ongoing success.

The future vision is of a Ministry which is: flexible, focused around strategic priorities, performance oriented, ideas-driven and ambitious. It will work through posts specifically tasked and focused to deliver to New Zealand's strategic objectives. It will not be "one size fits all".

The Performance Improvement Framework Assessment has usefully helped validate and further inform the Ministry 20/20 organisational change programme, and the PIF Action Plan will help the Ministry to keep on track and regularly assess its performance against the key action steps.

The Ministry of Foreign Affairs and Trade's Action Plan in response to this report is published at: www.ssc.govt.nz/pif

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LEAD REVIEWERS' SUMMARY

The Ministry of Foreign Affairs and Trade (MFAT) has a number of real strengths. It has been able to attract and retain talented and committed individuals and has a distinctive, professional diplomatic culture that has delivered some remarkable successes. MFAT's offshore diplomatic operations and its trade area are held in high regard by other countries' foreign ministries and by the New Zealand agencies MFAT works with offshore. These are very well developed competencies in core high priority activities.

MFAT also has some weaknesses that are likely to become an increasing drag on its effectiveness unless they are addressed soon. Likely cost pressures will require significant efficiencies if MFAT is to continue to operate within existing baselines. More significantly, the opening up of previously large and closed economies creates a correspondingly large new set of opportunities and risks for New Zealand offshore. New Zealand will need to pay more attention to fast growing converging market economies, especially those in our region, bearing in mind that these countries are also successfully competing for more attention from our traditional partners. These new relationships are likely to be more resource intensive to develop and manage than our traditional partners.

With limited resources at its disposal, it will be important that New Zealand identifies and focuses on its foreign policy priorities. MFAT will need to develop the capability to successfully engage its key stakeholders in difficult decisions about where New Zealand's offshore effort should be focused and, most importantly, what it will not do.

MFAT will also need to better leverage the talent that it attracts because of its ability to offer interesting and varied professional careers, including offshore postings. Too much of MFAT's success is reliant on the performance of talented individuals, with not enough value added by organisational systems and management. The impression is that talented staff perform well 'despite the system'.

Intellectually, many in the Ministry accept and welcome change, and management has initiated work across a number of key areas. However, recent experience of organisational change is limited and change management capacity is under developed.

Meeting the challenges faced by the Ministry will require change in four key areas:

1. A more proactive and strategic Ministry better able to work with key stakeholders to prioritise and make hard resource allocation decisions, within and between programmes inside the Ministry and across the whole NZ Inc effort. This will in turn require:
 - a clear definition of the longer-term strategic context within which New Zealand has to operate and set priorities, and open engagement with key stakeholders in understanding the implications of this context for setting priorities. Ministers have a real appetite for engagement in this sort of process. The other public agencies we spoke with were almost unanimous in saying that the 'NZ Inc' problems were onshore, not offshore, that there was a gap at the strategic level, and that the Ministry should be leading the discussion with them in filling this gap. More deliberate engagement with private sector stakeholders is needed to gain widespread understanding of the strategic context to create acceptance and understanding of difficult prioritisation decisions

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- a clear articulation of the Ministry's mission, purpose and role that is well aligned with delivering Government priorities. The mission needs to be driven by the Government's over-riding desire for stronger economic growth and provide clear guidance for the Ministry in what it will not do. The role needs to include advising Ministers on strategy and subsequent prioritisation
 - establishing the analysis, process, management and determination to prioritise within, especially across programmes inside the Ministry. Tier 2 and 3 level managers need to work to role. The Senior Leadership Team (SLT) needs to be more focused on providing strategic direction and making the key prioritisation decisions across the Ministry. The recent review of the external footprint has initiated a process that points to future rebalancing. This needs to be pursued.
2. Strengthen Ministry management, in particular management of performance and people.
- There needs to be a better link between strategy, the outcomes desired by the Government and the Ministry's performance in terms of delivering against those outcomes.
 - The Ministry is lagging well behind current practice in surveying staff engagement and managing for increased levels of engagement.
 - While recognising strong performance, more attention needs to be placed on addressing under-performing staff and managers (rather than 'managing by inference'). This is especially important early in people's roles when they may need help to identify and strengthen their 'backhands'. Incentives to address poor performance are weak. Frequent staff rotations and the central management of staff hinders effective performance management practices.
 - Career pathways and talent management appear under developed. There also appears to be issues around succession and senior staff transition.
 - Outside the Chief Executive, the central finance function and NZAID (now the International Development Group (IDG)), there appears to be little understanding of and/or focus on cost-efficiency or value for money. This was evidenced by the inability to rate the efficiency of most of MFAT's core business areas. The Ministry needs to reduce the cost of maintaining offshore presence, back office and corporate services functions to help address looming baseline pressures.
 - To address some of these issues, the Ministry should examine the feasibility of creating a separate non-management career track for expert diplomatic staff who have a lot to contribute but are not attracted or suited to management. It should also consider giving senior managers more control and accountability for managing resources – including staff recruitment, rotation and promotion – and imposing some grading constraints to ensure managers are more discriminating (eg, grading on a curve and/or limiting the total pay increments allocated within a division or programme). Greater delegation of budgets to enlist managers in helping improve efficiency would require providing them with the financial information, incentives, training and support to manage budgets effectively.

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3. Better alignment of the organisational structure to the mission and purpose, while helping to address some of the issues above. These include:
- SLT needs to operate to role, focusing on strategic issues and direction and supporting the Chief Executive in public diplomacy and stakeholder management. They need to ensure that space is created for tier 3 managers to work to role. SLT should model and drive the required changes
 - better utilise the experience and skills of those at the most senior ranks, including the development of special ambassador roles in professional leadership and development, negotiation and public diplomacy. This could include a more strategic placement of alumni in both private and public sector governance roles
 - stronger tier 3 management roles with larger spans of control and greater autonomy with regard to staff and resourcing decisions. This would require rationalising the highly fragmented tier 3 business unit landscape.
4. Better aligning values, culture and behaviours to the Ministry's mission, purpose and role. The Ministry has a strong culture of professionalism, which encourages high standards and prizes on-the-job development, through rotation, of a generalist diplomatic tradecraft. It is also competitive. While this has significant benefits, it also creates a culture that is relatively closed, individualistic, hierarchical and risk averse. Better alignment would mean:
- the emphasis on professional and organisational values needs to be better balanced by an emphasis on the mission. Stakeholders need to be assured that the Ministry is motivated by its mission, rather than its own professional and organisational desires
 - the dominance of the generalist 'on-the-job' diplomatic culture needs to be better balanced with the need to encourage specialists (with slower rotation in some areas) and a more porous organisation
 - the need to protect information needs to be better balanced against the benefits of openness, especially in terms of encouraging more open communication, both internally and engaging key stakeholders
 - the need to be responsive needs to be framed within a context of an accepted process for prioritisation
 - less value should be on avoiding risk and more on understanding and managing it, including the risk of excessive incrementalism and inaction
 - the need for hierarchy needs to be better balanced with the need to encourage new and often uncomfortable ideas. The quality of the ideas MFAT generates are a key competency for policy advice as well as being important in maintaining New Zealand's relevance internationally. Staff have to feel encouraged to have and voice ideas, and decisions need to be made, on the strength of analysis and merit
 - the need for greater emphasis on measuring and evaluating performance and effectiveness, as IDG has done for many activities. When a great deal of professional judgement is required in a review, reliance could be placed on peer review.

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The four major risks are:

1. Stakeholder engagement: MFAT fails to successfully engage key stakeholders in establishing an agreed strategic context and the consequential difficult prioritisation decisions.
2. Speed of change: the need for speed to reduce uncertainty, demonstrate direction, encourage internal engagement and deliver benefits needs to be balanced against the organisation's capacity for successful change management.
3. IDG integration: MFAT fails to successfully integrate IDG into the Ministry. While there is a need for better alignment of IDG, this needs to be done without undermining the more effective elements of IDG's culture and management. Failure here would also reduce confidence in MFAT's ability to integrate other contributions into a well coordinated NZ Inc solution onshore.
4. Staff demography: the Ministry fails to make better use of its senior diplomatic staff or create more opportunities for progression of middle level managers.

Murray Horn

Lead Reviewer

Debbie Francis


Lead Reviewer






John Wood

Foreign Affairs Expert

SUMMARY OF RATINGS

Results






GOVERNMENT PRIORITIES	RATING
Strengthen key bilateral relationships	
Strengthen New Zealand's leadership role in the South Pacific	
Economic growth and security in Asia	
Use the multilateral system to achieve New Zealand's goals	
NZ Inc – NZ's offshore resources	
NZ Inc – Strengthening promotion of resources	
Trade negotiations agenda	
Climate change	
Nuclear disarmament and non-proliferation	
Combating the illicit trade in conventional weapons	





CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Policy advice		?
Representation & negotiation		?
Delivery of services		?
Managing and delivering official development assistance		
Crown entity monitoring	Not rated	Not rated
	RATING	
Regulatory impact	Not rated	




Rating System






 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
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Organisational Management

LEADERSHIP, DIRECTION AND DELIVERY	RATING
Vision, Strategy & Purpose	
Leadership & Governance	
Culture & Values	
Structure, Roles and Responsibilities	
Review	

EXTERNAL RELATIONSHIPS	RATING
Engagement with the Minister(s)	
Sector Contribution	
Collaboration & Partnerships with Stakeholders	
Experiences of the Public	

PEOPLE DEVELOPMENT	RATING
Leadership & Workforce Development	
Management of People Performance	
Engagement with Staff	

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
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AGENCY CONTEXT

MFAT is the Government's lead advisor on foreign and trade policy, international law, and diplomatic, consular and development assistance issues. It works for Ministers in three portfolio areas (Foreign Affairs, Trade, and Disarmament and Arms Control) and administers two Votes (Vote: Foreign Affairs and Trade, and Vote: Official Development Assistance).

MFAT manages significant offshore property assets (both owned and leased) and these span approximately 300 properties in 52 different cities. This asset base is valued at approximately \$460 million (land and buildings).

Approximately half of the 1,340 MFAT staff are located offshore (including 430 local staff employed by overseas posts). The workforce is highly stable with very low staff turnover. MFAT is regarded as a 'career' organisation with most of its senior managers having come through the ranks in the foreign policy career structure. There is also a significant corporate services workforce (who have a similar career structure as foreign policy and are rotated across posts), and a growing number of specialists in the workforce.

In 2007, MFAT was provided a significant injection of resources to develop internal capability and resources. As a result of the 'Step Change' policy, staffing increased by over 100 and three new posts were opened. While funding under this policy has been pared back, this was a significant growth period for MFAT.

A number of significant changes to MFAT have occurred over the last 12 months. Firstly, with the arrival of a new government in late 2008, the decision was made to reintegrate the New Zealand Agency for International Development (NZAID). In 2002, the previous Government gave NZAID the status of a semi-autonomous body. The stated intent of NZAID throughout 2002 to 2009 was the elimination of poverty. However, the new Government wanted NZAID's focus to change to one of promoting economic sustainability. Reintegration occurred in 2009. NZAID is now called the International Development Group (although the NZAID 'brand' is still in place in many programmes IDG manages).

Secondly, John Allen was appointed Chief Executive and Secretary of Foreign Affairs and Trade in 2009. Prior to this, chief executives at MFAT had come from within. Mr Allen was the first appointment of a non-career diplomat to that role.

Thirdly, MFAT launched the Ministry 20/20 initiative, a significant change programme, this initiative is made up of the following six workstreams:



- strategy
- measures
- people
- culture and values
- technology
- structure.

Initiatives under each workstream are already under way.

RESULTS SECTION

Part One: Delivery of Government Priorities

This section reviews MFAT’s current ability to deliver on the priorities agreed with the Government. The review is based on the completeness of the Ministry’s plans, the stage at which the priority is at, and the capability and capacity of MFAT to deliver on the priority. Consideration of identified risks also informs the review.


<p>Strengthen key bilateral relationships Particularly with the United States, Australia, Asia and Europe.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>Nurturing key bilateral relationships is a priority for the Ministry and its posts, as the principal means of advancing New Zealand’s interests. The emphasis is on trade and economic issues, and security but the relationships cover the spectrum of New Zealand’s interests.</p> <p>The key relationships identified are the more longstanding and intimate. Each has been strengthened recently and is the target for major New Zealand initiatives (eg, a new formal partnership with the European Union). MFAT’s leadership and coordinating roles are strong and well supported by stakeholders.</p> <p>Other key relationships are in Asia – Japan, China and Korea – and more are emerging as large economies open and global weightings are redistributed. This process requires close monitoring to ensure the matching of effort and resources to opportunity.</p>
<p>Strengthen New Zealand’s leadership role in the South Pacific Better outcomes from Official Development Assistance (ODA) spend in the region, supported by high level political engagement and strong partnerships with other donors.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The portfolio Minister has high expectations that outcomes for the Pacific that are in New Zealand’s interests are well managed. The Ministry takes a leadership role with Australia and other donors. The considerable respect it earns from other agencies and nations for its work in the Pacific region bolsters New Zealand’s credibility on other foreign policy issues and bi-lateral relationships.</p> <p style="text-align: right;">contd...</p>

	<p>A risk exists, that the IDG does not realign its approaches and activities to the Government’s goal of sustainable economic development in the region that delivers benefits to New Zealand. Successful delivery will require greater commercialism and the acquisition of additional specialist skills within IDG. The current integration of IDG into the wider Ministry, while assisting the change in approach, risks weakening IDG’s capacity.</p>
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Economic growth and security in Asia
 Integration into Asian regional architecture to support economic and security objectives, and maximising benefits of free trade agreements (FTAs) in the region.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>Additional FTAs have been successfully pursued and efforts made to support the non-government sector in exploiting new and existing opportunities.</p> <p>New Zealand is well placed in its relationship to regional architecture – APEC, East Asia summitry, ASEAN – but the possibilities for region-wide free trade are complex and unclear, requiring vigilance and attention to key bilateral relationships. Improving performance in this area will require reallocation of resources.</p> <p>Sustained demand from Asia throughout the global economic downturn has been an important cushion for the New Zealand economy.</p>
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Use the multilateral system to achieve New Zealand’s goals

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The Ministry has a strong tradition of representation on multilateral bodies and its track record and reputation have allowed it to perform above its size and influence. Sustainability is likely to be a challenge going forward as the Ministry spreads its efforts across a range of multilateral fronts, including inter alia, the Doha round, regional trade agreements, the Global Alliance work, and the Security Council candidacy bid. Success with the latter will bring its own challenges.</p> <p>This risk of overstretch and dilution will require careful prioritisation and resource allocation, at the likely expense of some current activities.</p>
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NZ Inc: New Zealand’s offshore resources
 Ensuring that New Zealand’s offshore resources are working effectively together and optimally deployed to take advantage of key political and economic interests.

PERFORMANCE RATING 	Performance Rating: Well placed
	Most of the people we spoke with agreed that New Zealand’s offshore operations were generally working well together and that these were held in high regard by other countries and New Zealand stakeholders. However, there is a need to reduce the cost of maintaining existing representation and it is important to pursue the necessary changes in the external footprint to better match emerging global opportunities (eg, the changes identified in the recent Footprint Review).


NZ Inc: Strengthening promotion of resources
 Strengthening export promotion of New Zealand goods and services through a more determined ‘NZ Inc’ approach.

PERFORMANCE RATING 	Performance Rating: Needing development
	As noted earlier, the problems with a better coordinated ‘NZ Inc’ approach are largely onshore and the result of a gap at the strategic level that the Ministry should be addressing with relevant New Zealand agencies. This is an important part of the need to develop a more proactive and strategic Ministry better able to work with key stakeholders to coordinate and prioritise New Zealand’s international effort. Cabinet has now provided the necessary direction for this work to proceed under MFAT leadership.


Trade negotiations agenda
 Pursuing a rich agenda of trade negotiations that will deliver growth opportunities in the future.

PERFORMANCE RATING 	Performance Rating: Strong
	The current trade negotiations agenda is rich: with ongoing efforts with the US via the Trans-Pacific Partnership; implementation of existing deals (eg, ASEAN and China); a prospective deal with India and options for region-wide free trade arrangements in Asia. The Ministry is effective at negotiating agreements and has been working within a well articulated strategy for maintaining momentum on multilateral, regional and bilateral fronts, both proactively and reactively. The Ministry effectively anticipates and reacts to new issues (like labour and environment) and is actively considering how it can best manage emerging issues (eg, behind the border).

Climate change
 Pursuing international climate change negotiations to ensure our climate change obligations in any agreement to succeed the Kyoto Protocol are balanced with the Government’s growth agenda.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p>
	<p>MFAT has worked effectively with the relevant group of New Zealand agencies on climate change and chaired the international sub-group. It led the development of the New Zealand position, including helping define the conditions that need to be met to protect New Zealand’s growth agenda. There has been a seamless transition from the previous government in what is a contentious area of policy. MFAT has enhanced New Zealand’s position on agricultural issues by helping to develop an innovative position in the mitigation of methane from livestock (which has become the Global Alliance). There has been constructive engagement with key private sector stakeholders and the media. MFAT is recognised internationally for its expertise, which is also useful in advancing New Zealand interests (eg, as chairs of international discussions and as expert speakers). The appointment of a Special Ambassador on Climate Change has been very helpful and is an excellent example of using senior staff in specialist roles with little direct line management responsibility.</p>

Nuclear disarmament and non-proliferation
 Making a substantial contribution to the Nuclear Non-Proliferation Treaty Review Conference is the priority goal. The second goal is hosting a successful Nuclear Suppliers Group Plenary meeting in New Zealand in June 2010.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p>
	<p>The Ministry continues to make significant and well respected contributions to nuclear non-proliferation. The Minister is very satisfied with performance in this area. There is a clear sense of strategy and priorities, and understanding of the level of involvement required, constitutional issues and risks involved in each negotiation. The reputational benefits of activity in this area have positive spin-off into bilateral relationships.</p> <p>MFAT has successfully maintained the nuclear-free reputation of New Zealand. It has also influenced the security policies of other nations, including the US, by contributing to an environment in which initiatives, such as the elimination of nuclear weapons, can be taken forward. The Ministry is confident that the desired outcomes of the Nuclear Non-proliferation Treaty Conference and New Zealand’s hosting of the Nuclear Suppliers Group Plenary meeting will be achieved.</p>


<p>Combating the illicit trade in conventional weapons Arms Trade Treaty negotiations from mid 2010.</p>	
<p>PERFORMANCE RATING</p> <p></p>	<p>Performance Rating: Strong</p> <p>The Ministry played an instrumental role in the ratification of the Cluster Munitions Convention in late 2009 and continues to work successfully on the Arms Trade Treaty. While increasing applications for export control are placing pressure on the Ministry, New Zealand’s high standards in this area enhance its international reputation.</p> <p>This area requires technically specialist staff. MFAT’s International Security and Disarmament Division has a sound skills development strategy to ensure capability is developed and maintained.</p> <p>Collaboration with other agencies is strong.</p>

RESULTS SECTION


Part Two: Delivery of Core Business

This section reviews MFAT’s effectiveness and efficiency in delivering its core business. The review is based on a judgement about current performance and the trends MFAT has demonstrated over the last 3 – 4 years.



<p>Policy advice</p> <p>Policy advice on New Zealand’s foreign affairs and trade relations with other countries and interests in international institutions, and policy advice on New Zealand’s contribution to international development.</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> <p>?</p>	<p>Performance Rating (Effectiveness): Well placed</p> <p>Performance Rating (Efficiency): Unable to rate</p> <hr/> <p>Discussion with stakeholders and peer institutions reveals an organisation highly effective at solving problems, supporting clients, participating in multilateral systems and building and sustaining bilateral relationships. In general, these attributes are reflected in the timeliness, quality and acceptability of its advice.</p> <p>There is an appetite, however, for the Ministry’s advice to be derived from broader strategic analysis with an at least medium-term horizon. Capability constraints are an issue in some areas as the challenges multiply and become more complex.</p>

<p>Representation & negotiation</p> <p>Representation of the New Zealand Government’s position regarding other countries and interests in international institutions; and the negotiations undertaken on behalf of the New Zealand Government.</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> <p>?</p>	<p>Performance Rating (Effectiveness): Strong</p> <p>Performance Rating (Efficiency): Unable to rate</p> <hr/> <p>MFAT’s representatives are held in the highest regard internationally, in the multilateral systems and by peer diplomatic services. One described New Zealand as an intellectual pathfinder. All, including New Zealand stakeholders, strongly rate the skills and experience of its negotiators, particularly in trade, but also the environment and elsewhere, and point to many successes.</p>

Delivery of services
 Provision of services, including consular services to New Zealanders abroad, management of the offshore network and administration of diplomatic privileges and immunities.

PERFORMANCE RATING Effectiveness  Efficiency ?	Performance Rating (Effectiveness): Strong Performance Rating (Efficiency): Unable to rate
	MFAT, through its Consular Division and posts, and as required with broader support from the Ministry, has a record of responding quickly and effectively to disasters, emergencies, consular and humanitarian crises. This is an expanding area of the Ministry’s work in the service of all New Zealanders and requires analysis to enable the challenges and cost drivers to be better understood, and for the consular service to be more pro-active.

Managing and delivering official development assistance
 Purchase of the design and management of development assistance programmes, including the procurement, contract management and monitoring of development activities within programmes.

PERFORMANCE RATING Effectiveness  Efficiency 	Performance Rating (Effectiveness): Needing development Performance Rating (Efficiency): Well placed
	NZAID (now IDG) is well placed to deliver on its poverty alleviation mandate, with strong organisational alignment. It is also focused on programme monitoring evaluation and performance, including value for money. Audit New Zealand now rates IDG overall as ‘good’ particularly its financial management systems and control and contract management. While this important capability can continue to be applied to meet the new Government’s objectives and approach, IDG recognises the need to develop a new approach to effectively leverage this capability. In terms of performance, it needs to more clearly demonstrate how the development programme can advance New Zealand’s interests. In terms of delivery, it needs to shift focus to sustainable economic development in recipient countries, which will often require greater engagement with the private sector in those countries (including developing the technical capacity to do that effectively and in a timely way).


Crown entity monitoring	
How well does the agency undertake its Crown entity monitoring responsibilities including assisting the Crown entity to improve performance?	
PERFORMANCE RATING Not Rated	Performance Rating: Not rated
	<p>The Ministry of Economic Development is responsible for monitoring New Zealand Trade & Enterprise, with some support from MFAT. Antarctic New Zealand, Pacific Cooperation Foundation and Asia New Zealand report regularly to MFAT on financial performance and performance against their Output Agreements and Letters of Expectations. Audit New Zealand rated the Ministry's reviewing and monitoring of Crown Entity performance as 'good'.</p> <p>This area was not sufficiently investigated to determine a rating.</p>

Regulatory impact	
How well does the agency's regulatory work achieve its required impact?	
PERFORMANCE RATING Not Rated	Performance Rating: Not rated
	<p>MFAT's primary regulatory activity is free trade agreements. For other types of treaties, the agency takes a facilitative role. There is good quality guidance on how to evaluate regulatory proposals, specifically treaties, and good tracking of upcoming treaties and legislation/regulation.</p> <p>This area was not sufficiently investigated to determine a rating.</p>


ORGANISATIONAL MANAGEMENT SECTION


Part One: Leadership, Direction and Delivery


<p>Vision, Strategy & Purpose</p> <p>How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?</p>


<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p>
	<p>While planning documentation is of good quality, the Ministry has been pursuing a somewhat undifferentiated vision and strategy that has made it difficult to prioritise and trade-off competing priorities. The recent and rapid changes in world economic, trade and security settings will require a clearer definition of the longer-term strategic context within which New Zealand has to operate. Open engagement with key stakeholders in understanding the implications of this context for Ministry strategy will be necessary.</p> <p>The vision and strategy need to be driven by the Government’s over-riding desire for stronger economic growth and must be sufficiently clear to guide the Ministry, especially in what it will not do. Failure to prioritise resources and effort may result in unsustainable attempts to do a little of everything and the consequential risk of irrelevance.</p> <p>The Ministry’s role needs to include advising Ministers on strategy and subsequent prioritisation, rather than seeing these as ‘political’ decisions not informed by MFAT’s analysis and judgement.</p> <p>Ministers, key stakeholders and Ministry managers have a strong appetite for a strategic reprioritisation exercise in the near future.</p>

<p>Leadership & Governance</p> <p>How well does the senior team provide collective leadership and direction to the agency?</p>

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p>
	<p>The Senior Leadership Team (SLT) has not been working to role and encroaching the operational scope of tier 3 managers. This was recognised by the Chief Executive. Changes to the structure and role of SLT were subsequently announced to refocus the group on high level strategic decisions, leadership of organisational change and to develop a stronger team culture at this level.</p>

<p>Culture & Values</p> <p>How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p>
	<p>The Ministry has a strong culture of professionalism, which encourages high standards and prizes on-the-job development, through rotation, of a generalist diplomatic tradecraft. It is also highly competitive. While this has significant benefits, it also creates a culture that is relatively closed, individualistic, hierarchical and risk averse.</p> <p>The Ministry is addressing this issue with its 20/20 change programme and a workstream specifically focused on culture and values. Efforts need to continue to develop a more open and collegial organisation, through closer engagement with stakeholders, a less inward approach to staff appointments and new approaches to understanding and managing risks, rather than minimising them.</p>

<p>Structure, Roles and Responsibilities</p> <p>How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Weak</p>
	<p>MFAT’s internal structure is based around six programme portfolios, which contain both geographical and functional directorates. The composition of programmes has evolved by accretion or historical circumstance, rather than through strategic organisational alignment.</p> <p>Programmes create deep silos of activity, making it difficult for coordinated activities across programmes. This has led to a fractured approach to addressing priorities.</p> <p>There are 85 discrete business units at tier 3, many with small spans of management control. While this large number of business units is, in part, a result of the dispersed nature of a foreign ministry, it creates multiple transaction points and makes it difficult to deliver coordinated advice and service. It also makes it difficult to drive accountability for results to individual managers, particularly when combined with the staff rotation practice.</p> <p>There is a weak sense of management accountability for outcomes and resources.</p> <p>A number of suggestions for changes to organisational structure at tiers 2 and 3 and in the corporate services areas, were under consideration at the time of writing. These are intended to address the issues noted here.</p>

<p>Measurement and Review</p> <p>How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>MFAT does not have a culture of ex ante business cases for projects, formal evaluation or informal review of ‘lessons learned’ following major initiatives. This appears to be because managers regard attribution as problematic and point-in-time review as inappropriate given the long game that often characterises foreign policy activities.</p> <p>Exceptions are IDG and emergency responses, which have well developed review processes.</p> <p>Many of the Ministry’s strategic objectives are so general that they cannot ‘fail’. This, combined with the absence of rigorous ex ante quantitative and qualitative performance metrics, and post-project evaluations, makes it hard for the Ministry to learn from success or failure.</p>


ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships


<p>Engagement with the Minister(s)</p> <p>How well does the agency provide advice and services to its Minister(s)?</p>

<p>PERFORMANCE RATING</p> 	<p>Performance rating: Needing development</p>
	<p>There is variability in the quality of advice and services MFAT provides to its three Ministers. MFAT needs to ensure that the advice and services provided are efficient and well targeted on informing and advancing the Government's objectives.</p>


<p>Sector Contribution</p> <p>How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?</p>

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p>
	<p>This strength was noted by peer foreign and trade ministries. Interagency collaboration in negotiations is strong in part because of institutional factors (the strategy is well understood and accepted, agency goals are well aligned and roles are well defined) and because the people involved have worked closely over a long period, sharing a high level of trust and mutual respect.</p> <p>The Summary section noted that typically agencies worked well together offshore, in part because relatively small numbers of people need to work collaboratively to get on and to get things done. However, they also noted there were problems onshore that largely stemmed from a gap at the strategic level that had real operational consequences and needed addressing. Moreover, there was widespread agreement that the Ministry should be leading the discussion with agencies in filling this gap.</p>

Collaboration & Partnerships with Stakeholders
 How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?


<p>PERFORMANCE RATING</p> 	<p>Performance rating: Well placed</p>
	<p>The Ministry is typically effective at engaging with ‘active’ private organisations, like interested firms and non-government organisations (NGOs), and less at engaging others, including the public. While some of this active engagement is well structured, for example, using Trade Policy Liaison and the Auckland Office, there is also a heavy reliance on the relationships and skills of individuals within MFAT. The Ministry would enhance its performance in this area if it was more open, less risk averse and made better use of experienced senior staff (eg, climate change negotiation with the appointment of a Special Climate Change Ambassador).</p>


Experiences of the Public
 How well does the agency meet the public’s expectations of service quality and trust?


<p>PERFORMANCE RATING</p> 	<p>Performance rating: Needing development</p>
	<p>A 2008 survey indicated a very low level of public awareness of MFAT. Few of those aware of MFAT’s role expressed trust and confidence.</p> <p>The Ministry provides consular services directly to New Zealanders abroad and while we have no survey evidence, many of those helped express a very high level of satisfaction.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

<p>Leadership & Workplace Development</p> <p>How well does the agency develop its workforce (including its leadership)?</p> <p>How well does the agency anticipate and respond to future capability requirements?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The judgement in this section is strong for the development of skilled diplomatic staff and weak for the development of staff with effective management skills.</p> <p>The Ministry is an attractive place to work for young, talented recruits.</p> <p>Long-serving staff value the balance of job security and ‘adventure’ an MFAT career offers.</p> <p>The Ministry has robust development infrastructure designed to develop a strong generalist diplomatic workforce and leadership. There is a wide range of development opportunities, extensive use of experiential learning on the job and good support for staff moving into offshore posts.</p> <p>There is also investment in leadership development, although this is not focused on the development of people or resource management skills.</p> <p>Conventional line management is undervalued. Most managers have little autonomy over people, assets or financial resources, and small spans of control. Management in the organisation is largely transactional and relates to issues/events/projects rather than to the line or business unit. Managers have little or no control over staff hiring, placement or rotation decisions. These decisions are made centrally by Human Resources (HR) and managers take the staff they are given.</p> <p>Career pathways and talent management are implicit rather than explicit and there appears to be demographic issues around succession and senior staff transition.</p> <p>Recognising the potentially disruptive nature of the staff rotation policy and identified demographic risks, there are plans for a more deliberate approach to workforce planning across MFAT.</p>


<p>Management of People Performance</p> <p>How well does the agency encourage high performance and continuous improvement among its workforce?</p> <p>How well does the agency deal with poor or inadequate performance?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The judgement in this section is split; the management of higher performing staff is rated strong and the management of lower performing staff is rated weak.</p> <p>In theory, the Ministry has detailed frameworks and processes to support performance management, with clear links to remuneration and a strong competency framework to support promotions and increments.</p> <p>In practice, however, staff are unclear about what it takes to get ahead. This is managed as much by inference as by using formal performance metrics, direct feedback or coaching systems. Low performance ratings are almost never assigned, with the distribution of performance metrics heavily skewed toward the top end.</p> <p>More attention needs to be on addressing under-performing staff and managers; especially early in people’s careers when they may need help in identifying their strengths and development areas.</p> <p>Incentives to address mediocre or poor performance are weak. Frequent staff rotations and the central management of staff appointments works against proactive performance management. Managers are not well equipped to have the courageous conversations necessary. This is not fair to either them or their staff.</p>

<p>Engagement with Staff</p> <p>How well does the agency manage its employee relations? How well does the agency develop and maintain a diverse, highly committed and engaged workforce?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>For the most part the employee relations environment is constructive and positive, although this appears to be more the result of recruiting highly intelligent and able people rather than through deliberate design and management. The bonds forged by shared service over the course of long careers run deep – staff are committed to supporting each other and the organisation.</p> <p>There is huge passion for the mission within IDG. Notions of mission are less well developed across the wider Ministry. Better immersion of mission and values will require both intellectual and emotional engagement by staff and change management efforts will need to be carefully constructed with this in mind.</p> <p>There is a strong culture of conformance, with staff not wanting to ‘rock the boat’. Disagreeing with more highly ranked staff was felt by junior staff to be career-limiting. Yet the quality of ideas MFAT generates is important and some have been responsible for some of the Ministry’s most notable foreign policy successes. Staff must feel encouraged to voice creative ideas, and decisions need to be made, and seen to be made, on analysis and merit.</p> <p>Employee engagement is not formally surveyed at MFAT and devices for upwards feedback or 360 degree review are also under developed. This is not consistent with good public sector practice. This has been acknowledged by management and plans for an engagement survey are now well advanced.</p> <p>Turnover and sickness rates are amongst the lowest in the public service, although churn amongst specialists and in IDG are higher.</p> <p>Considerable efforts have been made regarding workforce diversity, though females and minority groups are under-represented at senior management levels.</p> <p>The employee industrial relations environment was not fully assessed. However, no significant issues were identified during the initial review phase.</p>


ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management


Asset Management
How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?

<p>PERFORMANCE RATING</p> 	<p>Performance rating: Well placed</p>
	<p>Agency assets are mainly property and to a much lesser extent information technology (IT). The offshore property portfolio is well managed by a group headed by a property specialist. The group has a well developed understanding of what is required to support delivery in a cost-effective way. Onshore property management would benefit from a similar approach. The biggest drag on effective and efficient property management is the lack of a stable and well articulated strategy (eg, around the offshore footprint and business model for offshore representation).</p>


Information Management
How well does the agency utilise information & communications technologies (ICT) to improve service delivery?


<p>PERFORMANCE RATING</p> 	<p>Performance rating: Needing development</p>
	<p>Real progress has been achieved in ICT in recent years but more needs to be done. The Ministry is currently grappling with achieving the right balance between agility and security. At present, the small proportion of traffic requiring high security is constraining the majority of traffic, which is at a restricted level or below. This adds cost and complexity and makes offshoring or outsourcing decisions difficult.</p> <p>The ICT function is not well placed to operate as an enabler for the rest of the business because internal clients have a somewhat poor understanding of how technology can support their work. Push from ICT needs to be replaced by pull from the business users, both on and offshore, and within and outside the Ministry.</p> <p>The opportunities for e-technology to support improved service delivery and the development of alternative service channels are not well understood by the wider business.</p> <p>The knowledge management initiative is regarded as important and has made some progress. Further progress in this area also needs to be made.</p>

Efficiency
 How robust are the processes in place to test for efficiency and make efficiency improvements?
 How well does the agency balance cost and quality when considering service delivery options?

<p>PERFORMANCE RATING</p> 	<p>Performance rating: Weak</p>
	<p>The Ministry has been in growth mode for ten years and, until recently, there were few incentives to aggressively consider cost management, resource allocation or efficiency. Value for money thinking and efficiency metrics were largely unfamiliar to the Ministry staff we spoke to. There was a view that the Ministry would always receive government support for key initiatives</p> <p>Given the centralisation of the financial management and control functions, there is also a lack of awareness of the costs of specific services and key drivers of costs. This is exacerbated by lack of financial literacy amongst staff and lack of managerial autonomy over people and resources. Financial analysis, that supports key business decisions and their impact on the overall forecast position, does not appear to be understood by senior staff other than the Chief Executive and managers in the finance and planning teams.</p> <p>Forecasts show increasing fiscal pressures in out years, and the Ministry must urgently identify opportunities for cost reduction in the context of its overall strategy and key foreign policy, trade and security priorities. These will require more than marginal trading off. When asked what their response would be if required to make material savings, several staff responses were along the lines of ‘we would just work that much harder’. Such an approach is neither sustainable, nor strategic.</p>

Financial Management
 How well does the agency manage its financial information and ensure financial probity across the business?

<p>PERFORMANCE RATING</p> 	<p>Performance rating: Well placed</p>
	<p>The finance team is well regarded within the Ministry on and offshore, as well as by Treasury. The team does a good job on the basic finance and budgetary functions and is starting to make more use of financial information to inform the business (eg, variance analysis and identification of longer term cost drivers and fiscal risks).</p> <p>Business managers now need to start integrating financial analysis into their decision-making to, for example, better manage cost and risk, evaluate options and track the realisation of project and investment benefits.</p>

Risk Management How well does the agency manage agency risks and risks to the Crown?	
<p>PERFORMANCE RATING</p> 	<p>Performance rating: Needing development</p> <p>MFAT recognises that the current audit and risk management focus is too narrow in scope and needs to be more comprehensive and coherent across the whole organisation. While some elements exist, MFAT’s own analysis notes that it lacks organisation-wide ‘risk management policy, framework or process’ and a system that assesses or reports risk information or links it to planning or business processes.</p> <p>Internal Audit is too narrowly focused on compliance auditing of posts (shared with Audit New Zealand) and its scope and resourcing need to be expanded to provide a comprehensive audit and risk management function. PricewaterhouseCoopers has reviewed the internal audit function and is likely to recommend the development of a risk-based approach to developing the audit programme, including a greater focus on head office functions and performance auditing. This should include some focus on fraud controls, procurement, asset management, major capital projects and ICT.</p> <p>Ultimately, the new Audit and Risk Management Committee should be able to certify that risks are properly assessed and effectively managed and that internal controls are operating effectively. It may take a couple of years to reach this point.</p>

SUMMARY OF PRIORITY AREAS FOR ACTION

The summary of identified performance improvement recommendations (tabled below) is designed to prompt conversation with the Senior Leadership Team (SLT). A more formal set of recommendations is likely to be documented following this conversation.

	Recommendation	Who?	Why?
1	Ensure that change management capability is sufficient to create the necessary momentum and address future strategic and operational risks.	Chief Executive, SLT, Director Strategy, Director HR Division	Increase confidence that MFAT can manage the complex change implementation programme it now has in place.
2	Work with key stakeholders to develop a clear definition of the longer-term strategic context within which New Zealand has to operate and set priorities. Use this to reset the mission, role and purpose of MFAT in order to guide its prioritisation and resource allocation decisions.	Ministers, Chief Executive, Sector agencies, private sector stakeholders	The Ministry is in a strong position to take a leadership role with regard to the strategic framing of the medium term challenges New Zealand's faces in diplomacy, trade and security. A shared understanding of strategic priorities will enable better trading off, and a more joined up NZ Inc effort.
3	Strengthen Ministry management by refocusing SLT on its strategic role; develop a management career path and further delegate the management of people, performance and resources.	Chief Executive	The Ministry needs to balance its strengths in diplomatic leadership and tradecraft with stronger and more effective managerial skills.
4	Improve the focus on the cost management and efficiency of front office, offshore and back office services by developing a financial sustainability plan to close the forecast baseline gap.	Chief Executive, Director Finance and all tier 2 and 3 managers	Mitigate financial sustainability risk and improve efficiency and value for money.
5	Better align organisational structures to mission, purpose and role by improving the strategic focus of SLT, rebalancing programme portfolios and rationalising tier three business units.	Chief Executive	Reduce fragmentation, improve cross-organisation connectedness and strengthen tier three management.

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	Recommendation	Who?	Why?
6	Strengthen accountability for performance throughout MFAT. Address under performance and strengthen line management capability and accountability (with management of poor performers given more weight).	Chief Executive, Director HR	Improve effectiveness and efficiency and give staff more certainty about what it takes to succeed.
7	Make better use of senior diplomatic staff through improved transition, knowledge management, alumni management and perhaps through the establishment of a Diplomatic College.	Chief Executive, Director ICT, Director Human Resources	Better transfer of skills and experience to mid-level staff, improved stakeholder relationships and visibility.
8	Place increased urgency on the alignment of IDG with the wider Ministry, while preserving the most effective elements of IDG's culture and management.	Chief Executive, Director IDG	Better alignment of IDG with Government's approach and priorities.
9	Enhance the emphasis on measuring and evaluating performance, efficiency and effectiveness, from organisation, to business unit, project and individual levels.	OPPU, Director HR, All managers	The Ministry can utilise better knowledge management, financial management and performance evaluation to become a learning organisation and further improve efficiency and management capability.
10	Provide a robust basis (process and criteria) for the Chair of the Audit Committee to certify at year end that: <ul style="list-style-type: none"> • Risks are properly and effectively managed; and • Internal controls are effective. 	Chair Audit Committee, OPPU, Director Audit Division	Improve the dynamic management of risk and the ability to demonstrate that externally.
11	Review, strengthen and better leverage corporate functions, both on and offshore to better enable the core business, with a particular focus on ICT, Finance and HR.	SLT, Director Corporate Services	Reduce unnecessary duplication of corporate functions and improve efficiency and effectiveness.

APPENDIX A

Overview of the Model



LEAD QUESTIONS

Results

Critical Area	Lead Questions
Government Priorities	1. How well has the agency identified and responded to current government priorities?
Core Business	2. How effectively is the agency delivering this core business area? 3. How efficiently is the agency delivering this core business area? 4. How well does the agency's regulatory work achieve its required impact?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown Entity? (<i>For Crown Entities only</i>)
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and / or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

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Critical Area	Element	Lead Questions
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements?
		26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
Risk Management	28. How well does the agency manage agency risks and risks to the Crown?	

APPENDIX B

List of Interviews

This review was informed by input provided by a large number of MFAT staff, relevant Ministers, and by representatives from the following businesses, organisations and agencies.

Agency/Organisation
Australian Department of Foreign Affairs & Trade
Department of Labour
Department of the Prime Minister & Cabinet
Fonterra Cooperative Group
Ministry of Agriculture & Forestry
Ministry of Defence
Ministry of Economic Development
New Zealand Defence Force
Secretariat of the Pacific Community
Singaporean Ministry of Foreign Affairs
State Services Commission
The Treasury
Tuia International