



<b>Report Title:</b>	<b>Capability Review of the Ministry for Pacific Peoples</b>		
<b>Report No:</b>	2024-0034		
<b>Date:</b>	<b>12 February 2024</b>		
<b>To:</b>	<b>Hon Nicola Willis, Minister for the Public Service</b>		
<b>Action Sought:</b>	Agree to forward a copy of this report to the Minister for Pacific Peoples	<b>Due Date:</b>	16 February 2024
<b>To:</b>	<b>Hon Dr Shane Reti, Minister for Pacific Peoples</b>		
<b>Action Sought:</b>	Provide your feedback on the attached draft report on the Agency Capability Review of the Ministry for Pacific Peoples	<b>Due Date:</b>	26 February 2024
<b>Contact Person:</b>	<b>Rob Anderson, Director System and Agency Performance</b>		
<b>Contact No:</b>	9(2)(a) privacy		
<b>Encl:</b>	Yes	<b>Priority:</b>	Medium
<b>Security Level:</b>	<b>IN CONFIDENCE</b>		

## Executive Summary

1. This report briefs you on an Agency Capability Review of the Ministry for Pacific Peoples (MPP) (the draft report is attached in Appendix Two).
2. Capability Reviews – undertaken under the Capability Review Programme (the Programme) – are independent, future focused reviews which inform the strategic direction and capability of public service agencies. These reviews help drive the Government’s priorities for the Public Service and play a key role in the Public Service Commission’s (the Commission) performance management system.
3. MPP’s Chief Executive, Gerardine Clifford-Lidstone, commissioned the MPP Review in mid-2023. Anaru Mill and Doug Craig (as independent Lead Reviewers) led the Review with Commission support. The Review identified MPP’s performance challenge and capability lifting opportunities, within a five-year timeframe of what success might look like for MPP.

*The Review recommends MPP build on its ability to prioritise and focus its efforts and resources*

4. Overall, the Review found that MPP has a good base to work from, with strong community and organisational support for the Chief Executive, well established community and stakeholder networks, and a well-supported vision and strategic aims. However, to successfully deliver in the future, MPP will need to build its ability to prioritise and focus its scope, functions, and resources towards actions that create the greatest positive impact for Pacific communities. As a small population agency, MPP needs to be clear about what is achievable given its size and resourcing.

5. A range of actions are recommended including, for example, clarifying MPP's value proposition and mandate; harnessing data and insights opportunities to improve performance measurement and reporting on the impacts of government investments for Pacific communities; and the development of a workforce development plan which links to strategic priorities and provides a staged approach to identifying and then recruiting and retaining critical capability (such as policy and leadership capability).
6. The Public Service Commission is continuing to work closely with MPP to support the ongoing planning, implementation, and monitoring of actions to respond to the Review's findings. MPP is also using the Review to inform ongoing work including work to reduce agency expenditure in line with Government expectations.

*Input from the Portfolio Minister will help ensure the Review positions MPP for success*

7. A draft report of the Review's findings is attached in Appendix Two. It incorporates Central Agency and MPP feedback. The Chief Executive of MPP has confirmed that she is comfortable with this version progressing to publication. Subject to feedback from the Minister for Pacific Peoples, the report is due to be published on the Public Service Commission's website in late March 2024.
8. We now seek the Minister for Pacific Peoples engagement on the attached draft report and will incorporate any feedback received into the report ahead of publication. Additionally, if the Minister would like to meet with the Lead Reviewers and Commission officials this can also be arranged.
9. The report will be professionally designed, and then published on the Commission's website. This is currently planned for late March 2024. We will work with MPP and Ministers' offices to ensure a communications plan for the release is in place.

### **Recommended Action for the Minister for the Public Service**

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We recommend that you:

- a **note** that an Agency Capability Review of the Ministry for Pacific Peoples is nearly complete
- b **agree** to forward a copy of this report to the Minister for Pacific Peoples.

Yes / No

Hon Nicola Willis

**Minister for the Public Service**

## **Recommended Action for the Minister for Pacific Peoples**

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We recommend that you:

- c **note** that an Agency Capability Review of the Ministry for Pacific Peoples is nearly complete, subject to Ministerial feedback
- d **provide** your feedback on the attached draft report on the Agency Capability Review of the Ministry for Pacific Peoples  
**indicate** if you would like to meet with Public Service Commission officials and the Lead Reviewers to discuss the Review and any questions or feedback you may have.

Yes / No
- e **note** that the final report – incorporating feedback you provide – is scheduled to be published on the Public Service Commission’s website in late March 2024.

Hon Dr Shane Reti  
**Minister for Pacific Peoples**

## **Purpose of Report**

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10. This report briefs you the Agency Capability Review of the Ministry for Pacific People (MPP). A draft report of this Review is attached at Appendix Two.

## **The Capability Review Programme is a Public Service Commission initiative to lift agency performance**

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11. The Capability Review Programme (the Programme) provides independent, future focused reviews to inform the strategic direction and capability of public service agencies. It builds on the successful elements of the Performance Improvement Framework (PIF) introduced in 2009, and incorporates lessons learned from similar review programmes overseas.
12. Capability Reviews aim to:
- support senior leaders to lift the capability of their agencies by providing an independent perspective on future needs and insights into key challenges
  - embed a culture of continuous improvement across the Public Service
  - ensure agencies and systems are well-placed to deliver government priorities and outcomes for New Zealanders, and
  - provide useful insights to support wider shifts across the Public Service to lift its performance.
13. Reviews are undertaken by highly experienced independent Lead Reviewers, who bring a strong understanding of the public sector operating environment and how organisations can build capability to lift performance. Most are experienced former chief executives and/or governance leaders.
14. The Programme is a helpful mechanism to drive the Government's priorities for the Public Service. Reviews provide Ministers with an important lever to shape the long-term direction, focus and capability of their agencies, which helps position agencies to deliver on Government priorities. The reviews help chief executives prepare their agencies to respond to future trends and issues within their sectors.
15. The Programme plays a key role in the Commission's performance management system. The Commission publishes final reports on its website and incorporates Review findings and recommendations into chief executive and agency performance management. Clear action plans and implementation plans to address issues identified through the Reviews are developed. The Commission undertakes regular monitoring and assurance to assess implementation progress.

## **We launched the Agency Capability Review of the Ministry for Pacific Peoples at the request of its Chief Executive**

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16. MPP's Chief Executive, Gerardine Clifford-Lidstone, commissioned an Agency Capability Review in April 2023 to establish a baseline for MPP and to identify what was working well, what needed to be improved, and how well MPP's direction of travel aligned with strategic priorities.
17. The Review assessed and considered MPP's capabilities within the context of what success will look like for MPP over a five-year timeframe (the Future Excellence Horizon) to identify the performance challenges and opportunities for the agency. The Review used all aspects of the Agency Capability Model (Appendix One).

18. At the request of MPP's Chief Executive, the Review focused on matters of organisational hygiene (these are capabilities which facilitate, process, and encourage behaviours that result in efficient and effective decision-making).
19. At the time of this Review, MPP was also going through a comprehensive and organisation-wide change process to determine its future shape and organisational structure. In addition, a Sensitive Expenditure Review was also being conducted by the Public Service Commission following concerns raised about how the agency had managed spending related to a farewell event for the departing Chief Executive. Most of the interviews and analysis supporting this Review were completed before the new structure and changes prompted by the Sensitive Expenditure Review were fully in place. Where possible, the Review commented on how changes may impact MPP's future capabilities.
20. The MPP Review was led by two independent Lead Reviewers (Doug Craig and Anaru Mill) and supported by officials from the Public Service Commission. They conducted the substantive parts of the Review between late June and October 2023.
21. The Review followed the standard process for Agency Capability Reviews, which included analysis of MPP corporate documents, a self-review by MPP, and insights from interviews with a wide range of MPP staff, community leaders, expert advisors to MPP, other government departments, and central agency officials. The previous Minister for Pacific Peoples was also interviewed to inform the Review.

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**The Review concluded that MPP needs to more effectively focus its efforts towards the greatest impacts for Pacific communities**

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22. The Review found that MPP has a good base to work from, with strong community and organisational support for the Chief Executive and the vision and strategic aims set out in key strategies and frameworks such as Lalanga Fou and the Pacific Wellbeing Strategy. MPP also has key strengths, such as its abilities to pivot quickly and leverage its community and stakeholder networks to communicate with and understand the holistic needs of Pacific communities.
23. However, the Review identified the following key issues and focus areas which MPP will need to address to successfully deliver on its Future Excellence Horizon:
  - **Purpose** - As a small population agency, MPP needs to be clearer about its mandate, unique value proposition, and what is achievable given its size and capabilities. There is a constant risk that MPP spreads itself too thin given its relatively small resources, and the wide scope of issues impacting Pacific Peoples. MPP currently relies on informal mechanisms (relationships and goodwill) which makes prioritisation difficult.
  - **Advising on impacts and outcomes** - MPP needs to ensure data and research on outcomes for Pacific peoples is comprehensive, and more widely understood, discussed, and used to improve the effectiveness of government-wide policy and services.
  - **Organisational improvement** - MPP does not have a consistent approach to building the required capability and prioritising resources towards roles that are particularly critical to delivering on key strategies and frameworks, and influencing government policy on improving Pacific outcomes.

*The Review recommends that MPP confirm its mandate with Ministers as a priority action*

24. As an overarching and immediate priority, the Review recommends that MPP work with Central Agencies to clarify its unique value proposition and confirm a clear mandate with

Ministers. MPP currently relies on informal mechanisms (relationships and goodwill), which can create unrealistic expectations, and confirming its mandate will provide a more formal mechanism to support MPP's ability to prioritise its efforts and communicate prioritisation decisions with Pacific communities and other agencies.

25. Once this mandate is confirmed, the Review recommends a range of other actions to help build the organisational capabilities needed. Key examples include:
- **Data and insights plan** – MPP should develop a data plan which outlines MPP's data partnerships and its role within data work across government. This data can improve performance measurement and reporting on impacts on Pacific peoples which contributes to MPP's policy, service design, innovation, and stewardship functions.
  - **Pacific outcomes framework** – in the medium term, MPP should develop robust indicators and targets to measure improvements in Pacific outcomes as a result of the work being done by MPP and other government agencies.
  - **Workforce development plan** – in the medium term, MPP should develop a workforce development plan which links to strategic priorities and provides a staged approach to identifying and then recruiting and retaining critical capability (such as policy and leadership capability). This should be supported by a clear performance management system. Actions going forward need to be undertaken within the context of the Government's Fiscal Sustainability Programme.

*MPP and Central Agencies support the shifts required for MPP to meet its Future Excellence Horizon*

26. MPP has engaged positively and proactively throughout the Review process and provided a formal written response which is included in the draft Report. The response highlights the strong level of alignment between the Review recommendations and the comprehensive change process MPP has been working to embed. It also acknowledges and sets out MPP's commitment to the significant further work that is needed to improve capability in key areas.
27. The report includes a draft response from the Public Service Commissioner. This response recognises the considerable scale of MPP's performance challenge and commits Commission support for MPP. The Commission will work with MPP's Chief Executive to take a strategic view on system performance for Pacific peoples, including for the implementation of key strategies, any new government priorities, and on specific matters of importance for Pacific communities.
28. The Treasury is also working closely with MPP to support the shifts required for MPP to meet the Future Excellence Horizon set out in the report (further detail in paragraphs 31 and 32 below).

### **MPP has already taken actions to address issues and act on opportunities identified through the Review**

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29. Despite the unfinished status of the Review, MPP has work planned and underway to respond to the challenge set out by the Review. This includes the development of an Implementation Plan to address the key issues and opportunities that have been identified.
30. MPP is already progressing a number of other specific actions including:
- initiating work to refresh its strategic focus in consultation with the new Minister for Pacific Peoples
  - refocussing its Policy function

- creating a new Data and Insights function, and
  - redesigning its commissioning approach to gain efficiencies in service delivery and to ensure MPP is meaningfully addressing community needs and aspirations.
31. MPP has also been working with the Treasury to build its public finance management capability. To support the effective functioning of MPP's new finance team, Treasury has provided a range of support such as fiscal reporting support, financial and information system training, and ongoing support from the relevant Government Finance Profession Networks.
  32. The Treasury has advised that the public finance capability of MPP has been improving, and this is evident from a significant decrease in the level of support MPP now requires to complete technical public finance processes. Changes to the MPP's finance team has also provided opportunity to strengthen and upgrade the Ministry's financial information management systems to support improved information management.
  33. The Public Service Commission is continuing to work closely with MPP to support the ongoing planning, implementation, and monitoring of actions to respond to the Review's findings. MPP is also using the Review to inform ongoing work including work to reduce agency expenditure in line with Government expectations.

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**We seek the Portfolio Minister's views on the Report ahead of its publication**

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34. The MPP report is well advanced and attached at Appendix Two. This report incorporates feedback received from Central Agencies and MPP, and the Chief Executive of MPP has confirmed that she is comfortable with this version progressing to publication.
35. Before we progress the report to publication, we now seek the Minister for Pacific Peoples feedback and input into the Review. Commission officials, as well as the Lead Reviewers, are available to discuss any aspect of the report and the Review process with the Minister if that is requested.
36. Once we have received Ministerial feedback, we will incorporate it into the report and progress it through the design and publication process. We will share the final version of the report with you and the Minister for Pacific Peoples ahead of its publication. We will also ensure that MPP, along with Ministers' offices are well prepared with communication plans in place to support the public release of the report.
37. We plan to publish the final report on the Commission's website in late March 2024.

## Appendix One: Agency Capability Model

### Future Excellence Horizon

What contribution will New Zealanders need from the agency in the medium term?

### Delivery

- 1 How does the agency respond to Government Priorities?
- 2 For each core function, how does the agency deliver value and make a positive impact for New Zealanders?
- 3 For each core function, how does the agency demonstrate increased value and impact over time?
- 4 How does the agency meet its system stewardship responsibilities (including regulatory stewardship)?
- 5 How does the agency provide advice and services to Ministers?

### Capability

	Element	Lead question
Leadership, Culture, and Direction	Purpose, vision, and strategy	6 What is the agency's capability to develop and articulate a relevant and aligned purpose, vision, and strategy to staff and stakeholders?
		7 What is the agency's capability to consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership and governance	8 What is the agency's capability to exercise relevant system and sector leadership roles?
		9 What is the agency's capability to implement and adapt governance arrangements to support effective organisational performance and delivery?
		10 What is the capability of the agency's senior leadership team to provide collective leadership and direction and to implement change?
	Values, behaviour and culture	11 What is the agency's capability to develop and promote the Public Service and organisational behaviours, values and culture needed for it to succeed?
	Continuous improvement	12 What is the agency's capability to encourage, use, and learn from evaluative activity?
		13 What is the agency's capability to report, monitor and use performance information?
Collaboration and delivery	Customers, clients, and citizens	14 What is the agency's capability to understand customers, clients and citizens' medium and long-term needs, and use these to innovate and drive better experiences?
		15 What is the agency's capability to employ service design, continuous improvement and innovation in developing its services?
		16 What is the agency's capability to be open, transparent and accessible in actively engaging with stakeholders and citizens?
	Māori-Crown Relationship	17 What is the agency's capability to develop and maintain its engagement with Māori and to understand and incorporate Māori perspectives?
	Operating model	18 What is the agency's capability to develop and adapt an operating model to support delivery of Government priorities and its core functions?
		19 What is the agency's capability to evaluate service delivery options?
	Partnerships and engagement	20 What is the agency's capability to contribute to the success of its wider operating system(s), including collaborating with partners and providers?
		21 What is the agency's capability to manage its context with external stakeholders and the public?
Workforce	Workforce development	22 What is the agency's capability to develop its people (including its diversity and leadership)?
		23 What is the agency's capability to anticipate and respond to future capacity and capability requirements, and how are they organised to meet demand?
	Performance focus	24 What is the agency's capability to promote and develop a high performing workforce?
		25 What is the agency's capability to manage or improve performance that is not meeting expectations?
	Workforce engagement	26 What is the agency's capability to maintain positive and effective relationships with its employees, employee networks, and unions and other groups?
		27 What is the agency's capability to develop and maintain a safe, inclusive, and engaged culture and workforce?
Public Finance and Resource Management	Investment and asset management	28 What is the agency's capability to manage investment and assets to support service delivery and drive performance improvement?
	Data and technology	29 What is the agency's capability to manage and use information as a strategic asset?
		30 What is the agency's capability to leverage data and technology to drive improvements in service delivery and outcomes?
	Public finance	31 What is the agency's capability to understand, plan, direct and control financial resources to deliver sustainable value-for-money?
	Risk and assurance	32 What is the agency's capability to identify and manage agency, Crown and system-wide risk?
		33 What is the agency's capability to provide assurance that organisational risks are effectively managed and internal control environment improvements are appropriately prioritised?



## **Appendix Two: Draft Report of the Agency Capability Review of the Ministry for Pacific Peoples**

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