
PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the Department of Internal Affairs (DIA)

DECEMBER 2012

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

Lead Reviewers' Acknowledgement

As Lead reviewers for this Performance Improvement Framework (PIF) Review for the Department of Internal Affairs (DIA) we would like to acknowledge the thoughtful and generous input made by DIA's leadership team and staff. DIA recognised this review as an opportunity to identify and make performance improvements, including responding to the opportunities arising from new functions it has taken responsibility for over the past 18 months.

We had considerable input from a cross section of DIA's external partners and stakeholders who were equally committed to its future success. In addition, we had the benefit of input from officials from the Department of the Prime Minister and Cabinet, the State Services Commission and the Treasury, which proved to be helpful and insightful.

We have been greatly assisted by the advice of Ann Steward, the Australian Government Chief Information Officer, as the Expert Advisor for the Review.

Given DIA's involvement with a wide range of activities, there was potential for conflicts of interest through our other responsibilities, including Ms Suckling's position as a director of the Sky City Entertainment Group and Mr Butler's prior professional association, at the Inland Revenue Department, with DIA's Chief Executive. These interests were declared and managed throughout this review.

**Performance Improvement Framework
Formal Review: Department of Internal Affairs**

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

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AGENCY'S RESPONSE

This Performance Improvement Framework (PIF) Review is a welcome and timely insight into the Department of Internal Affairs (DIA) and brings new thinking on addressing the challenges that we face. The findings of the Lead reviewers strongly align with our self assessment which gives us confidence as a Department that we have correctly identified our key challenges. The Review does, however, provide new perspectives on how the Department is able to operate in different ways in order to increase the contribution it can make to New Zealand.

The Review is also welcome as it recognises the commitment and dedication of the Department's staff and acknowledges all that they have achieved in difficult and challenging circumstances.

The insights of the Lead reviewers and their PIF Review provide a valuable resource to the Executive Leadership Team as it makes decisions that will determine how the Department operates as a single entity and the contribution it is capable of making because it can harness the commitment and skills and capabilities of all the people within the Department. Accordingly, the Review will be a significant resource as the Department develops its Four-year Plan and its findings will help the Executive Leadership Team ensure that the priorities for the Department and our future direction will make the greatest contribution to the social, cultural and economic well being of New Zealand.

The Review gives us confidence that many of the initiatives referred to in the Review are the right ones that should be resourced and progressed as a matter of priority. The Lead reviewers have offered us different perspectives and new ways of thinking that will allow us to broaden our approach to developing a new operating model that emphasises the commitment to work together to achieve all the outcomes of the Department. It reinforces the need for the Department and its leaders to make significant progress quickly on core infrastructure issues that impact on the daily working environment of staff.

The Review also challenges the Department to assume a leadership role within the public sector in those areas in which it has the critical mass of expertise and experience, for example identity management and community. These are central to the ability of the wider public sector to meet the high expectations of Ministers and the public. The Department recognises that these are areas in which we have a significant contribution to make. As a priority the department will focus on how to maximise our collaboration internally and will then engage with central agencies and others within the sector as to the best contribution we can make to the wider sector.

As the review highlights, the structural changes associated with integrating three separate agencies have been completed and created a structure that no longer reflects separate silos of self contained capability. This means the Department is well placed to respond to the central challenge of the report to develop an operating model that allows the Department to operate as a well supported integrated entity that effectively utilises all of its capability.

A key priority for the Department is to progress the other issues arising from integration of three separate agencies – building an integrated fit for purpose infrastructure that supports staff do their job. This includes the ICT systems, the processes to manage staff and budgets and the culture and values that define the way in which we work and engage with each other. The Department had begun to address all of these issues as can be seen for example in the ICT Foundations programme and the Creating our Future Workshops. Since the Review the Department has also entered an arrangement to replace its financial management system with Inland Revenue's as part of the Corporate Infrastructure Programme. It is clear from the Review that it is essential that this work is

progressed as an urgent priority and monitored to ensure that it succeeds. To do otherwise will mean the Department has not supported its staff and is not able to meet the expectations of Ministers and the public.

A significant new role for the Department is that of Functional Leader within the wider State sector. This will require the Department to develop new skills and capability to ensure it is able to meet the challenge of meeting its functional leadership responsibilities in a way that is centrally led and collaboratively delivered with other agencies to achieve the transformational change across the State sector sought by government. The Lead reviewers are clear that this is not a role at which the Department can succeed on its own. The support and contribution of central agencies to the success of this role is recognised by the Lead reviewers.

As is clear from the central agency response to this report there is a strong mutual commitment to working together to ensure the success of the functional leadership role. The Department has already been working closely with the central agencies to create a new way of working consistent with the role and responsibility of the functional leadership role and is grateful for the commitment to this work shown by the central agencies. In the time since the review was completed the Department and central agencies have been collaboratively working together to develop the work programme that is needed to embed the functional leadership role within the state sector. Meaningful progress will be demonstrated when the one year Follow Up review is completed.

To ensure that there is focused support for functional leadership and Result 10 the Department has already reviewed its branch structure. The Service and System Transformation Branch will provide support to the Government Chief Information Officer and lead the transformation of services to citizens through Result 10.

The Lead reviewers have highlighted the central role within the state sector that the Department must play and the need to ensure that success in this area is not at the expense of the rest of the Department. The strength of the Department in citizen focused service delivery is central to meeting the goal of Result 10 and the Department is committed to developing its own operating model that can connect that expertise with the skills and expertise in relation to technology.

This Department has a strong tradition of delivering core services valued by New Zealanders and has a unique role in nurturing New Zealand's nationhood, identity and culture. It increasingly has an important role in shaping how people interact with government and how government will deliver services in the future. This Review affirms the importance of the work of the Department. It also clearly sets out the challenges that must be addressed to ensure the Department makes the contribution New Zealand requires of it. The Department welcomes the challenge to be more innovative, proactive and forward looking. We will continue to focus on high quality delivery but will be looking beyond, leading into the future and continuing to ask and answer the hard questions.

Colin MacDonald

Chief Executive of the Department of Internal Affairs

LEAD REVIEWERS' VIEW

In undertaking this Review the Lead reviewers considered: "What is the contribution that New Zealand needs from the Department of Internal Affairs to help shape the country's future economic and social wellbeing and, therefore, what is the performance challenge?"

Recent Context

The role and responsibilities of the Department of Internal Affairs (DIA) are broad and diverse. They include policy responsibilities for local government and the community and voluntary sector, as well as civil defence and emergency management. DIA also provides a number of important services for New Zealanders, including issuing passports, registering births, deaths and marriages and processing citizenship applications.

In recent years DIA's role has rapidly expanded with the transfer of the functions of the National Library of New Zealand (National Library), Archives New Zealand (Archives), the Office of the Community and Voluntary Sector (OCVS) and the Office of the Government Chief Information Officer (OGCIO) to DIA in February 2011 and, more recently, the Charities Commission functions. These changes have increased the size of DIA by about 30% and added complexity to its role.

Added to this the new Chief Executive, who is the Government Chief Information Officer (GCIO), has been given a stronger mandate from Ministers to accelerate and embed stronger leadership to maximise the use of information and communications technology (ICT) across all-of-government. In addition to this functional leadership role for ICT, DIA is also now accountable for achieving the Government's ambitious goal of "70% of New Zealanders' most common transactions with government to be completed in a digital environment". A target of five years has been set for this initiative, referred to as Result 10 for Better Public Services.

It is also important to recognise the critical role the Ministry of Civil Defence and Emergency Management (MCDEM) played following the Christchurch earthquakes, which clearly placed considerable pressure on MCDEM and DIA as a whole.

The Performance Challenge

We have commented below on both the performance challenge for DIA as a whole and its all-of-government ICT functional leadership role, which has distinctive challenges that must be addressed in order for DIA to succeed in its new leadership role.

The Department of Internal Affairs Performance Challenge

Introduction

DIA is a department that has been under considerable pressure over the last two years as a result of the changes noted above, increasing its size by about 30%, responding to the impact of the Christchurch earthquakes, responding to cost pressures and progressing a large multi-year ICT project to support passport delivery. Expectations are high in regard to improved efficiency and service quality across government, and to the all-of-government functional leadership for ICT and leadership of Result 10.

Clearly, the next four years will be a challenging time for the people who work in DIA. There is, however, a real opportunity, with a new Chief Executive and new senior team, to significantly enhance the performance of an important department that provides a number of core services to New Zealanders, as well as making real progress in respect of all-of-government ICT work.

There have already been good improvements and progress in some areas but much more needs to be done. The people in DIA are anxious to see strong leadership, the finalisation of a plan for future success and for them to be actively engaged in this journey. They will be patient, realising that the changes needed will take time, but they want to see progress and be involved.

It is up to the new Chief Executive and senior team to chart the future for DIA, drive the pace of change and take their people with them.

Approach to the work of DIA

DIA needs to think about its work in a fundamentally different way. Historically, it has operated as a number of separate business units where each area could operate pretty much in isolation from other parts of DIA. Although they have got on and delivered services there are many examples of where, through this approach, opportunities have probably been lost and greater efficiency and effectiveness could have been achieved if DIA had operated differently.

The Chief Executive and senior leaders in DIA are aware of this and the structure deliberately adopted from February 2011 recognises this. Their frank Self-review for this PIF Review reflected a pragmatic assessment of where they are now positioned and what they need to do.

Steps have already been taken to lift capability and performance. The clearest example of the changes needed and the progress achieved is the work undertaken in the Policy, Regulatory and Ethnic Affairs Branch (PREA). Policy resources that were spread throughout DIA have been brought together in one team. These have now been added to and with a capable leader and senior team now in place, they have successfully commenced the task of repositioning the Policy Group as a high performing team with the capability and expertise needed for the future.

Building on the earlier policy success of the Auckland governance reforms has enabled DIA to continue to meet, and at times exceed, the expectations of Ministers and stakeholders. Up to 40% of the policy work undertaken by the Policy Group relates to local government and this will be a critical area where the Group will need to provide innovative and forward looking policy options for Ministers in respect of an area which has direct impact on all New Zealanders.

While it is pleasing to report on the Policy Group's achievements to date, much of their success will continue to depend upon the few most senior people until they have deepened and strengthened the capability of all the people in the Group.

DIA can make things happen. New Zealand now has one of the most robust passports for citizens anywhere in the world. DIA's Ethnic Affairs team has a strong and well deserved reputation for the work they have carried out and what they have achieved with a relatively small number of people. Citizens receive very good services in respect of registration of births, deaths and marriages, and people applying for New Zealand citizenship receive personal and attentive help with their applications. DIA also quickly mobilised to provide support in the aftermath of the Christchurch earthquakes and provided people needed for the Royal Commissions into the February 2011 Christchurch earthquake and the Pike River Mine disaster.

However, as already noted, many of these outcomes were achieved in a paradigm that does not reflect the approach DIA should take in the future.

The people who work in DIA

We met many dedicated and competent people during our Review who have a passion for their work. Examples include the people who have the professional expertise needed by the National Library and Archives as well as people providing identity services who are committed to providing excellent customer service.

However, as a whole, the people who work in DIA are not satisfied with many aspects of their roles and the work they do. Many do not see a strong alignment with DIA. The recent staff engagement survey demonstrates this with very poor results achieved in many areas.

In our focus group discussions with staff we found that a number of people, but not all, are still struggling with how they fit within DIA. Many commented they are very engaged with their work area and their immediate manager but not so much with DIA as a whole. This is consistent with DIA's most recent staff engagement survey findings.

Additionally, staff expressed high levels of frustration about the availability and reliability of DIA's information technology and financial management systems. There are a large number of different systems in DIA that are a result of the mergers and were never designed to work seamlessly together. There are many projects under way to improve and re-develop current IT systems and it was clear to us that the scope and design of these new systems have not been brought together under one coherent plan. We note that work is underway to achieve one interconnected and integrated programme of work but generally, staff are not aware of the current efforts to improve the ICT environment and the priority which is to be given to improving current poor system performance.

The vision for the future

The leaders in DIA have been thinking through what brings the various functions and responsibilities of DIA together. This includes a consideration of the opportunities that will arise with the strengthened GCIO role and the work needed for Result 10. In other words, what will galvanise and inspire the people in DIA to embrace a common purpose, values and priorities to ensure the expectations of Ministers and the community are met and, if possible, exceeded.

The people in DIA need to see that they are part of one organisation that has the focus and drive necessary for the department to excel. They need to be aware of the benefits this approach will bring not only to them personally in their roles, but also what improvements will be possible for the services they provide to the community.

The leaders in DIA need to think through the unique opportunity they have with their all-of-government ICT leadership roles as this work will give DIA an opportunity to shape the future of government services provided to New Zealanders. Not only will this be for services provided by DIA but also services provided by other departments and agencies.

A purpose statement for DIA was agreed to by the previous Chief Executive and the Executive Leadership Team: "Internal Affairs serves and connects people, communities and government to build a safe, prosperous and respected nation". Partly because of the appointment of a new Chief Executive, this purpose statement was not sufficiently communicated to the people in DIA and understanding and ownership is currently low.

The new Chief Executive has decided not to disturb this statement and we agree this is the best approach. Real efforts are now being undertaken to improve the understanding of this purpose statement so that ownership of it will be increased. A number of mechanisms are being used, one being workshops for all staff called "Creating Our Future". These workshops will cover the purpose and direction of DIA as well as the importance of the products and services it delivers for New Zealanders. The current culture and values of DIA are also to be considered and they will need to be aligned to the values of the State Services as a whole. It will be important during the workshops and other activities that the opportunities offered by the GCIO and Result 10 responsibilities are canvassed so that all people in DIA increasingly see how these responsibilities can assist it in implementing the changes needed.

It is good to see that the new Chief Executive has been attending all new staff induction programmes where he communicates directly to new employees about the purpose, values and priorities of DIA.

All-of-government ICT Leadership – Performance Challenge

As the GCIO, the Chief Executive of DIA was recently charged with the responsibility to maximise the use of ICT across all-of-government.

In July 2012 Cabinet expanded and strengthened the role of the GCIO by requiring Public Service agencies to gain the agreement of the GCIO to their strategic ICT plans and investment intentions. Specifically, Cabinet has mandated the GCIO the authority to set strategic direction, policy and standards for government ICT.

The mandate given to the GCIO to accelerate the achievement of the Government's ICT agenda is based on a principle of being "centrally led and collaboratively delivered". Leadership will be clearer, without eliminating agency autonomy, and this will require a combination of influence and mandates.

The GCIO is expected to review all material ICT plans and ensure a strong 'disruptive challenge' occurs for proposed projects in order to optimise the ICT investment across the Crown portfolio. It is expected that innovative ICT solutions for how New Zealand approaches delivery challenges across government will be found. The GCIO is also required to implement new ICT operating models across government that are expected to lead to structural changes to agency ICT environments and ICT capability and skill across the State sector. These changes are clearly to be developed on an all-of-government, not an agency by agency, basis.

It will be important for the work of the GCIO to influence the services that are provided to New Zealanders. It is inevitable that greater improvements in some services will be achievable by thinking through the service offering from an all-of-government perspective and then determining how ICT could support this new offering. In other words, this cannot just be about ICT, there must also be a strong focus on how services can be transformed to be more efficient and effective and then to determine how ICT may assist.

It is expected under the GCIO leadership there will be scoped, agreed plans for medium- and longer-term ICT investment for the Public Service and, ultimately, the wider State Services. These plans need to include robust timing, deliverables and sequencing and they must have strong shared ownership by the GCIO, central agencies, and Public Service agencies and their chief executives. Similarly, ICT projects under way will be rigorously monitored and reviewed by the GCIO and, in some instances, stopped if the external environment has changed significantly enough to warrant taking another approach. Some projects may be re-scoped to provide a broader all-of-government solution that enables the wider use of a new system in a number of departments.

The GCIO would be considered to be successful if a demonstrable shift occurs through a move from a business-as-usual, service-by-service, ICT spend to a new focus on spending at the agency, sector and systems level. There would also be a shift in the mix of investment, with a greater percentage of investment in new ICT systems compared to the annual business-as-usual ICT costs. The costs of business as usual ICT need to be driven down in order to provide greater opportunities for new investments. Furthermore, savings of \$100 million per annum in overall government spending are expected to be achieved within five years. The GCIO is accountable for monitoring, reporting and tracking these and other benefits.

In making the decision to expand the role of the GCIO, it is clear that Cabinet was expecting an acceleration of progress in finding systems efficiencies (eg, a reduced capital spend in achieving improved functionality and decision-making for the Public Service) as well as improving the effectiveness of government agencies. This will have to be achieved through delivering common capabilities, as well as co-ordinating and rationalising the work of agencies in planning, developing, procuring and delivering ICT services.

At the time of this Review only the basic system-level building blocks for this important function were in place, namely: establishment of the role and the high level expectations of it, establishment of the Ministerial oversight committee and support from central agencies and other key government agencies. However, funding and 'decision rights' to support the newly defined role are yet to be resolved and, as yet, there is no clear articulation of the detailed expectations of accountabilities and deliverables of the GCIO. These outstanding issues require urgent resolution and must be led and owned by the central agencies but co-created with the GCIO. DIA is, therefore, at a very early stage in undertaking this large, complex, all-of-government leadership role.

As noted already the GCIO role, with its new mandate, presents a number of challenges and hurdles. Although this role is to be "centrally led and collaboratively delivered", the GCIO will need to set the all-of-government direction for ICT investment through the mandate given, as well as through influence. If influence is the norm, higher buy-in will be achieved but the mandate may need to be exercised to achieve progress and to drive the pace. This will require a carefully balanced approach by the Chief Executive.

In connection with Result 10 of the Better Public Services Programme, as noted in our report, for some years many departments have been moving to provide attractive online services to the community but, despite these efforts, the current uptake of digital services is about 25%. The 'low hanging fruit' has likely gone and clearly there is a long way to go. Fundamentally, the approach used to date to encourage uptake of digital transactions will not succeed in achieving the Government's ambitious five year target that "70% of New Zealanders' most common transactions with government will be completed in a digital environment".

Success will require new thinking about opportunities to drive the uptake of digital services. Skillful consultation with business representatives and individuals will need to be undertaken to uncover barriers to increasing digital transactions. Detailed examination of what has enabled other organisations to lift digital transactions should be undertaken and learning applied. The design capability of DIA and other departments will need to be enhanced and applications will need to be developed that the community will see as attractive. Designing from the user's perspective will be critical and the temptation to design what is best for government departments avoided. Furthermore, new online services will need to offer some benefit for people to shift from traditional transactions to digital.

Difficult decisions will need to be made in connection with the service levels offered for non-digital transactions. These service levels will need to be less attractive than the service levels available for digital transactions and it is difficult to see how the target of 70% can be achieved without enhanced service levels being available for digital transactions.

Experience has shown that citizens will shift to digital transactions when a payment or refund is due from a government department so that a citizen will receive monies more quickly. However, experience has also shown that it may be necessary in some areas to no longer provide an alternative to digital transactions and traditional service channels may need to be 'switched off'. Some countries have also resorted to legislatively mandating digital transactions and this has been successful.

The Chief Executive of DIA will enjoy the strong support of his fellow chief executives in driving these initiatives forward but he needs to quickly build the team to do so. Recently, the Chief Executive announced changes to create a tier-two position to lead both the GCIO and the Result 10 work, which is a sensible approach. He is now moving as quickly as possible to fill this position. Steps have also been taken to seek funding for this team. We believe that an investment in a small but highly skilled team of people is essential.

Meeting these new challenges will require a step change for DIA as it moves from a service delivery organisation to a service delivery plus all-of-government leadership role. DIA will also need to become more skilled in dealing with senior ministers and be a key player with a strong voice in respect of the broader Better Public Services changes. These changes will not happen overnight but need to happen quickly.

New reporting regimes will need to be developed so that the GCIO function can track progress and capture benefits, including the expected savings of \$100 million per annum.

However, pressing issues that need to be resolved are funding, the charging mechanisms and a 'decision rights' framework for all-of-government ICT work. The central agencies, led by The Treasury, need to establish the mechanism for departments to pay and receive funding for all-of-government work and determine how ongoing costs for running, maintaining and enhancing all-of-government systems can be decided. This is urgent as already DIA has funded the recent Government Cloud initiative from its baseline, expecting the cost to be recovered over time from agencies that use this service but there is no agreement as to how this should happen. The State Services Commission would have an important role in leading consideration of 'decision rights' and this should also be progressed as soon as possible.

The New Zealand Public Service is in a better position to achieve these objectives than services in many other countries. There is a history of working together across government departments and there are many examples of departments delivering common outcomes. As a relatively small Public Service it is easier to get to know people and build rapport. These environmental factors will assist in overcoming some of the challenges that will crop up but, overall, there is a considerable distance to go for DIA to achieve success in its new leadership roles in respect of the GCIO and Result 10.

Desired Future State: Four-year Excellence Horizon

As with the previous section on Performance Challenge we have commented on both the four-year excellence horizon for DIA as a whole and its all-of-government ICT functional leadership role that has distinctive challenges that must be addressed in order for DIA to succeed in its new leadership role.

Department of Internal Affairs Four-year Excellence Horizon

Environment

DIA needs a step change in its performance and this will only be achieved through the adoption of new thinking and new approaches. It needs to have made a shift to be more innovative, proactive and forward looking. If the changes suggested are put into place, DIA will increasingly become respected as a key government department delivering core services valued by New Zealanders.

The future will present many challenges for DIA but the new Chief Executive and his team are aware of and, in most areas, have well developed ideas of what needs to be done. In some other areas they are, understandably, in the formative stages of their thinking. Overall, they are positioning DIA for ongoing success and we have highlighted the areas where we believe more needs to be done.

Overall, we are confident that DIA can be transformed from an array of well organised units, focused on the delivery of a range of services, to an outward-facing organisation dedicated to providing leadership across the Public Service and wider State Services for the benefit of New Zealanders. There are real opportunities arising from DIA's leadership of ICT across the Public Service, information management, identity management, community engagement and connection and local government policy, as well as its important roles in respect of the New Zealand Fire Service and the Ministry of Civil Defence and Emergency Management (MCDEM). DIA needs to fully explore these opportunities and reap the benefits available.

Business strategy

Ministers have kept the policy area of DIA busy and they are happy with the quality of the work undertaken. However, in the future, Ministers will expect more innovative and strategic forward looking policy proposals in areas such as local government and gambling. This is particularly important in the area of local government given the benefits this would provide to all New Zealanders. The Policy Group will ensure it has the capacity to do this important work.

As part of a key government department, there will be opportunities and synergies in the areas of knowledge and information management. The National Library and Archives leadership of library and archival practices can enable new State Services standards for digital information management to be established and, at the same time, best practice in ICT across a range of areas of government can be actively promoted. This will be a clear demonstration of the linkages between the GCIO role and the role of two important functions in DIA.

DIA needs to continue to modernise its regulatory activity in line with the models and approaches it has developed. In the future there will be demonstrable improvements in measurable outcomes achieved as well as higher levels of ownership by stakeholders of the plans, priorities and approaches used by DIA to maintain and improve compliance with legislation. This graduated approach to achieving compliance could be rolled out to local government and this will enable best practice support to be available for regulatory activity that may impact on the lives of all residents. DIA should carefully consider this opportunity in consultation with local government representatives and there are likely to be other departments that could assist this work, namely the Inland Revenue department.

Not only will DIA have enhanced engagement with community organisations, they will be working more actively with other government departments, local government, not-for-profit organisations and the private sector to influence the achievement of outcomes for the community. There will be clear measures to demonstrate the benefits achieved by the funds invested by the government.

Priorities, plans and people

The current approach of looking at improvement initiatives in a piecemeal, siloed way will no longer exist. All DIA investment decisions will be considered from a departmental perspective and there will be high ownership by those working in DIA in regard to decisions made about priorities. DIA will have one integrated investment plan that takes into account all capital investments including ICT as well as property. Given its all-of-government responsibilities, DIA will be a role model of integrated planning and prioritisation.

The people in DIA will realise that senior management took their feedback seriously and acted on the findings of the 2012 engagement survey. It will be the norm for people to say that senior management has created the environment where not only are they aligned to their own work area but they are all part of the one organisation where they work together to provide excellent service to the New Zealand community.

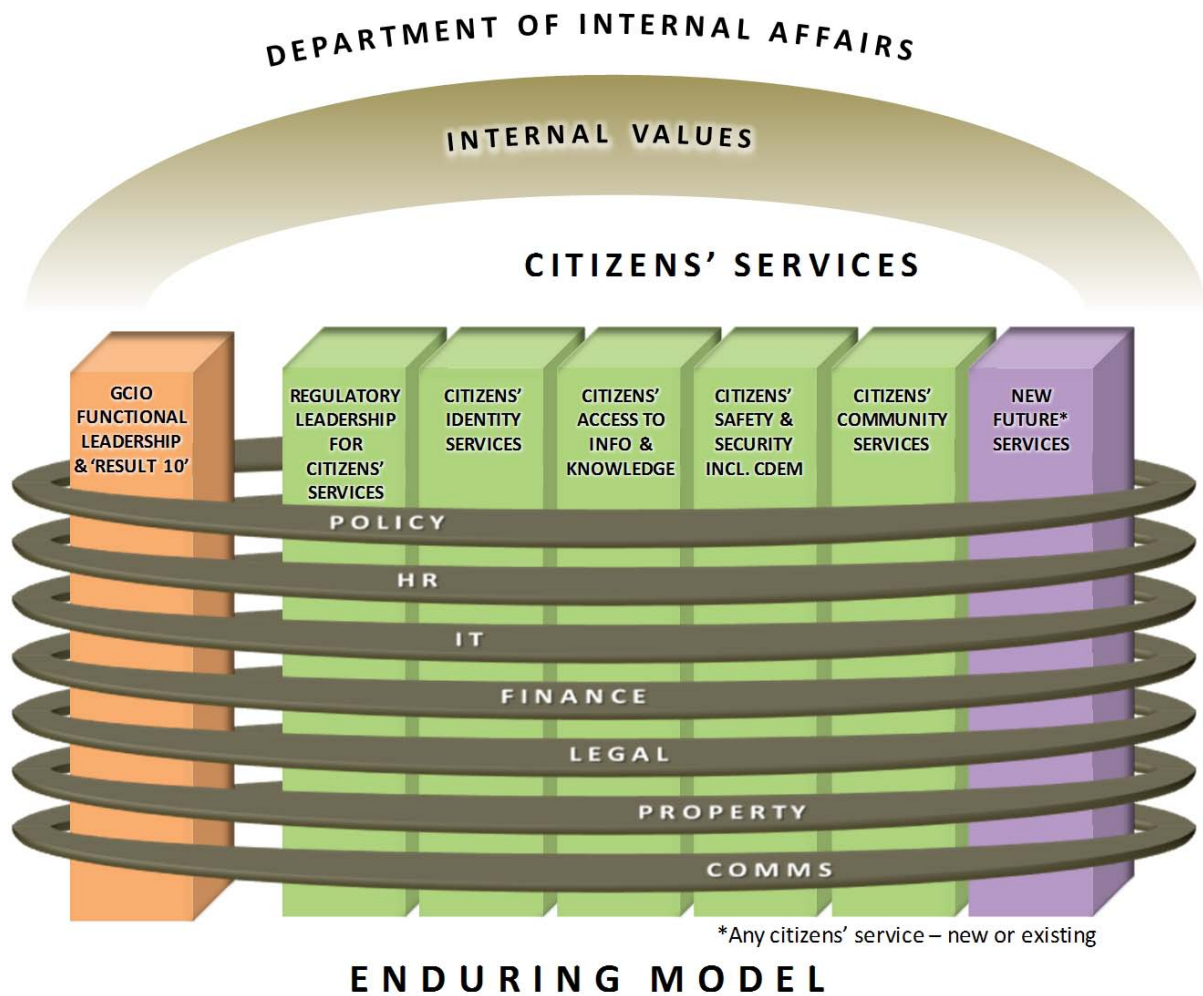
Business model

An enduring business model will be in place where DIA is an exemplar in functional and shared services arrangements. There will be a strong and overarching commitment to working together (supported by strong organisation purpose and values) to achieve all the outcomes of DIA. Achievements will be celebrated and areas for improvement will be seized upon as opportunities to find further efficiencies and improvements in effectiveness.

The government will have confidence that, with this model, new services can be provided by DIA and they will be assimilated, delivered well and will exploit leverage opportunities with existing services.

This business model is shown in the illustrative diagram below, which provides a high level overview of how DIA can position itself through:

- building its all-of-government leadership role in ICT, including Result 10. DIA is weak in this area at present but it is at a very early stage in undertaking a new and very complex role
- continuing to deliver its core service functions well. At present it is well placed in this delivery role but needs to lift both efficiency and effectiveness
- strengthening its delivery functions by using smarter thinking and modern service and regulatory models complemented by reliable and accessible infrastructure. The corporate support functions will play a vital part in achieving this by providing high quality services across the whole organisation tailored for both its service delivery functions and its all-of-government leadership roles
- strengthening the commitment to its purpose and core values so they resonate across DIA. These values will be aligned with the State Services values. This will provide the glue for the organisation. A project is now under way with staff to co-develop these new core values.



Change capability

DIA is reasonably well placed to achieve these changes but to date too much reliance has been placed on a few senior people. Plans will have to be put in place to enhance the capability of other leaders to effectively lead change.

Many of the changes are achievable with effective planning and sequencing. The Chief Executive and the senior team need to ensure they have all the ingredients in place.

Despite the challenges presented by the all-of-government work of the GCIO and Result 10, the Chief Executive and the senior team will have found the right balance to ensure that these priorities do not overwhelm the necessary improvements to the delivery of the other department services.

What will success for DIA look like in four years?

DIA will have addressed many of its internal priorities and achieved a marked step up in the engagement of its people. It will be supported by a highly functional and integrated ICT environment, including linkages with other departments, which enables cost-effective and efficient service delivery and back-of-house support. DIA will be operating as one in accordance with the new business model and will be seen as a role model for effective shared services and functional leadership. DIA will be the department that ministers think of when there are new initiatives that need to be delivered in a short timeframe. The policy advice provided by DIA will be innovative and provide ministers with clear options and choices.

The people in DIA will be engaged and positive. They will feel well equipped to achieve in the roles they have and see opportunities for the future and good career options but they will have to continue to gain new skills and think actively about their development.

The MCDEM will have implemented all the improvements recommended by the review of the February Christchurch earthquake agreed by the government.

Overall, DIA will be seen as a department with a track record of innovation and achievement. It will be widely recognised as an exciting place to work where individual competencies can be developed while, at the same time, an overview of the State Services can be obtained. It will be seen as a good choice for ambitious people looking for a challenging role and career.

All-of-government ICT Leadership Four-year Excellence Horizon

This section describes what will be achieved by DIA in connection with the GCIO role and Result 10. Although they are separate initiatives, the work to be undertaken will be intertwined and complementary. Consequently, similar skills will be needed by the people driving both areas of work. Both initiatives are important for the government, and DIA's success in delivery will positively influence its reputation.

Over the next four years the GCIO role will have developed from an area of additional responsibility for the Chief Executive and DIA to become a central part of the work of the department. The same will apply for the work needed for Result 10. This work will be a key lever for the Chief Executive to encourage departments to explore service delivery reform that can be supported by ICT. As noted already, these roles are not just about ICT changes but need to include a consideration of service options that will lead to transformation of the way the State Services interacts with New Zealanders.

We have set out suggested milestones for this work over the next four years in Appendix C. This is not meant to be an exhaustive list of all that needs to be achieved but is our thoughts, given the current stage of development of these initiatives.

Given the details set out in Appendix C some key points are:

- the GCIO role will be quickly embedded (within the first six to twelve months) as a key influencer and decision-maker across the Public Service
- there will be a consistent means of identifying when to monitor, when to intervene and when to take control. This will be jointly developed with stakeholders but particularly the State Services Commission, given its current role of monitoring ICT projects
- within the first twelve months there will be one comprehensive ICT investment plan across the Public Service and this plan will have strong ownership by Ministers, central agencies and agency chief executives
- the ICT investment plan would have been developed with the active involvement of all stakeholders
- the 'opt out' rules will be clear and applied consistently. Importantly, there will be transparency about the reasons why an 'opt out' was granted
- the plan will be a sequenced, prioritised all-of-government investment and funding strategy and there will also be aligned investment plans at the agency level
- subject to a materiality test, ICT projects already under way would have been subject to 'disruptive challenge' to determine if they should continue or if the scope should be modified

- new ICT projects would have been considered to ensure the ICT investment across the Crown portfolio is optimised
- the plan will be actively monitored with timely reporting of achievement of milestones.

As already noted in our report, there is the opportunity for New Zealand to be a world leader in the uptake of government digital services in an environment where there are innovative new services available to the community based on strong alignment of ICT strategies and priorities across the State Services. If there is little difference between what a citizen can do online with the best private sector organisation and government departments, this will be the true measure of success.

Concluding Comments

Clearly the next four years will be a challenging time for the people who work in DIA. There have already been good improvements and progress in some areas but much more needs to be done. During this Review we were faced with the challenge of forming a view on whether the breadth of the changes needed to be put in place in DIA, together with the all-of-government responsibilities were achievable by the Chief Executive and his senior team. We did struggle with this but on balance formed the view that both roles are achievable but the Chief Executive and his senior team will need active support from the central agencies and his colleagues. It is important to note that the Chief Executive has had a very strong and diversified career in ICT, leading large operations, as well as his recent success in bringing about organisational change as the Chief Executive of another government department. This has added to our confidence levels.

Overall, we believe that the Chief Executive and his senior team have a good grasp of what needs to be done and are well placed to achieve. However, given the degree of change required, both in DIA as a whole and in its new all-of-government ICT leadership roles, we recommend a focused Follow Up Review occurs in approximately 12 months to look in detail at what has been achieved in these areas by DIA and central agencies. Significant progress on both of these fronts is critical to achieve the aspirations of the government for New Zealand, particularly in delivering on its Better Public Services programme. This Follow Up review should also consider the key issue of what has been achieved to ensure that the GCIO and Result 10 responsibilities have not adversely impacted the Chief Executive's responsibilities to lead significant change within DIA. As noted above, in our Review we concluded that both roles are achievable but a lot has to be put in place to ensure this success. Given this will require fine judgement and considerable effort, it would be highly desirable to also explore this during a Follow Up review.

David Butler
Lead Reviewer

Sue Suckling
Lead Reviewer

CENTRAL AGENCIES' OVERVIEW

The Government's clear priority is to deliver better public services to New Zealanders, within the tight budget the Government is operating under. Government agencies are expected to review and change how they operate to focus on the most effective and efficient use of resources and to deliver better public services to New Zealanders.

The Performance Improvement Framework (PIF) is used by a small group of respected Lead reviewers to review agencies to provide insights into how well the agency is positioned for the future. Chief executives value the opportunity to engage with Lead reviewers to discuss those insights, as do we.

We, as central agency chief executives, also benefit from Lead reviewers' insights about the State sector and the opportunities that exist to improve its operation. Ministers, the public and agency stakeholders are also entitled to information about agency and sector performance and to know what is being done to lift that performance. In this regard we note DIA is the first agency to be reviewed following the 'lifting of the bar' for the PIF model with respect to asset management, improving efficiency and effectiveness and financial management. Consequently those results cannot be compared directly with earlier reviews.

The PIF review is timely. It occurs after a period of 18 months of rapid change for the Department. During that time DIA has taken responsibility for a number of substantial service delivery roles and new all-of-government ICT leadership roles, and staff numbers have increased by 30%. The Department has already taken steps to lift capability and performance, is clearly looking forward, and is determined to continue to improve.

The review identifies major challenges DIA must address to achieve excellence and provides helpful guidance about how to sequence and manage the change programme that is required. In doing so it also affirms confidence in DIA's ability to deliver change.

The change programme described in the review provides considerable opportunities for lifting the quality of public services – not just within DIA but across the State sector as a whole. For example, DIA has critical mass and expertise in identity management and working with the community sector. Central agencies will work with DIA to identify ways in which it can make the best contribution in these areas.

A key area for DIA is ICT functional leadership – we are working collaboratively with DIA to develop our respective contributions to the work programme needed to embed functional leadership within the State sector. Central agencies need to do things differently and provide leadership for other government agencies to change in order for the GCIO to give effect to its functional leadership mandate. Also key is supporting DIA to build critical organisational capability, and to develop and embed an integrating operating model.

We are committed to working with the Department to further lift their performance in response to new challenges and opportunities they now face.







Iain Rennie
State Services Commissioner


















Gabriel Makhlof
Secretary to the Treasury

Andrew Kibblewhite
Chief Executive, Department of
the Prime Minister and Cabinet






SUMMARY OF RATINGS

Results

GOVERNMENT PRIORITIES	RATING
Learning from the Canterbury earthquakes to inform major civil defence events in the future	
Building efficiency of the local government system	
Providing leadership across government to improve the use of and investment in ICT (through the GCIO role)	
New Zealanders can complete their transactions with government easily in a digital environment (leading Better Public Services Result 10)	
Empowering communities and people to participate in society and the economy	
Maximising the potential for the economy and society to benefit from ethnic diversity	





CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Information and Knowledge Services		
Technology Services		
Identity Services		
Community Services		
Policy Services		
Regulatory Services		
Civil Defence and Emergency Management		
Crown Entity Monitoring		
	RATING	
Regulatory Impact		




Rating System





 Strong	 Well placed	 Needing development	 Weak	 Unable to rate/not rated
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Organisational Management






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

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

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

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Improving Efficiency and Effectiveness	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	 Unable to rate/not rated
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AGENCY CONTEXT

The purpose of DIA is to “serve and connect people, communities and government to build a safe, prosperous and respected nation”.

DIA has existed since 1840, initially as the Office of the Colonial Secretary and since 1907 as the Department of Internal Affairs. Today, it has approximately 1,890 permanent staff in 18 locations across New Zealand and in offices in Sydney and London.

Its role and scope have changed significantly since 1 February 2011 when it integrated with the National Library of New Zealand, Archives New Zealand, the Office of the Community and Voluntary Sector and the Office of the Government Chief Information Officer (GCIO) resulting in a 30% increase in staff. The integration was followed almost immediately by the Christchurch earthquake on 22 February. DIA, particularly through the Ministry of Civil Defence and Emergency Management, was responsible for leading much of the initial response, as well as dealing with the earthquake’s impact on its own staff and services and the post-integration process.

In March this year DIA’s all-of-government leadership responsibilities increased significantly as part of the Better Public Services (BPS) programme. Its GCIO role expanded through a much larger functional leadership role for ICT and it is now responsible for delivery of Result 10 of the BPS programme (enabling digital transactions with government).

During the period of significant change, since February last year, DIA has also had significant leadership changes with three chief executives, three Ministers of Internal Affairs and changes across its other ministerial portfolios.

All New Zealanders are touched in some way by DIA’s activities. Six Ministers in seven portfolio areas are supported: Internal Affairs (including responsibility for Archives and the National Library); Civil Defence; Ministerial Services; Ethnic Affairs; Local Government; Racing; and the Community and Voluntary Sector. Its roles and functions include:

- providing all-of-government leadership of information and communications technology (as noted above)
- providing policy advice to government on local government, ethnic affairs, the community and voluntary sector, civil defence and emergency management and in fire, identity, technology, information management, gambling and racing policy
- managing and protecting the integrity of personal and national identity information (including passport and citizenship services and births, deaths and marriages registries)
- building national emergency readiness, response and recovery capability, and managing the response to large-scale civil defence events
- regulating activities and enforcing the law for gambling, censorship, government recordkeeping, unsolicited electronic messages, anti-money laundering and private security personnel and private investigators
- building and preserving New Zealand’s documentary heritage and public record
- providing information, resources and advice to communities and administering grant funding schemes


- supporting the effective operation of government and the Executive
- supporting Royal Commissions and Commissions of Inquiry
- supporting the Christchurch Earthquake Appeal Trust
- managing the appointment process for a number of trusts, committees and boards
- incorporating the functions of the Charities Commission (from July 2012).

Budget 2012 established a single Vote for Internal Affairs, incorporating the eight Votes previously administered by DIA. DIA's total Baseline Appropriations for 2012/13 are \$661.129 million, including Departmental Appropriations of \$437.837 million. Approximately 50% of DIA's revenue is from third parties (for example, fees for passports).

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. While the questions are ex-post and guide Lead reviewers to retrospective and current performance the final judgements and ratings are necessarily informed by the scope and scale of the performance challenge.

<p>Government priority 1: Learning from the Canterbury earthquakes to inform major civil defence events in the future</p> <p>This priority includes implementing the learning of an independent review into the Canterbury earthquakes, reviewing and updating the National Civil Defence Emergency Management (CDEM) Plan, strengthening the statutory framework for recovery from major civil defence emergencies and implementing the results of the recently completed monitoring and evaluation capacity assessment of the CDEM groups around the country.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The Canterbury earthquakes will have a lasting and broad ranging impact on New Zealand. The Ministry of Civil Defence and Emergency Management (MCDEM), as part of DIA, had a key role to play following the earthquakes. The response to the February 2011 earthquake demonstrated the overall strength of the CDEM system in New Zealand and the capability of supporting agencies. However, it is recognised there are areas where further improvement is needed.</p> <p>At the time of this PIF Review of DIA, an independent review of the CDEM response to the 22 February Christchurch earthquake was close to completion. A draft report is with ministers for consideration and will likely result in a number of changes to current practices being recommended. Consequently, we were not able to consider the recommendations made by this independent review in our Review.</p> <p>In anticipation of the likely outcomes of the independent review, MCDEM has already commenced work in some areas where improvement is warranted. This includes how to better manage volunteers, development of logistics and operational planning guidelines as well as a review of the arrangements for welfare in an emergency. A review of the current legislative framework for response and recovery from major emergencies as well as targeted review to identify technical amendments that would improve the operation of the CDEM Act 2002 will also be undertaken.</p> <p style="text-align: right;">Contd...</p>

	<p>As part of its normal focus on ongoing improvement, MCDEM had already identified over forty projects to be implemented over the next several years. These projects will need to be reconsidered when government decisions related to the independent review are known. Careful consideration and planning will need to be undertaken to achieve the highest possible improvements in this very important area.</p> <p>On 26 September 2012 over 1.3 million New Zealanders participated in New Zealand ShakeOut, an earthquake drill arranged by MCDEM. This was a great success and is a good example of the forward-thinking approach taken by the Ministry.</p>
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Government priority 2: Building the efficiency of the local government system
 This priority supports the Government priorities of Better Public Services and Productive Economy.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>An area that was positively reported to us during our Review was the Auckland governance reforms. The development of the alternative governance model for Auckland and implementation work carried out by DIA in respect of this initiative was consistently described as very competent and of a high standard. There was effective consultation with stakeholders and high ownership of decisions made. The opportunity for the future is for DIA to take a planned strategic leadership role in this area, which will include further development of DIA’s co-creation modus operandi.</p> <p>As local government policy represents about 40% of the overall policy workload, the opportunity to build on this success is well recognised in DIA. However, as noted in DIA’s Self-review for this Review, sector-wide local government policy issues will challenge it given the current stage of capability development in the Policy Group. Care needs to be taken to continue to build capability while meeting the expectations of Ministers and stakeholders. Again, this is well understood in DIA.</p> <p>The Government priority for 2012/13 has been agreed with the Minister, with a number of focus areas identified. This represents a broad range of work that includes a review of local government legislation, as well as a requirement to consider the purpose of local government, financial prudence and governance, re-organisational processes and achieving better results. Given the many stakeholders that will need to be engaged to successfully progress these issues this workload will present a challenge, which is well recognised in DIA.</p>
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<p>Government priority 3: Providing leadership across government to improve the use of and investment in ICT through the GCIO’s functional leadership role</p> <p>DIA has a leadership responsibility to deliver the Directions and Priorities for Government ICT, a work plan agreed by Cabinet.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Weak</p> <p>In 2010 DIA took up the functions of the Government Chief Information Officer (GCIO), including the role of all-of-government strategic leadership of ICT. At the time this included the stewardship of the New Zealand e-Government Interoperability Framework (NZ e-GIF).</p> <p>In July 2012 Cabinet expanded and strengthened the role of the GCIO by requiring Public Service agencies to gain the agreement of the GCIO to their strategic ICT plans and investment intentions. Specifically, Cabinet has mandated the GCIO with the authority to set strategic direction, policy and standards for government ICT.</p> <p>The GCIO is not only expected to review ICT plans but ensure strong ‘disruptive challenge’ occurs for proposed projects to optimise the ICT investment across the Crown portfolio. It is expected to have a scoped and agreed plan of future medium-term investment needs for the Public Service, including robust timing and identifying sequencing. This plan must have strong shared ownership by the GCIO, central agencies and Public Service departments and their chief executives. Similarly, ICT projects under way will be rigorously monitored and reviewed by the GCIO and, in some instances, stopped if the external environment has changed significantly enough to warrant taking another approach. The GCIO would be considered to be successful if demonstrable shift occurs through a move from a business-as-usual, service-by-service, ICT spend to a new focus on spending at the agency, sector and systems level. Savings of \$100 million per annum of overall government spending are expected to be achieved within five years. The GCIO is accountable for monitoring, reporting and tracking these and other benefits.</p> <p>In making this decision it is clear that Cabinet was expecting an acceleration of progress in finding system efficiencies, as well as improving effectiveness of government agencies through delivering common capabilities and co-ordinating and rationalising the work of agencies in planning, developing, procuring and delivering ICT services.</p> <p style="text-align: right;">Contd...</p>

At the time of this Review only the basic system-level building blocks for this important function were in place: establishment of the role and the high level expectations of it, establishment of the Ministerial oversight committee, support from central agencies and other key government agencies. However, funding and ‘decision rights’ to support the newly defined role are yet to be resolved and there is no clear articulation of the detailed expectations of accountabilities and deliverables of the GCIO. These outstanding issues require urgent resolution and must be led and owned by the central agencies but co-created with the GCIO. DIA is at a very early stage, therefore, in undertaking this large, complex, all-of-government leadership role.

In addition to the GCIO role, DIA is the lead agency to deliver on Result 10. There is significant expectation from the government that both the GCIO role and Result 10 will deliver ambitious tangible benefits for New Zealand (including cost reduction, removal of duplication, smart procurement and improved customer experience).

DIA was redefining its internal structural arrangements at the time of this Review to ensure the expanded GCIO and Result 10 roles were adequately resourced and do not compromise the internal DIA ICT challenges and focus. It is critical to the success of both the GCIO and Result 10 that the key people are in place as a matter of urgency. Time is slipping by and a plan of what will be achieved by when is not available but there are strong expectations that such a plan is imminent.

At the time of this Review DIA was also grappling with just exactly what will be delivered, by when, in both of these roles and how to adequately resource them. Draft plans were in place but lacked clear milestones and resourcing solutions had not been signed off. Again, this is a critical area and real progress is needed.


There is a strong commitment and preparedness from key government agencies to assist DIA to deliver on these roles once there is clarity about what is demanded of them. To this end the GCIO function will need the active support of the central agencies to resolve ongoing funding and ‘decision rights’ arrangements. These are pressing issues. Key areas The Treasury will need to resolve are funding and charging mechanisms. Clear rules are also needed for when an agency hosts another agency’s work on its ICT system. We have noted elsewhere in this Report that DIA will soon start using Inland Revenue’s financial management information system and this is a good example where The Treasury could assist by leading the establishment of generic charging rules for this and other initiatives. The State Services Commission would have an important role in leading consideration of ‘decision rights’.

It may also be necessary for agencies to consolidate part of each agency’s budget under the GCIO functional leader’s central control or oversight. Again, the GCIO needs direct assistance from the central agencies to resolve this in the context of an overall ICT strategy.

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	<p>These are critical issues requiring resolution as, without adequate resourcing and clear ‘decision rights’, delivery expectations will not be met.</p> <p>The Chief Executive needs to ensure he has highly functional structures, with clear delegations and accountabilities to both drive the change management programme required for DIA itself as well as the GCIO role and delivering on Result 10. This was in development at the time of this Review. Overarching plans, governance and decision-making mechanisms need to be established. Processes to track and report on the delivery of programmes of work and capture benefits realised need to also be put in place. For both the GCIO role and Result 10, the Chief Executive and his team need to be able to provide advice and guidance on ICT investment, and actively drive the pace of change.</p> <p>The Chief Executive is well aware he has a very demanding role in leading the improvements needed in DIA, as well as the GCIO role and Result 10. Increasingly, the central agencies are becoming more aware of the magnitude of this challenge. Our assessment is the Chief Executive can succeed but only if he has the active and timely support of his colleagues in the central agencies and throughout the Public Service. That support needs to include central agency support to quickly determine ‘decision rights’ in relation to the ICT Functional Leadership and establishment of funding and charging arrangements or, more likely, an array of options that will fit different needs. In addition, support will be needed to lift DIA’s ICT performance quickly to become an exemplar and thereby reinforce its GCIO mandate.</p>
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Government priority 4: New Zealanders can complete their transactions with government easily in a digital environment – leading Better Public Services Result 10
 This refers to Result 10 from the Better Public Services programme.

<p>PERFORMANCE RATING</p> <p></p>	<p>Performance Rating: Weak</p> <p>Earlier this year the Government set a number of ambitious goals as part of its Better Public Services (BPS) programme including that in five years 70% of New Zealanders’ most common transactions with government will be completed in a digital environment. DIA is the leader of this work referred to as Result 10 under the BPS programme.</p> <p>While many government departments have for some time been investing in initiatives to encourage the uptake of digital transactions, the current penetration is only about 25% of government transactions. That is well short of the 70% target and clearly a fundamentally new approach is required for this objective to be achieved.</p> <p style="text-align: right;">Contd...</p>
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Many countries have invested in similar initiatives. Progress has been achieved but more slowly than desired. Incentives, such as faster response to a service request, have been used to encourage people to move from the paper world to the electronic world. However, experience has been that an uptake of electronic interactions has not resulted in an equal decrease in paper transactions. Hence, the savings have not been as large as originally anticipated. Some countries have in more recent times mandated electronic interactions with government through legislation and have 'switched off' historical paper options. This has proven to be successful.


It was clear during our Review that DIA would receive strong support from other departments in making this work a success. We interviewed a number of public sector chief executives who consistently expressed the view that they will actively support this initiative and that they have confidence in the Chief Executive of DIA to lead this work. While up to 20 agencies may participate, it is likely that the biggest gains will be achieved by working with the major service delivery departments. This is well understood by the senior leaders in DIA and strong links and relationships are in place with these major departments.

Early foundation work is nearing completion to make it easier for citizens to take up online services through an initiative called 'RealMe'. This service – in partnership with New Zealand Post Limited – will draw on the identity verification service (IVS). It will also create new services, such as address verification, and new opportunities for the private sector to use the services. The IVS (and the RealMe) will be used in conjunction with the current logon service to provide individuals with the ability to easily and securely verify their identity via the internet to a high level of confidence. This is an important development and its success will be a critical prerequisite for the further uptake of digital services.

Work in respect of Result 10 is linked in with the GCIO function and both areas have to be advanced as a matter of urgency. For example, in respect of Result 10, DIA needs to finalise an overarching strategy covering the likely candidate initiatives to achieve the real shift in digital transactions with government. This strategy then needs to be translated into a clear plan with milestones where tangible achievement will be evident. This needs to be developed in cooperation with other agencies.

DIA will need to strengthen its ability to consult, build strong relationships and achieve consensus around these priorities. This will be difficult work and strong leadership will be needed.


Sustainable funding for this initiative is critical. Some chief executives have said they are willing to provide staff on a secondment basis, as well as providing some initial funding. As with the broader GCIO role, longer-term funding arrangements need to be resolved with urgency, along with agreed 'decision rights', rather than DIA having to rely upon the goodwill of other chief executives. Unless there is funding available from within DIA or elsewhere this initiative may not succeed.

<p>Government priority 5: Empowering communities and people to participate in society and the economy</p> <p>This priority refers to the priorities set by the Minister for the Community and Voluntary Sector, including the effective transfer of the Charities Commission function.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>Several priorities have been agreed with the Minister for the Community and Voluntary Sector for 2012/13 and a number of different parts of DIA contribute to achieving these.</p> <p>Firstly, the recent transfer of the functions of the Charities Commission to DIA is expected to enable improved services to be delivered to the public, as well as reduce duplication and improve regulation. A new manager for this function was recently appointed and it will be important to now move forward quickly to meet the expectations of the Minister and this sector.</p> <p>Secondly, there is a focus on building efficient administration, effective regulation and stronger government sector relationships with communities. This includes the use of community-led initiatives to assist communities, hapū and iwi to achieve their goals. Five pilot projects are under way to take a longer term, more strategic holistic approach to supporting communities but it is too early to assess their impact. DIA has been careful in the implementation of this initiative to ensure meaningful pilots have been identified to enable them to assess the effectiveness of this approach. This delayed the start up of the five projects.</p> <p>Finally, there is work to be undertaken to acknowledge and celebrate the work of volunteers and community organisations and develop more professional support for volunteers.</p> <p>A large part of DIA’s role in this area is in providing direct support to various communities and community groups in New Zealand. Much of this work is centred on the 16 regional offices where officials provide development and funding advice to communities, hapū and iwi. DIA is currently reviewing these community advisory services to ensure they are sustainable and flexible and respond to the needs of the communities they serve. During this financial year it is anticipated that over 10,000 applications for grants will be received. These applications amount to requests for funding of about \$300 million, whereas available funding is about \$100 million. Consequently, careful consideration is needed for funding to be made available to the most worthy initiatives.</p> <p style="text-align: right;">Contd...</p>

	<p>While the co-location of key community-focused groups in DIA should lead to a more coordinated approach to this sector, it was not clear to us during our Review that the work undertaken across government in the community sector is as co-ordinated as it could be. For example, the Ministry of Social Development also provides funding to community organisations, admittedly for different purposes such as assisting people to gain new skills to obtain employment. However, this Ministry and others are likely to work with some of the same organisations DIA is involved with and greater awareness of each other’s activities is warranted.</p> <p>Further, in New Zealand there is significant funding provided to community organisations by the private sector, as well as not-for-profit organisations, notably philanthropic trusts. It was not clear to us that DIA has a good awareness of the extent and objectives of these funding streams and how to align its support and funding of communities with these other organisations. DIA should be providing all-of-government leadership to this area to maximise the potential to empower communities and people to participate in society and the economy as is required by this government priority. To do so DIA needs to enhance its awareness of, and have some influence over, how the whole of this sector operates.</p>
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Government priority 6: Maximising the potential for the economy and society to benefit from ethnic diversity

This priority seeks to support Better Public Services and Productive Economy. It encompasses three focus areas which look to maximise economic growth, improve government responsiveness to ethnic communities and maintain and improve New Zealand’s reputation for social harmony.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p> <p>DIA has three key priorities in Ethnic Affairs: economic development, social cohesion and improved responses to ethnic communities. It has a comprehensive programme of work to deliver on these priorities and track progress closely and is well connected with, and respected by, key stakeholders (including other government agencies, local government organisations and external organisations within ethnic communities).</p> <p>Its work is supported by a meaningful database which it developed and for which it has been able to attract beneficial sponsorship support. This database is entitled “Ethnic people in commerce in New Zealand”.</p> <p style="text-align: right;">Contd...</p>
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Delivery of Government Priorities

	<p>Ethnic Affairs has been successful in increasing the use of language translation services. It has also arranged and been successful in obtaining sponsorship for very successful conferences, events and forums. This has more recently included a conference on ethnic diversity and small business that led to constructive progress within targeted communities on sensitive behaviour-related practices to assist with values alignment within the New Zealand context.</p> <p>The Ethnic Affairs team although small in number has been able to achieve a great deal. There is real energy and passion in the way they go about their work. There are opportunities for the rest of DIA to carefully consider what has enabled this team to be successful, to determine what could be applied to the rest of DIA.</p>
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RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews the agency’s effectiveness and efficiency in delivering its core business. While the questions are ex-post and guide Lead reviewers to retrospective and current performance, the final judgements and ratings are necessarily informed by scope and scale of the performance challenge.



<p>Core business 1: Information and Knowledge Services</p> <p>This core business includes the functions of the Archives, the National Library, the Translation Service and the New Zealand Gazette.</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Needing development</p> <p>Performance Rating (Efficiency): Needing development</p> <p>This core business includes the function of Archives, the National Library, the Translation Service and the New Zealand Gazette. At the time of this Review there was a proposal out for consultation to change the existing internal structure surrounding these services.</p> <p>Key initiatives in this area are:</p> <ul style="list-style-type: none"> • completion of the redevelopment of the Wellington building that houses the National Library, including new space for display of the original Treaty of Waitangi documents • integrated storage and preservation of collections • implementation of the Government Digital Archive • review and development of the digital preservation services • literacy and learning in communities and schools. <p>In February 2011 the National Library and Archives were transferred into DIA, effectively increasing the size of DIA by 30%. The integration project, named “321”, was completed very well despite the difficult circumstances DIA faced in responding to the severe Christchurch earthquake at the same time.</p> <p>Since integration, the two groups have examined how they provide their services and undertaken reviews to improve their ability to deliver the right services in a more cost-effective manner and ensure they are structured in a way consistent with overall Departmental arrangements (the Archives review was completed on 1 February 2012 and the National Library one on 15 December 2011). Both groups have been clear about the need to focus on the possibilities and requirements of working together in the digital content environment.</p> <p style="text-align: right;">Contd...</p>

	<p>Bringing these groups together has resulted in some efficiency gains through sharing technology and expertise and both groups are currently delivering on core business against the agreed performance standards. The challenge will be to continue to do so, while meeting the demands of the new technology environment and the sometimes conflicting cultures of Archives, the National Library and other parts of DIA.</p> <p>There is pressure to make content more accessible by digitising more of the holdings in order to provide content in a different way. The Government wants New Zealanders to have easy access to the country’s most used records and to be able to make transactions online. Further pressures are emerging as ultrafast broadband is rolled out to schools who will want content delivered online. Together, the National Library and Archives can, following consultation, set new State Services standards for the delivery of digital information management.</p> <p>DIA is aware that meeting these demands potentially requires more funding and a change in business models. The current models are based on the acquisition of large quantities of material, most of which are in hard copy form. While some digitisation has been carried out, it represents a tiny fraction of the total material held by the National Library and Archives.</p> <p>To address some of these issues, a joint strategic partnership programme for Archives and National Library has been developed that aims to optimise services and ensure efficiency. This is expected to be a 10-year programme, with several initiatives already developed for work that will take place over the next two years. In addition, DIA is in a position to influence the uptake of digital information management across government agencies through its all-of-government ICT leadership role. The speed of uptake will dictate the reduction in the rate of growth of paper archives.</p> <p>The business groups are looking at ways to help fund digitisation through efficiencies and cost savings, and funding innovative solutions. For instance, Archives is partnering with not-for-profit groups to deliver digitisation of selected holdings and the National Library is reviewing its school library services and Aotearoa People’s Network Kaharoa to consider sustainability. This approach is consistent with the practice of assessing the cost-effectiveness of key outcomes.</p> <p>These initiatives in themselves are unlikely, however, to deliver sufficient savings to balance the provision of traditional services with the growing focus on the digital side of the business and the subsequent shift in business models that will be required. Current business models are not likely to be sustainable and a lot of development work is required to create viable business models for the future in the face of uncertain demand and resources.</p> <p>There are also residual structural issues that must be addressed including the roles of external governance boards and advisory committees to enable service rationalisation and synergies to be realised.</p>
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<p>Core business 2: Technology Services</p> <p>This core business looks at all-of-government responsibilities of the Government Technology Service (GTS), Government ICT Supply Management Office (GISMO), and the online service responsibilities of the Government Information Service (GIS).</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed</p> <p>Performance Rating (Efficiency): Needing development</p> <hr/> <p>It should be noted that the assessment of this core business does not relate to DIA’s own internal ICT services, which is assessed in the Organisational Management section of our Report, it relates to the period before DIA took responsibility for all-of-government functional leadership for ICT (the expanded GCIO role) and leading Result 10. Those all-of-government responsibilities are assessed in the Government Priorities section of this Review.</p> <p>Like governments in many developed countries, the New Zealand government has been striving to gain the greatest efficiencies it can from the use of technology to deliver better and more user-friendly services to the community. For some time the GCIO has been seen to have a key role in achieving these changes and, as already noted, this role has recently expanded considerably. It is assessed as Government Priority 3, above.</p> <p>In addition to the broad leadership role of the GCIO, DIA delivers a number of all-of-government technology services. Within DIA the GTS area has focused on finding all-of-government savings and has promoted common ICT capabilities. Work in this area has included the development of a Government Enterprise Architecture and three-year ICT roadmap. Also within DIA, the GISMO has been working to improve the use of ICT in the State sector as well as reducing ICT costs. Finally, the GIS area of DIA has been developing a centre of expertise for the government’s online presence. This has included the development of web and data strategies, architecture, standards and delivery.</p> <p>Achievements from this all-of-government work have included:</p> <ul style="list-style-type: none"> • sourcing and managing ‘Infrastructure-as-a-Service’ • managing the one.govt data network contract • sourcing and managing contracts for desktop, laptop and voice and data services • the recent announcements on the use of Cloud services. <p>Given the above there have clearly been some good achievements in this all-of-government space. However, DIA does not have direct measures of the additional efficiency achieved through the use of these services and contracts.</p> <p style="text-align: right;">Contd...</p>

	<p>Consequently, DIA has recently engaged the New Zealand Institute of Economic Research to review the financial benefits of each initiative, as well as develop a consistent framework for specifying and assessing the benefits of future all-of-government initiatives. This will be an important area of work that will enable greater insights to be gained into the benefits of these investments and will assist in making decisions about future priorities.</p>
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Core business 3: Identity Services
 This core business includes services around passports; birth, death and marriage registration; citizenship; and identity and data services.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Strong Performance Rating (Efficiency): Well placed</p> <p>Identity Services includes passport issuance, registration of births, deaths and marriages, citizenship services, and identity and data services. Funding for these core services are predominantly through user-pays fees for products and services. Significant measurable progress has been made in regard to reduced cost of delivery and turnaround time through systems thinking and innovation and improved technology. Opportunities may exist to reduce fees for these services in future in response to process innovation, despite increased transactional volumes. All four areas are recognised for delivery robustness, including accuracy and timeliness.</p> <p>The passport function has a significant multi-year three-phase ICT development project with Hewlett Packard Limited. Phases one and two have been completed, which have enabled twice the number of passports to be processed by the same number of staff. The final phase of the project was being defined at the time of this Review. There is a high degree of confidence that the major benefits targeted from this project will be realised but the projects were still under way at the time of this Review.</p> <p>Core ICT systems in the births, deaths and marriages, and citizenship areas need significant work to improve efficiency and effectiveness although where these fit within DIA’s ICT priorities is unclear.</p> <p>These functions are all well run and the delivery risk is well managed. The opportunity is in providing strategic leadership across these services: identifying and implementing operational and citizen-focused synergies and improvements, as well as identifying and managing emerging external risks, such as identity theft. The future strategy and investment will also recognise that access to, and sharing of, identity data is a critical enabler to join up public services to improve them. As a result, further significant ICT investment in this area will be a priority for DIA.</p> <p style="text-align: right;">Contd...</p>
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	<p>Part of the Identity and Data Services programme includes two important components – the igovt logon service and the igovt identity verification service (IVS). These services are important all-of-government ICT infrastructure. The logon service has been operational since 2007. There are nearly 40 online services from 13 agencies that use the logon services. The service is already supporting over 460,000 igovt logons, and over five million online transactions have been completed using the igovt service. Full implementation of the IVS relies on the enactment of the Electronic Identity Verification Bill. Once the Bill is passed the IVS will be able to be made available to all New Zealanders and will support access to a wide range of services offered by government and private sector agencies.</p> <p>As previously noted the partnering arrangements with New Zealand Post will underpin future expansion of the IVS service under the RealMe brand.</p>
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Core business 4: Community Services

This core business includes the administration of a range of grants programmes, provision of information and advice to help strengthen communities and encourage participation in the voluntary sector. It will also include work of the Charities Commission upon integration into DIA.

<p>PERFORMANCE RATING</p>	<p>Performance Rating (Effectiveness): Needing development Performance Rating (Efficiency): Needing development</p>
<p>Effectiveness</p>  <p>Efficiency</p> 	<p>As noted previously, over \$100 million in funding is provided through various grants programmes to help strengthen communities and encourage participation in the voluntary sector. The community services unit is currently trialling a community-led approach based on collaboration, shared resources and growing capability. This approach will result in larger, more holistic and strategic investments in local communities rather than ad hoc annual grants to community groups. A formal evaluation of this initiative will be undertaken in December 2012.</p> <p>The efficiency of the delivery of community services is adversely impacted by the current information technology system used in DIA. Unless a new system is developed, as is suggested in DIA’s Self-review, then other planned improvements will not be able to go ahead. Although DIA is progressing this work the merits of the investment will need to be compared to the many other information technology investments needed in other parts of DIA.</p> <p>The effectiveness of grants made and the process used to determine eligibility has traditionally been based on an assessment of the satisfaction of support provided to grant committees. The assessment has not monitored the actual benefits achieved by the initiatives funded. DIA is aware of this issue referring to it in its Self-review. Clearly, this is an important area to address.</p> <p style="text-align: right;">Contd...</p>

	<p>DIA is also currently exploring opportunities to co-locate with other agencies, which proved to be a success during the period following the Christchurch earthquakes. If this goes ahead it will likely offer savings as well as the opportunity to deliver services more efficiently.</p> <p>As already noted in our consideration of Government Priority 5 “Empowering communities and people to participate in society and the economy”, DIA should be doing more to work with other participants, including other departments and agencies, to lift the thinking about the sector and the role that government and non-government organisations could be playing to achieve the greatest benefits for the communities they are assisting. Developing clear measures to assess such benefits, including benefits from funds invested by the government, will be important.</p>
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Core business 5: Policy Services



DIA provides policy advice and servicing to government on local government, ethnic affairs, the community and voluntary sector, civil defence and emergency management, and in fire, identity, technology, information management, gambling and racing policy.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Needing development</p> <p>Performance Rating (Efficiency): Needing development</p> <hr/> <p>Like many other areas in DIA the Policy Group is in transition. The Policy, Regulatory and Ethnic Affairs Branch (PREA) was established in early 2011. Final appointments to the PREA management team were made in 2012 following a comprehensive internal review of the new branch.</p> <p>The policy advice work of the Policy Group includes: local government, the community and voluntary sector, civil defence and emergency management, fire, identity, technology, information management, gambling and racing. For a number of areas of policy responsibility there is highly developed international academic thinking and expertise, such as research about connecting with government. Clearly, it is important the Policy Group is aware of this research and is well connected to this academic community.</p> <p>Although Ministers used words such as “amazingly competent” to describe the work of the Policy Group, other stakeholders said the top team is particularly skilled but there is further to go in developing some of the other people in the Policy Group. Furthermore, other stakeholders commented that the Policy Group had not yet demonstrated it had come to grips with the key issues facing their sector. These comments are consistent with the Self-review undertaken by DIA, where it is stated that the Group has further to go to develop the overall capability and culture needed to support the large policy programme of work required of it. These are the reasons we have rated the effectiveness and efficiency of the Policy Services as ‘needing development’ but we believe the Group is well on the way to higher levels of achievement.</p> <p style="text-align: right;">Contd...</p>
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	<p>The policy function in DIA has some good runs on the board. For example, the work undertaken in connection with the reforms of Auckland governance has been widely described as a great success. This required a cross-government approach, with extensive consultation. The stakeholders we spoke to said this was an excellent piece of work carried out within restricted timeframes.</p> <p>Given the extent of the policy workload and the need to build capability, the Policy Group’s work has largely been reactive. It is important that, as capability is built, the Group ensures it has positioned itself to be more innovative and forward looking in connection with advice provided to ministers. This will particularly be the case for local government and gambling policy.</p> <p>One area we were concerned about was DIA’s approach to preparing answers to Parliamentary Questions. The Policy Group does not review the response to all Parliamentary Questions and therefore, there may be a lost opportunity to ensure the quality of responses is at a consistently high level plus improved organisation-focused risk management. It would be worthwhile for DIA to give further consideration to this and modify this practice as needed.</p> <p>The Policy Group has the ambition to be in the top end of policy functions and has made good progress towards this. It has put in place the foundations to be able to provide robust, timely and professional policy advice to ministers.</p>
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Core business 6: Regulatory Services



DIA regulates gaming, censorship, unsolicited electronic messaging (anti-spam), the Private Security sector and will have a shared regulatory responsibility when the Anti-Money Laundering and Countering Financing of Terrorism legislation comes into force on 30 June 2013.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Needing development</p> <p>Performance Rating (Efficiency): Needing development</p> <p>Currently, the core regulatory work undertaken by DIA is in respect of gambling, censorship and anti-spam. DIA will have additional regulatory responsibilities when the Anti-Money Laundering and Countering Financing of Terrorism legislation comes into force on 30 June 2013. DIA also has responsibility for assuring that recordkeeping practices are efficient and meet the expectations of the relevant laws, and Archives leads this work.</p> <p>DIA has this year documented a new approach to Compliance and Enforcement where it clearly sets out its overall approach to maintaining and improving compliance with the laws it administers. This document builds upon the international experience of regulators in areas such as taxation administration, environmental protection and pharmaceutical regulation.</p> <p style="text-align: right;">Contd...</p>
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	<p>The new approach sets out a graduated response to compliance concerns and puts forward the view that regulatory regimes in countries like New Zealand, should have as their foundation the proposition that citizens would comply or try to comply with the laws. For those citizens the regulator should strive to make compliance as straightforward and easy as possible. On the other hand, if citizens have decided not to comply and are, say, wilfully negligent, the role of the regulator is to use the full force of the law to ensure compliance is achieved. Indeed, research in developed countries suggests that the community would expect a regulator to take all available steps to achieve compliance when citizens have decided not to comply.</p> <p>This new document also foreshadows the use of a risk management model based on international best practice. This model sets out the steps required to effectively identify and manage risks and notes the importance of understanding the operating context, gathering intelligence and undertaking analysis before interventions are decided.</p> <p>Clearly DIA has undertaken some very good work to set a path for the future. In its Self-review it acknowledged it needs to further develop its capability in intelligence, analysis and investigative skills. At the same time, it will be important for DIA to consider whether the legislation it administers allows an approach to be taken that is consistent to a graduated response to compliance concerns. For instance, it was suggested to us that the current gambling legislation may not allow a graduated response to be taken.</p> <p>An area of further work noted in DIA’s Self-review is to develop a coherent set of progress measures for all of its various regulatory functions. What is desired is the ability to have reliable and up to date information about the impacts of its regulatory work and the ability to capture the details of any unintended consequences. As the new approach to compliance and enforcement is bedded down it will be important to ensure the information needed to understand DIA’s operating context is available to support the new approach to identifying and managing risks.</p> <p>An area of success in the regulation area is Censorship Compliance. The work of this unit received very high praise when the head of Interpol’s Crimes Against Children Unit referred to the DIA team as “the premier unit in the world for this type of crime”. Clearly, this is excellent praise.</p>
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Core business 7: Civil Defence and Emergency Management


The Ministry of Civil Defence & Emergency Management (MCDEM) leads New Zealand in reducing risk, being ready for, responding to and recovering from local disasters and manages central government’s response and recovery functions for national emergencies.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed Performance Rating (Efficiency): Well placed</p> <p>MCDEM holds a position of trust in respect of other organisations and departments who are also involved in building national readiness, response and recovery capability to support the community in times of emergency.</p> <p>The Ministry has been able to strengthen its capability and has been working within a well defined legislative framework for several years. It has actively worked with local authorities, other central government agencies, emergency services and the like. It has also developed strong international relationships.</p> <p>In leading the response to the Canterbury earthquakes, MCDEM had to draw upon the expertise it had developed to an unprecedented level. It coped well with this challenge and, as would be expected on reflection, lessons have been learnt and improvements agreed. We received very positive feedback about the work MCDEM led and the contribution DIA has subsequently made in connection with the all-of-government approaches adopted following the February 2011 earthquake.</p> <p>An independent review of the Civil Defence Emergency Management response to the 22 February Christchurch earthquake was close to completion at the time we prepared this Report. The learning from this Review and the recommendations made will be a very important input into the improvement to be made to the role and responsibilities of MCDEM and of the capability it needs.</p> <p>As part of its broader role MCDEM has been working with the local Civil Defence Emergency Management sector to assess the sector’s ability to deal with an emergency. The first capability report has recently been finalised and this shows a range of overall capability ranging from 43% to 76%. MCDEM is now actively working with these groups to assist them to identify and implement initiatives to improve capability.</p> <p>Another area where improvement is under way is in respect of the National Crisis Management Centre. Following the Christchurch earthquake it was recognised that additional specifically trained and skilled support staff were needed and this is being addressed.</p> <p>The MCDEM has a small core team of 36 staff. It has an efficient service model working closely with central and local government, as well as the private sector and community organisations, to prepare for and respond to emergencies, using DIA’s corporate services to support its activities. It continues to look for new efficiencies, as reflected in its current organisational review, and to learn from experience as it has done following the review of the response to the Canterbury earthquakes.</p>
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Crown entity monitoring

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Needing development</p> <p>Performance Rating (Efficiency): Needing development</p> <p>The Crown entity monitoring function reports to the Deputy Chief Executive, Policy, Regulatory and Ethnic Affairs.</p> <p>The principal role of the Crown entity monitoring function is managing appointments for the 47 committees and boards under the responsibility of DIA. This is a small team with limited resources. Eighty percent of its appointment recommendations are accepted by Cabinet. In addition it monitors two Crown entities: the New Zealand Fire Service Commission and the Office of Film and Literature Classification.</p> <p>Appointments are anticipated through a database that identifies upcoming vacancies 18 months ahead of the expiry dates. The team discusses these with the relevant Minister and the board or committee Chair before seeking candidates from The Treasury’s Crown Ownership Monitoring Unit, the Ministry of Women’s Affairs and other interested groups.</p> <p>The team has developed processes to enhance effective decision-making in regard to potential candidates. Most appointment processes, however, are paper based versus involving interviewing. This reflects the size and nature of many of the appointments.</p> <p>The existing strategic review of the Fire Service was initiated by the Minister, not the monitoring function, and supported by the Chair and policy officials, although the monitoring function acknowledged the current legislation is out of date.</p> <p>While the function is sound in terms of appointments, the workload related to appointments compromise the ability of the team to undertake a truly value-add monitoring function for the entities it has responsibility for.</p>
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Regulatory impact
 How well does the agency’s regulatory work achieve its required impact?


<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>As noted under Core Business 5, Policy Services, DIA’s ability to respond to and provide innovative and strategic, forward-looking solutions to policy issues is improving but has a way to go. The same can be said for DIA’s ability to ensure regulations achieve the required impact – improving but has a way to go.</p> <p style="text-align: right;">Contd...</p>
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	<p>Local government represents about 40% of the policy workload for DIA and it was important that the Auckland governance work was a success. However, in the area of local government regulation there is the vexed issue of central legislation with local implementation and the extent there should be consistency in the implementation and application of the laws. New Zealand is not alone here and most developed countries face similar challenges but the Policy Group should increasingly have a well developed understanding of this situation and develop responses to concerns they may have.</p> <p>Also in connection with local government regulation, it will be important for the Policy Group to take the opportunities that will become available for it to lead further reform. It should be increasingly common to see strong collaboration with local government to achieve higher levels of ownership of any potential reforms. Clearly, the consultation undertaken in connection with the Auckland governance reforms was a success and this process should become the model for consulting on other potential reforms. Higher levels of consultation in the development of legislation should result in greater consistency in the application of any changes.</p> <p>Most regulatory functions devolved to local government are mandated by statutes administered by other Crown agencies (eg, the Building Act 2004, Resource Management Act 1991 and Land Transport Management Act 2003). High performance in this area would see DIA collaborating with responsible agencies and local government to ensure that delegation of regulatory responsibilities to local government was:</p> <ul style="list-style-type: none"> • driven from a principles base; • an appropriate policy response to the problem at hand; and • implemented in a way that resulted in an appropriate balancing of national and local interests.
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ORGANISATIONAL MANAGEMENT SECTION


This section reviews the agency’s organisational management. The questions focus on ex-ante and often guide Lead reviewers to future and current performance. Final judgements and ratings are informed by the scope and scale of the performance challenge.

Part One: Leadership, Direction and Delivery


<p>Purpose , Vision and Strategy</p> <p>How well has the agency defined and articulated its purpose, vision and strategy to its staff and stakeholders?</p> <p>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>DIA has been caught up in an internal debate: is it a ‘holding company’ with a disparate collection of services and roles that it must deliver on behalf of government (but which have very little, if any, relationship to each other) or is it an organisation with a common purpose with potential to leverage across and between the services it delivers? For many staff, DIA is just the service silo they work in (such as Ethnic Affairs, Passports, National Library or Archives).</p> <p>DIA does have an overarching purpose statement, which was developed under the previous Chief Executive and the Executive Leadership Team (ELT).</p> <p>The strategic direction outlined in the current Strategy Document has been developed centrally and is not owned by the organisation. In the 2012 engagement survey 100% of ELT agreed there was a clear vision for the organisation, 63% of tier three managers agreed with this and only 41% of tier four managers agreed.</p> <p>It is acknowledged by the new Chief Executive, ELT and staff that the existing purpose statement needs development and has limited currency within the organisation. The new Chief Executive is committed to retaining the current purpose statement as it does articulate that DIA is the organisation that can be counted on to deliver critical services to citizens that help define what it means to live in New Zealand as a safe, prosperous and respected nation.</p> <p style="text-align: right;">Contd...</p>


	<p>Operational excellence for the services DIA deliver depends on having a highly effective integrated business model that can leverage support functions across the services provided, provide opportunities for the development of personnel across the organisation, and drive operational synergies between services to respond to external trends and changing delivery models. This will not be achieved through a ‘holding company’ model. DIA should be a cornerstone department renowned for delivering excellent citizen services and looked at to innovate, aggregate existing services, absorb new services and divest services that are better delivered elsewhere. DIA is not operating in this paradigm at present. DIA, under the new Chief Executive, is at the beginning of the journey in defining and owning its purpose.</p> <p>Significant work is required to first articulate and then create ownership of the existing purpose across the organisation. In addition, as DIA augments delivery of its own services with all-of-government leadership in the ICT space, it will need to build this scope into its purpose, vision and strategy and get ownership throughout the organisation.</p> <p>At the time of this Review DIA was coming to terms with what the new combined role requires and how the organisation will respond to this. Operationalising the purpose will require redefinition of the business model, in particular the role of support services and whole-of-organisation strategy planning and prioritisation and clarity as to where and how the GCIO role fits. This is in contrast with the current siloed approach, combined with some, not all, bureaucratic centralised services.</p> <p>It is important to acknowledge that while DIA needs to do more to develop and communicate its purpose and strategy in response to its broader set of leadership and delivery responsibilities, it steadily delivered a wide range of services during a period when it took on substantial new functions and successfully managed change during difficult circumstances, including changes of chief executives and Ministers. During that time it has also retained the confidence of central agencies and Ministers sufficiently to be given all-of-government ICT leadership roles.</p>
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<p>Leadership and Governance</p> <p>How well does the senior team provide collective leadership and direction to the agency?</p>	
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<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>DIA has been an organisation under significant pressure over the two years prior to the PIF review. This has included integrating the National Library and Archives into the organisation, effectively increasing the size of the workforce by 30%, experiencing three chief executive changes, responding to the Christchurch earthquakes (including losing a number of its premises, as well as providing Civil Defence oversight), responding to cost pressures and responding to the new responsibility of the GCIO role and Result 10. These pressures would prove demanding for any organisation.</p> <p style="text-align: right;">Contd...</p>
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	<p>During this Review the Chief Executive, who has been in his role for approximately six months, held his first of a series of four leadership forums involving ELT, all of level three and some level four managers. The Chief Executive clearly articulated the priorities for DIA at this forum, which was very well received but his leadership stamp on the organisation is at the early stage of recognition. Upon joining the organisation, the Chief Executive visited all branches of DIA and many regional areas where he met most of the staff. His visibility and openness has been welcomed by staff.</p> <p>The critical leadership challenge facing DIA is to ensure sufficient focus and resources are applied to both the leadership of its core citizen services, plus the leadership role of its all-of-government work of GCIO and Result 10. Both of these areas require significant attention, being big jobs in their own right, and the responsibilities for both rest clearly with the new Chief Executive. These two areas have very different requirements in terms of approach, modus operandi, risk appetite and expectation. The Chief Executive must ensure there are appropriate and effective structures in place, adequate resources available and there are clear accountabilities to enable both areas of challenge to achieve significant progress.</p> <p>At the time of this Review the Chief Executive was undertaking further restructuring of his executive team to assist with these challenges and he recognised the need to distinguish between these two critical roles while, at the same time, leveraging capability across DIA where appropriate. Further work is planned in this area.</p> <p>ELT, which came together in April 2011, is recognised as being coherent and ‘joined up’ in its views and priorities. However, there are examples of a disconnect between ELT and level three and four managers, particularly in terms of strategic prioritisation, agreed delegations and accountabilities.</p> <p>Strategic governance decision-making is ‘clunky’ with four governance groups providing pre-work/monitoring prior to ELT consideration. A review of governance arrangements was recently completed and this identified the need to improve role clarity of these governance committees. It emphasised the need to address the fact that the current four-committee structure is cumbersome and causes time delays for some areas of the business when they have to interact unnecessarily with a number of committees before reaching ELT.</p> <p>On a day-to-day basis, the organisation is managing delivery risk well within each of its service areas.</p> <p>DIA established an Enterprise Programme Management Office in 2011 to improve programme and project management disciplines. DIA is on a development journey in this area and, while standard project disciplines (eg, timelines and reporting on progress) are in place, more work is needed on business cases and benefit realisation.</p>
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<p>Values, Behaviour and Culture</p> <p>How well does the agency develop and promote the organisational values, behaviours and culture it needs to support its strategic direction?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>ELT understands it is critically important for DIA’s values to be owned and established throughout the organisation and that this is integrally linked to developing strong alignment to the organisational purpose. ELT developed and promulgated a new set of values for the organisation with senior managers prior to the current Chief Executive commencing but as yet there has not been universal uptake by staff.</p> <p>At the time of this Review, in the absence of agreed organisational values, there appeared to be informal values and culture exhibited by staff focused on integrity, servicing communities well and fairly and helping each other out. The Lead reviewers observed a strong commitment from staff within DIA striving to do a good job in their own service area. This is what typically happens when there are strong silos without effective cross-organisation approaches. It is this confusion and the lack of promotion of the values that is the issue DIA needs to address. DIA would have needed to rethink how it promoted its values, behaviour and culture when the National Library and Archives joined, as those organisations would have had their own cultures (and probably still do) and strong professional values that underpin their work. This would have been difficult to deal with.</p> <p>During our Review ELT announced a series of 30 workshops on culture that would run throughout the organisation. This is comprehensive engagement and is expected to help staff articulate DIA’s values and behaviours and generate greater understanding of the expectations for staff. ELT also needs to ensure DIA’s values are aligned to core State Services values and the connections made clear.</p> <p>Significant work will be required after the workshop series to further embed DIA’s values throughout the organisation but ELT has a sound plan to make progress in this area.</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?</p> <p>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: Needing development</p> <p>Not surprisingly, given the absence of alignment to an agreed organisation purpose, the current siloed nature of the organisation structure and the recent merging of National Library and Archives into the organisation, has resulted in clarity and accountabilities being strong within the service silos. However, they are weak between individual siloed services, and there is lack of clarity in regard to the interaction of services with shared services and the centre.</p> <p>The structural clarity within the service silos has supported sound delivery of services. The lack of clarity in regard to how those service silos work with and are supported by DIA’s support services has created a bureaucracy and limits efficiency in innovation and service support. Significant resource has gone into developing support service manuals and service level agreements between support services and delivery services, however, these limit organisational, strategic and operational prioritisation and can lead to ‘over servicing’ and in some instances lead to ‘work around’ behaviour at an operational level. Better Public Services (BPS) and Result 10 are challenging the current business model and operational paradigms. Increased efficiency and effectiveness of DIA’s services and DIA’s own contribution to Result 10 will require significant improvement in the relationship and functioning between delivery services and support services.</p> <p>Arrangements for access to business-as-usual shared services need significant work including the development and implementation of a high trust delegation and accountability framework for decision-making within delivery services wherever possible.</p> <p>Structural and role clarity is also needed in regard to ICT-related services and personnel to ensure DIA’s internal ICT challenges are adequately resourced and prioritised as well as those of the GCIO. The development of appropriate, transparent structural and governance arrangements for DIA and the GCIO function is critical and this was not in place at the time of this Review. Currently, structural complexity exists in DIA whereby most second tier managers have both operational service and support service responsibilities.</p> <p>The lack of effective structure and role clarity is compensated to a small degree by the goodwill that exists amongst employees and a willingness to help colleagues in other areas if asked.</p> <p>Further restructuring of the service teams was announced during this Review.</p> <p>DIA can have up to eight tiers of hierarchy in parts of the organisation that, without doubt, would impact efficiency and drive bureaucracy. There is currently a project under way to address this and other workforce structure issues.</p>

<p>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>The consolidation of the DIA outcome framework in 2011 will enable improved effectiveness and efficiency within the organisation, with flexibility now in place to shift resources to the right areas to deliver desired outcomes and address critical challenges.</p> <p>DIA’s Self-review provides a good summary of where its performance framework is now and what it needs to develop: “Having consolidated the performance framework, the Department is now working to develop more meaningful indicators and measures to report performance. The 2011 Departmental Internal Control Evaluation noted the need for improvement around the elements for output performance measurement and continuous improvement systems. Work in train is intended to provide a clear link between services, impacts and outcomes to measure cost-effectiveness and drive continuous improvement across the Department. This full suite of performance measures will be in place for Budget 2013.”</p> <p>DIA recognises, however, that there is still a need to be more skilled at assessing and improving the performance of its business operations. There is also recognition of a lack of systems to ensure lessons learned in one part of DIA are applied more widely. A systems thinking approach has been used in some areas but has not been implemented as a systematic enterprise approach.</p> <p>At the time of this Review there was a significant number of internal reviews under way or nearing completion including reviews of internal governance, DIA’s regulatory function, effectiveness of services for Māori and several structural reviews of branches in DIA.</p> <p>These reviews require significant effort and create expectation of change amongst those being reviewed. Further costs will be incurred in assessing review recommendations, determining priorities and implementing agreed changes. There was evidence of change and review fatigue amongst staff. DIA may need to take stock of its propensity to undertake reviews in favour of focusing on the priority areas needing attention, especially internal ICT.</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: Well placed</p> <p>DIA provides advice and services to six ministers who represent seven Ministerial portfolios. DIA also monitors two Crown entities as well as a number of statutory bodies. Given that Ministers have changed over recent times it has been necessary for DIA to establish a number of new relationships.</p> <p>During our Review it quickly became apparent that DIA has been very successful in building good rapport with the various ministers they deal with. Policy advice provided to Ministers was commonly described as being of high quality and provided within expected timeframes. A number of ministers specifically referred to several policy staff as being very capable. When asked about how innovative or proactive DIA has been in providing policy advice, Ministers said that in most cases they have not had the opportunity to do so because of the breadth and volume of the workload requested by Ministers. This should not be read that Ministers were inferring that DIA was not capable of providing innovating thinking around policy issues.</p> <p>Ministers also saw the work carried out by DIA in connection with the establishment of one council for Auckland governance changes as of a very high standard where they achieved a great deal in a restricted timeframe. It was also observed that DIA should claim more credit for its efforts in what was a very difficult initiative.</p> <p>Looking forward, the move to have one Vote for DIA will present some new challenges. This change is designed to give greater flexibility to shift resources within DIA to meet priorities and aligns to the shift of policy resources to the one area. However, careful negotiation may be required to ensure that all Ministers are aware of the overall challenges faced by DIA, particularly those related to policy, and there may be a need to reach a common view about what is the highest priority work.</p> <p>The new GCIO role will also challenge DIA’s approach to working with Ministers, with new highly effective relationships needing to be in place with senior Cabinet ministers who are focusing on all-of-government performance and achievement of the 10 result areas. These new relationships will be in addition DIA’s the existing portfolio ministers. The GCIO has the respect of these Ministers but they are now seeking clarity on the deliverables from this role.</p> <p style="text-align: right;">Contd...</p>

An important part of DIA's responsibilities is the provision of office support and staffing to Ministers' offices. Ministers said that DIA was competent in this role with few problems having arising. Although we did not examine it in any great detail, the VIP transport was described by ministers as of a very high quality and responsive to ministerial needs.

Sector Contribution

How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?

PERFORMANCE RATING



Performance Rating: **Well placed**

DIA supports multiple sectors, including the social, education, economic, border control, cultural and environmental sectors.

DIA supports agencies across a range of sectors, including through:

- engaging actively with agencies across the social, education, economic, cultural and environmental sectors, generally in support of lead sector agencies
- cooperating with a number of agencies involved in law enforcement and public health relating to gambling, censorship and internet crime
- supporting the national network of public libraries and providing library services to schools
- providing advice, training and support to community groups to manage their archives.

DIA is respected by relevant agencies within the sector, with good working relationships with others involved in its service delivery areas (such as border services and cultural heritage) and with agencies it plans to share back-of-house and front-of-house services with as part of its commitment to BPS. DIA's future finance system will be provided by the Inland Revenue Department (IRD) and work is currently under way with a number of other government departments in regard to shared databases and HR systems.


DIA collaborated with IRD and the Ministry of Social Development (MSD) in Christchurch to deliver 'front counter' services immediately post the February 2011 earthquake. In January 2013 a pilot joined up IRD/DIA/MSD 'front-of-house' public service offering will open.

From 1 July 2012 the functions of the Charities Commission transferred to DIA. This has extended DIA's responsibilities to include promoting public trust in the charitable sector, registering charities, and monitoring compliance with the Charities Act 2005. Work to give effect to the integration was managed effectively and DIA was ready to operate these functions from 1 July.

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	<p>MCDEM has a national leadership role in reducing risk, being ready for, responding to, and recovering from disasters. It leads and supports local authorities, Civil Defence Emergency Management Groups and other stakeholders, using a structured relationship management approach and initiatives such as its monitoring and evaluation programme and capability assessment tools. A 2011 stakeholder survey reported that 81% believe MCDEM is fulfilling its leadership role. ELT has been actively overseeing earthquake response activities, including collaboration with other agencies.</p> <p>DIA leads government in the identity management space and works with many agencies in this context. The Service Delivery and Operations group is working to get stakeholders and customers more involved in service design. Effectiveness in this area is not yet measured.</p> <p>DIA works with the local government sector at a number of levels:</p> <ul style="list-style-type: none"> • under the Local Government Act 2002, the Secretary of Internal Affairs is also the Secretary for Local Government, with a number of statutory functions • the Local Government and Emergency Management Policy area in the Policy Group provides policy advice and administer Acts and regulation on behalf of the Minister of Local Government and administers statutes and local government information, the rates rebate scheme and a number of grants and other services. <p>DIA has a strong recent track record of implementing local government reforms and key local government stakeholders report a significantly improved approach to partnering in this area.</p> <p>DIA has a key leadership role as GCIO. This role is strongly respected and supported by colleagues in the sector. This support will be able to be harnessed once the priorities and work plan for the GCIO is locked down.</p>
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Collaboration and 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>Given the range of services provided by DIA, the organisation has relationships with a wide range of stakeholders. Stakeholders include other government organisations, businesses, local government, local communities and Māori, as well as the public.</p> <p>The diversity of relationships range from regulator, in the case of gambling and censorship, to co-creator in regard to future local government reform, ethnic affairs etc.</p> <p style="text-align: right;">Contd...</p>
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	<p>Overall, DIA manages engagement with stakeholders well. Interviews undertaken by the Lead reviewers confirmed this and it was supported by survey information regularly collected by DIA.</p> <p>The critical area, which will negatively impact progress in this area, is the lack of enough people with depth and understanding of some areas of the business. This is exacerbated by:</p> <ul style="list-style-type: none"> • the recent restructure and new resources in the policy area (critical to central and local government stakeholders) and ICT (critical to the GCIO role) • the high turnover of delivery staff in some areas and, in other areas, the lack of turnover of delivery staff, which can impact on realigning delivery with new service delivery models. <p>In the future, with its all-of-government leadership role, DIAs will be involved in co-creating strategy (both at the central and local government levels). This will require stronger skills in this area and an understanding of ‘risk management’ versus ‘risk aversion’ when finding new ways of working with other stakeholders.</p>
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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: Strong</p> <p>DIA has demonstrated consistently high levels of performance in this area supported by regular robust evaluation of customer satisfaction.</p> <p>DIA has service delivery offices in 18 locations around New Zealand, one in Sydney and one in London.</p> <p>DIA serves the public very well. Formal customer surveys are undertaken across births, deaths and marriages, citizenship and passports. The June 2011 survey shows that, overall, satisfaction across these services is high, with 92% of respondents being either ‘fairly pleased’ or ‘very pleased’ (the highest ratings) with the service they had received. Customer satisfaction with identity services has gradually improved over the last five years. In the 2012 Kiwis Count survey, service quality scores in the passport and births, deaths and marriage, services were high and results have improved over time.</p> <p>DIA manages over \$100 million in community funding annually and supports 60 grants committees. Community Operations has Community Development Advisors working from 18 offices providing information to community groups. In its 2011 customer satisfaction survey, 91% of respondents were either ‘satisfied’ or ‘very satisfied’ (the highest ratings) with the service they had received.</p> <p style="text-align: right;">Contd...</p>
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External Relationships

	<p>The National Library and Archives have set benchmarks relating to the delivery of services to community groups and the public. Little direct customer satisfaction metrics were sighted for these functions, though new surveys are being introduced. User satisfaction with access to library services in schools was 90% for the 2010/11 year.</p> <p>Services are increasingly available online, ranging from ordering birth certificates, to searching National Library and Archives catalogues, to operating the all-of-government igovt identity verification and logon solution. New Zealand has higher than average, and improving, online accessibility of collections of information and public records (assessed by the World Economic Forum and European Institute of Administration). DIA is also currently working to implement an online passport renewal service.</p>
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ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

<p>Leadership and Workforce 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>Significant resource and effort has been applied to the leadership and development area over the past year with a number of well-planned and temporary initiatives commencing in the 2012/13 year. In addition to this forward-thinking work, DIA has been supporting the mechanics of significant organisational change as a consequence of the '321' integration (see page 29) and the second phase of change at the business group level. The human resources group has itself been restructured during this time.</p> <p>A Leadership and Management Development Framework was approved in April 2012. A two-day programme for all managers has been organised and at the end of 2012 an eight-day programme of core management training for team leaders will be piloted. Plans are being developed for talent management and succession planning starting, initially, at tier three.</p> <p>At the time of this Review the first of four leadership forums was held, led by the Chief Executive. This received very good feedback. In addition, the Chief Executive will be leading a series of 'all-of-staff' forums from October to February 2013 across the country.</p> <p>The induction programme for new staff is only attended by approximately 65% of new recruits and the programme is evaluated and receives positive feedback. The Chief Executive attends all new staff induction programmes and this is very well received. However, induction into the work role is undertaken by the person's manager and is variable.</p> <p>A development strategy to support the organisation is also recognised as being needed, with development investment being more based on the needs of the individual rather than the organisation. This will be enabled by the bedding down of the new Performance Management Strategy.</p> <p>Work is needed to update HR policies and this must dovetail with a revision of corporate policies to support the future business model. A workforce strategy was approved at the time of this Review but may need to be revisited or enhanced once the other outcomes of this Review are considered.</p> <p style="text-align: right;">Contd...</p>


	<p>ICT is limiting human resource real-time management and discussions are under way with other government organisations to share their human resource systems.</p> <p>The work agenda in this area is significant and implementation is at a very early stage.</p>
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<p>Management of People Performance</p> <p>How well does the agency encourage high performance and continuous improvement among its workforce? How well does the agency deal with poor or inadequate performance?</p>
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<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>After integration, DIA had three separate performance management systems running. A new performance management system has been piloted since September 2011 and is expected to be used consistently across the organisation for the 2012/13 performance year.</p> <p>The new Performance Planning and Review Framework was intended to be less formal and more flexible than DIA’s previous system, to accommodate the diversity of roles within DIA. It emphasises the need for regular and meaningful dialogue between managers and their staff so that managers can check progress against priorities and provide feedback and coaching. The priorities are expected to be set using job descriptions and branch business group plans.</p> <p>Despite the significant design and development work already undertaken in DIA and the extra resourcing provided in this area, there is a significant way to go for the new Performance Management Framework to be fully implemented, trusted and used effectively to manage performance of DIA’s workforce. Some staff interviewed stated the system is not transparent and it does not matter how good you are as managers have targets to reach in regard to the percentage of staff in each of the four performance categories.</p> <p>The new system includes a detailed set of guidelines for managers.</p> <p>DIA’s ICT systems do not enable real time analysis of completion of performance review management plans.</p> <p style="text-align: right;">Contd...</p>
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	<p>In terms of encouraging high performance, the lowest rated question in the recent employee engagement survey was “This organisation rewards outstanding performance”. The new remuneration system provides for increases for those performing above normal expectations in their roles but this is the only formal process in place for recognising high performance. There are no formal, managed succession development pathways across the organisation, with an individual’s progression generally being limited to opportunities within the silo they work. There are some positive examples of individuals being seconded into other areas but there is no formal process to enable this.</p> <p>Poor performance is managed using a process outlined in the Performance Improvement Policy. Managers are provided with guidelines on dealing with poor performance, and those staff who are not meeting performance objectives are put onto a Performance Improvement Plan which is tracked by Human Resources. Survey results show that many staff do not believe poor performance is dealt with effectively. We saw evidence that poor performance is being more actively managed and some branches have targeted this as an area of focus during this past year. However, the real improvement in this area is dependent upon execution of the ‘Leading and Developing Managers’ programme which is being rolled out.</p>
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<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>	
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<p>PERFORMANCE RATING</p> <p></p>	<p>Performance Rating: Weak</p> <p>When DIA integrated with the National Library and Archives in 2011 into one organisation its staffing increased by about a third. It also took in the roles of the Office of the Community and Voluntary Sector and the Office of the Government Chief Information Officer and in 2012 took responsibility for the functions of the Charities Commission and all-of-government ICT leadership roles. These are significant changes for any organisation to absorb and were exacerbated by the three leadership changes it has experienced with three chief executives over the past year.</p> <p>These demands, combined with lack of clarity of a unifying purpose, will have impacted on the March 2012 engagement survey results. An 85% response rate was achieved (supported by the internal communications function encouraging staff to participate). The high response rate supports the results being a fair reflection of current opinion and attitude amongst DIA staff and suggests staff view a response as worth making.</p> <p style="text-align: right;">Contd...</p>
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	<p>Results of the 2012 survey show a high number of disengaged staff – 34.1% – nearly double the State sector benchmark. Only 9.3% were engaged. This is less than half the current State sector benchmark of 21.8%.</p> <p>These results put DIA amongst the lowest performing State sector organisations in regard to staff engagement.</p> <p>Engagement scores at a team level were significantly higher than for the organisation as a whole but still relatively low.</p> <p>While the high level of disengagement presents a challenge for DIA, both the engagement survey results and comments we heard at the staff focus groups we conducted during this Review indicate employees do feel strongly connected to and engaged within their own teams and feel supported by their managers. This could explain why other indicators of engagement levels tell a slightly different story. For instance, DIA’s sick leave statistics over the past 12 months are below the Public Service average.</p> <p>Poor organisational performance was seen in relation to two-way communication, management of poor and outstanding performance, management layers, performance and feedback, culture and values, learning and development and reward and recognition. All these areas were low compared to the State sector benchmark. The results of the engagement survey have been shared within the organisation and are feeding into a number of workstreams, including the Chief Executive’s articulation of the priority areas of focus.</p> <p>Lifting staff engagement is a priority for the Chief Executive and ELT, and employee engagement is an objective in managers’ performance agreements for 2012/13.</p> <p>The challenge to improve engagement will require a well implemented, multi-year and multi-faceted plan and DIA has developed a credible set of initiatives to lift engagement levels. The success of these initiatives will be reflected in future engagement surveys.</p> <p>DIA settled a new single three-year collective employment agreement in March 2012 and put in place new individual employment agreements with 98% of the staff on individual agreements signing new agreements. The organisation has a good working relationship with the Public Service Association.</p> <p>Staff turnover rates are slightly higher than the Public Service (14% compared to 11%). Women represent 58% of the workforce and Māori represent 10% (compared to the Public Service averages of 59.3% and 16% respectively). Women hold 49.3% of management positions (virtually the same as the Public Service as a whole at 49.2%).</p>
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ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management


*Please note on 1 August 2012 three of the five elements in this critical area were significantly upgraded. The three elements are *Asset Management*, *Improving Efficiency and Effectiveness* and *Financial Management*. The upgrade affects comparability with previous reports. For more information on the revisions see: <http://www.ssc.govt.nz/pif-reports-announcements>.


Asset Management* How does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery and drive performance improvement over time?	
PERFORMANCE RATING 	<p>Performance Rating: Needing development</p> <p>DIA recognises its current approach to asset management is fragmented and lacks maturity and that, if this is not improved, it will have an ongoing impact on DIA's ability to drive future efficiency and effectiveness.</p> <p>The asset portfolio of DIA has changed over a number of years. The current ICT asset management framework was developed following the incorporation of the Government Technology Services into DIA in 2009. With the relatively recent '321' integration programme a new tool was acquired to manage ICT assets. The mix of assets held by DIA has also changed with the move of the National Library and Archives to DIA.</p> <p>During interviews, the current disparate state of the property portfolio was noted (however, DIA has good assurance about managing seismic risk) and the need for rationalisation and modernisation of properties is widely accepted as a priority. This is a good example of the additional attention and effort which will be needed to actively manage DIA's asset portfolio over the coming years where the rationalisation of the property portfolio could lead to savings, while at the same time enable a shift to more modern office accommodation.</p> <p>DIA is alive to the challenges presented in managing its assets and in response a new framework and implementation plan was recently completed and presented to its Finance and Investment Governance Committee. DIA has also engaged a consulting firm to conduct a review of its current approach to asset ownership and assess options for the future and the department will complete a capital asset management plan by December 2012. We have been advised that it could take up to two years to make the changes needed.</p> <p>The uniqueness of the assets held by the National Library and Archives will clearly need to be accommodated in the new plans. We are confident that DIA is fully aware of the importance of these assets and the additional care that will be needed.</p>


<p>Information Management</p> <p>How well does the agency utilise information & communications technologies to improve service delivery?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>Partly because of its history, DIA finds itself in a difficult place in relation to its use of ICT to improve the efficiency and effectiveness of its operations.</p> <p>DIA has around 300 unique business services systems, with 700 additional applications and up to 100 websites. There are a number of legacy systems that will require considerable effort to improve and many examples of a complex, unintegrated ICT environment. For example, there are multiple document management systems and financial management and workflow systems that are not integrated. Staff consistently expressed frustration with the accessibility and dependability of information and communications systems they need to carry out their work. In focus group discussions staff rated the unreliability of ICT as their number one concern and stated it impacts their ability to do their jobs.</p> <p>Senior managers are well aware of the need to address the ICT inadequacies within DIA and the immediate focus is to upgrade networks and infrastructure, as well as upgrading the desktop equipment. A new Enterprise Program Management Office has been established to bring greater discipline to the over 40 ICT projects currently planned or under way. A Roadmap setting out planned improvements has been developed but, generally, staff are not aware of this and, therefore, have no clear understanding of the work being undertaken and when their area of need will be addressed. Recently, the new Chief Executive sent a personal email to all staff where he acknowledged the difficulties staff face with the current ICT environment and he noted the priority being given to address this. ICT inadequacies are a serious issue for DIA and must be addressed if it is to meet its own contributions to Result 10 and to enable across service efficiencies in the future. There is also a credibility issue for DIA in its role as GCIO. It must have a coherent, well articulated ICT development plan and achieve its own milestones if it is going to be respected as having all-of-government oversight and leadership in the ICT space. DIA is very aware of this issue.</p> <p>As part of DIA’s plans to improve and rationalise its ICT environment it will shift away from bespoke high cost solutions to off-the-shelf and all-of-government solutions. This shift has commenced but is at an early stage. The overall Roadmap also needs to be tested against the new mix of leadership and delivery roles DIA now has, and it is particularly important to test internal priorities against relative value for money, given the tight financial constraints DIA is operating within. Initiatives are also under way to optimise the web environment. The journey to a more user-friendly and efficient environment will be a long one but some progress is being made.</p> <p style="text-align: right;">Contd...</p>

	<p>However, it would be beneficial for DIA to rethink the approach being taken to inform staff of the steps planned to improve DIA’s ICT environment and, as noted above, staff are not aware of the current ICT Roadmap that, in any event, is too detailed for their needs. Many staff said they appreciate the challenge in modernising DIA’s ICT environment and accept that decisions will need to be made to prioritise some areas over others. They also said they will be patient if they know what is going to improve.</p>
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<p>Improving Efficiency and Effectiveness*</p> <p>How robust are the processes in place to identify and make efficiency improvements? How well does the agency evaluate service delivery options?</p>
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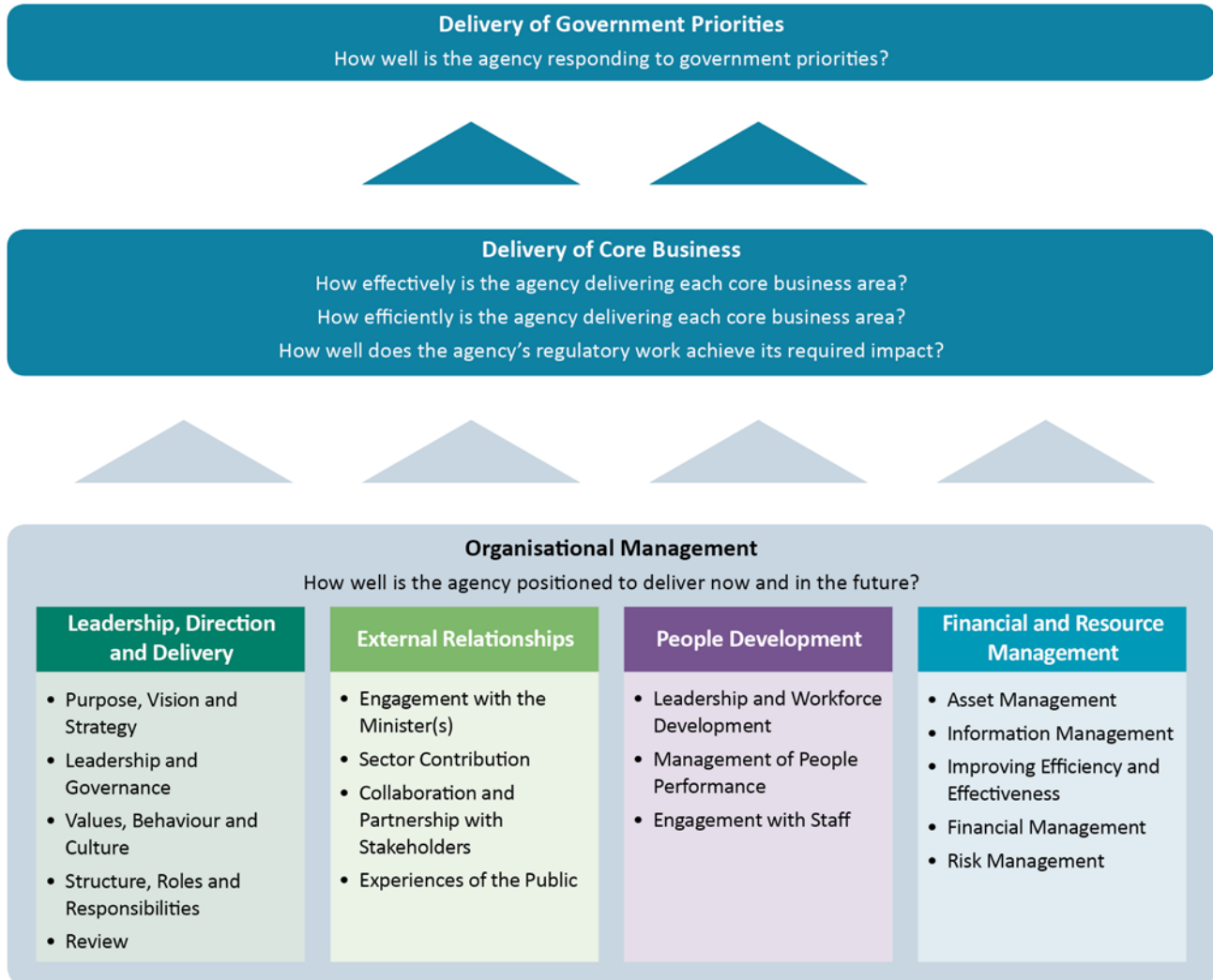
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>DIA has been active in finding savings and efficiencies. For example, in 2008 a Value for Money savings programme was commenced and, following that, a Performance and Productivity Improvement initiative was implemented finding savings of 10% above requirements. More recently a Systems Thinking methodology was instigated which is now embedded and forms the basis for DIA’s ongoing focus on finding efficiencies including re-thinking service models and making better use of technology to support or deliver services. DIA is now more commonly using external benchmarks to compare the efficiency and performance of DIA with other organisations.</p> <p>There are a number of examples where DIA has improved the efficiency of its operations and passports is probably the clearest example. New Zealand passports now have enhanced probity and compare very favourably with international best practice. The cost of producing a passport has reduced significantly through the use of technology and process improvements.</p> <p>The examples of improvements and efficiencies described to the Review team were generally limited to particular functional areas rather than a systemic focus across DIA. This would be an area for improvement and future focus where even greater efficiencies may be available. This further work could include issues such as process and job design, as well as the approach taken to meet demand peaks. There are areas for further improvement but DIA deserves credit for being able to find efficiencies to enable it to meet agreed performance expectations with a significantly reduced baseline.</p>
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<p>Financial Management*</p> <p>How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The financial management function in DIA is in a state of change. There is a relatively new finance team and detailed plans have been developed to address a number of current concerns that prevent the team providing reliable strategic financial advice to the Chief Executive and ELT.</p> <p>Of perhaps the greatest immediate concern is the inadequacy of DIA’s financial management information system (FMIS) that was frequently raised by staff and managers as a matter of concern. This is being addressed by implementing a shared service arrangement with the Inland Revenue Department which, given that department’s reputation for having a robust financial system, seems like a very sensible approach. It is planned to have this implemented by October 2013.</p> <p>To its credit, in the last two years DIA has managed several significant financial changes with the shifting of the National Library and Archives to DIA, as well as the financial complexity of taking on all-of-government responsibilities. This required the National Library to use DIA’s FMIS that was seen by some people in the National Library as being inferior.</p> <p>Furthermore, the Chief Financial Officer and her team had to support the process to find savings across DIA with imperfect and sometimes unreliable financial information. This would have necessitated a significant effort and it presented a number of challenges. The finance team worked closely with ELT throughout that process to ensure DIA’s savings target was achieved and it is consciously improving capability and capacity to support DIA’s new ICT leadership role.</p> <p>The pressure from these changes on DIA’s financial function was noted in the 2011 Audit New Zealand’s Management and Financial Control report. At that same time Audit New Zealand assessed the financial information, systems and controls and management controls as ‘Good’. We also received credible advice that the control environment is largely satisfactory and that, despite the difficulties DIA faces with its financial systems, this has not impacted on the controls themselves.</p> <p>While the finance team has also delivered throughout a period of significant change for DIA, clearly there is much to be done. An ongoing focus will be needed to modernise DIA’s financial management system and practices, however, DIA is aware of the challenge it faces and has a credible plan of action under way to improve in this area.</p>

Risk Management	
How well does the agency manage its risks and risks to the Crown?	
PERFORMANCE RATING 	<p>Performance Rating: Needing development</p> <p>As with many other functions and processes in DIA the approach to risk management was undertaken at a functional business unit or group level until 2011. This was a pure bottom-up approach with very little focus on strategic, environmental or departmental risks.</p> <p>In 2011 the Risk and Assurance Governance Committee recommended a new framework for risk management be designed to align DIA’s practices with relevant standards. This was approved by ELT.</p> <p>Clearly the agreed changes for identifying, prioritising and managing risks have not been embedded and this is an area where senior executive attention is needed. In its Self-review DIA noted that, despite the new framework being approved, its approach to risk management has not substantially changed and “the Department’s approach to managing risk, assurance and audit are not sufficient for the future”.</p> <p>As part of implementing these changes it will be important for DIA to keep Audit New Zealand informed and provide it with an opportunity to comment when developing its internal audit programme. We were advised that Audit New Zealand places no reliance on the work of DIA’s internal audit function, at least in part because its work has been largely focused on the audit of grants. A comprehensive internal audit should be in place where Audit New Zealand is informed and has the opportunity to comment. They should also be informed of any findings and recommendations as a matter of routine.</p> <p>The external Chair of DIA’s Audit Advisory Committee resigned last year. The appointment of a new Chair was delayed so the new Chief Executive could make it. The new appointee will commence shortly.</p> <p>The successful management of agency and Crown risks is an area of clear concern that should be addressed as quickly as possible.</p>

APPENDIX A

Overview of the Model



Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well is the agency responding to government priorities?
Core Business	2. How effectively is the agency delivering each core business area?
	3. How efficiently is the agency delivering each 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	Purpose, Vision and Strategy	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 and 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? (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?
	Structure, Roles and 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 and 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 delivery quality and trust?
People Development	Leadership and 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?
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 and drive performance improvement over time?
	Information Management	24. How well does the agency utilise information and communications technologies to improve service delivery?
	Improving Efficiency and Effectiveness	25. How robust are the processes in place to identify and make efficiency improvements? 26. How well does the agency evaluate service delivery options?
	Financial Management	27. How well does the agency plan, direct and control financial resources to drive efficient and effective output delivery?
	Risk Management	28. How well does the agency manage its risks and risks to the Crown?

APPENDIX B

List of Interviews

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

Agency/Organisation
ANZ Bank
Archives Council
Association of Non-Governmental Organisations of Aotearoa
Auckland City Council
Audit New Zealand
Buddle Findlay
Canterbury Earthquake Recovery Authority
Canterbury Earthquakes Royal Commission
Chief Ombudsman
Department of the Prime Minister and Cabinet
Inland Revenue
JRA Kenexa
Local Government New Zealand
Lottery Grants Board
Ministry for the Environment
Ministry for Primary Industries
Ministry of Business, Innovation and Employment
Ministry of Justice
Ministry of Social Development
New Zealand Chinese Association
New Zealand Customs Service
New Zealand Fire Service
New Zealand Information and Communication Technologies Group
Office of the Auditor-General
Public Libraries of New Zealand
Public Service Association
Royal Commission on the Pike River Coal Mine Tragedy
Southern Trust
State Services Commission
The Treasury

APPENDIX C

Functional Leadership – A Four-year Plan

A plan of action with specific, year-by-year milestones to deliver on DIA's ICT Functional Leadership role is proposed in the Four-year Excellence Horizon. We provide an indication below of the sort of components that could be included as annual milestones.

Year one:

- A business model for the action plan will be agreed and in place, including an agreed approach to determining value.
- Significant capability would have been established in DIA. The core team for the GCIO and Result 10 work will be in place and have already gained the respect of the rest of the State Services. They will have highly developed relationship management, design, and programme and project management expertise. They will have moved quickly to set up and drive forward the governance, decision-making and progress reporting methodologies.
- The degree of uncertainty, which currently exists about DIA's ability to lead this complex work will no longer exist. The Chief Executive of DIA already has the strong support of other chief executives and this support needs to have grown so that at all the key decision-making levels, strong alignment and support exist.
- Close scrutiny of projects under way will have been completed. Some projects may have been stopped or put on hold. The scope of other projects may have been changed to provide a broader all-of-government solution than originally planned. Other projects may be at a stage that the current deliverables should be completed but future work would form part of an all-of-government approach. A pragmatic approach needs to have been taken as some projects may be very close to completion, say three to six months for a large ICT project and these should continue. Contractual obligations for projects in flight will have also been carefully considered so as not to financially expose the Crown.
- The 'opt out' criteria will be well known and when an initiative or project is granted and 'opt out' the reasons for this decision will be transparent. The GCIO will be conscious of the precedence established by agreeing to a project not being part of an all-of-government initiative.
- The most serious threat to the GCIO and Result 10 will have been resolved. This relates to ongoing funding and charging mechanisms. An agreed approach will be in place, which has been negotiated by the central agencies, in order that all agencies know what contribution they have to make to ongoing all-of-government projects and the services they may use.
- Governance mechanisms will be in place and operating effectively. There will be clarity about the respective roles and accountabilities of the GCIO, the Head of State Services, central agencies and individual agencies (both Public Service agencies and, over time, other State Service agencies).
- There will be strong ownership of the agreed decision-making rights and willing participation. There will be close monitoring of progress against milestones and deliverables. Agencies will be open in their reporting when key deliverables may not be achievable.

- There will be clarity about accountabilities for when a project is not meeting milestones and what remedial steps should be taken. The role of the GCIO in this area will be clear as governance mechanisms in agencies ought to have the key accountability for determining and monitoring what steps need to be taken to bring a project back on track but the GCIO must be aware of and agree to them.
- Responsibility for determining risk mitigation approaches for system deployment will also be clear. Again, the agency will have responsibility here but the GCIO will need to be aware of and agree the mitigations to be put in place for major system deployments.
- There will be a Program Office in place where skilled people can offer guidance on required documentation and reporting requirements. Common practices and methodologies will be in place.

Year two:

- A shift in streamlining of the government's online channels will start to be seen. There will be a greater number of joined up services and common interfaces. Self service will increasingly be the norm and there will be a greater number of online services and new services that compare very favourably with what is offered by the best private sector agencies.
- A culture shift will be evident where overall agencies and their senior people are willingly participating in all-of-government work as they are seeing the benefits of this approach.
- The ICT skills in larger departments will now more commonly be used to develop systems for wider use across the State Services and smaller agencies are seeing that their ICT needs are not being overlooked.
- The parameters and likely areas for ongoing efficiencies and savings will be scoped and plans will be developed to realise these benefits.
- A risk profiling of legacy business systems will have been completed with a ranking of areas where priority investments may be necessary. It will be clear what the higher priority areas are, which need immediate attention and what areas can be put aside for further consideration.
- A deeper understanding of the ICT capability across the State sector will have been achieved. The benefits of seeing this workforce as one will have been explored and a match to the overall workload will have been described.
- DIA will have worked with other departments to identify areas where mandatory digital transactions are necessary to achieve the planned uptake. In developing any proposals for change there would have been active consultation before necessary legislative reforms will be put in place.

Years three and four:

- The benefits of the GCIO and Result 10 work will be evident. The savings will be on track and shifts in the nature of ICT investments will be clear. That is, the cost of business-as-usual ICT will have been driven down, with the percentage of funding for investment in new ICT initiatives increasing. The expected savings will be on track.

- DIA will be commonly seen as the leader of ICT all-of-government work because of what it has achieved and the approach it has taken. It will be decisive when it needs to be, involving and consultative, have the expertise and credibility it needs and will be a strong advocate for ICT change.
- There will be appropriate flexibility to allow for new initiatives to be brought forward quickly where there are strong business case benefits. In other words, the planning approach will accommodate changes that have merit. Of course each year government initiatives may need to be included in the overall ICT plan.
- It will be common to see the reuse of systems and the preference will be how departments can work together to develop new systems rather than building their own. The GCIO will be seen as a facilitator of change and the most streamlined way to achieve the ICT changes a department needs to put in place.
- Departments will accept that their ICT needs are not that different from other departments and the use of commercial off-the-shelf products will be common. These products will be introduced with little or no modification so that implementing upgrades will be quicker and cheaper.
- Despite the rapid pace of ICT changes, DIA will be able to quickly identify the opportunities presented and work with other departments to find innovative ways to use these developments. In the areas where New Zealanders most commonly interact with government online they will see little difference between the digital services offered by leading private sector organisations and government departments.
- Skilled people who desire a career in ICT will see working in DIA on these initiatives as a valuable career opportunity and it will be common for departments to second some of their best people to work on these initiatives.

We emphasise the components detailed above are indicative, not prescriptive. The actual content will emerge from work DIA has commenced with central agencies and the wider State Services.