
PERFORMANCE IMPROVEMENT FRAMEWORK

Follow-up Review of Ministry of Foreign Affairs and Trade (MFAT)

SEPTEMBER 2013

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

**Performance Improvement Framework
Follow-up Review: Ministry of Foreign Affairs and Trade (MFAT)**

**State Services Commission, the Treasury, and the Department of the Prime Minister and Cabinet
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PIF FOLLOW-UP REVIEW

Introduction and summary

The initial Performance Improvement Framework (PIF) Report on the Ministry of Foreign Affairs and Trade (MFAT) was conducted in 2010. The main finding was that, while the Ministry delivered reasonably well on the immediate priorities of the Government, almost all aspects of its organisational management needed development. This contrast between results and organisational capability was possible because "... talented staff perform(ed) well 'despite the system'".

The Ministry needed to address an emerging budget gap and configure and manage itself to make the most of the considerable talent available to it. This required fundamental change, despite the fact that "... recent experience of organisational change is limited and change management capacity is under developed".

In particular, the Report suggested that the Ministry needed:

- a to become more proactive and strategic, with a much stronger ability to prioritise. That required a clearer definition of the longer-term strategic context and of the Ministry's mission, purpose and role, driven by the Government's desire for stronger economic growth
- b to strengthen its management, "in particular management of performance and people". Particular attention needed to be given to better alignment of people's work with the desired outcomes; surveying and managing staff engagement; addressing underperformance; developing stronger career pathways, talent and succession management; improving cost management and creating an alternative career path for those not suited to management
- c to better align structure to mission and purpose: with senior managers working to role with "stronger tier 3 management roles with larger spans of control and greater autonomy with regard to staff and resourcing decisions"
- d better alignment of values, culture and behaviours to the Ministry's purpose, vision and role. The existing culture was described as "closed, individualistic, hierarchical and risk averse" and needed to be more focused on outcomes, more porous and open, with more value placed on ideas than on position, less risk averse and with more emphasis on evaluation.

MFAT has taken these recommendations to heart and has set a direction for change that is nothing short of transformational. The deficiencies in change management noted in the initial PIF have made complex change all the harder to implement. However, the changes completed, under way and in prospect are necessary to creating a modern, effective and relevant Ministry. The suggestions in this Follow-up Review will help ensure this transformation is successful.

Progress has been made in the areas identified in the initial Review. The Ministry has largely addressed the significant budget pressures it faced in 2010. It is, however, still in the early stages of a multi-year transformation aimed at enabling it to deliver more for New Zealand.

This Follow-up Review identifies what more needs to be done to ensure success in each area. In particular, the Ministry needs to:

- a articulate a collective ambition in a way that is unifying, motivating and helps it prioritise. That ambition needs to be about value, rather than cost, and it needs to be much clearer about the degree of stretch required if the Ministry is going to fulfil its leadership mandate

- b address the five key underlying organisational forces that frustrate prioritisation identified below and supplement those with two specific initiatives aimed at making prioritisation easier (especially by managing its activities and investments on a portfolio basis)
- c expand its capacity and capability by making a number of clarifications and refinements to the new business model, aimed at improving staff engagement, attracting and developing talent and engaging public and private sector partners more fully in helping the Ministry to deliver
- d better define those elements of its culture and the behaviours needed to be a successful MFAT professional in a way that builds on the best of the past and lifts staff engagement.

Continued progress is required. Momentum needs to be sustained and these issues addressed to build confidence that the new business model will deliver better results for New Zealand today and tomorrow and not just be about lower cost. Internally, there is widespread anticipation that significant progress will be made on a number of litmus issues in the next 6 - 12 months. The organisation is at an inflexion point and needs to move forward quickly with both the changes already under way and those suggested in this Follow-up Review.

Defining a unifying, motivating and discriminating “collective ambition”

MFAT’s vision is to give New Zealand an edge internationally to create the conditions for New Zealand to thrive and make its mark as a global citizen.

This vision has not been translated into a collective ambition that motivates and unifies the Ministry’s people and partners and provides a solid basis for prioritisation. The changes in the business model currently under way are important. However, they have an internal focus and lack the outwardly focused motivation necessary to bring the model to life. This is in part because the changes are seen as too focused on cost reduction rather than on the reason most New Zealanders join the Ministry – to make a difference for New Zealand.

The Ministry also needs to be more ambitious. MFAT has leadership of one of the six pillars of the Government’s Business Growth Agenda: “building export markets”. The Government’s goal is to increase exports as a proportion of gross domestic product (GDP) from 30% - 40%. This is a huge challenge that will largely set the terms of New Zealanders’ prosperity for the foreseeable future. New Zealand will require a modern MFAT that can engage its people and partners in support of that goal if it is to meet that challenge.

The 40% goal cannot be met by increasing volumes of commodity exports because of supply side constraints. So, while MFAT will need to continue to play its traditional trade access and facilitation roles well, and continue to shift the focus of those activities to the fast growing economies, this is no longer enough. Finding the relatively small number of consumers that value most what New Zealand can supply best and then ensuring it captures the value of those goods and services for New Zealand, is increasingly central. This requires an MFAT that:

- a knows what governments in destination countries are looking for and can use that knowledge to help define the right NZ Inc strategy for a country or a region, so they are more market-led. Existing country strategies do not give enough attention to what other countries are looking for, or could look for, from us
- b can engage with those governments where our interests are aligned. For example, where governments are concerned about assurance around food safety, MFAT could help bolster the value of our country brand to them by helping us to address threats from counterfeits in their markets

- c ensures that our Government understands where it can play a useful role on and offshore, eg, in promoting the New Zealand country brand and ensuring that our domestic regulatory environment supports and protects those brand values
- d leads the NZ Inc effort on the “building export markets” pillar of the Business Growth Agenda, ensuring it plays the role it needs to play to shift exports from 30% - 40% of GDP. This requires more active leadership than simply managing an offshore network and providing an onshore secretariat that coordinates departmental initiatives and reports on progress.

Creating the conditions for New Zealand to thrive and make its mark also requires the Ministry to help ensure New Zealanders are secure in a world where their values are recognised and respected.

- a At an individual level, MFAT has to continue to ensure travelling New Zealanders have access to the right consular services in the places they want to go.
- b At the country level, the threat environment – and the objectives of military deployment – is changing in a way that requires different responses from MFAT:
 - cyber security is becoming ever more important to New Zealanders’ security and prosperity
 - domestic national security agencies are being strengthened to ensure greater policy coordination and deeper capability
 - when military deployments are required, the physical security they can provide is increasingly seen as only part of the solution, with good government, and the public services good government provides, key to lasting stability. New Zealand has a reputation for integrity and impartiality that positions it well to deliver a well coordinated cross-sector response to this broader solution.

These are issues that warrant greater attention in the next full PIF Review.

- c Promoting stability in our immediate region has required a change in our aid efforts, with far more focus on improving economic development.
- d The UN Security Council (UNSC) bid provides an opportunity to define our distinctive country brand and areas of comparative advantage to a wider range of potential partners. This helps position New Zealand to make the most of emerging trends, like the rise in economic importance of African states with agricultural interests.

All of these changes create new opportunities for New Zealand’s public and private sectors to make a real difference.

Taken together, these changing demands and opportunities on both the economic and security side help define the medium-term performance challenge. In the full 2014 PIF Review, MFAT’s organisational management will be assessed against its ability to meet this challenge (something that was not a feature of reviews in 2010). However, it is clear that the performance challenge described above requires subtle but important changes in MFAT priorities and in the way it does its job over the four-year planning horizon:

- a The focus of its economic work on negotiating trade access and facilitating trade is no longer sufficient. More attention needs to be given to the role government and MFAT can play in issues that add and capture value from existing markets: like NZ country brand promotion, brand protection and supply chain integration.

- b The old distinctions between on and offshore activities are no longer useful because success onshore underpins success offshore, eg, in domestic quality regulation and assurance from everything from food safety to the educational services New Zealand provides.
- c The NZ Inc country strategies need to be more than a list of desirable activities and governance of those strategies and more than just reporting on progress.
- d MFAT's own business strategy needs to engage the heart as well as the head so that people will not be distracted by what are likely to remain clunky systems and business processes inside the Ministry for some time.
- e Relationship success needs to be defined more in terms of securing the degree of engagement required from foreign governments, as well as public and private sector partners, to deliver desired outcomes and less in terms of the degree to which the participants get along.

The 'Getting to Great' analysis of the lessons from 23 different PIF reports highlights the fundamental importance of 'vision, purpose and strategy' to organisational success and is where the Ministry needs to devote more attention. The initial MFAT PIF highlighted the importance of progress in this area and this is, if anything, even more important now than it was in 2010. If implemented well, the Ministry's new business model will leave it better positioned. However, greater clarity about the nature of the Ministry's collective ambition and the difference it can make for New Zealand will define the size and nature of the 'edge' MFAT needs to create on and offshore. This is essential to the success and durability of the transformation.

More effective prioritisation

The initial PIF emphasised the need for "... a more proactive and strategic Ministry better able to work with key stakeholders to prioritise ...". People working in the Ministry suggested they were too reactive and spread too thin with too little time to do important things well; "a supermarket where Ministers have unlimited credit" was a common view at the time.

The Ministry has made structural changes that aim to help it focus more effort where it matters most, eg, by effectively ring-fencing strategic policy thinking from many day-to-day operational demands. While helpful, structural change is not sufficient. It is fair to say that the Ministry still struggles to prioritise.

Prioritisation was always going to be hard because the Ministry faces powerful countervailing forces that spread its effort and investment too thinly:

- some of this results from a lack of a sufficiently discriminating collective ambition
- some of these forces are cultural, like the recognition historically accorded 'heroic' behaviour that just works harder to meet whatever demands come along
- some of this countervailing force is based on the reasonable view that a small country in an unpredictable world should aim to keep its options open and capitalise on opportunities as they come along
- some resistance is generated by incentives that link the fortunes of ambitious individuals to that of their particular posting or area of work at the time (so, for example, Heads of Mission become advocates for their particular bilateral relationship)

- those same views and incentives are likely to reinforce the desire to ensure that each post provides a full mahogany service, rather than tailoring that investment to likely return
- they also internalise and amplify the tension between serving the Minister of the day and being well positioned to serve successive governments.

Historically, these forces and tensions have been reflected in increasing budget pressure, more often accommodated by higher budget allocations. Those days are gone.

The Ministry has made some progress in most of these areas, although more could be done in each:

- a It has been more explicit in defining its purpose and priorities; although our view is that these need to be more discriminating and motivating (as discussed above).
- b Recasting what it means to be a professional working in a modern foreign service is increasing the recognition given to leading and managing people and resources (rather than just issues and events, which are likely to be more 'heroic' in nature). Our view is that more can be done to accelerate and reinforce this desirable change (discussed below).
- c The Ministry has also been more proactive in both reweighting its effort and investments (eg, in favour of China) and in tailoring its footprint investment more closely to the likely return (eg, the creation of mini-posts). Being able to tailor this investment allows the Ministry to deliver on a wider range of objectives within any given budget constraint.
- d The Ministry has also started to put more emphasis on posts acting together to achieve a regional or some other collective outcome (eg, disarmament). This needs to be developed much further, with clear strategies for each region or area reflected in operating plans and priorities for the constituent post and division, with an individual's performance reward and recognition changed to reflect collective, as well as individual, outcomes. When combined with the move to greater managerial autonomy, this helps make prioritisation more effective because the right prioritisation decision is made at the right level.
- e The development of NZ Inc country, and now regional strategies, is very positive. It is necessary to support (d) above and helps provide a better line of sight between overarching objectives – like the 40% export goal – and individual work programmes crucial to improving staff engagement. They provide a strong basis for engaging other departments and private organisations in support of that goal. They also help define Cabinet's priorities and, therefore, where the Minister is most likely to secure the support of their colleagues. That, in turn, helps focus the Ministry on longer-term goals of interest to the whole Government and future governments. However, while the NZ Inc strategies have the potential to do all of this, realising that potential requires that the development and leadership of these strategies needs to be taken to a whole new level (as discussed below).

Even if the Ministry successfully reached a high level of maturity in all of these areas, we suspect two new elements are also needed.

First, and most important, is to identify and then manage the Ministry's activities and investments actively as a portfolio.

Prioritisation is being seen as simply ‘doing fewer things better’ rather than sequencing and tailoring what is done. While prioritisation will mean some things are stopped or scaled down, the far bigger part of the task is deciding when to do one activity over another.

- Tailoring means matching the effort and investment to what you are trying to do in different areas of the business. A common approach to tailoring is to identify mature areas or those in decline and focus on improving efficiency of existing efforts in those areas; identify areas with strong growth opportunities and focus investment in them; and focus on areas where a new approach is required and create options and focus innovation there.
- Sequencing means deciding when best to undertake the tailored action. A common approach is to prioritise for the short, medium and longer terms (often referred to as horizons 1, 2 or 3).

This tailoring and sequencing approach is easily applied to the Ministry’s activities and, along with (a) to (e) above, would go a long way to solving the prioritisation problem. This would help the senior leadership team (SLT) better define and work to its role. Managing the portfolio can only be done at this level. It would also help define the sort of capability required in different posts, or to apply to different activities, at different times.

Second, is to have a much clearer and agreed view of when the options and opportunities approach makes sense and when you know enough to be more proactive and deliberate, as the Ministry has done in prioritising China and needs to do in helping New Zealand exporters move up the value chain. Unless this is surfaced, debated and resolved, the options and opportunities approach will continue to provide the default intellectual setting against which proactive prioritisation will struggle. Resolving this issue, and integrating it into a portfolio approach as described above, will help remove the tension between the two approaches.

Prioritisation will still leave opportunities for New Zealand on the table. To capitalise on these, the Ministry needs to address two of the other areas identified in the initial PIF:

- a attract, develop and especially engage the real talent it does attract
- b engage public and private sector partners more fully in helping the Ministry deliver.

Attracting, engaging and developing talent

One of the main findings of the initial PIF was that “... talented staff performs well despite the system”, in part because “management of lower performing staff is rated weak”. While MFAT did not measure staff engagement at the time of the 2010 Review, on the basis of two weeks of intensive interviews our conclusion is that, despite the upheavals since, people are more engaged now and expectations of management are higher (itself a good thing).

Noting the “significant improvement” since the last formal survey in 2011, staff engagement remains below the State sector benchmark (itself a low hurdle). More significantly, it represents the largest source of untapped capacity and capability available to the Ministry. It is reasonable to expect a 20% increase in productivity by shifting staff from ‘ambivalent’ to ‘engaged’. On this basis, even if only two-thirds of ambivalent staff were engaged such a shift would be equivalent to adding about 100 people to the Ministry.

While some of the current high levels of ambivalence will be related to recent changes, it is a mistake to think it will all come right as change settles down. On reviewing the detailed survey responses, a number of the factors identified in the initial PIF remain to be fully addressed and will require even more focused management attention if the necessary improvements are to be made. For example, “poor performance is dealt with effectively in this organisation” was one of the weakest areas in the 2010 PIF and, while it has received attention, there is a lot more work to do. It was the question with the lowest rates in the 2013 Staff Survey.

Improving staff engagement requires better line management, supported by a number of organisational changes.

Improving staff engagement scores should be an expectation of each manager with staff responsibility and needs to be reflected in performance agreements and in the way these managers are recognised and rewarded. This will focus managers on the range of talent development and performance management actions they need to take to engage their staff. It will also encourage them to demand the organisational support they need to deliver stronger staff engagement. This change will send a clear signal that senior management is as concerned with developing capacity and capability to deliver tomorrow as it is will delivering outcomes today.

Individual managers cannot succeed without a number of supporting changes at the organisational level. The Ministry is modernising its management approach by shifting from one that is heavily centralised to one where the corporate functions provide the systems and information required to support devolved management responsibility. This is as tough as it is necessary and will take a number of years to reach the level of maturity common in private multinational organisations.

There are two key organisational level changes that are particularly important: career pathways and delegated authority. These two are seen as litmus tests of the sort of Ministry the new business model is trying to create and there is a lot of confusion surrounding both. Unless this confusion is addressed, the much needed changes in the business model currently in plan or in prospect will lose momentum.

a Defining and delivering the new career Ministry

The career structure is a litmus test for modernisation because it is seen as part of the fabric of the Ministry and helps define the behaviours and set of experiences that determine success.

Senior management has recognised that the old career structure was not working for either the Ministry or its people. It was too closed and focused on time served, both of which reinforced the self-referencing and hierarchical nature of the old Ministry. It was not working for the Ministry’s people, or for the wider State services, because the mix of skills and experience it provided was not preparing staff for the most senior positions in a modern State services. Far fewer MFAT people have been appointed to CEO positions in other departments. These are jobs that place increasing emphasis on strong people and resource management skills and experiences that develop a demonstrated capacity for inspiring leadership.

We were surprised by the lack of understanding amongst managers of the benefits of a more open and clearly professional, merit-based system and how it was intended to work. Some people thought the whole idea of a career service was being disregarded in favour of what more closely resembled a spot market for talent. Others were focused on the risks to themselves of having to secure a job on returning to Wellington. There is some concern that there would be a lack of Wellington-based jobs because staff already in these positions would not take posts because of this re-entry risk (even though these people have been assessed and assigned and are guaranteed a job on re-entry should

they take a posting). No-one we spoke to seemed to have considered the possibility (let alone the desirability to themselves and the Ministry) of a Wellington-based job in another department between postings. This is a surprising result for what are typically talented, confident and ambitious people.

It is important that these misunderstandings are addressed, the benefits of a more open and professionally relevant merit-based career structure articulated and then operationalised to provide confidence that the new approach will work.

Operationalising the new approach is key. The Head of State Services wants to develop career pathways across the State sector that provides the right mix of on-the-job experience. There are a number of departments that could offer MFAT people at least as good a Wellington-based experience between postings as MFAT itself. These opportunities and potential candidates need to be identified. Serious conversations with all relevant MFAT staff about their career aspirations and experience requirements and with other departments about what they are looking for and how they can help, will be required to bring the benefits of a more open career structure to life.

b Defining and delivering delegated management responsibility

Developing stronger people and resource management and leadership skills requires that control over personal and resource allocation decisions is delegated further down the management chain. It is clearly the intention of the Ministry's new business model to delegate the decisions that lower and local management are better placed to make. Indeed, greater delegation of authority, along with an increased emphasis on management capability are two of the more defining features of that model and so present another litmus test for modernisation.

There is a lot of confusion about what sort of authorities will be delegated to whom by when and what sort of support managers will have in terms of the business processes and information necessary to successfully exercise those authorities. Senior management needs to be clearer about both the timetable for, and the desired degree of, delegated authority if it wants to avoid creating disappointment and a sense that it has not delivered on the delegation promise in the new business model.

The surprisingly high level of ambivalence amongst tier 3 and 4 managers in the recent Staff Survey suggests that the jury is still out as far as they are concerned. While senior management needs to be clearer, these tier 3 and 4 level managers also need to be more proactive. Authority is being delegated to them because their proximity to the action gives them distinctive insights and understanding. The gains from delegation will not be realised if they see their roles as simply reacting to proposals from Wellington or from more senior managers. The senior leadership team could help this process to some extent by engaging these managers in the governance of cross-function, cross-post, cross-division and corporate issues, eg, delegate more of these issues to what would effectively be subcommittees of SLT that are largely populated by lower tier managers).

Delegation is not abdication. In large multinationals the corporate centre plays a very active role even in highly devolved management structures. Government is looking to the State services for a more efficient back office so that resources can be shifted to the frontline. This has spurred the creation of functional leaders that have service-wide responsibilities in areas like finance, information and communications technology (ICT), procurement and, likely, human resources (HR). MFAT needs to take advantage of the benefits this service-wide expertise and purchasing power can provide. Consequently, it may not make sense to delegate in these areas. It is also normal for a centre to play a very active role in activities that cross individual business units, eg, career planning and succession management. The Ministry needs to be a lot clearer in these areas about the desired relationship between line managers and its corporate centre so that the right expectations are created.

Finally, delegation of people and resources management will only be successful if:

- a Discretion is bookended by well specified performance expectations and performance management: ie, “tight” on defining expectations, “loose” in delegating decisions about how those will be met and “tight” in assessing and rewarding performance. More work is required to tighten up these bookends. Greater clarity around the Ministry’s collective ambition will help, as will a clearer line of sight between what is expected of individual managers and that ambition. Given the Staff Survey responses, more work is also required in tightening up performance assessment and in managing poor performance
- b Business processes and management information has typically been ‘held in people’s heads’, rather than documented in ways that allow for widespread understanding and continuous improvement. There is, therefore, much to do to define and streamline processes that support the exercise of delegations and to ensure managers have the information necessary to delegate well. While many of the key building blocks are in process or in prospect there is not a clear description of the prerequisites that will determine the degree and timing of any delegated authority.

Lack of clarity here will undermine confidence that delegations will happen in a timely way or that, if they happen, managers will be well placed to exercise them.

Defining the behaviours of a successful MFAT professional

Senior management needs to be clear about the sorts of behaviour it is looking for and, in doing so, it needs to draw on those strongly held values and beliefs that have underpinned past successes and that will continue to be important in some form.

Discussion around the Ministry’s Future Business Model, and the assessment and deployment process that followed, has provided strong signals but has been seen by many as disrespectful of the Ministry’s past. Moreover, while there was an initial attempt to engage widely inside the Ministry on values and behaviours, this appears to have been overtaken by what has been a difficult implementation, with a focus on structure and job security. The time is right to re-engage on the values, beliefs and behaviours the Ministry needs to be successful.

The Ministry has identified five values it sees as necessary for success: professionalism, leadership, respect, collaboration and innovation. The UNSC bid has also identified “fair minded, practical and constructive” as a set of NZ brand attributes that need to be modelled by MFAT staff if they are to be seen as authentic by other countries.

The previous discussion has highlighted some widely held beliefs that need to be brought into alignment with future needs: like the type of career Ministry needed to develop tomorrow’s Foreign Service professionals and the proper place for ‘options and opportunism’ in defining the Ministry’s strategies. The way these might be best progressed has been discussed above.

The five values, and the desirable behaviours they need to engender, now need to be given definition and brought to life through an inclusive process that engages staff on existing values and behaviours, those that characterise past successes and where they need to be sustained or modified to suit the Ministry of the future. Given that the Ministry has received an infusion of new ‘lateral’ recruits, this process will be critical to strengthening the glue that binds all MFAT people.

In terms of definition, for example, while the Ministry has rightly prided itself on its professional management of issues and events, success requires that a more professional approach is now applied to organisational matters; especially the ones discussed in this Report, such as managing people and priorities.

Previous experience will also help bring values like collaboration to life. When we asked people to describe the behaviours displayed when MFAT was at its best, they identified a number that help define what it takes for effective collaboration: “collaborating and depending on one another”; “empathy and commitment”; “playing to each other’s strengths by knowing each other well”; and “leveraging relationships for results”.

Reinforcing and embedding these behaviours requires bringing together both informal mechanisms such as story-telling, symbols, leader behaviours, and formal mechanisms, eg, appointments, induction, management training, performance expectations and assessments. Formal, rational corporate communications are not the right platform for much of this and cannot carry the whole message on their own. Use of informal mechanisms will require more emotional engagement than has been typical, with less emphasis on achieving perfection and more allowance for diverse and contrary opinions to shape the way values and behaviours are defined and expressed.

MFAT leaders at all levels need to bring their whole selves to work and encourage their people to do the same. Being open about when things are less than perfect will go a long way to building trust in management. A manager’s personal behaviour, the processes they use to refresh strategy and business models, the stories they tell, the time they put into feedback and coaching and the behaviours they recognise and celebrate will do more to define what is important and to encourage a culture of trust and confidence than any analysis or formal communication.

Engaging public and private sector partners

The Ministry has been strong in working with others to advance the traditional agenda: especially in areas like negotiating improved trade access and in trade facilitation; in leading the NZ Inc effort in offshore posts; and in engaging with the more the active exporters. The initial PIF acknowledged this strength while also noting that “... there were problems onshore that stemmed from a gap at the strategic level ...”

The discussion of collective ambition above emphasises the importance of MFAT stepping up to a much more active domestic leadership role, especially where Government has assigned it formal leadership responsibility – as it has in building export markets. Delivering on this leadership role also provides MFAT with a potential reach well in excess of what it could muster on the basis of the resources it has inside the Ministry.

There have been a number of very positive developments in this area since the initial PIF. In particular, the development of the NZ Inc country and regional strategies provides a useful platform for MFAT to engage with the broader State services, as well as relevant private organisations. Government expects departments to cooperate to deliver collective outcomes; Ministers are organised to provide the necessary collective decision-making forums; and MFAT and its State services partners are working more effectively together.

The platform is in place for MFAT to develop its leadership role and address the “gap at the strategic level” identified in the initial PIF report. This will require three key changes:

- a The Ministry needs to work with its partners to clarify what is required to be confident of meeting the Government’s target of shifting exports from 30% - 40% of GDP and the contribution required of each of the NZ Inc strategies to that goal. The current strategies are largely a list of useful activities rather than a market-led strategy; the best role for the Government in meeting the goals in each strategy is often not well defined; and the goals themselves are only loosely aligned with the overall goal. For example, the trade goal in the China strategy sets a target for two-way trade, rather than exports, and is not derived from the requirements to meet the 40% goal.
- b The Ministry still needs to better define how it can best leverage its distinctive role and then reflect that in the performance expectations of its people and in the way it manages its relationship with its private sector partners.
- c The Ministry needs to step up to its leadership role. Rather than providing a secretariat to coordinate activity and report on progress, it needs to work with the relevant agencies to provide a governance framework that monitors progress against the goals and intervenes to help contributors stay on track or to ensure senior Ministers are advised on what needs to be done to keep contributors on track or to get back on track if performance falls short.

The time is right and the clock is ticking

The time is right for MFAT to define a collective ambition that shifts the focus of attention outward onto delivering the sort of edge New Zealand needs to both shift exports to 40% of GDP and to ensure New Zealand’s ongoing security. The Government has provided the mandate and the new business model and NZ Inc strategies provide the right platforms on which to build. There is widespread anticipation within the Ministry – especially amongst those most attracted to the promise of the new business model and all it implies – that significant progress will be made on a number of litmus issues in the next 6 - 12 months. That promise must now be met.

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