



New Zealand Ministry of Foreign Affairs and Trade Manatū Aorere

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OIA 29620

19 September 2024

Personal details removed for proactive release

Thank you for your email of 16 August 2024 in which you request the following under the Official Information Act 1982 (OIA):

Regarding the 2024 change processes:

- 1. How many roles have been or will be disestablished overall? How many have been established?
- 2. Any communication internally regarding concerns on the impact to the frontline from March 1 to August 16, 2024
- 3. Any communication between management and leadership regarding leaks around the change process, from March 1 to August 16, 2024
- 4. All communication between the CE and the Minister from March 1 to August 16, 2024, regarding the change process.
- 5. How much has been spent on leadership leaving/arriving events or parties in 2024?
- 6. How much has been saved on the contractors and consultant spend through the change process?
- 7. How many times was the counselling service used between March 1 to August 16, 2024, compared to the same time in 2023?
- 8. The change process decision document
- 9. Any reviews conducted after the change process was implemented, regarding the change process.

On 3 September 2024, we contacted you regarding the size of your request. You agreed to refine your request to be for:

Relating to the Baseline Project:

- 1. Number of roles disestablished as part of the Baseline Project between 1 January 2024 16 August 2024.
- 2. Number of roles agreed for disestablishment as part of the Baseline Project in future.
- 3. Number of roles established as part of the Baseline Project between 1 January 2024 16 August 2024.

- 4. Formal communications from CE or SLT to whole of MFAT regarding concerns of impact of Baseline Project to staff from 1 March to 16 August 2024.
- 5. Formal briefings provided to SLT relating to leaks relating to the Baseline Project, from March 1 to August 16, 2024
- 6. Email communications between the current CE and the Minister from March 1 to August 16, 2024, regarding the Baseline Project.
- 7. How much has been spent on leadership leaving/arriving events or parties in 2024?
- 8. How much has been saved on the contractors and consultant spend through the Baseline Project?
- 9. How many times was the counselling service used between 1 April to 30 June 2024, compared to 1 April to 30 June 2023?
- 10. Baseline Project decision document relating to restructures.
- 11. Formal reviews of the Baseline Project.

Parts 1,2, 3, 5, 6, 10 and 11 are refused under section 18(e) of the OIA, as the information have requested does not exist. Responses to the remainder of your request are set out below.

4. Formal communications from CE or SLT to whole of MFAT regarding concerns of impact of Baseline Project to staff from 1 March to 16 August 2024.

Information in scope of part 4 of your request is attached. We have not withheld any information.

7. How much has been spent on leadership leaving/arriving events or parties in 2024?

The Ministry of Foreign Affairs and Trade's (the Ministry) policy on staff farewell and welcome events is that it is only considered appropriate in limited circumstances (i.e. Leadership staff arriving/leaving events or parties; or recognition of a long serving staff member). The event must be modest, cost effective and appropriate for the circumstances. As a result, very small amounts, if anything are spent on these events. These small costs are coded across multiple cost centres.

We have held one material Leadership welcome event. On 1 July 2024, we welcomed our new Chief Executive (CE). This event cost NZ\$ 297.61 (excl. GST) for food costs which, when divided by attendees, was approximately NZ\$ 3.20 (excl GST) per person. No venue hire was required.

No functions were held for the departing CE in January 2024 nor for the interim CE in June 2024.

8. How much has been saved on the contractors and consultant spend through the Baseline Project?

The Ministry is committed to reducing its contractor and consultants' expenditure. The Ministry does not record contractor and consultant savings through specific change processes. Accordingly, this part of your request is refused under section 18(e) as the information does not exist.

9. How many times was the counselling service used between 1 April to 30 June 2024, compared to 1 April to 30 June 2023?

Comparison of Counselling Service use at the Ministry of Foreign Affairs and Trade		
Session type	1 April 2023 to 30 June 2023	1 April 2024 to 30 June 2024
Employee Assistance Program	39 Sessions for 30 people	56 Sessions for 28 people
Organisational Counsellor	208 Sessions for 143 people	161 Sessions for 62 people

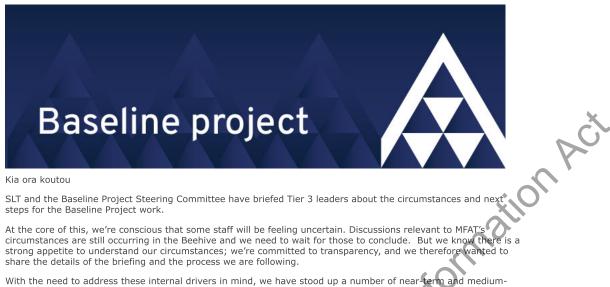
Please note that it is our policy to proactively release our responses to official information requests where possible. Therefore, our response to your request (with your personal information removed) may be published on the Ministry website: www.mfat.govt.nz/en/about-us/contact-us/official-information-act-responses/

If you have any questions about this decision, you can contact us by email at: DM-ESD@mfat.govt.nz. You have the right to seek an investigation and review by the Ombudsman of this decision by contacting www.ombudsman.parliament.nz or freephone 0800 802 602.

Nāku noa, nā

Sarah Corbett

for Secretary of Foreign Affairs and Trade



With the need to address these internal drivers in mind, we have stood up a number of near-term and medium-term workstreams. Further information about both workstreams, as well as the principles that will guide SLT in this work, can be found at a new **Baseline Project site on Te Aka** – compiling all the news to date and serving as the ongoing, central hub of information about this project. You can access this through the Change and Transformation tile on the homeography. Released linder the tile on the homepage.

Brook Barrington

Acting Chief Executive

Baseline Project update - 18 April 2024

22/04/2024 12:00 a.m.

Kia ora koutou.

I want to provide an update on the latest work of the Baseline Project.

Recap

The Baseline Project has three main streams of work under way:

- First, the normal FY25 Budget Estimates process (which needs to absorb known cost pressures in the year ahead)
- · Secondly, the 10% savings 'options' list (to be considered as a contribution to further savings that may be required of the ministry, if needed, and to assist with out-year cost pressure management), and
- · Thirdly, the medium term 'operating model' work (providing for alignment of how we operate within our strategic intent and to be more financially sustainable into the future).

Budget Estimates Process: Vacancy Management

You may have seen the Formal Message issued about vacancy management. A temporary recruitment freeze is now in place. SLT are conscious of the potential for increased pressure on teams resulting from unfilled vacancies, which is why we have retained a "by exception" approval process for filling critical gaps.

Vacancy Management is one example of the levers we're using to manage organisational cost pressures and mitigate against FTE reductions.

Savings "options" list

As you know, each Group in the Ministry has been tasked with undertaking a prioritisation exercise to identify possible savings options, totalling 10% of their New Zealand-based budgets

Members of SLT have all now engaged with their third-tier managers on the development of these options, using a variety of different approaches, and draft packages of options are now in the process of being refined and

Finalised options are due on 30 April, and SLT has three sessions scheduled across May to discuss these and the funding issues they may be used to manage.

Operating Model

The Board met this week for a preliminary discussion on the medium term workstream focused on the Ministry's operating model. There will be a range of pillars in this work including productivity opportunities, network models, capability and corporate structures.

We have an opportunity through these financial circumstances to focus and improve the operation of our ministry. We need to address and clarify what we're here to deliver, and the culture, skills and practices we need to achieve that.

Through this project, we are focusing on the following areas:

- The value we create to be crystal clear on what is 'core', how we create impact onshore and offshore, value for money and for who – including what is unique to NZ's foreign minister.
- Flexibility and integration between the functions in our Strategic Framework, so we can deliver our strategic priorities and mandatory activities, onshore and offshore.

 Better managed demand – an organisation able to prioritise effort in response to needs.
- More efficient ways of working onshore and offshore.
- A highly trusted, creative, empowered, capable and affordable workforce, in the right place at the right time with the right skills.
- · Highly performing and cost-effective corporate services aligned to the ministry's objectives.
- Empowered stewards, leaders and managers who are comfortable with planning, prioritisation and performance and risk management.

The Ministry must deliver the financial savings asked of us by the Government. The three workstreams we have under way will enable us to do this while at the same time reinforcing our ability as a world-class small foreign service to deliver on the government's priorities.

I appreciate that the current uncertainty across the wider public service is concerning to many of us; particularly with regular media reports of layoffs and redundancies in other parts of the public service and references to the socalled 'back office'.

The various workstreams of the Baseline Project mean that the Ministry will have a range of levers to use in meeting our fiscal pressures, not just this year but in the years to come. I can only repeat what Brook and prior that, Chris, have both said before – people are very important to this organisation, and we will only look at required FTE reductions as a last resort.

I should emphasise the above represents some parameters to begin our thinking, it does not represent a plan already in place. In that regard I continue to encourage you to contribute to the Baseline Project by contacting the project mailbox. Thank you to all those who have submitted ideas so far - all your ideas are under consideration,

and we'll be in touch as the project continues to show how we've integrated your ideas into the savings options being developed.

I'll write again shortly with further updates. Ng \bar{a} mihi,

Rob Taylor

Deputy Chief Executive - Policy & Operations



Baseline Project update - 13 May 2024



Kia ora koutou.

I want to give an outline of what to expect over the coming few weeks.

We are approaching the Government's announcement of the Budget on Thursday 30 May. This means we will soon have full clarity about our financial situation for the 2024/25 financial year (FY24/25), and a final figure of the baseline savings target we will need to work within.

It's important to remember that along with confirming the Government's savings target for MFAT in the Budget, we are facing additional cost pressures year-on-year (e.g. building/accommodation costs around the world, remuneration increases, the impact of inflation etc.). We remain optimistic we'll be able to manage our new Budget and cost pressures for FY24/25 using usual budget management tools such as the vacancy freeze we previously announced.

Between now and Budget Day, SLT will be holding workshops to determine which, if any, of the 10% savings options that Divisions have been working through are ready for implementation, if needed. This is alongside the remaining budget estimates process.

Decisions on this will be communicated once the Ministry's Budget has been announced on 30 May. SLT is continuing to focus on options which minimise the impact on our people wherever possible.

Beyond 30 May

Work on Pillar Three - the medium-term operating model As already under way. This work is to ensure the Ministry is best positioned to efficiently and effectively:

- meet the Government's ambitious foreign policy agenda
- deliver its International Development Cooperation
- respond to evolving global challenges and opportunities into the future meet cost pressures in coming years associated with potential new activities and expected rises in costs.

We expect to provide a paper to Cabinet in October this year proposing the organisational changes required to meet these challenges. We'll be engaging with staff throughout this process and inviting your contributions and perspectives. Many thanks to everyone who contributed to the 10% savings exercise.

Thank you also to everyone who has fed in your excellent ideas to the Baseline Project mailbox. We have had 25 suggestions so far and we are in the process of considering these further, including where they best fit into this work. We'll be following up with you shortly to show how we've incorporated this thinking, and I look forward to sharing some examples of these constructive ideas for improvement as this part of the project gathers pace. As always, we welcome your input to the <u>project mailbox</u>.

This has been a long and uncertain period for all of us, and I am grateful for your patience throughout. There is a still a lot to decide about the shape of MFAT into the future, but clarity is emerging, and I look forward to sharing more detail on 30 May.

DCE People & Operations

Budget announcement



Kia ora koutou,

The Minister of Foreign Affairs has today announced <u>information about the Ministry's budget for the 2024/25 financial year</u> (FY 24/25).

The anouncement underscores the importance of the work that we do. It also provides us more clarity. This means we are able to share more information about the Ministry's savings targets, and how it has been incorporated into our baseline spending.

The Ministry (and the agencies we monitor in Vote Foreign Affairs) will need to work with an enduring \$15m reduction to our baseline funding (\$60 million over the four-year budget cycle). This has been made up of:

- \$10 million in non-departmental spending, the majority from reducing International Development Cooperation .
- \$5 million in departmental spending, for example reducing spending on consultants, travel, and specialised funds.

In addition to this baseline savings requirement, we have to manage significant cost pressures of a similar amount for things like lease and property costs, wage increases, and inflation.

Both the reductions and cost pressures have been worked into our 2024/25 Budget Estimates which is nearly finalised and we essentially have a balanced budget for the coming financial year. Groups have done an excellent job managing cost pressures within budget limits provided. Savings have been managed through decisions to reduce contractors and consultants and some special funds. PDG contributed significant operational savings, and other Groups delivered \$3.7 million of savings from a variety of activities identified through the 10% savings exercise. Details of those activities will be provided by SLT to the relevant DMs, once the final budget is approved.

Through these efforts and processes we've been able to avoid significant impacts on our staff to meet immediate budget requirements. However, it's important to remember that our cost pressures will continue growing year-on-year, and further savings will likely be needed up ahead.

This moves us into the third phase of the Baseline Project, which is a deeper look at our operating model, including our offshore network.

This is intended to ensure our work is efficiently and effectively focused on our core areas of work under the new Strategic Framework and the government's priorities, taking into account the context of increasing cost pressures. The Minister is expecting a paper at the end of October setting out how we will shape our organisation to deliver

This gives us time to future-proof our organisation for a turbulent global economic and political environment. By addressing the way we operate, we hope to enable a focused, flexible organisation that's able to manage under these increasing pressures.

Rob Taylor

DCE People and Operations

Budget Day - next steps for MFAT

5/06/2024 12:00 a.m.

Kia ora koutou,

Thursday 30 May is budget day. In amongst the full range of announcements across the public service, are the savings announced by the minister of foreign affairs last week.

To recap, the Ministry (and the agencies we monitor in Vote Foreign Affairs) will need to work with an enduring \$15m reduction to our baseline funding (\$60 million over the four-year budget cycle). This has been made up of:

- \$10 million in non-departmental spending, the majority from reducing International Development Cooperation.
- \$5 million in departmental spending, for example reducing spending on consultants, travel, and specialised funds.



Today draws a line under the first two phases of the Baseline project to manage our savings target and cost pressures for FY24/25 - these were: regular budget management practices and the 10% prioritisation exercise. This detailed work was extremely helpful, and your Divisional Manager with explain at a more granular level where these have altered divisional budgets once the 2024/25 BE process is finalised in a few weeks' time.

In the immediate term, these measures do not impact on our FTE staffing.

As signalled last week, there is now a lot of work to do by October, to prepare advice for the Minister about how we will ensure the ministry has sufficient flexibility to absorb unexpected requirements and increasing costs from our

In the next couple of weeks, we'll communicate a first set of initiatives intended to start providing us with some of that financial flexibility already.

Realignment of Ministry resources

During June and July, the detailed scoping of project workstreams will take place to closely align ministry resources to the Government's foreign, trade and development policy objectives in a review of our overall operations.

I'm pleased to announce Andrea Smith has been appointed to lead this substantive next stage. Andrea returns to an already extensive career with MFAT and was previously Deputy Secretary Asia and Americas Group, and for APEC New Zealand.

To this end, the Baseline project working group will take a short hiatus as these sub-groups develop. We'll have more to share on this stage of the project in a month or so. Please check the <u>updated project page</u> for the latest.

Suggestions

With the end of these first two parts of the Baseline project, we'll also be retiring the mailbox, formed in previous iterations of the baseline project. Your contributions have been reviewed (and valued) and will be directed to the relevant divisions for consideration as part of continuing good financial management, or considered in the next phase of project work. Thank you again for the time taken to develop these ideas.

Released Rob Taylor



Baseline Project update 2 July 2024

An update on phase 3

Kia ora tātou

In Rob's <u>Budget Day message to staff</u>, he foreshadowed the ongoing work that would be necessary to realign our resources and review our operations to deliver on the Government's priorities in ways that take account of our budget circumstances. We are now able to share with you more about Phase 3 of the Baseline Project, which will undertake that work.

To recap, the Ministry continues to have challenging budgetary pressures. The significant belt-tightening undertaken as part of this year's budget estimates (Phase 1 of the Baseline Project) and the savings realised through the 10% exercise (Phase 2) will not be sufficient to see the Ministry through the 2025/26 financial year and beyond. We are facing a structural budget deficit that will grow by millions of dollars each year.

Our Ministers are strongly supportive of the work we do. This was evident in Minister Peters' Budget week statement, in which he underscored the critical role we play in keeping New Zealanders safe and prosperous. Consistent with the Government's overall drive to reduce costs and improve efficiency in the public sector, Minister Peters does expect us to review the Ministry's overall operations.

Given this context, we have decided that the Phase 3 work over the next few months will focus on:

- Delivering on the Minister of Foreign Affairs' direction to the Ministry to review New Zealand's diplomatic capability (on and offshore) and to review New Zealand's development programme. In both cases this an expectation that the Ministry will be able to undertake significant realignment in line with the revised strategic framework and the Coalition Government's foreign policy priorities.
- Positioning the Ministry to respond well to the Government's budget and fiscal-related directions and any opportunities there may be to seek necessary funding. This includes being able to tell our budget and efficiency story; demonstrate that we have reviewed our operations and identified such savings as might be achievable; and explain the consequences for the Government of more stringent measures we might need to take to address our budget situation.

We are working to have this completed in October, to coincide with when the Minister is expecting advice on diplomatic capability and the development programme. The work will be undertaken under the following five workstreams:

- Policy Resource Realignment: This workstream will deliver the review of diplomatic capability, including a review of our offshore footprint, as well as identifying options and consequences in a reduced budget
- environment and advice about options for future investment.
 Development Programme Allocations Realignment: will deliver the review of the international development programme, as well as advice about options for future investment.
 Development Operating Model Review: will review these functions with the aim of ensuring the Ministry has a fit-for-purpose, cost-effective and efficient end-to-end model for commissioning, delivering and monitoring the effectiveness of development funds. the effectiveness of development funds.
- the effectiveness of development funds.
 Global Network Operations: will consider options and consequences for creating savings in the operation of our offshore network. This workstream will focus on efficiencies, not the post footprint (the latter is covered
- by the policy resource realignment workstream)

 Corporate Services and Organisational Functions Review: will review Wellington-based corporate (primarily in P&O) and organisational (primarily in DCE-P) functions to identify the options for and the consequences of creating efficiencies savings, with the aim of ensuring these functions continue to enable the Ministry's work, are cost-effective and that organisational risk is managed proportionate to the Ministry's context and obligations.

We (the Senior Leadership Team) will be discussing each workstream further over the next month or so to shape more clearly their scope, parameters and desired outputs. As these discussions occur, and leads for each workstream are identified, we will share more information with you and create opportunities for you to engage with the work.

Alongside these workstreams, we will continue to take forward individual initiatives that create financial headroom (forward savings) that will enable us to deliver outcomes more efficiently from these workstreams. Two examples of such initiatives are the Voluntary Early Exit and Annual Leave Liability Reduction plans announced recently. We have also asked the project team to ensure that the Ministry is well-placed to provide clear information and advice to Ministers about the Ministry's finances and our efficiency.

As Rob has previously announced, Andrea Smith (known to many of you from her own career in the Ministry, including her roles as Deputy Secretary for the Americas and Asia Group and for APEC New Zealand) will be supporting the Senior Leadership Team as we collectively grapple with the Ministry's budgetary challenges and the Government's expectations of us.

We would like to stress that there are no foregone conclusions, on or offshore, and we'll be open-minded about the outcomes of this work and these workstreams. The implementation of any options decided upon would likely begin in 2025. If any workstream outcomes may have impacts on people or jobs, there will be formal consultation with affected staff and unions.

We realise that the uncertainty created by Baseline Phase 3 could be unsettling and stressful for some. Please draw on the advice on the Well-Being Hub, as well as the support of your manager, the Ministry's in-house counsellor and EAP services. The Ministry's people always have been and always will be our greatest asset.

Bede, Rob, Taha, Bernadette, Deborah, Nicole, Vangelis, Victoria

The Senior Leadership Team

Baseline project update - 25 July 2024

25/07/2024 12:00 a.m.

Kia ora koutou,

This is our latest regular update on the Baseline Project.

As we have previously advised, the focus of Phase 3 is on delivering on the Minister of Foreign Affairs' direction to review New Zealand's diplomatic capability and our development programme to realign our efforts in line with the Government's priorities and positioning the Ministry to respond well to the Government's budget and fiscal-related directions. We are working to have this completed in October.

Current focuses:

- · Workstream leads have been appointed for three of the five workstreams.
- The Corporate Services and Organisational Functions workstream is focusing on data gathering to understand the current state.
- The Policy Resource Realignment workstream is also gathering information and has established a Reference Group that will meet for the first time on 26 July.

Workstream leads

We have appointed the following workstream leads:

- Policy Resource Realignment David Evans, DM Strategy and Performance Division
 Development Programme Allocations Realignment Ben McKenzie, DM Capability and Insights Division
- Corporate Services and Organisational Functions Review Belinda Wallace, Head of Partnerships and Delivery, People Division

Corporate Services and Organisational Functions workstream

A meeting on 24 July briefed tier 3 managers responsible for corporate services and organisational functions on the workstream's approach. It started the process of gathering information from them about the 'current state' of the functions and services in this workstream. That current state information, together with benchmarking data from other agencies and foreign ministries, will inform an SLT discussion about where the workstream should focus its

That SLT conversation is expected to happen in mid-August.

The teams covered by this workstream are:

- All functions within P&O Group (AMD, COD, ECD, FIN, IMD including KIA, PEP and SORD) DCEP functions of AUR, ESD, and SAPD (excluding foreign policy functions)
- CMD and all communications functions and roles embedded in New Zealand divisions and teams
- CLU in MLG
- The Business support model (including GBMs, team administrators) and associated functions
 All functions relating to the transfer of people to and from post.

The workstream will also look at how teams are intending to meet targets for reducing the use of contractors and consultants and consider the circumstances under which it is appropriate to engage contractors or consultants and the processes around this.

Policy Resource Realignment workstream

The workstream team is building a picture of the current state of foreign policy resourcing in the Ministry, onshore and offshore, including looking at the areas of greatest demand. It is also benchmarking against other foreign ministries. A reference group made up predominantly of principal advisers (policy) has been set up to support the workstream, including with gathering information and testing thinking.

The teams covered by this workstream are:

- New Zealand based foreign policy teams
- The offshore network.

Other workstreams

Global Network Operations, Development Programme Allocations Realignment, and the Development Operating Model Review workstreams are all getting under way. We'll share more information on the process and scope of these workstreams in the coming weeks.

Bede, Rob, Taha, Bernadette, Deborah, Nicole, Vangelis, Victoria The Senior Leadership Team

Publishing > Baseline project update: 8 August 2024

Baseline project update: 8 August 2024

9/08/2024 12:00 a.m. 总贷证证

Kia ora koutou,

This is our regular update on the Baseline Project. This update includes more information on the workstreams focusing on the Ministry's international development cooperation programme.

As we have previously advised, the focus of Phase 3 is delivering on the Minister of Foreign Affairs' direction to review New Zealand's diplomatic capability and our development programme to realign our efforts in line with the Government's priorities, and positioning the Ministry to respond well to the Government's budget and fiscal-related directions. We are working to have this completed in October.

Current focuses:

- The Development Programme Allocations Realignment workstream is focused on preparing teams to review activities against alignment criteria.
- The Development Operating Model Review workstream is gathering information to get a clear picture of the current shape of the Ministry's IDC delivery model
- The Corporate Services and Organisational Functions workstream and the Policy Resource Realignment workstream are continuing to gather data to understand the current state and undertake benchmarking (see update from 26 July).

Development Programme Allocations Realignment workstream

This workstream will be an activity-based review that will test all international development cooperation activities including those in implementation and those in the pipeline - for alignment to Government priorities) The review will be undertaken collaboratively with activity managers, country and regional plan managers, and leaders from across the network involved in the assessment of activities. The workstream will support reprioritisation of the existing portfolio and inform pipeline priorities, highlighting areas where the international development cooperation programme needs to invest to deliver against all Government priorities.

The International Development Cooperation Operating Model Workstream

This workstream will consider the responsibilities and departmental resources required to deliver New Zealand's international development cooperation programme and to advocate for development policy. The workstream will be informed by the findings of the activity-based review being undertaken in the Development Programme Allocations Realignment workstream and will provide options on how to navigate the projected reductions to departmental budgets associated with climate finance programme management.

The teams covered by this workstream are:

- · All divisions in PDG
- Aid Posts
- Divisions with responsibility for IDC Programme management.

Pause of the Global Operations workstream

SLT has decided to pause the global network operations workstream for now. This reflects the level of complexity involved in identifying and working through options for generating efficiencies in our offshore operations. We will assess what work might be needed in this area at a later point.

Policy resourcing at posts is being considered as part of the Policy Resource Realignment workstream.

In the meantime, posts are being encouraged to be mindful of the fiscal context we are all operating under, and to continue progressing opportunities for efficiency in their operations where they arise.

Ngā mihi,

Bede, Rob, Taha, Bernadette, Deborah, Nicole, Vangelis, Victoria

The Senior Leadership Team