

Change at Te Manatū Mō Te Taiao

Moving to a future operating model

Advice to the Chief Executive

May 2023

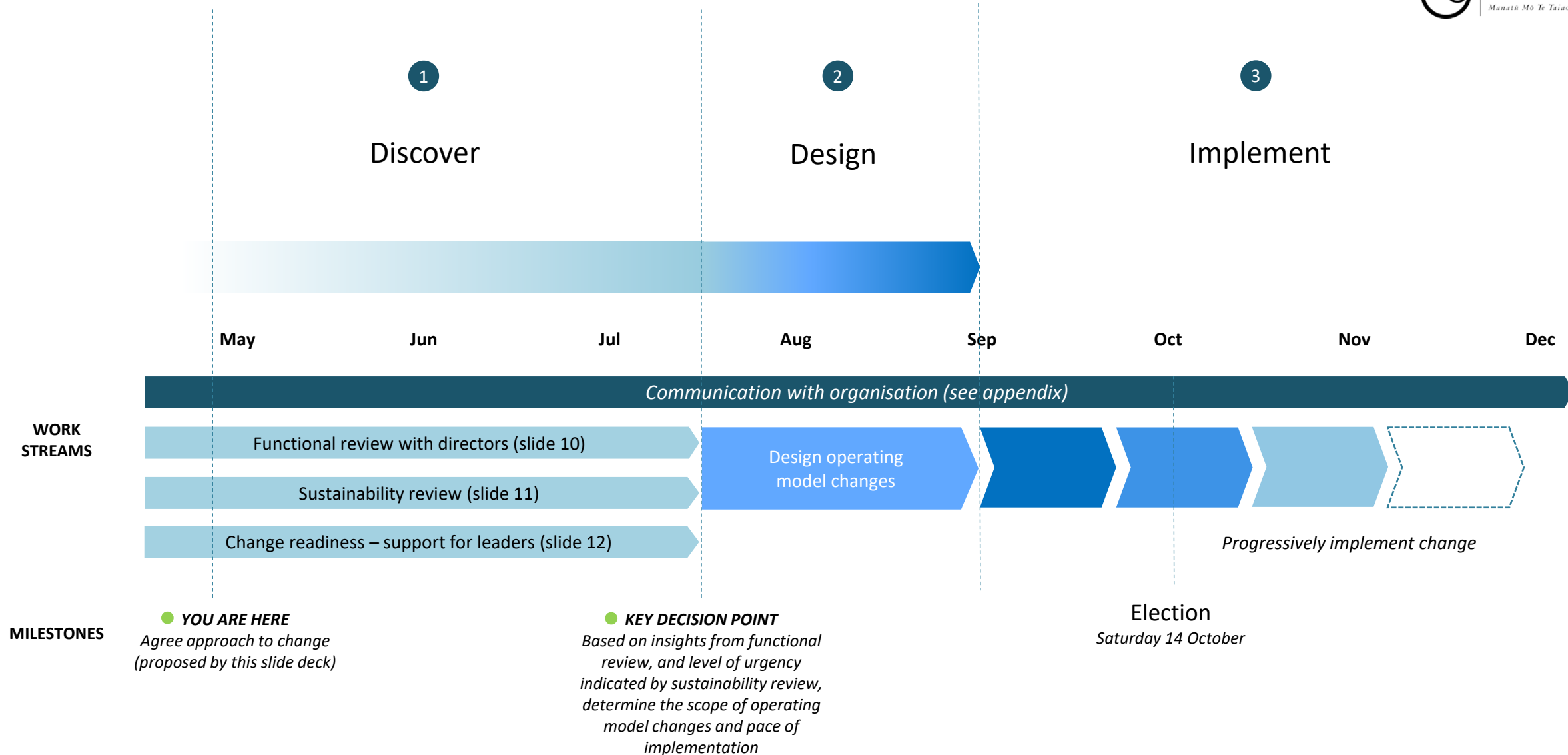
In this pack

- Overview
- Why change now? What's the opportunity?
- Internal and external drivers of change
- Strengths we'll want to keep
- Scope of operating model review
- Key work streams and timing
- Detailed overview of review phases
- Lessons learned from previous change processes
- Risks and mitigations
- Appendix: communications approach
 - *The case for change – draft messages*
 - *Getting started*

I recommend that you:

- **Agree** to the proposed approach and timing for change
- **Agree** to engage with Te Pūrengi to further shape the case for change and change approach
- **Agree** to establish an internal change team, supported by procurement of external consultancy

Overview



Why change now? What's the opportunity?

Over the last five years the Ministry has delivered a work programme that will be transformative for Te Taiao. The work we've been doing will take us a long way towards a flourishing environment for every generation.

What comes next is just as important. In years to come, our work will increasingly focus on implementation and maintenance of the new regulatory systems, ensuring policy translates into change on the ground. This will require us to take on new and different roles in the environmental management system.

These changes are reflected in our budget. While the Ministry is forecast to remain significantly bigger than it has been in the past, our funding will peak in 24/25 and then begin to decline. **Our current organisational profile is unaffordable in the medium term.**

We also know that the way we work is unsustainable. Workload is a persistent issue, it's hard to coordinate across Ministry, and our business processes haven't kept pace with growth. Our partners in the environmental management system are also under pressure as they absorb a range of reforms.

At the same time, our operating environment is changing. Alongside geopolitical pressures, the world's economic outlook is deteriorating, government finances are tighter, and people are concerned about the cost of living. Pressure on the environmental system is being compounded by severe weather events.

To be successful in this next phase, and operate in a way that is sustainable for our people, partners, putea, and the planet, **we need to review our operating model.** We need to take a fresh look at our capabilities, capacity, roles and functions, structure, and ways of working.

The degree of change required to the Ministry's operating model may be substantial. A review of this scale requires a well resourced and led change process. This slide deck sets out the proposed approach and the leadership role for Te Pūrengi.

Through the change process we will create:



a clear picture of the future operating model for the Ministry that enables us to deliver on our purpose and strategy, both now and in the future, in terms of:

- Functions, services and roles
- capabilities and capacity
- organising model / structure
- teams and positions
- systems and processes
- ways of working



a clear roadmap and plan for transitioning to this future operating model, so there is clarity for our people, and a smooth transition.



the ministry Aotearoa needs now and into the future.

Internal and external drivers of change

External drivers

Shifting socio-political & economic environment

- High inflation and increasing cost of living.
- General loss of resilience post-pandemic, and damage to social cohesion.
- Tightening fiscal environment, election in **October**, heightening public debate around government spending and public services.

System pressures

- Treaty partners and players across the **environmental management system under pressure** following an intensive period of reform.
- **Extreme weather events** reinforcing the need for changes to the way New Zealanders live / putting further pressure on Treaty partners and local government.

Internal drivers

Work programme & budget

- Ministry's work programme in **transition**: increasingly shifting from policy to support for implementation.
- **Forecast peak then progressive decline in Ministry's budget**, with potential for further cuts in a tightening fiscal environment.
- **Persistent workload / wellbeing** issues.

Structure

- Structure largely developed in **reactive way** to deliver growing and evolving reform agenda.
- **Complex lines of accountability**, hard for new people to navigate.
- **Poor integration / silos create headaches** for system partners; mean reforms aren't joined up well; and undermine our ability to operate as a credible and trusted system leader.

Culture and leadership

- Management culture that **prioritises delivery** over organisational development.
- **Limited attention to developing individuals** and teams, or improving **workflow**.

Capacity and capability

- Very senior workforce built to deliver complex reforms at pace and requiring high levels of senior engagement.
- **Need to shift to "steady state" and deliver on our commitment** to the Treasury to become less senior over time.
- **Some people recruited without appropriate skills, or promoted prematurely** (due to tight labour market).
- Focus on delivery of ambitious reforms has seen **limited focus on development of longer-term stewardship capabilities** e.g. policy strategy, regulatory stewardship, science/data.

System leadership

- Ministry seen as **encroaching the space** of other players in environmental management system; taking scarce talent, and failing to utilise expertise / capacity of others where available.
- **Need to balance ministry needs with wider system needs** for talent / capacity / capability to implement reform programme.

Corporate services

- **Lagging investment in back office**; focus has been on keeping up with growth (recruitment, accommodation, ICT), pandemic response, and improving resilience.
- **Corporate systems not fit for the future** or the organisation we have become. Instances of "shadow" corporate services emerging in business groups.
- **Key business systems (people, finance, programme management) are not integrated**, difficult for people to use; require corporate team to focus on manual processes (collating / checking data)
- **Corporate largely reacting to**, rather than anticipating, business change or proactively providing insights and advice.

Strengths we'll want to keep

Balancing the case for change, there are some key strengths we'll want to hold onto.

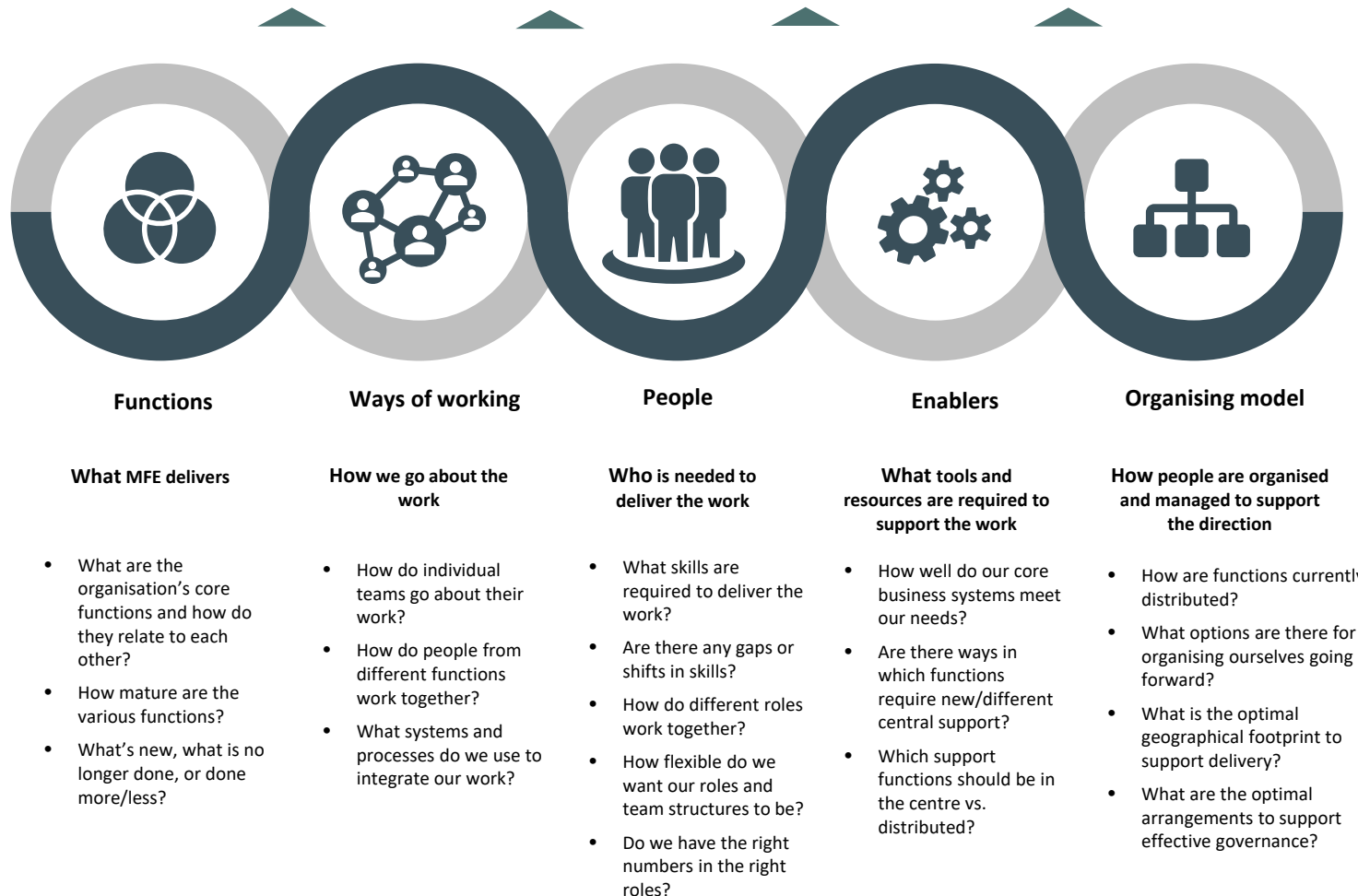
- **Top talent.** We've attracted some excellent people in recent years to drive a complex and ambitious reform programme. While we need to look at our overall capability, we'll want to hold on to our top performers, both to deliver future work, and to retain institutional knowledge required to maintain new planning and regulatory systems.
- **Strong employer brand.** People want to work for the Ministry, because of the type of work we do, and because of the way we work – flexible working, focus on diversity, and genuine commitment to Te Ao Māori.
- **A reputation for delivering.** While we need to move to a more sustainable way of working, we don't want to lose our "get it done" approach. Ministers have been complementary of our ability to advance complex, transformational reform at pace.
- **Less internal "red tape"** than other ministries.
- **A public-sector leading cultural capability programme,** growth in Te Ao Māori, and a relatively high proportion of Māori staff, position us well to navigate an evolving Crown-Māori relationship and Māori rights and interests in the environment.
- **A sector-leading approach to flexible working,** and a willingness for people to work remotely, has enabled us to attract a diverse workforce. Our approach needs refinement (e.g. we may wish to reduce the proportion of remote or regionally-based workers), but this may be a key attribute we want to hold onto for recruitment and retention purposes.
- **Our governance structures** which involve external parties (e.g. the Audit & Risk Committee, new Investment Committee) can be helpful sounding boards as we work through change; we may wish to exclude them from the scope of change for this reason.

There's also an opportunity to investigate how the Ministry might work more closely with other Natural Resources Sector agencies. This could include sharing capabilities, a more integrated approach to engagement, developing cross-agency career pathways, or sharing corporate services.

Scope of operating model review

The term “operating model” can cover many things. The framework we’ve used in the past has five elements:

A coherent, sustainable system leader



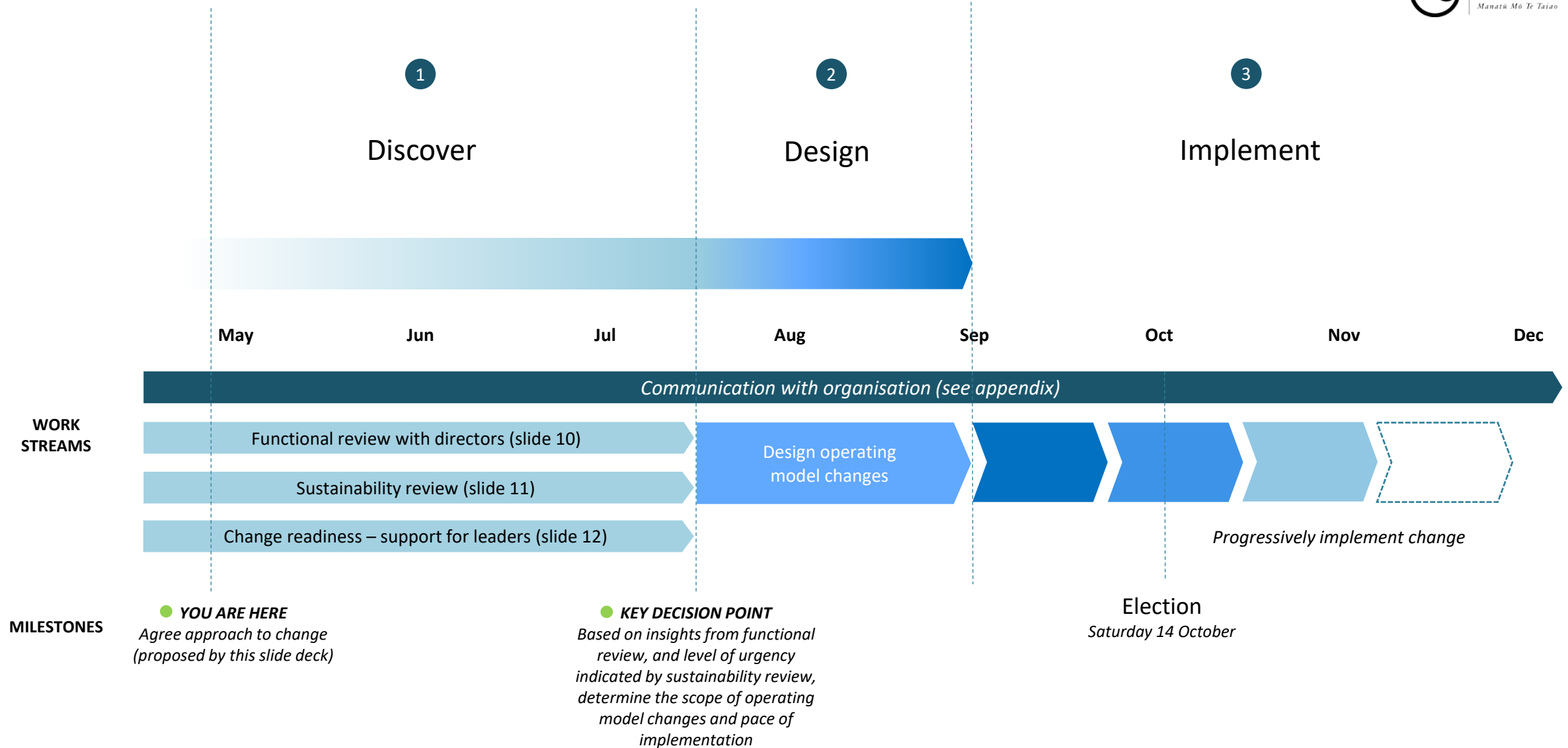
Approach to this review

We recommend starting with a review of our functions (both core business and ‘enablers’) in parallel with a sustainability review.

The **functional review** will show how different functions are distributed across the organisation and assess our overall maturity (i.e. capability) in each area. The **sustainability review** will inform the pace of change—whether we can shift progressively to a new operating model over time, or if sustainability challenges (esp. financial sustainability) mean we need to change more quickly. More detail on these reviews is provided on slides 10 and 11.

Based on the outcome of these reviews, we can use a combination of changes to our organising model, ways of working, and enabling systems to ensure the Ministry is set up for success.

Key work streams and timing



Ways of working workshops

Kick off the process with a set of workshops—with deputy secretaries and directors—on how we:

- Integrate and align our work (across the Ministry and with others)
- Connect and communicate
- Ensure our work and engagement is evidence-led
- Work in a relationship-oriented way
- Ensure our work is having an *impact*.

Each workshop would ask:

- What would success look like in this area? What's our aspiration?
- What's the current state?
- How might we bridge the gap? (Inviting people to be aspiration, no options off the table)



Functional review

Te Pūrengi proposed reframing this around our critical enablers.

Potential functions to review

- Strategy
- Governance
- Programme management
- Policy advice
- Regulatory stewardship
- Science and evidence
- Te Ao Māori
- International engagement
- Implementation
- CME
- Funds management
- Emergency response
- Public affairs
- Corporate services

Key questions

1. Should we be performing this function, or would someone else be better placed to do it? What role do we play? Are we duplicating the skills / roles of others in the system?
2. What does the Ministry need from this function to be successful in future? What do our partners need of us?
3. How is this function distributed across the organisation? Is it centralised? Distributed? A hub and spoke model?
4. How does our approach compare to one or two other organisations?
5. What is the maturity of the function for the Ministry as a whole? A qualitative assessment of skills/capability, competence (people's ability to apply capability in their role).
6. How effective are our ways of working? A qualitative assessment of how well teams, processes, and systems work, and how well integrated the function is (in itself and with other areas). What are the barriers to success—and where might efforts to improve have come unstuck?
7. How much FTE is dedicated to the function, at what level of seniority?

Note the review does not imply any commitment to change—it's about taking stock and understanding where we might go next

How we get it done

- A deputy secretary or director is given responsibility for leading each functional review.
- The lead person is supported by a sub-group of directors. This approach actively engages our senior leadership group in the change process, helps to build support, and allows us to cover a lot of ground.
- A member of the project team is assigned to each group, to support discussions and capture insights. Chief and Principal Advisors could also have a role to play here.
- To provide a concise, insightful review of each function, each group is asked to complete a standard template, including:
 - A visual “map” of the function (for question 3)
 - One page of commentary on each of questions 1, 2, 4-6
 - A table showing FTE and seniority level for the function (question 7)
- Work begins w/c 15 May (after initial socialising with Te Pūrengi and directors next week)
- Draft reports due 7 July (eight weeks later)
- Te Pūrengi reviews and provides feedback by 14 July
- Final reports presented at a symposium with Te Pūrengi and directors in w/c 24 July

Summary report feeds into design phase.

Does this approach set us up for success?

Sustainability review

Does this approach set us up for success?

Aspects in scope

- People
- Partners
- Pūtea
- Planet

Key questions

1. What are the root causes behind our workload pressures?
2. How well do we invest in people's growth and development?
3. How well do we provide pathways for career growth?
4. Do our business systems help people to do their best work? Is additional investment required?
5. How might our ways of working need to change to be more sustainable for the Treaty partner, and stakeholders in the environmental management system?
6. What are our partners' capability needs?
7. What scale and seniority of workforce is financially sustainable for the Ministry?
8. What proportion of the Ministry's budget is appropriate to invest in corporate services?
9. How is the Ministry performing against its environmental sustainability strategy?
10. What is an appropriate emissions profile for the Ministry going forward?

We have a large amount of base material to work from for this review—it's mostly a case of pulling it together in a concise format that's easy for Te Pūrengi to review.

- COO and OP group undertakes desktop review of recent Tō Reo results and other recent discovery work to answer questions 1-4.
- Tūmatakōkiri Deputy Secretary and director produces 2-3 page report on Treaty partner element (building on insights in BICE).
- PID Deputy Secretary and director team produces 2-3 page report / simple system map showing pressures on partners and capability challenges to answer question 6. Could be an opportunity to survey system partners in some way.
- COO and Finance & Performance director and P&C director produce report analysing and providing advice on affordability, workforce profile, cost pressures and distributions, to answer questions 7-8
- COO and OP Director lead for Sustainability produces report with advice on sustainability and emissions to answer questions 9-10
- Work begins w/c 15 May (after initial socialising with Te Pūrengi and directors next week)
- Draft reports due 7 July (eight weeks later)
- Te Pūrengi reviews and provides feedback by 14 July
- Final reports presented at a symposium with Te Pūrengi and directors in w/c 24 July

Change readiness

To carry out the change successfully, we need our leaders to be engaged and empowered.

I recommend:

- Testing key messages about the case for change with **Te Pūrengi**, to ensure they resonate and that team members can apply them in an authentic way – scheduled for 8 May stand-up
- Involve **directors** in the discovery phase of the work (through the functional reviews outlined above)
- Set up a **regular stand-up for Te Pūrengi** to check in on progress, share upcoming communications opportunities, identify and manage any emerging issues
- Provide *Leading through change* workshops **for leaders at all levels** (these workshops are already scheduled as part of the *culture* campaign)

Detailed overview of review phases



- Stand up **project team**
- Confirm **governance** and **resourcing**
- **Procure** external consultancy support
- Do **detailed project planning** of approach including data requirements, scheduling, comms, change management
- **Functional review**: are we set up for success?
- **Sustainability review**: is our way of working sustainable for people, partners, putea, and the planet?
- Develop **design principles** for future operating model
- Confirm **functions, capabilities/capacity, ways of working** and **enabling systems** required
- Identify **potential structures** including teams / positions and ways of working
- Complete **options analysis** and **change impact assessment**
- Select **preferred model** and proposed workforce changes for consultation (taking into account election outcomes)
- **Conversations about preferred model**, any possible structure and workforce changes being considered
- **Review feedback** and submissions
- **Refine proposals** and make decisions
- **Communicate any initial decisions** on functions, capabilities, roles / teams / structure, ways of working (noting elements of the review may continue over time, with **decisions made over multiple horizons**)
- Complete **readiness assessment**
- **Operationalise** new model through programme of change and continuous improvement
- **Assess progress / continue and amend** over time

Inputs to discovery and design

- Te Pūrengi away days
- Series of strategic discussions / workshops / 1-2-1 interviews with Te Pūrengi
- Functional and sustainability review informed by desktop review of existing material e.g. Tō Reo, material to come on institutional arrangements, environmental scans, Crown-Maori engagement discussions etc
- ARC deep dives
- Ministerial engagement, BIM
- External input from system partners (TBC)

Inputs and activities for implementation

- Engagement process (including comms and engagement plan)
- Communication of final decisions
- Design detailed of roadmap and change plans to support transition to new model
- Manage transition pathways and people movements, e.g. recruitment, internal rotations, onboarding/offboarding
- Establish new teams/roles, reporting lines, work programmes and ways of working
- Gather feedback, measure progress and make modifications required to achieve outcomes
- Project closure and handover

Lessons learned from previous change processes

Based on previous experiences of change at the Ministry there are some key principles and practices we will need to set us up for success. These include:

- Sufficient time and availability dedicated by the CE, Te Pūrengi members, and directors to leading this work, and to making decisions at critical points in the process
- A clear, well articulated case for doing this work that is owned by Te Pūrengi
- Consideration of affordability of any proposed changes from the start, and any proposed options must meet the fiscal constraints we're facing
- Clarity on roles, responsibilities and decision rights within the change process at the outset
- Sufficient lead-in time to resource the internal change team, procure external consultancy support, and complete the detailed planning required, before the discovery and design work commences
- Adequate resource for the change – in particular we need strong HR, project management, comms, and change management expertise to ensure the change is well planned, managed, understood and implemented
- Access to accurate, up-to-date organisational data on people, finances etc

Risks and mitigations

Any change process comes with risks and opportunities. Key risks and proposed mitigations are outlined below.

Risk	Mitigation
Desire to move quickly means we get it wrong	Careful consideration of what's required in the discovery/design phase, and timing of the change.
Capacity of leaders to engage	Plan change well. Start early. Manage the pace. Use existing fora as much as possible.
Risk of blind spots, or wrong assumptions about the nature of change required meaning we solve the wrong problem	Draw on the full range of existing diagnostic information. Engage an external consultancy to provide independent challenge. Consider representation from core business in internal change team.
Change process disrupts delivery	Undertaking discovery/design pre-election. Plan and resource the change process well to provide clarity and certainty.
Damage to staff engagement / morale	Plan and resource comms and engagement well, with a high level of involvement from Te Pūrengi.
Loss of key talent	Make talented people want to stay – anchor change in aspiration and opportunity. Communicate and engage well.
Loss of progress / backward steps in areas where we're getting it right	Evaluate the costs of change alongside benefits, be clear about strengths we want to retain or build on, genuine consultation with staff once a change proposal has been developed.
Legal risk	Incorporate appropriate change/HR expertise in the project team. Maintain relationship with PSC and ensure good comms and engagement with our people.

Appendix

Communications approach

Objectives of comms strategy

Objectives

- Create a strong authorising environment for change, internally and externally
- Galvanise the leadership team around a shared strategic direction
- Anticipate and manage potential risks

Strategic approach to comms & engagement

- **Start from a place of strength, purpose and mission**, rather than deficiency. Build emotional engagement and goodwill. Appeal to people's powerful connection to the Ministry's purpose, and the desire to build on the great work that's been done in recent years. What comes next is just as important.
- **Galvanise the leadership base**. Work with Te Pūrengi each step of the way to co-design the case for change, the story we tell, and the discovery and the design of a new operating model. Bring directors on board as part of an extended team. This will increase leadership engagement, expand our bandwidth for engagement with the wider organisation, and enable nuanced communication with individual business groups.
- **Lead with the strategic drivers for change**. Make it about realising our purpose more than adapting to circumstances.
- **Highlight the benefits of change for *people and wellbeing* (both staff and partners)** – helping us to get off the treadmill and step into a sustainable way of operating. There is already a strong sense of agreement that our way of working needs to change in this regard.
- **Tell a compelling story of the Ministry's growth and change and future direction**. Use visuals to make the changes in funding, staffing, and reforms we now need to oversee tangible.
- **Take a no-surprises approach with ministers**. Invite insights and share the proposed change approach and timing early.
- **Build the high-level case for change with our people** in parallel with the leadership team's process of discovery, and the subsequent design of a new operating model.
- **When the new operating model has been agreed (following appropriate consultation)**, phase adoption of the new model, but move as promptly as possible to minimise uncertainty and disruption.

Comms risks and opportunities

In the context of organisational change, *communications* risks and opportunities mostly relate to how change may be perceived. The risks listed here will be supplemented with more specific risks and mitigations when a new operating model has been developed.

Risk	Opportunities
The new CE has signalled the need for material change early in his tenure. There is a risk any changes are seen as driven by a pre-formed agenda, rather than necessity.	The new CE has high credibility from previous experience in the organisation and the wider environmental management system; and from demonstrating an early willingness to reprioritise work in support of wellbeing.
Te Purengi's ability to support change may be impaired to the extent their own roles are affected (or general uncertainty in this regard).	Initial Te Pūrengi discussions indicate that while there is some uncertainty for themselves personally, the team is supportive of substantive change in principle, and eager to step into the opportunity to shape it.
Potential resentment from staff at disruption to familiar structures or ways of operating after an intensive period of delivery. May be more acute in an environment where people have built a sense of identity around business groups and work programmes, rather than the Ministry and its mission.	We have a solid evidence base, provided by our own people, in support of the need for change: Tō Reo survey results consistently highlight our way of working is unsustainable.
Potential perception change is not required because business groups have managed to deliver ambitious programmes (albeit at the expense of other aspects of performance).	Tō Reo results also show our people are deeply passionate about the mission of Te Manatū Mō Te Taiao. We can tap into this as the key driver behind change. It's about setting the Ministry up for success in a new system and policy context.
Proposed changes at the Ministry could be leaked and politicised. A particular risk in a cause-led organisation, where employees may be new to the public service, or may be engaged in politics in a personal capacity; change could be perceived as a reduced commitment to the environment.	In the short-term, the business planning process is a further opportunity to build credibility with our people (and support for change in due course), by demonstrating a commitment to wellbeing and our stewardship role.
Change fatigue. Business groups have already been through a significant level of change in recent years; some have undertaken formal change processes not long ago (RM and Climate). People may ask why changes at business group level did not raise various issues, or anticipate the need for more fundamental changes.	Milestones in the work programme (e.g. passing of legislation) are an opportunity to highlight where the Ministry may be moving into a new phase of work, and the need to think about how we do that well.
Multiple drivers of change (e.g. wellbeing, financial) could lead to confusion about the case for change, and inconsistent narratives from leaders. Varying levels of change required across the organisation (some high, some low) could also lead to misaligned messages.	Sharp key messages – zero in on the main driver(s) of change.
Delivery-oriented culture. Risk leaders will not invest adequately in creating the environment for change, and managing risks, as they are focused on the work programme.	Engage the extended leadership team (dep secs, directors), invest in change readiness, set up a regular rhythm to check in (repurpose fortnightly reflection sessions).

The case for change

- **Over the last five years the Ministry has delivered a work programme that will be transformative for Te Taiao.** The work we've been doing will take us a long way towards a flourishing environment for every generation.
- **What comes next is just as important.** Our focus is shifting from outputs to impact—ensuring policy translates into change on the ground. And that's a long-term game.
- **But the way we work is unsustainable.**
 - Tō Reo results tell us our **people** are struggling with workload pressure
 - Our **partners** say we're not joined up
 - Our **budget** is forecast to decline by 23% over the next four years
 - And our **long-term stewardship work** has taken a back seat as we focus on delivery.
- We want to be **the environmental steward Aotearoa needs to stay the course**—strategic, sustainable, and connected.
- That's why we're kicking off a review of our operating model...



Getting started

Phase one (discovery) will be led by Te Pūrengi and directors, and will not involve the wider organisation. However, there are still opportunities to build the case for change, galvanise leadership, and strengthen connection to our “why”. We can...

- **Use Tō Reo** to highlight our strong sense of mission, further strengthening a sense of commitment to the Ministry, but also that our way of working is unsustainable (April-May).
- **Use the business planning process** to build credibility among staff that we are committed to the wellbeing of our people, partners, and the Ministry’s ability to fulfil its stewardship role (through the process and especially when sharing the final business plan in June).
- **Keep investing in shared understanding and direction.** In parallel with the functional reviews being led by individual Te Pūrengi members, we can keep building a sense of shared direction as a team level by ensuring our governance meetings have a good mix of enterprise-level issues and deep dives into discrete aspects of the current operating model.
- **Use work programme milestones** (e.g. passing of legislation) to strengthen people’s sense of connection to the Ministry as a whole (i.e. beyond business groups and work programmes) by linking back to our “why”. Especially celebrate cross-organisational contributions (Ilka’s presentation on Kaipara Moana Remediation a few weeks ago was a good example).

Key rhythms

- Project team meets weekly
- Te Pūrengi has informal, fortnightly check-in on engagement (repurpose reflection sessions)
- Formal monthly programme report at Te Pūrengi governance meeting
- Ongoing CEO / COO check-ins

Next steps

We will build out our communications and engagement programme based on the approach outlined above, but key opportunities coming up include...

8 May
(Monday)

Monday Te Pūrengi standup

- Socialise proposed approach to the operating model review (key elements of this slide deck) with Te Pūrengi
- Test key messages – the big idea, potential Q&As

11 May
(Thurs)

Thursday Directors stand-up

- Share approach to operating model review, invite feedback

Weekly
vlog

James' weekly vlog

- Sow the seeds for the upcoming review—with details to come at kōtahitanga

6 June

Tō Reo results at kōtahitanga

- Use Tō Reo results as an opportunity to reinforce the case for change and introduce the operating model review

Late June

Business plan communications

- Build credibility by highlighting prioritisation decisions in final business plan, commitment to supporting more sustainable way of working

Socialise the change approach, align leadership, communicate with the organisation

Build credibility and the case for change



Ministry for the
Environment
Manatū Mō Te Taiao