

Decision Document

4 April 2024

Introduction

The Commission was established in December 2019 in the subsequent five years we have focused on building a high performing team that can deliver on a demanding statutory work program. Since establishment, the scope of the Commission's work has widened considerably, and the complexity of the work has continued to grow.

In 2023, we made structural changes to two business groups and established Pou Herenga, as a committee to advise the Board. ELT was out of scope for these structural changes. It is now a natural time to consider whether the leadership structure at ELT-level for the associated business groups remains fit for purpose.

While I have been considering making changes for some time now, discussions with the Chair and Deputy-Chair prompted me to consider acting now. These discussions were supported by the Board's deliberations on recent events, including:

- The changing business environment
- My recent review of the maui.tech project
- Ongoing feedback on the services supporting the Pou Herenga

The changes I proposed and the decisions I am confirming ensure that the SEC and Ohu Iwi/Māori business groups are appropriately set up at the ELT level to deliver on our future statutory work, with the right leadership capability and capacity.

The reasons for change

In taking stock of where we are, I identified the following requirements for the changes I proposed:

1. **Creating a structure robust to a changing business environment.** The ELT structure needs to increase resilience to the changing business environment, where we are to manage delivery in a way that also promotes healthy, achievable work for our people.
2. **Creating manageable spans of control.** We need to resolve the unwieldy span of control for the GM – Strategy Engagement and Corporate. This has naturally emerged from the SEC review
3. **Leadership to mature our internal systems and services.** We need sufficient capacity at the executive level to lead the maturity of project management, financial management processes, and services to governance.
4. **Improve connectedness to build our adaptation mahi.** We need sufficient capacity and capability at ELT to support the CE in our statutory requirement to connect effectively with iwi/Māori, local and central agencies, and stakeholders on adaptation and climate impacts.
5. **Increase efficiency by avoiding duplication, improving coordination, and reducing internal compliance.** We need to deliver our workprogram efficiently and a well coordinated way, avoiding duplication in roles and unnecessary compliance load across the Commission, to maximise value for money.
6. **Improve our culture** We need foster a culture across the Commission that allows staff to safely navigate cultural and workplace culture challenges.

High level summary of the proposed changes

1. Disestablish the General Manager Strategy, Engagement and Corporate role and divide the SEC business group into two new business groups.
2. Establish two new ELT roles: General Manager Strategy, Legal and Engagement and General Manager Corporate Services.
3. Disestablish the Kaiwhakahaere Matua Māori role and integrate the Ohu iwi/Māori roles across the Commission.
4. Establish a Chief Advisor Māori as part of ELT whose primary purpose is to support the CE in engagement with iwi/Māori on climate adaptation as well as mitigation. This role would also lead hui on behalf of the Commission with iwi/Māori leaders. This role may be part-time.

Our Organisational Design Principles

We used the following Design Principles to ground our approach to establishing and proposing change to our organisational structure.

- **Simplicity** – the design should be as simple as possible to avoid complexity and increase efficiency so the Commission can deliver effectively against future strategic outcomes.
- **Alignment** – the design enables the Commission to deliver on its statutory and strategic imperatives.
- **Sensible spans of control** – leadership roles are structured with the right level of direct reports (not too many and not too few) to allow effective people leadership.
- **Connected** – we don't design in isolation. We look across the Commission and identify where consistency is needed and avoid duplication of roles/functions.
- **Empowerment** – job design empowers staff to take ownership of their work, right decisions are made in the right places, at the right level.
- **Flexibility** – flexibility of roles to support and enable growth and to allow additional resourcing to the areas that need it most at different points in the Commission's work cycle.
- **Clarity** – we define roles and responsibilities to ensure role clarity, avoid confusion and promote accountability. We define organisational responsibilities and interdependencies.
- **Futureproofing** – the design is sustainable, continuity and considerations around an internal pipeline to support a tuakana/teina development approach.
- **Healthy work** – we ensure jobs are designed and resourced in a way that maintains a safe and healthy working environment.
- **Ways of working** – aligned to the Commission's values and supports our culture and ways of working.

Reviewing the Case for Change



He Pou a Rangi
Climate Change Commission

1

Creating a structure robust to a changing business environment

The ELT structure needs to be more resilient to the changing business environment, where we are to lead delivery in a way that also promotes healthy, achievable work for our people.

Creating a structure robust to a changing business environment

As a Crown Entity we are expected to operate efficiently, effectively and be financially responsible. New Zealand government agencies have been asked to reduce public expenditure. This directive from the government includes reducing our spending on consultants and contractors, identifying material savings and efficiency improvements and managing cost pressures within existing funding. The letter of expectation recently received from the Minister confirms forward funding changes for the Commission which is an additional consideration as we reduce costs and deliver our statutory functions.

- There are other factors currently impacting the capacity of these two business groups that must be taken into consideration. These factors are:
 - The current structures of both business groups are newly established. Structures are currently being implemented and there is still recruitment ongoing. The move from shifting from outsourcing critical services to moving them in-house is still ongoing.
 - Both business groups have experienced unplanned capacity reductions relating to sickness, recruitment challenges, and staff resignations.
 - Across the Commission, we are budgeting to a 12% vacancy rate to manage our current cost-pressures.
- In this current context and with the changing business environment, these capacity constraints are likely to be ongoing. This is because:
 - The vacancy rate is an option that we may need to use in the future to manage future cost pressures.
 - Business disruption related to COVID continues, with higher levels of sick-leave compared to pre-pandemic levels and there is no evidence that these will abate in the near-term.

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Creating a structure robust to a changing business environment

- Although both Business Group have a permanent structure, most of the employees with roles in the Ohu iwi/Māori Business Group are fixed term with end dates approaching. There are also employees in the SEC Business Group under fixed term contracts. We need to make decisions about the capability and capacity we require in these areas for the immediate and long term to ensure we continue to deliver our strategic objectives and statutory functions.
- While the primary purpose of a structural ELT review is not to address cost pressures right now, given implementation of business group structures is currently progressing, we have a window of opportunity to make trade-offs that could reduce future cost pressures.
- Any case for structural change will need to be robust to this business context. Given that the current business environment will put increasing pressure on our resources as well as increasing workload, any structural efficiencies that can improve resilience and agility would lead to better long-term outcomes for the Commission.



Creating manageable spans of control

We need to resolve the unwieldy span of control for the General Manager Strategy, Engagement and Corporate role. This has naturally emerged from the SEC review and the in-housing of previously out-sourced services.

Creating manageable spans of control

- The case for change at the ELT level is further strengthened following the SEC group's new structure, which is currently being implemented. The SEC Group structure changed following the SEC review and the review's focus on reducing the use of consulting and outsourcing HR and finance and procurement functions increased the Groups direct reports.
- However, while the SEC Group is critical to the work of the Commission, the span of control is now unwieldy, and the natural next step is to form two Groups. Feedback from staff consultation during the SEC review is another piece of evidence that supports action in this area. While change to ELT was out-of-scope during the SEC review, my thinking is that there is now an opportunity to propose a change that is a natural next step.

3

Capacity to mature our internal systems and services

We need sufficient capacity at the executive level to lead the changes needed to mature our project management, financial management processes, and services to governance.

Capacity to mature our internal systems and services

- We have reached the stage of our organisation's life where we need to mature our internal systems and services. This is reinforced by findings from the maui.tech review. While we have already made a number of improvements, I believe further structural changes at ELT may be also necessary to lead and embed the change.
- Our Project Management Office (PMO) was stood up in 2023 – near the completion of the maui.tech project. The PMO's current scope is limited to focus on delivering statutory reports. I believe the next natural step may be to broaden the scope of our PMO to cover other projects and programmes, such as substantial evidence-gathering exercises that support our section 5M considerations, and to support business planning. The maui.tech review found that *“to effectively and efficiently deliver future projects, the Commission can improve the maturity of its project management and financial management processes.”*

Capacity to mature our internal systems and services

- The PMO currently sits in the EBAM business group and is out of the scope of this proposed change. However, widening the PMO's scope is a step I would look to take next, and it would make sense to re-home the PMO in the SEC business group. This would facilitate the close connection required with all the functions responsible for planning, sizing, costing, and sequencing of work given newness of our work program. As this would further increase the span of control for the SEC-GM, this further strengthens the case of a structural change to form two Business Groups.
- Last year we established the Pou Herenga, and it has become apparent that the arrangements we made at establishment to provide secretariat services are not sufficiently addressing the need and are potentially going to create unnecessary duplication. Currently, accountability for Pou secretariat sits with the Kaiwhakahaere Matua Māori role, whereas other governance services sit with the General Manager Strategy, Engagement and Corporate role. A better integrated and improved service could be achieved through centralising all governance services.

4

Increasing connectedness to build our adaptation mahi

We need sufficient capacity and capability at ELT to support the CE in our statutory requirement to connect effectively with iwi/Māori, local and central agencies, and stakeholders on adaptation and climate impacts.

Increasing connectedness to build our adaptation mahi

- The increasing focus on adaptation and climate impacts in our statutory work program will require a partnership approach with multiple agencies – central and local. In addition, we will need to adequately connect with iwi/Māori, given what's at stake for Iwi and in light of the potential implications for whenua, taonga, and Treaty Settlements. Relationship management will be foundational, and our engagement plans and system are critical.
- We need sufficient capacity at ELT to ensure we are nimble in the face of a dynamic subject matter area that affects all New Zealanders. Climate change adaptation is of high public interest and increasingly at the centre of highly charged political debates. Changes in the public discourse can emerge very quickly, and quickly change the operating context in which we work.
- The SEC review has created a deliberate forward focus on our adaptation work within that business group. Splitting this Business Group in two would be the natural next step, which would extend this increased focus to the ELT level by creating two roles: one role focussed on establishing broader connectedness in this space and one role able to enable the CE's connectedness with iwi/māori.

Increasing connectedness to build our adaptation mahi

- This new Chief Advisor Māori role would support the CE in engagement with iwi/Māori on climate adaptation as well as mitigation. This role would also lead hui on behalf of the Commission with iwi/Māori leaders.
- This, along with integration of existing Ohu iwi/Māori roles throughout the Commission to meet statutory requirements (particularly our engagement and analytical requirements within 5N and 5M of the CCRA), would also respond to the finding from the maui.tech review - highlighting the need for relationships at multiple levels.

5

Increase efficiency by avoiding duplication, improving coordination, and reducing internal compliance

We need to deliver our workprogram efficiently and in a well coordinated way, avoiding duplication in roles, and reduce unnecessary compliance load across the Commission, to maximise value for money.

Increase efficiency by avoiding duplication, improving coordination, and reducing internal compliance

- The Commission's work program is set out in legislation with statutory deadlines in the CCRA and statutory obligations in relation to being a Crown Entity and employer. Therefore, we need to have a structure and operating model that is robust enough to adapt in the face of the unexpected and still deliver our work on time with people and relationships intact.
- I believe increased staff resilience and business resilience, as well as resource efficiencies could be found by revisiting the structure of these business groups. This is because:
 - the internal compliance burden for the Ohu iwi/Māori business group appears to be disproportionate because they are a small expert team
 - coordination and delivery challenges are emerging in relation to our statutory work, driven in large part by capacity constraints in this business group, and this needs to be quickly resolved.

Increase efficiency by avoiding duplication, improving coordination, and reducing internal compliance

- Current issues are likely to be in large part due to the current reduced capacity in this business group, as well as its new-ness. However, within the changing business environment, as discussed earlier, I anticipate continuing to have capacity disruptions and pressure on resources available to the Commission. We need a structure that is sufficiently robust against these pressures. Efficiency and resilience could be increased by moving to an integrated structure, supplemented by increased support from the experts on Pou Herenga.
- Put simply, the Ohu iwi/Māori business group is spread too thin and moving to an integrated model would mean we could leverage off existing compliance and coordination capacity across the Commission, rather than replicate this capacity within a standalone team.

6

Improve culture

We need to foster a culture across the Commission that allows staff to safely navigate cultural and workplace culture challenges

Improve culture

- The maui.tech review identified isolation of the Rautaki Māori team and internal relationship challenges. Issues appear to be re-emerging around the ability of employees to safely navigate cultural and workplace culture challenges., It is becoming apparent that there are tensions and there may not yet be a clear and consistent understanding of what is appropriate tikanga within the Commission. Along with other measures, an integrated structure would likely reduce isolation and help improve organisational culture, staff wellbeing, and internal relationships.
- I believe more is needed beyond a structural change - there is a need to lean into developing a shared understanding of tikanga is, with guidance from the Pou Herenga. An integrated structure would provide a platform to further support building a Commission-wide understanding of tikanga within the organisation by increasing the cultural capability in each business group.

Feedback Themes

Feedback was received from a small group of affected staff members

Feedback Themes

- I received feedback about the timing and approach to the consultation process. The proposals for change and the consultation process was designed to minimise impact as much as possible and help us to provide certainty before our Statutory Consultation process commences on 8 April. To help guide us through the process in a way that is consistent with tikanga, we engaged a pūkenga who facilitated a hui, and provided a culturally safe space for Ohu iwi Māori staff.
- At a high level the feedback I received supported the proposed changes to ELT including to the General Manager Strategy Engagement and Corporate Services role and for dividing the SEC Group but commented on or provided alternate options about how the group could be divided (and named) which has informed my decision making.
- I received feedback that recommend the Commission establish a co-designed network to provide support for Māori members of staff and enable time for the network to regularly meet and provide support for each other, as well as to coordinate and collaborate where necessary, to advance Māori focused work within the Commission.
- Feedback about our operating model; how we integrate our specialist Ohu iwi Māori roles and Pou Herenga governance and secretariat support, where accountabilities for Deliver, Connect, Build sit within ELT, and how we broaden our PMO function has caused me to pause and consider other options.

Confirmed Decisions

Decisions

I have now considered all the feedback I received, and I have decided to:

- Disestablish the General Manager Strategy, Engagement and Corporate Services role and divide the SEC business group into two new business groups, establishing two new ELT roles:

General Manager Strategic Operations, responsible for:

- Strategic Engagement and Information Management
- Communications and Engagement delivery including iwi Māori strategy and engagement
- Government Services and Performance Reporting
- Legal Services

General Manager Corporate Services, responsible for:

- Business Services
- Finance and Assurance
- People and Culture.

Confirmed Decisions

Position Number	Position Status	Role Title	Role Holder	Cconfirmed Decision
75039	Permanent	General Manager Strategy Engagement & Corporate Services	Astrid Nunns	<ul style="list-style-type: none">• Role disestablished• Incumbent reassigned to new GM Strategic Operations role.
75168	Fixed Term	Chief Advisor Executive Support	Stuart Dymond	<ul style="list-style-type: none">• Reporting line changed to GM Strategic Operations role.
75184	Fixed Term	Chief Advisor Operational Delivery	Kathy Stirratt	<ul style="list-style-type: none">• Reporting line changed GM Corporate Services

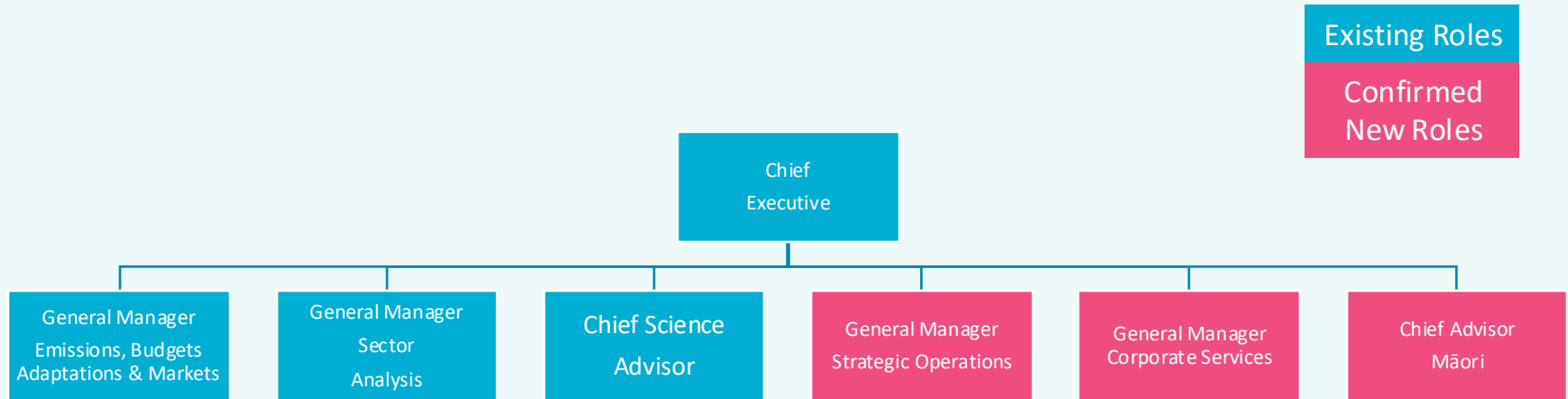
Decisions continued

- Establish a Chief Advisor Māori role responsible for supporting the CE in engagement with iwi/Māori on climate adaptation as well as mitigation, and leading hui on behalf of the Commission with iwi/Māori leaders.
- Disestablish the Kaiwhakahaere Matua Māori role and the Kaiwhakahaere Rangahau role.
- Integrate the Principal Advisor Māori Capability role into the Corporate Services Group, reporting to the People and Culture manager.
- Integrate the fixed term Principal Advisor Māori Engagement, Principal Advisor Consultation Engagement and Senior Advisor Connect into the Strategic Operations Group.

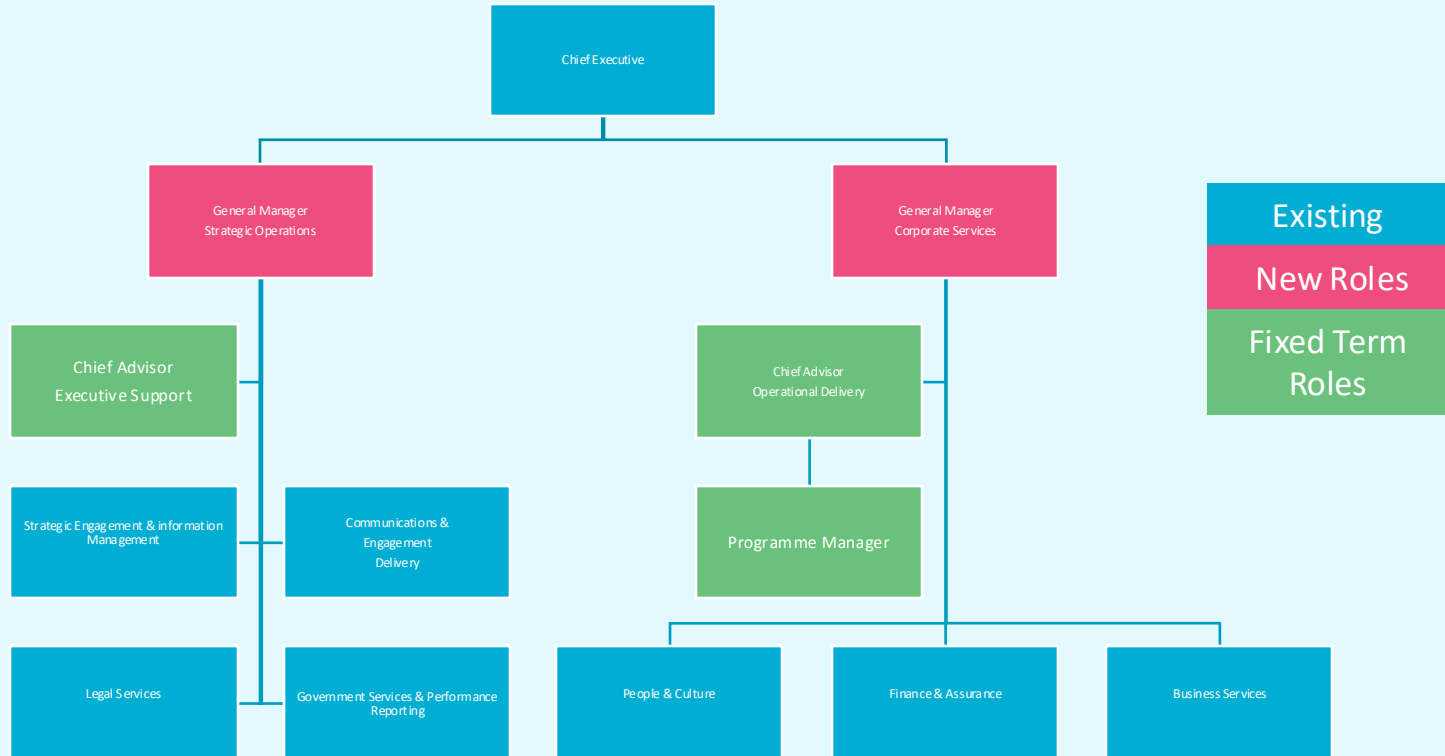
Confirmed Decisions

Position Number	Position Status	Role Title	Role Holder	Confirmed Decision
75155	Permanent	Kaiwhakahaere Matua Māori	Alison Cole	• Role Disestablished
75198	Permanent	Kaiwhakahaere Rangahau	Sally Owen	• Role Disestablished
75049	Permanent	Principal Advisor Māori Capability	Bevan Hunter	• Redeployed to Principal Advisor Māori Capability role in People & Culture Team
75197	Fixed Term	Senior Advisor Connect	Karla Kereopa	• Reassigned to Communications, Engagement and Delivery Team
75189	Fixed Term	Research Assistant	Roisin Evison	• Contract ended 31 March 2024
75188	Fixed Term	Principal Advisor Consultation Engagement	Aroha Puketapu	• Reassigned to Communications, Engagement and Delivery Team
75196	Fixed Term	Principal Advisor Māori Engagement	Katerina Porou	• Reassigned to Communications, Engagement and Delivery Team

New ELT structure



New Strategic Operations and Corporate Services Structure



Decisions continued

I have also decided to review our approach to integrating our Ohu iwi/Māori roles including the new Chief Advisor Māori role, and review our PMO function, to explore an operating model, or a way of working that:

- Clarifies the capability and capacity we require to deliver our strategic objectives and statutory functions for the immediate and long term
- Deepens our partnership and engagement with iwi/Māori by using a Te ao Māori approach to confirm where the accountabilities Deliver, Connect and Build sit within ELT and integrate the Ohu iwi/Māori roles including Pou Herenga governance and secretariat support
- Widens the PMO's scope, and sense check where this function fits best in our organisational structure to ensure a connected approach to planning, sizing, costing, and sequencing our work programs

Next Steps

- I have put the following temporary measures in place to ensure our Ohu iwi/Māori roles are supported, and we can deliver on our accountabilities while we work to clarify our operating model.
- The accountabilities related to strategic objectives previously held by the Kaiwhakahaere Matua Māori role will in the meantime be distributed in the following way:
 - **Deliver** – GM Emissions, Budgets Adaptations and Markets, GM Sector Analysis. Pou Herenga, and/or other specialist consults, to provide reviews as part of our Quality Assurance of statutory work.
 - **Connect** – new GM Strategic Operations who will oversee the work of the Principal Advisor Māori Engagement, Principal Advisor Consultation Engagement and Principal Advisor Connect.
 - **Build** – new GM Corporate Services and Chief Science Advisor