
PERFORMANCE IMPROVEMENT FRAMEWORK

Formal Review of the Land Information New Zealand (LINZ)

SEPTEMBER 2010

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

**Performance Improvement Framework
Formal Review: Land Information New Zealand**

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

**Published September 2010
ISBN 978-0-478-36117-9
Web address: www.ssc.govt.nz/pif**

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CENTRAL AGENCIES' OVERVIEW

The Challenge

Both the Government and New Zealanders have high expectations of our State Services, and these expectations are rising. The combination of high expectations and prolonged fiscal constraint requires us to work continuously to improve the performance of the State Services by focusing on our highest priorities and delivering services in different, more innovative and cost-effective ways.

While individual boards and chief executives can work to improve the effectiveness of their agencies, the ability to learn from others with similar challenges, operating in the same system, will speed up the process of performance improvement. Agencies increasingly must work together to get the job done. The challenge of lifting performance is therefore one shared between all of us who are responsible for leading and managing the State Services.

It would be wrong, however, to consider that the New Zealand State Services are broken – they are not. On many measures the sector performs well. A recent Institute of Policy Studies paper¹ noted that New Zealand is consistently seen internationally as among a small group of top performers on international measures of public service effectiveness. But in the current world we need to run fast just to keep up, let alone improve.

The Response

Learning from each other and identifying the need for sectoral and system change requires a common framework and language. We have looked to find world best practice in terms of performance improvement methodologies and have agreed to adopt and adapt the framework used successfully in the UK Civil Service. We have used its concepts to develop a framework suitable to our circumstances, focusing on results (what we have to do) and organisational management (our ability to do it well).

The use of a common and comprehensive framework, by a pool of respected organisational leaders, to review agencies and highlight their strengths and weaknesses, serves a number of purposes.

The reviews will:

- provide insights that chief executives can use to further improve their agencies – leveraging off their strengths and working on areas that require development
- provide all State Services leaders with examples of best practice, places we can go to find out how it should be done
- enable chief executives with similar issues to consider whether and how they can combine their scarce resources to get the job done
- ensure actions for improvement are identified and performance expectations are clarified
- allow us to measure over time whether we are in fact improving our performance.

In the future we will also apply this framework to sectors. The agency reviews will help us to build a picture of performance across the State Services. They will enable us to identify sectoral and systems issues and constraints that are beyond the capacity of individual chief executives and that require collective action or a response from central agencies.

1. 'The Future State' Institute of Policy Studies Working Paper 10/08 Gill, Pride, Gilbert and Norman – May 2010.

Implementation

In 2009 the Department of Internal Affairs (DIA) and the Ministry of Agriculture and Forestry (MAF) volunteered to pilot the Performance Improvement Framework (PIF). The pilot was viewed by chief executives as a worthwhile exercise, particularly in providing an authoritative, independent view of agency performance. Central agencies reviewed, refined and re-evaluated the framework following the pilot and will continue to do so as it is implemented progressively across the system.

We extend our thanks to the agencies and chief executives who took part in the pilot and helped us to trial and build this new tool. Since the pilot, we have undertaken four formal reviews as part of the roll-out – the Ministry of Foreign Affairs and Trade (MFAT), the Department of Conservation (DOC), Te Puni Kōkiri (TPK) and Land Information New Zealand (LINZ).

Some issues have been raised by agencies in relation to the use of ratings – the ‘traffic lights’. Our approach to rating agencies using traffic lights is consistent with the UK model and enables us to identify the range of areas that require improvement. Central agencies expect that we will all be looking at ways to lift our performance and the rating system provides a clear picture for chief executives, Ministers and the wider public of where improvements can be made.

Our experience has been that in the first tranche of reviews, all organisations have recognised they need to improve in some way. This is evidenced by the larger numbers of red/orange ratings than green. Where agencies are in transition the ‘needs development’ rating often reflects the reviewers’ judgement that an issue has been identified and planning is underway, but the change is not sufficiently embedded to rate ‘well placed’. The process for applying the rating indicators is still new and we will improve the level of consistency of judgements between reviews as the review process beds down.

Next Steps

The agencies that participated in this first tranche (along with the pilot agencies, MAF and DIA) are now using the reviews and their action plans to drive enhanced performance. We will monitor their progress in implementing their action plans, offering advice, assistance and support as necessary. In due course, we will revisit these agencies to see what progress has been made. A core objective of the PIF is to look at progress across a number of agencies over time to see whether we are achieving a systemic lift in performance.

We have commenced the second tranche of reviews involving the New Zealand Transport Agency, the Treasury, the Ministry of Education and the Department of Building and Housing.

Iain Rennie
State Services Commissioner

John Whitehead
Secretary to the Treasury

Maarten Wevers
Chief Executive
Department of the
Prime Minister and Cabinet

DEPARTMENTAL RESPONSE

Land Information New Zealand has a strong track record in improving efficiency and effectiveness. We are therefore pleased to have been included in the first group of agencies participating in the Performance Improvement Framework and support its goals of driving a culture of continuous improvement across the public sector.

As the report notes, LINZ is an agency in transition. Our focus in recent years has been to oversee changes to the way New Zealand property transactions are processed. Having achieved a world-first milestone of 100% electronic lodgement for land transactions, we have begun a transition to emphasise other activities, particularly those involving geospatial information and its potential to have a greater impact on New Zealand's productivity. We are making this transition whilst aiming to maintain our core functions and services to a high standard.

The review shows that we are operating well and are positioned to achieve our goals. It also validates many of the activities that are underway or planned and rightly points out a number of areas where we need to improve. The recommendations have helped us to sharpen our focus and prioritise those activities that best support our transition and our desire for continued improvement.

Our action plan sets out the things we will do to:

- establish a stronger influence over the use and re-use of New Zealand's geospatial information,
- drive an improved customer experience for our customers, and
- ensure our people, culture and capability align to support our strategic direction.

Importantly, our action plan includes work to improve how we prioritise and evaluate our activities, and work to ensure a strong and continued focus on efficiency. In the past, LINZ has achieved efficiency gains through delivering large scale programs like Landonline. In the future, we will ensure a continued emphasis on efficiency, but through a broader range of targeted activities, including better measurement of efficiency of core functions and pursuing efficiency gains in the wider systems and sectors that we participate in.

LINZ appreciates the opportunity that the PIF review has provided for us to reflect on our performance and we are encouraged by the reviewer's view that implementation of existing and planned initiatives should see an improvement in our performance ratings within six to nine months.

*Land Information New Zealand's Action Plan in response to this report is published at:
www.ssc.govt.nz/pif*

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LEAD REVIEWERS' SUMMARY

The reviewers consider that the overall direction and approaches to improving performance by LINZ are valid, there is a high degree of trust by staff in senior management and that the organisation is tracking well.

The reviewers believe it is critical in the next few months that priorities are set, the next steps in the development of the 'Our Place' strategy are identified and the pace of implementation accelerates. This is our main recommendation. The behavioural change that is implicit as a result, will need to be well defined and planned (eg, widening management direct responsibility and accountability to better emphasise quality control and oversight). At the same time LINZ senior managers will need to be careful that action on too many fronts does not overwhelm staff. Staff are grappling with a shift to new relationships with customers and – especially staff outside the processing centres – facing more uncertainty than in the past. For this reason, careful attention to prioritisation and sequencing is necessary.

To achieve a 'well placed' rating an agency needs to have a plan, vision and be making progress with implementation. As a consequence, many of the 'needs development' ratings in this report reflect the preliminary stage that LINZ and its senior managers have reached, as the organisation begins to move further into the change process. In particular, the strategic and business planning that needs to be undertaken by the senior leadership team (SLT) in the next three to six months will have a critical bearing on the organisation's ability to successfully achieve its performance improvement objectives. Because our ratings are future-focused, they may disguise the extent of change being achieved in areas such as leadership, people development and engagement with Ministers.

The reviewers believe that if the current planned initiatives are successfully implemented by SLT, many of the 'needs development' ratings would likely become 'well placed' ratings within six to nine months.

LINZ core business is operating well and it is seen as being a responsive, technically competent and focused organisation. However, the challenge emerging for LINZ is how it maintains current performance levels while it responds to:

- changing customer expectations (about the type of data available and its accessibility)
- its leadership role to implement the Government's Geospatial Strategy. The organisational implications that the Geospatial Strategy may have on LINZ are far from certain as the strategic plan is still in a nascent stage.

LINZ is building from a core role, which includes regulatory activities and the provision of certain well defined services to specific groups, to a world where the needs and opportunities for service provision are widening significantly (even though they will still be based on LINZ's core technical competencies and databases). LINZ has embarked on the creation of a new strategic direction which focuses on:

- a stronger customer focus that potentially has a significantly broader customer definition
- the need to prioritise more sharply – the potential range of future service possibilities is not directed by statute and may exceed the resources available to LINZ, particularly in a constrained public sector environment, unless it is met by third party funding
- a stronger leadership role across its sector.

The new environment in which LINZ will operate is seen as a fundamental shift from a world where certainty of role and process was paramount to one with more uncertainty, and where LINZ has to take more of a leadership role both across government agencies and in meeting ever-changing customer expectations.

The economic growth opportunities for New Zealand from effective geospatial services are considerable. Accordingly, LINZ will need to work in a different way to generate more of a mandated commitment from Ministers and the heads of other government agencies to allow it to assume an effective leadership role in this area.

A core question to be resolved through the development of the Geospatial Strategy is whether LINZ will have two major roles or one. One perspective is to say that LINZ will continue its traditional core business activities alongside the new geospatial work; the other says that these two areas are essentially the same function. That is, that the Geospatial Strategy is so dependent on, and integrated with, the future development of the core databases, that seeing them as separate businesses is not appropriate.

The Chief Executive and the new SLT have taken significant steps in getting these major changes under way. Their work in promulgating the 'Our Place' concept, which describes the future vision and purpose of LINZ, has been effective. The staff in LINZ generally are supportive of their leadership and the new direction.

David Smyth
Lead Reviewer

Ian Fitzgerald
Lead Reviewer

Jeff Galt
Independent Manager
(Ministry of Agriculture
and Forestry)

SUMMARY OF RATINGS

Results

GOVERNMENT PRIORITIES	RATING
Implementing the Geospatial Strategy	
Contributing to the Treaty Settlements Process	
Implementing the South Island High Country Policy	

CORE BUSINESS	RATING (EFFECTIVENESS)	RATING (EFFICIENCY)
Administering land transactions and managing land and seabed information		
Crown property management and disposal		
Policy advice		?
	RATING	
Regulatory impact		

Rating System

 Strong	 Well placed	 Needing development	 Weak	 Unable to Rate
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Organisational Management

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

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

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

FINANCIAL AND RESOURCE MANAGEMENT	RATING
Asset Management	
Information Management	
Efficiency	
Financial Management	
Risk Management	

Rating System

 Strong	 Well placed	 Needing development	 Weak	? Unable to Rate
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AGENCY CONTEXT

Land Information New Zealand (LINZ) was established on 1 July 1996. It is a relatively low-profile agency, with a deceptively far-reaching and complex set of responsibilities. Specifically, it is responsible for:

- developing land information, transaction and Crown-land management policy
- regulatory frameworks used to define and transact land
- providing a secure environment for buying, selling and subdividing land property through:
 - guaranteed titles for property dealings; and
 - an accurate system of land boundary definition
- administering the Crown's interests in land through:
 - the acquisition, disposal or administration of Crown land; and
 - the management of Crown land liabilities
- providing a nationally consistent valuation system for rating purposes
- helping address Treaty of Waitangi issues by providing information on land history and status, and contributing to the policy relating to Treaty settlements
- administering New Zealand's inbound investment regime under the Overseas Investment Act 2005
- ensuring New Zealand has high quality databases for its survey, mapping, hydrographic, place naming and property activities
- leadership of the New Zealand Geospatial Strategy.

The agency itself has approximately 500 staff located mainly in Wellington but with regional presence in Auckland, Hamilton, Christchurch and Dunedin. By early 2011 the offices in Auckland and Dunedin will be closed with all survey and titles processing being undertaken in the remaining two regional centres. Achievement of 100% e-lodgement for titles and survey transactions, has allowed LINZ to realise the benefits of limited public counter operations in the regions.

LINZ receives revenue from both the Crown and from the users of its services. A reduction in property transactions, stemming from the economic recession, has meant a shortfall in revenue leading to a deficit in the memorandum account. Decreased revenue for the Overseas Investment Office also saw a deficit in this part of the organisation. Fees for some services were adjusted on 1 July 2010.

LINZ manages approximately three million hectares of Crown land outside the conservation estate, including approximately 1.6 million hectares of environmentally sensitive land in the South Island High Country that is leased or licensed for pastoral farming purposes. LINZ also assists in the disposal of Crown property assets no longer required.

LINZ's current Chief Executive, Colin MacDonald, took up his role on 1 July 2008. Following the retirement of two long serving general managers and the appointment of others to roles in other organisations over the course of 2008/09, the majority of his SLT are new (most having been in their roles for just under 12 months). Over the last few months SLT has been engaging with staff to clarify the agency's strategic direction. This work has been articulated through the 'Our Place' initiative that clearly shows a strong inclination for LINZ to move away from its traditional transactional role (without negating the importance of this function) to a view that data LINZ holds could be more easily accessed in order to realise potential benefits of better use of geospatial information.

RESULTS SECTION

Part One: Delivery of Government Priorities

This section reviews LINZ’s current ability to deliver on the priorities agreed with the Government. The review is based on the completeness of the agency’s plans, the stage at which the priority is at, and the capability and capacity of LINZ to deliver on the priority. Consideration of identified risks also informs the review.

<p>Implementing the Geospatial Strategy Encouraging and supporting the delivery of accessible, available, sharable and useable geospatial information and infrastructure to New Zealanders.</p>	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Needing development</p> <p>The strategic plan to encourage and support the delivery of accessible, available, sharable and useable geospatial information and infrastructure to New Zealanders is still very nascent.</p> <p>While the efforts of LINZ to promote the strategy (particularly by the CEO) are recognised by other agencies, real progress since 2007 against the four strategic goals (governance, data, access and interoperability) has been limited. If LINZ is to be effective in its leadership role, the implementation of the Geospatial Strategy will need to demonstrate early and definite progress.</p> <p>While there is clear evidence of significant economic benefits from the implementation of the Geospatial Strategy, it is hindered by the perception that geospatial is a narrowly defined ‘technology issue’ rather than a much wider ‘economic development solution’ that has:</p> <ul style="list-style-type: none"> • prevented the creation of a sufficiently large ‘constituency for change’ among senior public servants • restricted LINZ’s ability to assume an effective overall leadership role across the public and private sectors. <p>The appointment of the Geospatial Custodian is an important step in addressing these issues. The Geospatial Custodian has identified five work-streams, although it is yet to be determined whether completion of these alone would ensure the strategic objectives would be achieved.</p>

Contributing to the Treaty settlements process
 Ensure that all land disposals meet all the necessary legal conditions.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p>
	<p>LINZ has a significant role in the negotiation of Treaty claims, as the agency responsible for much of the land the subject of potential settlements. LINZ also takes a lead role in the negotiation of the value of Crown forests.</p> <p>The Office of Treaty Settlements has high regard for LINZ’s technical competence and responsiveness in Treaty settlements negotiations. It has ‘always been good’, and continues to improve. In some situations, LINZ may not have been engaged by other agencies early enough because the detailed processes LINZ needs to follow, as a result of legislative and regulatory requirements, have seemed bureaucratic to those agencies. These issues are being mitigated by more integrated planning of both policy and operational work programmes.</p> <p>LINZ has recognised and planned an increased workload in the Treaty settlements area.</p> <p>Its relationships with Māori in the context of these negotiations are sound, though this achievement relies heavily on a small number of staff.</p>

Implementing the South Island High Country policy
 Implement the decisions on earning capacity-based rents for pastoral leases and resolve the large number of pastoral lease rent reviews currently before the Land Valuation Tribunal.

<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Strong</p>
	<p>Following the change in government policy on pastoral lease rents, the process for reviewing the formula for these rents, and the consequential individual rent reviews, is proceeding well. Once the current government policy is confirmed and can be implemented, it is anticipated this will effectively resolve the majority of outstanding pastoral lease rent reviews.</p> <p>Even though the issues remain sensitive, relationships with representatives of high country farmers have improved markedly. The importance of retaining good working relationships with conservation-minded non-government organisations (NGOs) has also been recognised.</p> <p>LINZ is regarded as being ready and competent to proceed with the detailed rent reviews.</p>

RESULTS SECTION

Part Two: Delivery of Core Business

This section reviews LINZ’s effectiveness and efficiency in delivering its core business. The review is based on a judgement about current performance and the trends LINZ has demonstrated over the last 3 to 4 years.

<p>Administering land transactions and managing land and seabed information</p> <p>Administering the process by which land is transferred, including creating new land titles and recording changes of ownership and interests in land, conduct of Oceans Survey 20/10 Programme, collection, security and management of LINZ’s databases, and information dissemination.</p>	
<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed</p> <p>Performance Rating (Efficiency): Well placed</p> <hr/> <p>Effectiveness</p> <p>The development and delivery of ‘Landonline’ has been LINZ’s prime focus for the past decade. The move to 100% electronic lodgement of all land titles transaction and survey plans was completed in February 2009.</p> <p>External stakeholders indicated good satisfaction for basic services (lands transactions, security and management of databases). A recent World Bank report highlighted the relative ease of undertaking property-based transactions in New Zealand stating the following indicators:</p> <ul style="list-style-type: none"> • two procedures as opposed to the OECD average of 4.7 • two days as opposed to the average of 25 days • the costs of registering property as a percentage of the property value is 0.1% compared to the OECD average of 4.6%. <p>The effectiveness of LINZ’s core business of administering the process by which land is transferred, including creating new land titles, and recording changes of ownership and interests in land, is generally strong. However, customer expectations, and the basis upon which both the business community and public rate performance, are changing. For example, the increasing range of data being made available and ease of access. This is creating a major challenge to LINZ’s ongoing management of its databases, and information dissemination.</p> <p>While this challenge has been recognised by SLT, and LINZ is well placed to respond, it is important that an explicit plan to respond to these growing expectations is developed. LINZ will need to decide whether or not it provides core data in new forms more customised to users’ needs or continues to make data available to the market only in its more basic current form.</p> <p style="text-align: right;">contd...</p>

	<p>Efficiency</p> <p>Despite the efficiency gains from the implementation of Landonline/smart processing, as evidenced by the office closures and staff redundancies, LINZ is unable to readily demonstrate that there have been significant overall financial gains. (It is recognised that the original business case for Landonline was based on efficiency gains for users rather than LINZ itself.)</p> <p>The main efficiency indicators are generally transaction-specific including:</p> <ul style="list-style-type: none"> • 95% of transactions are completed within 10 days (exceeding the target of 90%) • a very low error rate of 0.1% – again exceeding the target of 0.2%. <p>It should be possible to develop a better range of efficiency indicators once the customer strategy is implemented and LINZ has a clearer idea of its customer base, eg:</p> <ul style="list-style-type: none"> • who they are • what they want • what they are willing to pay • what value-add LINZ can provide.
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Crown property management and disposal
 Management and disposal of the Crown’s interest in land and property (outside of the conservation estate) and acquisition, management and disposal of land and property administered by the department on behalf of the Crown.

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> 	<p>Performance Rating (Effectiveness): Well placed</p> <p>Performance Rating (Efficiency): Well placed</p> <p>LINZ manages over 5,000 properties of almost three million hectares of Crown land. Assessing effectiveness is largely achieved through transactional measures. Performance in this substantial core business area is seen as being very good. Biosecurity programmes are in place and there is an effective process of contracting – both for pest control and farm management. An emerging issue is the draft National Action Plan for pest management expected to bind the Crown for ‘good neighbour’ responsibilities on Crown land.</p> <p>LINZ sees land management and contract management as core capabilities. Stakeholders have commented favourably that they view LINZ as a very capable technical provider of this service.</p> <p>Given the potential lengthy delays in the disposal of surplus Crown land, there is an opportunity to better understand the potential for further optimisation that may be achieved. This would mean a more proactive management stance and/or earlier disposal.</p> <p style="text-align: right;">contd...</p>
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	<p>International benchmarking has been used to conclude that LINZ is comparable with Australia and current best practice for standards and procedures regarding surveys and valuations.</p> <p>Tenure reviews are progressing well in the South Island High Country. This is a complex process and a disciplined approach has contributed to this success.</p>
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<p>Policy advice Policy advice to the Government and Minister/s relating to land and property information.</p>

<p>PERFORMANCE RATING</p> <p>Effectiveness</p>  <p>Efficiency</p> <p>?</p>	<p>Performance Rating (Effectiveness): Needing development Performance Rating (Efficiency): Unable to rate</p> <hr/> <p>Effectiveness</p> <p>The LINZ policy group provides an operational, micro and technical support function that is largely reactive. This has been seen as effective for LINZ’s needs. There have been some key achievements, for example, rationalising the number of regulatory standards administered by LINZ (from approximately >300 to approximately 40).</p> <p>Strategic policy capability, however, is underdeveloped. This includes having the necessary resources and capabilities to proactively develop policy that considers wider economic benefits or higher level perspectives.</p> <p>The Geospatial Strategy will require enhanced policy capability, which has been recognised and a recruitment process is under way. A longer-term strategic policy, with defined priorities, would assist in enabling LINZ to become a stronger policy implementer.</p> <p>Overseas investment policy is managed by Treasury and there is a view that they have limited interest in the strategic policy elements. This is a dilemma for LINZ as the organisation that provides the operational deliverables.</p> <p>Efficiency</p> <p>We were unable to rate policy efficiency because currently policy benefits and quality are not defined or measured by LINZ and we were unable to identify any useful indicators of policy efficiency.</p>
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Regulatory impact	
<p>PERFORMANCE RATING</p> 	<p>Performance Rating: Well placed</p> <p>The property rights system within New Zealand is internationally placed as best practice. A strong consultative approach used by LINZ is favourably viewed by stakeholders. This ranges from issues on the South Island High Country process through to continual improvement reviews by the technical advisory group.</p> <p>Three major accomplishments on regulatory functions have been the completion of standards, realising 'optimal regulation' and improved stakeholder engagement.</p> <p>There are four statutory officers who set regulations and ensure compliance. While there is agreement that these specialist functions are essential, there is an ongoing need to minimise fragmentation of customer interactions, eg, disposal of Crown land as part of Treaty settlements.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part One: Leadership, Direction and Delivery

Vision, Strategy & Purpose
 How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders?
 How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?

<p>RATING</p> 	<p>Performance Rating: Needing development</p> <p>LINZ is still at the early stages of adopting and implementing its new direction, 'Our Place', as it seeks to move from being a 'quiet achiever' to a 'confident achiever'. Such a change will be challenging because it represents more complex organisational behavioural change rather than structural change. A broad range of actions have been identified and are in the process of being executed including:</p> <ul style="list-style-type: none"> • a refreshed Customer Strategy (approved June 2010) • linking strategy to individual performance agreements (commencing 1 July 2010) • clarifying the roles of SLT and the wider LINZ leadership team (LLT). <p>The direction for LINZ is well supported by staff. During the last six months SLT has played a strong role in leading staff engagement on the vision and this has been recognised and appreciated by staff.</p> <p>The establishment of shorter-term strategic actions to support the direction are still at a nascent stage.</p> <p>SLT is putting in place processes to support both the development and ongoing review of strategy.</p>
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Leadership & Governance
 How well does the senior team provide collective leadership and direction to the agency?

<p>RATING</p> 	<p>Performance Rating: Well placed</p> <p>As a newly formed team SLT has brought new ideas and a more open management style to its consideration of the environment in which LINZ operates and the implications this has for role and functions in the future. As a consequence, SLT has gained considerable credit and goodwill from LINZ management and staff.</p> <p style="text-align: right;">contd...</p>
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	<p>Progress made by SLT during the past twelve months includes:</p> <ul style="list-style-type: none"> • development and implementation of an agreed process for collective responsibility and communication for the SLT • clear role statements in place for SLT and LLT • a clear focus by the CEO on how the senior team provides collective leadership and direction to LINZ. <p>Planning to capitalise on LINZ’s strengths and develop new competencies to support the desired behavioural change is still evolving.</p>
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<p>Culture & Values</p> <p>How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?</p>

<p>RATING</p> 	<p>Performance Rating: Needing development</p> <p>LINZ has a strongly embedded culture of service delivery that can be characterised by efficiency, reliability, accuracy and ‘getting things done’. LINZ also has one of the highest staff retention rates in the public sector. Many of the long-term staff are employed in specialised technical roles.</p> <p>Staff interviewed noted a positive work environment and a general enjoyment of LINZ culture and colleagues.</p> <p>SLT has successfully used ‘Our Place’ discussions to begin the drive to shift staff focus more towards their customers and gain a greater understanding of the opportunities to further improve customer service.</p> <p>While LINZ management is supportive of the change, there is a natural uncertainty about how they should translate the new vision for staff, ie, how will this change/improve my job now, in order to enhance service quality and manage operational risk. The new performance agreements in place from 1 July 2010 are an important first step in bridging this gap. Effective follow through on these agreements by managers is crucial.</p> <p>It will be essential during the next three to six months for SLT to demonstrate clear linkages between strategy, implementation and individual action if it is to leverage the goodwill and trust it has created with staff.</p> <p>Having a very stable and specialist workforce provides both a major strength and challenge to the behavioural change being sought by SLT – to move the organisation from a ‘quiet achiever’ to a ‘confident achiever’. It will be essential for SLT to proactively manage the risks to operational performance that will arise as the organisation seeks behavioural change by being able to demonstrate that the change will enhance rather than potentially undermine service delivery.</p>
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<p>Structure, Roles and Responsibilities</p> <p>How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of Government priorities and core business?</p> <p>How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?</p>	
<p>RATING</p> 	<p>Performance Rating: Needing development</p> <p>SLT has implemented a quarterly process to review performance, which is also forward-looking to ensure the business planning remains dynamic and adaptive.</p> <p>While structure and process are good, the organisation has a tendency to work in technical silos, because of the nature of its work, with a stronger focus on compliance and reliability rather than strategy and performance. There is a need for greater clarification of roles and consistency of approach on the boundary between corporate and line manager responsibilities.</p> <p>Because of these technical silos it appears planning is less efficient and would benefit from a more integrated approach, both vertically and horizontally.</p> <p>To achieve the desired behavioural change, LINZ needs to complete the development of an integrated strategic approach, particularly the customer strategy, to ensure achievement of planned objectives.</p>

<p>Measurement and Review</p> <p>How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?</p>	
<p>RATING</p> 	<p>Performance Rating: Weak</p> <p>While process reviews and evaluations are undertaken, they appear to be very specific and isolated, eg, 90% processed within 10 days.</p> <p>There are a number of areas where there is no baseline information.</p> <p>Given the technical nature of its work, LINZ does not appear to have developed a culture of reviewing effectiveness of its initiatives against intended effect, and the appropriateness of interventions. There was no evidence that LINZ reviews overall performance.</p> <p>Performance measurement is recognised as a significant area for improvement by LINZ.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part Two: External Relationships

Engagement with the Minister(s) How well does the agency provide advice and services to its Minister(s)

RATING 	<p>Performance rating: Well placed</p> <p>The Minister confirmed he has a good relationship with LINZ, stating that it is doing as well as is needed and expected. LINZ largely delivers what the Minister asks for and has made improvements to processes and reporting as requested. While LINZ tends to operate ‘under the radar’, the Minister is satisfied it has been doing well in the tenure review and Treaty settlements areas.</p> <p>The Overseas Investment Office has responded well to the challenge to give more focus and robust analysis and advice to its recommendations.</p> <p>The Minister has an enthusiastic interest in the Geospatial Strategy and expects to see a strong leadership role from LINZ. There may be a need for a circuit breaker to proactively frame the message to create a compelling ‘economic growth’ argument. This will be necessary to assist the Minister in gaining the support and resource commitment needed from his colleagues and Cabinet.</p> <p>In summary, the Minister believes that the LINZ of today is working well. However, the LINZ of tomorrow needs to emerge. The Minister expects that within two years LINZ will have the Geospatial Strategy well established and complete the required transition, based on the emerging strategy, within five years.</p>
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Sector Contribution How well does the agency provide leadership to, and/or support the leadership of other agencies in the sector?
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RATING 	<p>Performance Rating: Needing development</p> <p>LINZ is part of the Natural Resources agency network. LINZ has been a key player, as evidenced through its input to major projects, shared service initiatives and collaborative efforts across the agency cluster. LINZ needs to maintain its emphasis and active contribution to these initiatives.</p> <p>The leadership role for geospatial activity is well acknowledged by others in this cluster. Leadership by the CEO has been demonstrated, however, some say that the agency has been slow to act. The agency is viewed as being a</p> <p style="text-align: right;">contd...</p>
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	<p>competent regulator with the potential to proactively act as an enabler for sector initiatives. LINZ is gaining credibility and building a mandate to lead but there is some way to go to ensure the commitment of other agencies to the Geospatial Strategy.</p> <p>As has been commented elsewhere, eg, Treaty settlements, LINZ provides sound technical support to other agencies as required and is seen as a credible expert resource.</p>
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<p>Collaboration & Partnerships with Stakeholders</p> <p>How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?</p>

<p>RATING</p> 	<p>Performance rating: Well placed</p> <p>The LINZ stakeholder environment is very complex and multi-dimensional. SLT has identified the need for stakeholders to be better defined. The current Statement of Intent (SOI) has a very useful map of stakeholders referenced to LINZ. SLT has a strong orientation toward stakeholder needs and regularly summarises details of external contacts and particular points of note.</p> <p>Evidence of proactive engagement that has led to positive outcomes has been demonstrated in e-Lodgement implementation and the South Island High Country issues. Stakeholders indicated they were generally positive about the consultative approach LINZ takes and believe they have been appropriately engaged.</p> <p>The Customer Strategy stocktake was completed recently and the Customer Strategy future focus is almost complete.</p>
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Experiences of the Public	
How well does the agency meet the public's expectations of service quality and trust?	
<p>RATING</p> 	<p>Performance rating: Well placed</p> <p>The transition to Landonline has been well managed and to the satisfaction of the majority of users. The resulting service is a vast improvement on the previous manual-based system. Further service changes have been conducted consultatively, with the opportunity for significant input. LINZ put a lot of effort into the education essential for implementation success. Recent changes to cadastral survey standards, and its subsequent implementation, is also another success for LINZ.</p> <p>The closure of offices has been effectively managed, as part of the Landonline process.</p> <p>Completion of the current Customer Strategy work will provide a better understanding of clients and customers, allowing LINZ to address a range of issues to improve customer service including:</p> <ul style="list-style-type: none"> • alignment of contact points – including the call centre and various specialist groups throughout LINZ • improving access to data – should it be direct to the public or via third parties? • refining the channel strategy – eg, should the website play a stronger role in effectively meeting customer expectations?

ORGANISATIONAL MANAGEMENT SECTION

Part Three: People Development

Leadership & Workplace Development How well does the agency develop its workforce (including its leadership)? How well does the agency anticipate and respond to future capability requirements?	
<p>RATING</p> 	<p>Performance Rating: Well placed</p> <p>There has been a lot of emphasis on developing LINZ managers and staff in the last 12-18 months and this is recognised and appreciated by many staff. The effort to raise and transform the capability of staff, in light of the changing needs at LINZ, has been considerable.</p> <p>Much of this emphasis has been on areas such as an outward-looking focus on the needs of stakeholders and customers, and the need to embed the new direction and culture. For a highly technical and operational department, which for some years has been focusing on a major technological change for its dominant operational activities, this is a very significant challenge. The extent of change achieved so far is striking, and LINZ deserves credit for this.</p> <p>There is continued focus on improving aspects of leadership, for example, the inclusion of performance targets from 1 July 2010 to reinforce manager responsibility, and workforce development to strengthen capability among third and fourth-tier managers.</p> <p>Succession planning remains an important issue. Much of LINZ’s work continues to require a high degree of technical skills and much of the existing skills and knowledge is held by staff over the age of 50. The recent elevation of the three specialist technical roles should help provide opportunities for younger staff to build necessary skills and experience. However, in some other areas of LINZ, this remains to be done.</p>

Management of People Performance
 How well does the agency encourage high performance and continuous improvement among its workforce?
 How well does the agency deal with poor or inadequate performance?

<p>RATING</p> 	<p>Performance Rating: Needing development</p>
	<p>LINZ has recognised good performance but has been less effective at managing poor performance. There is training now in place for managers in conducting performance conversations, and the 2010/11 performance agreements starting 1 July will include more specific performance targets that are linked to the department’s strategic goals. These measures should enable improvement in performance management by LINZ managers.</p> <p>Managers generally report improved support from HR over the last 12 months, though some are unclear on the boundary between the roles of line managers and HR in some aspects of staff management.</p>

Engagement with Staff
 How well does the agency manage its employee relations?
 How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

<p>RATING</p> 	<p>Performance Rating: Well placed</p>
	<p>The results of the first Gallup survey conducted by LINZ were generally lower than expected (although this is not atypical for the first time the survey is conducted in an organisation). Some managers who have completed initial discussions on the results with their staff indicate the results tend to reflect historical events or perspectives. More generally, the results of the poll tend to confirm for senior managers that they are focusing on the right areas of staff and organisational development.</p> <p>Feedback to the lead reviewers was positive about the efforts by the CEO and SLT in engaging with staff over the new focus and vision for LINZ.</p> <p>There is evidence of well managed employee relations and demonstrable progress in developing and maintaining a diverse, committed and engaged workforce.</p>

ORGANISATIONAL MANAGEMENT SECTION

Part Four: Financial and Resource Management

<p>Asset Management</p> <p>How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?</p>	
<p>RATING</p> 	<p>Performance rating: Well placed</p> <p>The reviewers were close to giving this category an ‘unable to rate’, as LINZ has only limited departmental assets. The management of Crown assets is included under core activities.</p> <p>The one significant departmental asset is the Landonline system and database. We were advised that consideration of significant capital investment to rebuild Landonline is not needed in the short term of two to three years. However, long-term capital asset management planning will need to be developed.</p>

<p>Information Management</p> <p>How well does the agency utilise information & communications technologies (ICT) to improve service delivery?</p>	
<p>RATING</p> 	<p>Performance rating: Strong</p> <p>LINZ actively plans for and manages current and future information needs. All core transactions and informational services are supported by modern technology.</p> <p>Landonline is the world’s only fully integrated survey and title database, supported by 100% electronic lodgement. Support for the Landonline system is already outsourced in significant respects, and further outsourcing is envisaged in a tender currently in the market. This will potentially lead to considerable change in the IT group in the next 12 months, and require new contract management and system oversight skills. At this stage, preparation of the next information technology (IT) strategic plan is not envisaged until late 2011, after the outsourcing contracts have bedded in and the more detailed work programme arising from LINZ’s customer management strategy has been determined.</p> <p>Feedback on LINZ’s internal ICT systems and support was mixed. There was concern about the quality, in comparison with other organisations, public and private, particularly among those who had started in LINZ in the last two years. This reflects the concentration on Landonline over a long period, and it is not clear yet, owing in part to financial constraints, that IT managers in LINZ have been able to make significant improvements in this situation. The potential for shared services (eg, the Napolis project with DOC) is being progressed.</p>

<p>Efficiency</p> <p>How robust are the processes in place to test for efficiency and make efficiency improvements? How well does the agency balance cost and quality when considering service delivery options?</p>	
<p>RATING</p> 	<p>Performance rating: Needing development</p> <p>Operating metrics in the processing centres are well established and flow down to individual performance targets. However, particularly outside the Landonline processes and associated call centre work, there is little efficiency information or measures available. This is largely owing to the current outdated FMI system where it is difficult for managers to get activity costs (as distinct from cost centre or input costs). A new FMI system is proposed for introduction from 1 July 2011 and should assist LINZ’s ability to proactively review efficiency improvements, including staffing levels.</p> <p>While we were advised of a number of separate areas where efficiencies had been achieved, we were not convinced there was a strong ethos across LINZ of looking for further efficiencies. Also, it appears business groups rely heavily on the finance function to determine financial risks and options for their own areas.</p>

<p>Financial Management</p> <p>How well does the agency manage its financial information and ensure financial probity across the business?</p>	
<p>RATING</p> 	<p>Performance rating: Well placed</p> <p>New forward-looking financial management information reports have been introduced recently for SLT. The process in developing such reports might have picked up the Landonline memorandum account issue more quickly.</p> <p>Overall, financial management in LINZ has been effective, as a result of Finance team members working with managers to find opportunities for better budgeting and financial management. The current FMI system (see above) is, however, a constraint.</p>

<p>Risk Management How well does the agency manage agency risks and risks to the Crown?</p>	
<p>RATING</p> 	<p>Performance rating: Needing development</p> <p>LINZ is a risk-averse organisation and has put major effort into managing and mitigating risks, particularly at the operational level. However, until recently, the strategic risks, outside Landonline, have been less consistently identified and addressed. Management of these risks still needs to be embedded into the detailed work programmes and performance agreements more effectively. The Audit & Risk Committee has identified the need for clarity on how the organisation is engaged in terms of its culture and management of operational risk.</p> <p>There is also a view among some managers that LINZ may run a risk of trying to move on too many fronts in the near future. This reinforces the need for early decisions on priorities and next steps in the overall strategic shift LINZ is aiming to achieve, and conveying these to staff.</p>

SUMMARY OF PRIORITY ACTION AREAS

The summary of identified performance improvement recommendations (tabled below) is designed to prompt conversation with SLT. A more formal set of recommendations is likely to be documented following this conversation.

	Recommendation	Who?	Why?
1	Determine and begin to implement the next steps in the 'Our Place' strategy within 3 – 6 months, including speeding up the Geospatial Strategy and a coherent LINZ-wide customer strategy	CEO SLT	To sustain and embed the change already under way
2	Move more firmly to establish cross-government leadership in the geospatial discussions, working with Ministers and sector organisations to emphasise the economic benefits	CEO SLT	Gaining wider sector and cross-government support will be critical for the successful implementation of the Geospatial Strategy
3	Recruit and build cross-government policy leadership capability	CEO SLT	See above
4	Continue the overall emphasis on achieving the culture shift to explicitly focus on customer needs, and driving this down into the organisation	CEO SLT	To sustain and embed the change already under way
5	Review planning processes to get them better integrated across LINZ – both horizontally and vertically	GM SDS SLT	Planning is still evolving and would benefit from a more integrated approach
6	Develop a programme to measure efficiency in LINZ activities in financial terms, as part of the ongoing development of performance measures, and place responsibility for achieving efficiency gains on line managers	GM SDS CFO SLT	To more clearly demonstrate that LINZ is pursuing efficiency improvement
7	Develop a programme of reviews and/or evaluations of LINZ programmes	GM SDS SLT	To more clearly demonstrate that LINZ is pursuing effective improvement

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	Recommendation	Who?	Why?
8	Seek enhanced Treasury involvement and interest to strengthen the policy and operational connection for overseas investment policy	GM CPI Manager OIO Treasury	Develop a more consistent linkage between overseas investment policy and operational administration
9	Review whether more integrated regulatory processes across different regulatory activities in LINZ would benefit customers who have transactions that fall under more than one regulatory process	GM PR GM CS	Improved customer service
10	By July 2011 identify what process can be introduced (along with the introduction of the new FMI system) to establish an ongoing proactive review of efficiency improvements, including staffing levels	CFO	To more clearly demonstrate that LINZ is pursuing efficiency improvement
11	Define the appropriate boundary lines between line manager and corporate manager responsibilities for HR, IT and financial management	GM SDS SLT	Obtain greater clarity for line managers about their roles and responsibilities to enhance the quality of day to day management
12	Consider and plan for succession needs for the specialist technical roles in LINZ	GM CPI GM PR Manager HR	To demonstrate that LINZ is actively managing the risk of an ageing workforce, particularly in key specialist roles
13	Review the depreciation arrangements for Landonline, and when the next overall IT strategy is developed integrate the results of this review into a revised long-term capital asset plan	CFO	Necessary for a good basis for long-term capital planning

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	Recommendation	Who?	Why?
14	Proceed with the procurement of a new FMI system, taking into account the opportunities for shared services and the implications of Treasury's current BASS programme	CFO	The new FMI system will assist LINZ's ability to proactively review efficiency. Consideration of other shared services initiatives will enable LINZ to demonstrate the linkage between its own financial management plans and wider public sector initiatives
15	Continue to integrate strategic risk management with business risk processes	GM SDS SLT	Ensure alignment of strategic and business risk management

APPENDIX A

Overview of the Model



Lead Questions

Results

Critical Area	Lead Questions
Government Priorities	1. How well has the agency identified and responded to current government priorities?
Core Business	2. How effectively is the agency delivering this core business area? 3. How efficiently is the agency delivering this core business area? 4. How well does the agency's regulatory work achieve its required impact?

Organisational Management

Critical Area	Element	Lead Questions
Leadership, Direction and Delivery	Vision, Strategy & Purpose	5. How well has the agency articulated its purpose, vision and strategy to its staff and stakeholders? 6. How well does the agency consider and plan for possible changes in its purpose or role in the foreseeable future?
	Leadership & Governance	7. How well does the senior team provide collective leadership and direction to the agency? 8. How well does the board lead the Crown Entity? (<i>For Crown Entities only</i>)
	Culture & Values	9. How well does the agency develop and promote the organisational culture, behaviours and values it needs to support its strategic direction?
	Structure, Roles & Responsibilities	10. How well does the agency ensure that its organisational planning, systems, structures and practices support delivery of government priorities and core business? 11. How well does the agency ensure that it has clear roles, responsibilities and accountabilities throughout the agency and sector?
	Review	12. How well does the agency monitor, measure, and review its policies, programmes and services to make sure that it is delivering its intended results?
External Relationships	Engagement with the Minister(s)	13. How well does the agency provide advice and services to its Minister(s)?
	Sector Contribution	14. How well does the agency provide leadership to, and / or support the leadership of other agencies in the sector?
	Collaboration & Partnerships with Stakeholders	15. How well does the agency generate common ownership and genuine collaboration on strategy and service delivery with stakeholders and the public?
	Experiences of the Public	16. How well does the agency meet the public's expectations of service quality and trust?
People Development	Leadership & Workforce Development	17. How well does the agency develop its workforce (including its leadership)? 18. How well does the agency anticipate and respond to future capability requirements?
	Management of People Performance	19. How well does the agency encourage high performance and continuous improvement among its workforce? 20. How well does the agency deal with poor or inadequate performance?
	Engagement with Staff	21. How well does the agency manage its employee relations? 22. How well does the agency develop and maintain a diverse, highly committed and engaged workforce?

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Critical Area	Element	Lead Questions
Financial and Resource Management	Asset Management	23. How well does the agency manage agency and Crown assets, and the agency balance sheet, to support delivery?
	Information Management	24. How well does the agency utilise information & communications technologies to improve service delivery?
	Efficiency	25. How robust are the processes in place to test for efficiency and make efficiency improvements? 26. How well does the agency balance cost and quality when considering service delivery options?
	Financial Management	27. How well does the agency manage its financial information and ensure financial probity across the business?
	Risk Management	28. How well does the agency manage agency risks and risks to the Crown?

APPENDIX B

List of Interviews

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

Agency/Organisation
Auckland Law Society
Department of Conservation
Geospatial Industries Business Association
High Country Accord
Local Government New Zealand
Ministry for the Environment
Ministry of Agriculture & Forestry
New Zealand Institute of Surveyors
Office of Treaty Settlements
Property Institute of New Zealand
Statistics New Zealand
Te Puni Kōkiri