

Final Decision Document: Delivering on Core Regulatory, Policy and Operational Functions

Energy and Resource Markets Branch
Ministry of Business, Innovation and Employment

April 2016

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Foreword from the General Manager, Energy and Resource Markets

This document outlines my decisions following consultation on proposed structural changes to the Energy and Resource Markets Branch of the Ministry of Business, Innovation and Employment.

The consultation document, released on 7 February 2016, set out proposed changes aimed at ensuring that we as a Branch were best arranged over the medium term to contribute to MBIE's goal to *Grow New Zealand for all*.

We have a special role to play in contributing to MBIE, and there is uniqueness to the sort of work we do as a Branch. We operate across the whole of the upstream and downstream energy and resource sectors. We have multiple and complex relationships with our sectors and are expected to know them intimately. This enables us to work with firms to help them create sustainable wealth for New Zealand from our natural resources, while at the same time ensuring that they meet their commitments under New Zealand regulation. In doing so, we also collect and process hundreds of millions of dollars on behalf of the Crown. We help shape the medium term direction of the energy sector in New Zealand while at the same time having a critically important oversight role in ensuring the best and most efficient energy outcomes today.

Like all parts of the economy, our sectors are going through rapid change driven both by markets and by disruptive technological advancements. As a regulatory and policy group we need to adapt and respond to the strategic opportunities and challenges these changes bring.

The Change Proposal was aimed at positioning us in a way so that we are best placed to meet these challenges. It signalled my intention to consolidate around core activities, and place emphasis on sector leadership so that we can influence and shape the agenda. To achieve this shift, I signalled my intention to seek much more from my management team. I am also looking to fully utilise the shared experience, expertise and judgement of our Principal level practitioners.

This change is not solely driven by external factors. In High Performing MBIE, David Smol clearly articulated his expectations that branches across the organisation need to be better linked up so that we can become more than the sum of our parts. David also expressed his desire to see the component parts of MBIE integrate more with corporate functions. At a Branch-level, David also stated that the Leadership Team in ERM was too large. This change has provided an opportunity for us to complete the process of moving past old arrangements and think about how we are best arranged as the new Energy and Resource Markets Branch.

I understand the disruption that these processes can have, and the personal uncertainty that they can cause. I do not undertake change processes lightly, and deliberated hard on how I could do things differently given previous staff feedback I've received on change processes. This prompted me to adopt the Staff Reference Group process, and seek your input to help shape my thinking ahead of developing up consultation options. The Staff Reference Group was extremely valuable to me, and highly influential in my thinking.

I have also run an extended consultation process. While this has resulted in extended timeframes from my initial plan, the feedback I have received from individuals, teams and managers has been very influential in helping me come to final decisions. While I have not agreed on all points raised – and inevitably there were trade-offs that I had to make. However, my final decisions differ from that initially proposed and reflect the influence of your input. Thank you all for your feedback and the constructive way you have engaged with me throughout this process. In places, your feedback has helped me significantly refine my initial position.

Structural change in isolation does not drive real change. As well as detailing the final arrangements, this Decision Document also sets out how we can continue to work together across teams to ensure we are best positioned to meet our goal to *Grow New Zealand for All*. Once again, thank you for the time you took to consider the proposal and provide feedback. The Leadership Team and I look forward to working with you to implement these changes.

A handwritten signature in black ink, appearing to read 'J Stevenson-Wallace', with a large, stylized flourish extending from the start of the name.

James Stevenson-Wallace

General Manager, Energy & Resource Markets

1. Purpose

This decision document:

- Summarises the feedback I received;
- Confirms the final organisational structure for how we organise ourselves as the Energy and Resource Markets Branch;
- Sets out the process to 'stand-up' the new arrangements, including the staff transfer process.

2. Drivers of Change

The drivers for change remain unchanged from the Consultation Document. The relevant section from the Consultation Document is attached as Appendix One.

3. Key themes from feedback

The sections below set out the major themes and highlight the key comments from the feedback you put forward. The italicised comments I have made in response do not intend to answer each specific point or respond to every alternative offered. Rather, they are broad responses to the range of feedback that was received, reviewed, and taken into consideration. I have taken this approach to provide transparency about the sorts of matters I was balancing and the trade-offs I am making in my final decisions.

People were invited to indicate whether they were comfortable for feedback to be public or private. Attached to this document are all the public submissions I received; however I have removed people's names. I have withheld all submissions marked private or where people have not signalled a preference either way. Thank you for the efforts you went to in helping me form my views during the process; overall, I received a total of 26 written team and individual submissions and had one-on-one conversations with more than a fifth of the Branch. I was impressed by the Branch's engagement in the group sessions and in your team meetings.

Rationale for change

Theme: Overall, there is high level support for the change proposal

People supported the need for an upward and outward focus from the senior managers, and for a stronger emphasis on the role of Principal Advisors. There was acknowledgement that our structural arrangement is not in itself sufficient to achieve the desired outcomes around further Branch integration, nor about meeting the challenges in the Minerals and Petroleum team over the next 3 to 5 years. I received several submissions pointing to the role of cross branch planning and Annual Operating Plans to help prioritise our activities and work together. While the submissions I received were largely in support of establishing the new policy team, there was a theme about the need for clear lines of accountability and separation of work programs. There were some concerns expressed about the workability of the Assistant National Manager model in the Minerals team given the potential number of direct reports, and a proposal that the new policy team be reviewed in 18 months.

Comment:

I received several alternative proposals during consultation. At a high level, I have retained the proposed Leadership Team management structure set out in the consultation document. I have however made several changes at the team level as a result of concerns about day-to-day workability. Significantly, I have moved away from the proposed Assistant National Manager model. Equally important and consistent your reflections on my comments about the role that Principal Advisors play in helping managers progress and improve our work, all Principal Advisors will report to a senior manager.

I have also made several changes to the proposed titles to better reflect roles and responsibilities, and changed the name of the proposed Regulatory Systems Policy team to Sector Development Policy. Whilst I understand the suggestions proposing a review of the new arrangements in 18 months, I don't consider that necessary. I am committed to providing stability and certainty for the Branch and consider that managers are expected to work with me to refine the model and address accountabilities as issues occur.

Leadership, team size and workloads

Theme: Concern about the span of management responsibility for the Minerals Team and the workability of the Assistant National Manager roles in practice

I received a lot of feedback, individual and joint, from members of the Minerals Team that the proposed management span for the Assistant National Manager Minerals was too large. Particular concerns were raised about potential decision-making bottlenecks, and the missed opportunity to make better use of the role of Principal-level Advisors by having them report directly to the National Manager and support them in making strategic decision in the minerals sector. I also received feedback that the Assistant National Manager role was out of place for the Petroleum team, and that the span of management control in the Resource Markets team was not so large as to prevent additional policy/regulatory resources being transferred into it if the Minerals Strategy team was disestablished.

Comment:

I appreciate your feedback on the workability of the Assistant National Manager roles. One of the key principles motivating the change is to enable National Managers to focus on strategic engagement and sector leadership activities. However I agree that this should not come at the expense of National Managers losing touch with their teams, or establishing structures that get in the way of us achieving one of our core activities - regulatory permitting. I have also decided to act on feedback I received in respect of the greater role for Principal Advisors.

I have decided to move away from the Assistant National Manager model for both the Minerals and the Petroleum teams. The changes from my proposal to my final decision for the Minerals team are outlined below and include having all the Principal Advisors in the Minerals team reporting to the National Manager and establishing a new Manager Permitting Advice role. In the Petroleum team I intend to retain the lift in technical leadership and capability in that team by establishing a Chief Exploration and Production Geologist position. In place of the Assistant National Manager, all people in the Petroleum team will report directly to the National Manager.

Integrating policy functions

Theme: Some submissions expressed concerns around the need to delineate 'Policy' from 'Operational Policy'.

A small number of submissions suggested that there was a need to make clear delineations between what was described as the 'operational policy' functions from the former NZP&M Branch and the 'policy' functions from the former Resource, Energy and Communications Branch. Other feedback stressed the importance of ensuring that the newly established policy team has a clear work programme and purpose to ensure that it does not simply become a team providing second opinion advice.

Comment:

It will be important to ensure that the new Sector Development Policy team has a clear work programme, and this will be a key activity for an incoming manager. However, I have purposely weighted the seniority to Principal and Senior level policy practitioners and will expect that they will, over time, increasingly contribute to work programme development for that team.

At a more fundamental level, across the Branch I am expecting management to increasingly work as a collective, as well as individually in-the-line of their own teams. The specific focus of the Leadership Team is the development of the Branch and maintaining an eye on the medium and longer term. This is a shift toward a greater focus on governance and not simply management. What this will mean in practice is that I expect my Leadership Team to actively provide oversight for areas across the Branch, and share Branch priorities and accountabilities. I consider that this shared accountability and governance will be a more effective, efficient and enduring way to ensure clear lines of management responsibility, as opposed to adopting an overly prescriptive list of team activities. I have received feedback that has repeatedly called for more joined up and cross-Branch working arrangements – I consider that this is achieved through removing barriers and increasing work programme flexibility, rather than building rigid and artificial 'policy' and 'operational policy' distinctions.

In this way, I do not agree with maintaining any distinction between 'policy' advice and 'operational policy' advice. This sort of divide perpetrates old modes of operating and it is contrary to the intent of the formation of ERM and the move toward seamless teams and shared capabilities. I prefer to move to a model of integrated advice; where policy, information, regulatory and technical advice comes together to provide the most robust recommendations to Ministers or other decision makers. To achieve this, manager accountabilities will be sufficiently flexible to allow the Leadership Team to agree on work progressing on an annual basis, from a (leadership) team perspective. I will be looking to my Leadership Team and our Principal Advisors to work together to embed a joined up approach to advancing Branch priorities. I will be driving clarity about our priorities through Annual Operating Plan rounds and through established team meeting process and Branch stand-ups

Role of iwi and regional advisors

Theme: There were some concerns about the potential risks to consistency and strategic overview if iwi/regional advisors were placed in separate teams

Comment:

The specialist advice and support that iwi and regional advisors provide is critical to help the National Managers lead engagement at a domestic level with local communities. The intent of placing those functions within the Minerals and Petroleum team was to provide more direct oversight and clear lines of accountability. As noted in the feedback I received, the trade-off with this model is that it may come with risks such as inconsistent approaches to engagement, duplication of efforts or uneven workloads.

On further consideration, and in light of other feedback I have received around the potential difficulties with management span for National and Assistant National managers, I have decided to place both of the Senior Iwi and Regional Advisors together, reporting to the Manager Sector Development Policy team. The intent is that these roles will work alongside the Senior External Relations Advisor to provide forward looking advice on engagement activities. Consistent with my consultation proposal, the two Senior Iwi Advisors' work programmes will expand to also include advice on regional engagement strategies. I have left both positions at a Senior level.

For this model to work it is essential that the Manager Sector Development Policy and the National Managers work closely together in planning and delivery of our stakeholder responsibilities, and I will expect that this will be reflected in their respective Annual Operating Plans.

I have also acted on a suggestion to change the title of the proposed Senior Regional Relationships Advisor to Senior External Relations Advisor to better reflect the range of activities and stakeholders covered by this role.

Marketing and Communications

Themes: There was acknowledgement that we need to be better at drawing marketing support from MBIE corporate, and that having a separate internal function was not sustainable. However, some feedback pointed to the potential transitional difficulties that might arise, particularly for the Commercial Analysis and Investment team. There was support for maintaining an internal communications resource, pending final decisions on the wider MBIE Communications Review.

There was no general objection to the need for us to transition to seeking greater centralised support from MBIE Communications, and there was acknowledgement that such a transition reflected a more efficient and responsible use of our resources. However, feedback noted the potential challenges to delivery as the transition occurred, and noted that MBIE centralised marketing functions may have limited capacity and competing demands.

I received feedback on possibly extending the co-location model to also include ICT functions, iwi stakeholder leadership, and regional engagement from the Tourism, Sectors, Regions and Cities policy Branch. I found these propositions interesting, but in the end I consider these ideas take the concept too far and the case for additional co-location is not robust.

Another issue raised in feedback was the need for ongoing maintenance of our online channels, particularly our website. Feedback observed that not only will there be a role in providing ongoing technical maintenance, but that content needed to be monitored, maintained and refreshed regularly. Submissions held that this activity needed

to be coordinated from within ERM (i.e. appointing a subject matter expert isolated from a coordinating strategy about website content and messaging would not be sufficient to meet the needs of a professional website).

Comment:

High Performing MBIE set greater expectations across all of MBIE about the way that component parts work together to enhance organisational effectiveness. In leading this Branch, I am committed to ensuring that ERM makes the most of the opportunities in MBIE and draws on a broader set of experience and capabilities from across the Ministry, and will work collaboratively with other business groups to overcome challenges such as the one noted in feedback on Communications support. I agree with assessments about the importance of an online channel and I have thought about the future maintenance requirements of a separate website (formally NZP&M). I considered the future requirements of that website alongside the issue of whether to retain the external facing NZP&M brand for our permitting and investment attraction functions. This issue is described in more detail below.

Brand

Theme: There were mixed views on retaining the former NZP&M brand, but on balance most submissions on brand favoured moving away from it.

Brand can have very positive but also quite detrimental impacts. Some submissions held the view that, particularly for permit holders, consistency in our brand, and one that is unique from the all-encompassing MBIE brand, is important. This was for both our own identity as distinct regulators within MBIE, but also for our stakeholders. Most submissions however noted the detrimental impact that retaining a former resource management brand might have for our new Branch, and offered the view that our stakeholders are more concerned with understanding our role in Government than branding collateral. The importance of a structured transition should a move away from old brands was noted. Several variations on a more inclusive and MBIE/NZ Government centric brand were offered. A few submissions noted that the NZP&M is very often mistaken in investment attraction activities with NZ Oil and Gas, and that our key role as representatives of the New Zealand Government is overlooked.

Comment:

I am very conscious of the potential risks around maintaining a separate brand internally, which is the reason that the former NZP&M brand is only used for external parties.

However, I consider that potential investors in New Zealand's petroleum and minerals estate are, first and foremost, interested in and identify with "New Zealand" and our role as the Government's regulator. With this in mind, in future one possible approach that we could adopt regarding external use of a brand is to adopt a more generic "New Zealand" descriptor as has previously been done with epithermal gold tenders. This would mean replacing NZP&M branding with titles such as "New Zealand Petroleum Block Offer 20xx", and "New Zealand (mineral type) Tender".

For our existing permit holders, I consider what is most important to them is not a NZP&M brand but rather an understanding of who their key contact is, and who the regulating decision maker is on any one transaction.

What is clear is that I need further advice on the role of our branding. The Commercial Analysis and Investment team is the group who are most exposed to the use of the former NZP&M brand, and that is the team which uses brand collateral most frequently in their work. I have asked the Manager of our CAI team to further consider the role of branding and collateral and provide advice to me on the possible future external use of the NZP&M brand by 1 July 2016. To avoid any doubt, we will not be changing our name from ERM. Until further decisions are made, the NZP&M brand (which is technically owned by ERM) can be used externally by the Minerals, Petroleum, Information Services and Commercial Analysis and Investment teams.

Position titles

Theme: There was some comment regarding position and team titles

Comment:

Some feedback put forward alternative titles for proposed positions, teams and some existing roles to better reflect their work. As a result of your feedback, I have adopted some but not all of the alternative suggestions offered.

It was not my intention to make changes to role titles at a team level as part of this change. After considering your feedback however I do believe there is merit in exploring these suggestions further. In the coming months, the Leadership Team will embark on a process of aligning role titles across the Branch by 1 July 2016. Managers will work with their teams to explore options and seek your input. This will not be a change process however, and I will not be considering re-banding or re-sizing roles. I acknowledge this seems to have been a long-standing issue, and I am keen for managers to progress work around the consistency in titles.

Change Process

Theme: There was widespread support for the process and approach to consultation.

I received feedback from across the Branch supporting the Staff Reference Group process and the extended timeframe and approach to consultation. People who approached me about this change supported the novel approach that was used.

Comment:

Thank you for your positive feedback and I intend to continue seeking input from across the Branch to help inform and nuance Branch-wide issues that affect us all.

Administration Functions

Theme: Proposed structure would be inefficient and would be overwhelming for support staff

Some submissions expressed concern about the work load for support staff under the proposed structure. Particularly, feedback reflected that one PA managing three Policy teams would be inadequate to meet the demands of these teams and would result in a highly unsatisfying situation for the PA and for the staff under their care. Submitters noted that the quality of Ministerial submissions tend to drop as Policy Advisors are required to fill in the gaps and get important details wrong.

Comment:

It is reassuring to see that the Branch prioritise the work programmes of support staff, and recognise them as key personnel in the operation of our Branch. I will work with the support team to create arrangements that are workable in practice.

Other Matters

Theme: In my Change Proposal I highlighted some areas where I had considered, but not fully developed, some alternative options (such as co-location of Permit Officers). Some people also took the opportunity in making submissions that touched on other areas of ERM operations.

I am happy to see what I view as an increase in ownership of our Branch developing across all teams. This is evident in the number of submissions I received on my proposal and amount of engagement in the process across the Branch. I consider that this greater personal ownership of our Branch is shown by the number of submissions that offered suggestions and observations on a variety of other Branch operations. These included observations that while management of work priorities within teams is robust, there is an opportunity to provide more visibility across the Branch. Other submitters noted the importance of an uplift in planning processes, or pointed to the need for us as a key interface with our industries and sector to continue to focus on being customer centric and available to our stakeholders.

Comment:

The feedback I received on the co-location of Permit Officers pointed to the deficiencies of that approach as potentially out-weighing the benefits. I have decided not to progress my thinking on co-location any further. I also received feedback on the importance of the role of Permit Officers, and some commentary about the way work is currently planned and balanced across those individuals. Other feedback focused on the role of planning and the desire for more cross-branch teams to work on shared issues.

The nature of this feedback reiterates the need for robust cross-team planning, made more even important with the establishment of ERM. I will be engaging with my Leadership Team again this year and pushing a real focus on embedding Annual Operating Plan processes over the next three months to provide you with clarity with who is doing what, and why. Our permit officers are key interfaces with industry, and it is important that our sector stakeholders have confidence in continuity of our service and our responsiveness. Regardless of structure, I will be reinforcing and taking a closer interest in ensuring permit officers operate more flexibly to smooth respective peaks and troughs in workloads and cover leave periods.

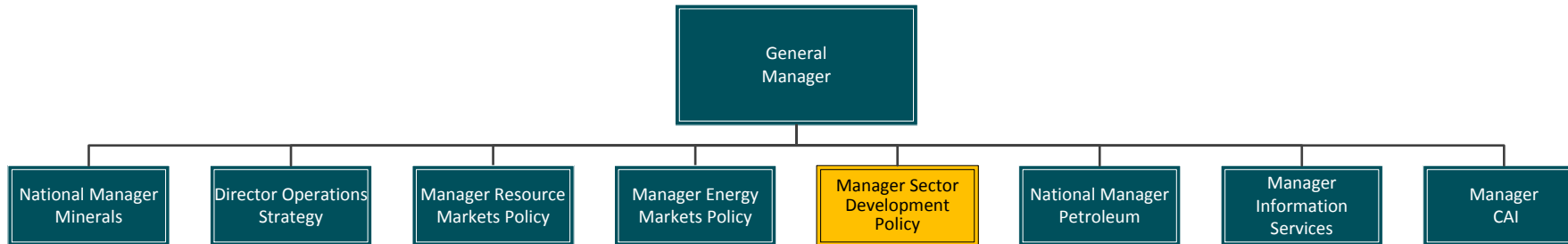
Our stakeholders – both Ministers and our sectors – should, and do, expect a lot from us. In the case of permitting, our activities are all cost recovered directly from industry and we should strive to be available and responsive to industry information requests and held to account for our performance. In line with the general uplift I am expecting on strategic stakeholder management this performance year, I will be asking Managers to place even greater emphasis on enhancing the experience of ERM for our stakeholders (in areas such as customer service, personal interfaces and responsiveness) across the Branch. I will also be looking to support a model of continuous process improvement to benefit the sector and improve value-for-money (in particular in permit processing times).

4. Final Decisions

This section details all decisions. A number of changes have been made to the proposals set out in the consultation document. At a high level these are due to my moving away from the Assistant National Manager model, ensuring all Principal Advisors report to a member of the Leadership Team. I have acted on feedback around keeping the Iwi and Regional Advisors together, and made other minor adjustments to reporting lines. I have also changed some titles from those set out in the proposal.

There is no reduction in overall FTEs.

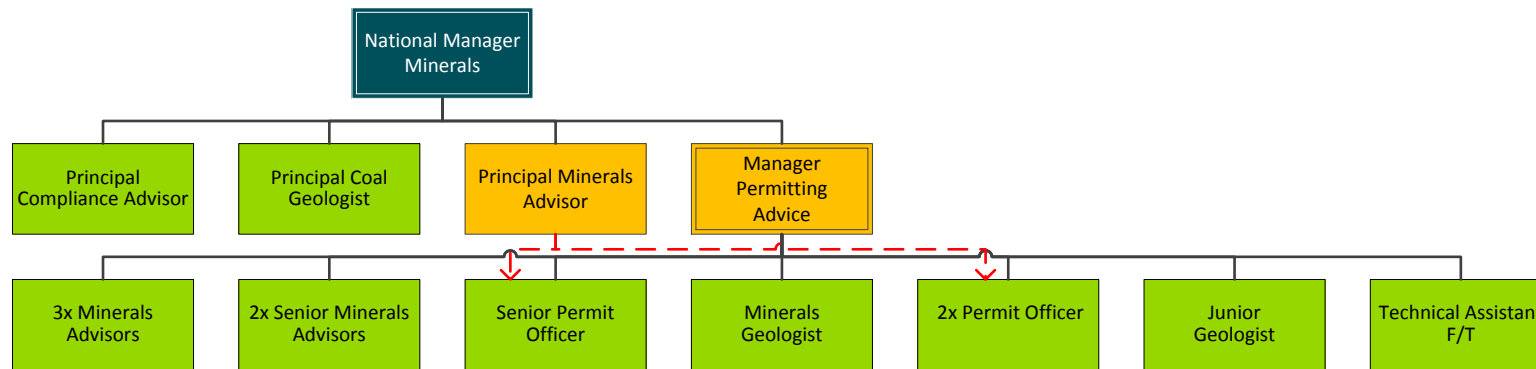
Final Decisions: Leadership Team arrangements



My final decision about the composition of the Leadership Team is consistent with the consultation document. I have however changed the title of the newly established policy team to *Sector Development Policy* to better reflect the role we play at the interface between natural resource use and economic development policy.

LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

Final Decisions: Minerals Team Arrangements



My final decision for the Minerals Team has changed following feedback and further considerations. I have decided to adopt a revised model where all Principal Advisors report directly to the National Manager. This change serves a dual purpose; it provides the National Manager with more opportunity to draw directly from Principal Advisors and for them to contribute to the thought leadership of the team and is consistent with the reporting lines for other Principal Advisors across the Branch. Secondly, this revised model addresses concerns about the number of direct reports that would have resulted with the approach proposed in the Consultation Document.

LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

I intend for the Principal Advisors in this team to have some limited delegations in respect of tier two permitting decisions. As shown by the red dotted lines, the Principal Minerals Advisor will have project responsibility and leadership for the Permit Officers though team-level working arrangements. Formal reporting lines for the Permit Officers will remain with the Manager Permitting Advice. I will be paying close attention to the leadership from the Principal Advisors and way in which this new model is operationalised in the Minerals Team.

The new position of Manager Permitting Advice is intended to support the Minerals team by coordinating permitting advice and providing team-level leadership and guidance. This position will primarily focus on process improvement and workflow management. I intend for this role to be a conduit for escalating difficulties encountered in permitting to the team's principals and National Manager (for contentious tier two permits and tier one permits).

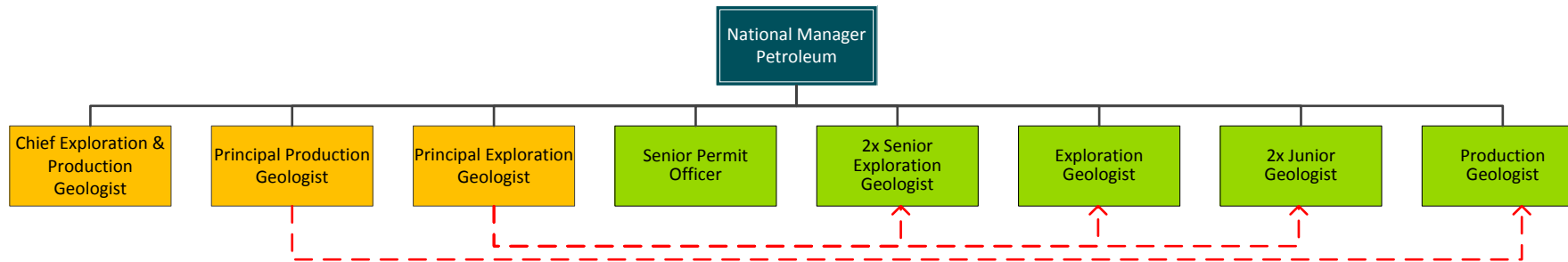
I have decided that the Senior Iwi and Regional Advisor proposed in the consultation document will report to the Manager Sector Development Policy. I consider that by placing the Senior Iwi and Regional Advisors in this team, there will be benefits in aligning annual regional engagement activities, our understanding of regional planning

process with resource and sector development activities (including downstream energy) and permitting. However, my expectations around sector leadership of the National Managers remain unchanged and they and the Manger of Sector Development Policy will need to work together to align deliver of external engagement responsibilities.

Compliance is a cross Branch function, and touches on the work that we do in policy, operations strategy, financial management, and permitting. The compliance activities that formally sat with the disestablished Manager Minerals Permitting and Compliance will now sit with the Principal Compliance Advisor. I expect that from time-to-time this Principal Advisor will lead multi-disciplinary teams to advance our compliance work.

I will work with the National Manager to consider delegations in the Minerals Team in the coming months as the model is bedded in.

Final Decisions: Petroleum Team Arrangements



My final decision is for all members of the Petroleum team report directly to the National Manager. As with my consultation proposal, I have decided to retain and build senior technical capability in the Petroleum team through the introduction of two Principal level roles. I consider that the National Manager Petroleum will require high level technical leadership from a newly established Chief Exploration and Production Geologist to fully meet the stakeholder and sector leadership expectations I will require of the National Manager. The technical leadership in both production and exploration of the Chief Exploration and Production Geologist will supplement the specific focus of the newly established Principal Production and Principal Exploration Geologists and help coordinate the team's technical work.

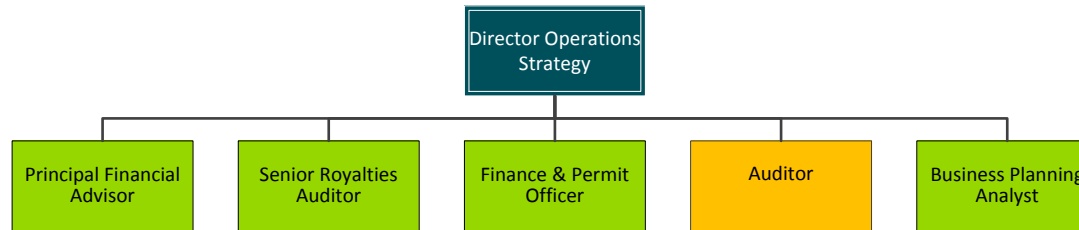
LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

I have relocated the Planning Project Manager to the Sector Development Policy team. It is my expectation that the annual Block Offer becomes embedded as BAU, and no longer see the need for a specialised (senior) project management resource. Instead, I aim to have this role provide project management services to support operations across the Branch.

I expect, as represented in the diagram with the red dotted lines, that the Principal level staff in the Petroleum team will have project responsibility. All formal reporting lines however will be to the National Manager.

I have decided that the Senior Iwi and Regional Advisor proposed in the consultation document will instead report to the Manager Sector Development Policy. This decision follows feedback I received on the need to ensure consistency and a joined-up work programme between our Senior Iwi and Regional Advisors.

Final Decisions: Operations Strategy Team Arrangements

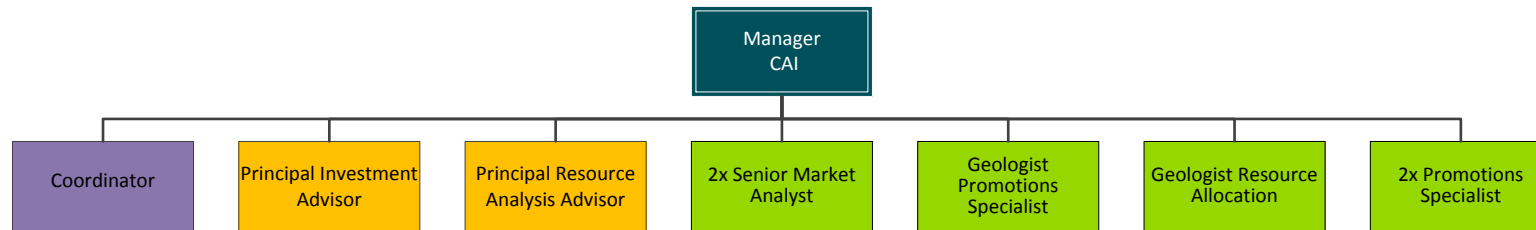


I had proposed that the Communications Advisor report to the Director Operations Strategy. However, after considering your feedback, I have decided that this role should sit alongside the Senior Iwi and Regional Advisors and the Senior External Relations Advisor in the Sector Development Policy Team.

Following feedback that there would be little benefit in doing so I have decided not to proceed with a change of title to the Senior Royalties Auditor to the proposed Principal Royalties Auditor.

LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

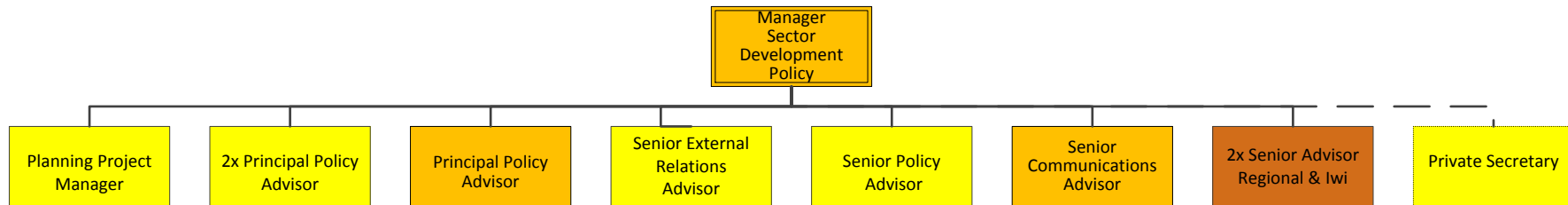
Final Decisions: Commercial Analysis & Investment Team Arrangements



I established the role of Geologist Promotions Specialist after feedback on previous change processes, and said that I would trial the role on a fixed term basis. Further feedback on this change has confirmed my view that the Geologist Promotions Specialist is an important and successful function, and as such I have decided to make the role permanent. The Coordinator role, while continuing to work on cross Branch activities as required, will report into this team. The reason for this is that the large amount of offshore work that this team engages in requires more dedicated support (travel bookings, coordination of collateral preparation etc.) than other teams in the Branch. I will proceed with all of the other proposed changes for this team that were set out in the Consultation Document.

LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

Final Decisions: Sector Development Policy Team Arrangements



I am proceeding with my proposal to establish a new policy team. I have decided to cluster engagement functions, provide additional resources to understand regional policy planning and to put the Senior Iwi and Regional Advisors and the Senior Communications Advisor in this team. Together, these outward facing roles will be provide forward looking, more strategic and planned approach to sector engagement. I also consider that this cluster of engagement related functions – which require a deep understanding of the perspectives and aspirations of local and regional stakeholders – will help to inform the policy development process spanning the energy and resources sectors.

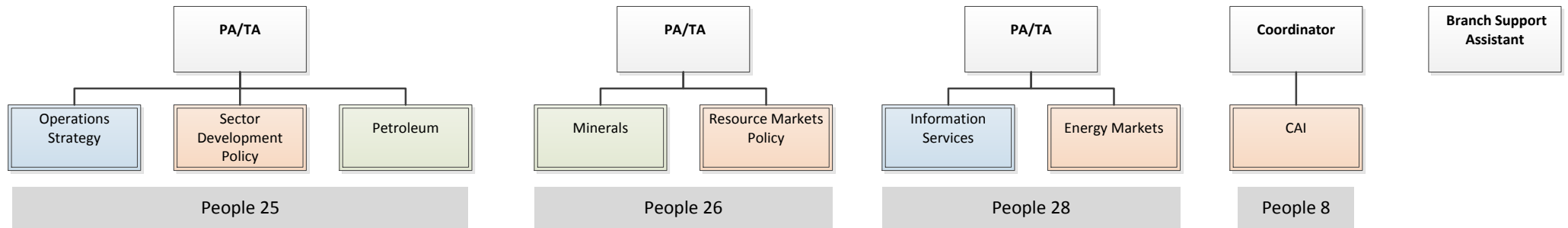
LEGEND	
Red lines = Project Line Reporting	
No change or inter-team reporting	Amended role
New Role	Intra-team reporting line change
Manager role	Branch Support

To be successful, it is important to ensure that this team does not simply fall into patterns of providing second opinion advice, or acting as a 'post box' for policy development that has no clear place elsewhere. The seniority of the team speaks to my expectations that the Manager and Principal Advisors develop a well formed forward looking policy agenda. In line with my comments about building a stronger all -of-Branch governance model in my Leadership Team, I expect all senior managers to be involved with a processes of setting an agenda and contributing to the standing-up of the team's work plan by assisting in setting and prioritising team objectives.

I also received a variety of alternative names for the new team. I agree that the proposed name had limitations in reflecting the nature of the team's work – particularly given the changes I have made during my deliberations after consultation. I have consequently settled on Sector Development Policy – a title which I consider to be more in line with the active approach that this team will have in developing forward looking policy aimed at developing our sectors.

I will be seeking expressions of interest from the Principal Advisors in the policy teams in assigning people to this team (one will come from Energy Markets Policy and one from Resource Markets Policy. The third will be a newly established position). This transfer process is outlined below under Next Steps.

Final Decisions: Administration Arrangements



Note: Numbers above do not include Managers.

The final decisions for administrative support are slightly changed from the consultation document. This was done through extensive face-to-face consultation with the administration staff and I am confident that we have reached an effective structure that will work for our Branch. I will seek ongoing feedback from the administration team on their shared and individual work-loads to ensure that they are at an appropriate level.

5. Summary of changes

Staff member and role title	Current team	New team and role title
Manager Promotions & Investment (MBIE-00-07-077-0)	Commercial Analysis & Investment	Disestablished
Manager Commercial & Resource Analysis (MBIE-00-07-076-0)	Commercial Analysis & Investment	Disestablished
Principal Policy Advisor (TBD)	Energy Markets Policy	Sector Development Policy
Project Manager (MBIE-00-00-119-0)	Energy Markets Policy	Disestablished
Chief Iwi Advisor (TBD)	Iwi	Disestablished
Senior Advisor Iwi Relationships (MBIE-00-07-605-0)	Iwi	Senior Advisor Iwi & Regional Relationships Sector Development Policy
Senior Advisor Iwi Relationships (MBIE-00-00-031-0)	Iwi	Senior Advisor Iwi & Regional Relationships Sector Development Policy
Manager Minerals Strategy (MBIE-00-00-091-0)	Minerals	Disestablished
Regulatory Analyst (MBIE-00-06-340-0)	Minerals	Principal Policy Advisor Sector Development Policy
Manager Minerals Permitting & Compliance (MBIE-00-06-640-0)	Minerals	Disestablished
Senior Regulatory Analyst (MBIE-00-00-090-0)	Minerals	Senior Policy Advisor Sector Development Policy
Petro Physicist (MBIE-00-03-423-2)	Petroleum	Disestablished
Manager Petroleum Exploration & Appraisal (MBIE-00-00-063-0)	Petroleum	Disestablished
Manager Petroleum Production (MBIE-00-00-079-0)	Petroleum	Disestablished
Planning Project Manager (MBIE-00-00-076-0)	Petroleum	Sector Development Policy
Policy Director (MBIE-00-00-052-0)	Policy Director	Disestablished
Senior Regulatory Analyst (MBIE-00-06-564-0)	Policy Director	Disestablished

Manager Regional Relationships (MBIE-00-00-048-0)	Regional Relationships	Disestablished
Team Leader Marketing (MBIE-00-06-501-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Senior Advisor Marketing (MBIE-00-06-502-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Senior Advisor Marketing (MBIE-00-06-503-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Senior Communications Advisor Stakeholder Engagement (MBIE-00-03-416-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Senior Communications Advisor (MBIE-00-03-146-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Senior Operator Planning & Projects (MBIE-00-03-421-2)	Regional Relationships	Disestablished
Senior Advisor Regional Relationships (MBIE-00-00-049-0)	Regional Relationships	Senior External Relations Advisor Sector Development Policy
Regional Relationships Coordinator (MBIE-00-03-417-0)	Regional Relationships	Disestablished
Marketing & Events Coordinator (MBIE-00-06-504-2)	Regional Relationships	Operations Strategy (F/T ends 30 June 2016)
Principal Policy Advisor (TBD)	Resource Markets Policy	Sector Development Policy
New position	New position	Principal Investment Advisor (MBIE-00-07-077-0) Commercial Analysis & Investment
New position	New position	Principal Resource Analysis Advisors (MBIE-00-07-076-0) Commercial Analysis & Investment
New position	New position	Manager Permitting Advice (MBIE-00-06-640-0) Minerals
New position	New position	Principal Minerals Advisor (MBIE-00-00-091-0) Minerals
New Position	New position	Chief Exploration & Production Geologist (MBIE no TBC) Petroleum
New Position	New Position	Principal Exploration Geologist (MBIE-00-00-063-0) Petroleum
New position	New position	Principal Production Geologist (MBIE-00-00-079-0) Petroleum
New position	New position	Manager (MBIE-00-00-052-0) Sector Development Policy

New position	New position	Principal Policy Advisor (MBIE-00-06-340-0) Sector Development Policy
New position	New position	Senior Communications Advisor (MBIE-00-06-564-0) Sector Development Policy
New position	New position	Auditor (MBIE-00-00-048-0) Operations Strategy
New position	New position	Coordinator (MBIE-00-03-417-0) Commercial Analysis & Investment
Made permanent	Made permanent	Geologist Promotions Specialist (MBIE-00-00-076-0) Commercial Analysis & Investment
Made permanent	Made permanent	Branch Support Assistant (MBIE-00-00-119-0) ERM

This table does not reflect all staff that will experience intra-team reporting line changes. e.g. All Petroleum staff now report through to National Manager.

Position Descriptions

Position descriptions for the new roles where the incumbent is subject to change *Chief Exploration and Production Geologist, Manager Sector Development Policy, Principal Minerals Advisor, Manager Permitting Advice, Principal Resource Analysis Advisor* will be provided on MAKO.

Other position descriptions for new unfilled specialist roles will be developed with input from the responsible managers (e.g. the *Royalties Auditor, the Principal Exploration Geologist and the Principal Production Geologist*).

6. Implementation and next steps

Implementation Timetable

Event	Date
Final decision released	13 April 2016
Redeployment - affected staff	29 April 2016
Expressions of Interest Process – Principal Policy Advisors	18 April 2016
Recruitment for new roles	May/June 2016
New structure comes into effect	2 May 2016

Principal Policy Advisors – Expressions of Interest process

All Principal Advisors in our policy teams will be invited express their preference on which team they would like to be assigned to. The following criteria will then be used to determine the match of principals to teams:

1. Principal Advisors' Preferences;
2. Current skills and experience;
3. Existing workload and team priorities.

Appendix One – Drivers for Change from Consultation Process (11 February 2016)

Purpose

This document outlines the reasons and the context for structural change to the ERM Branch to see through the decisions from High Performing MBIE. A key high level driver for the change was a need to reduce the number of direct reports to the General Manager.

This proposal emphasises the need to improve efficiency and focus, provide clear lines of accountability, and enhance connectedness between the Leadership Team and Branch activities through flatter management structures. The proposal also aligns the Branch so we can deliver on our core strategic, policy and regulatory functions.

This proposal clusters like-functions to meet current and future needs. It redeploys regional engagement and iwi relations functions to the National Minerals and Petroleum teams, to position the managers of those units with the support they need to meet the whole range of sector leadership responsibilities (industry, iwi, peak body and regional relationship). This provides a simpler single point of engagement for external stakeholders, while also changing the way we engage and operate as regulators and advisors.

Change Criteria

The criteria I previously used to guide my thinking included;

- Each person will report to one person only; there will be clear management responsibilities and obligations;
- The span of management responsibility will be sensible and take account of the number of direct reports, span of accountabilities, and embed aligned and non-conflicting functions;
- There will be no duplication of roles and all roles, responsibilities and decision making rights will be clear and transparent;
- In line with one of the objectives of MBIE's formation, 'like functions' will be clustered to help create centres of excellence within ERM;
- To make the most of the benefits of specialisation that comes with clustering functions, there will be opportunities for greater interaction between different functions and teams;
- Conflicts of interest will be managed;
- Our role as a resource manager will be reinforced and clear, and our approach to assessing and pursuing potential investment will be deliberate and purposeful, and represent best value for money;
- Where structure delivers efficiency (ie staffing cost reductions), FTEs will be held over to reflect the increasing need for the Branch to alleviate cost pressures and meet budgetary constraints;
- Any changes will be achieved within ERM's three-year FTE cap and managed within agreed four year plan baselines;
- An ongoing commitment to investing in staff development to match changing priorities, alongside building staff resilience to change.

These are still important to my direction for ERM. As a result of HP MBIE, this Branch is significantly broader and more sophisticated and our operating environment is markedly different. Our responsibilities influence the whole of the upstream and downstream energy and resource sectors. Accordingly, there are additional considerations that I have used to guide development of this proposal.

Drivers for Change

The overall drivers for change are improved operational efficiency, clear lines of accountability, and greater connectedness between the Leadership Team and Branch activities through flatter management structures. Overall, the initiatives will seek to better embed the former NZP&M's permitting, allocation, compliance and enforcement operational functions and align with the signals set under High Performing MBIE. In particular, this change process is necessary to:

- Complete and bed-in the operational changes to the former NZP&M (address blurred management accountabilities and cluster activities together for efficiency);
- Integrate policy and operational functions, and increase the size of key management and leadership roles (by reducing the number of senior managers to around 7-8),
- Follow through on HP-MBIE: improve financial management; create effective partnerships with MBIE corporate (and reduce duplication over time so that the way ERM is supported by corporate functions mirrors that in other parts of MBIE); and optimise outward facing engagement; avoid silos and get better at shifting resources where they are needed to either meet MBIE needs or sector needs;
- Provide continuity to, and the lead input for MBIE, in policy issues in the Natural Resource Sector, including through the Business Growth Agenda (resources and renewables), and by providing strategy development and transition for the energy system, and leading input on climate change policy;

- Focus our resources and efforts on core activities of regulatory excellence and quality policy advice, and organise ourselves in a way that is forward looking and responsive to our broader organisational, political and sector environment while divesting ourselves of event management or conference functions;
- Ensure that we meet the intent of the boost given to our capability and capacity to manage the Crown mineral and petroleum estate in 2010/11 by ensuring that our resources (personnel and funding) are flowing to the right areas (permitting, allocation, and compliance);
- Following on from HP-MBIE, adopt functions and responsibilities for climate change policy and lift performance in development of energy sector strategy;
- Expand our focus on more strategic approaches to managing commercial sector stakeholders, so that we can get alongside industry leaders and influencers to support improved energy, minerals and petroleum sector performance.

Achieving these outcomes required me to consider the shape and span of my management team. As a Leadership Team, we need to step-up, and take broader perspectives across our shared work programmes. We also need to continue the process of clarifying responsibilities and have lines of accountability across our functional areas – the Policy Managers and the National Managers need to be clear where their stakeholder responsibilities start and stop. Our external environment has significantly changed over the last two years, and it is timely that we consolidate our management structures and focus on delivering our core functions.

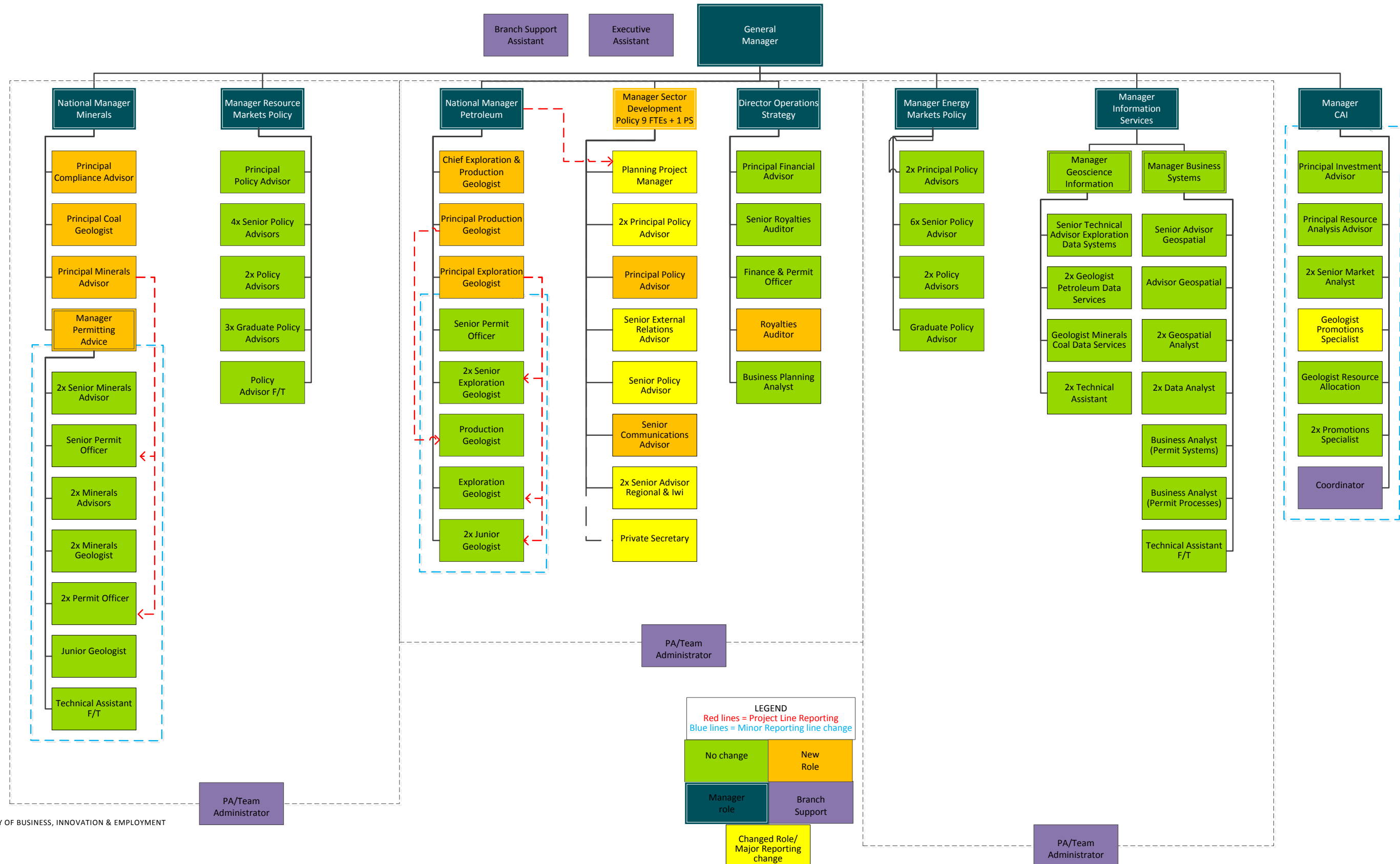
When taken together, those criteria together point toward a main theme in this change proposal – a tightening of management structures.

In forming your views on this proposal I encourage you to consider the guiding criteria and the drivers motivating this change.

Appendix Two – Final Structure



ENERGY AND RESOURCE MARKETS BRANCH STRUCTURE



Appendix Three – MBIE Change Process

Change Process – Ministry of Business, Innovation, and Employment

This document sets out a standard approach for managing any processes that have the potential to impact on your job.

Principles

Preparing for Change

You and your representatives will be consulted on the procedures for the management of the change process, including the way in which reconfirmation and reassignment will occur.

Decisions regarding the process will be clearly communicated to all employees.

During the Change Process

You and your representatives will be given the opportunity to comment on proposals that may impact on your employment through meaningful consultation before decisions are made, with sufficient time allowed for you to consider options and provide feedback, both collectively and individually.

Communication will:

- a. be timely and transparent
- b. explain the reasoning behind change proposals
- c. be joint with staff representatives and staff forums where appropriate and agreed
- d. be responsive to requests for clarification or further information.

Change will be managed:

- a. in a fair and transparent way, and as issues arise they will be handled as consistently as possible throughout the process
- b. with careful attention to the legislative framework for change and the provisions of the applicable employment agreements
- c. in a way that aims to retain a motivated and engaged workforce for the future.

Disruption to and impact on employees and customers during the change process will be minimised and business delivery maintained.

The Impacts of Change

Change decisions will meet the unique needs of the Ministry, and will focus on achieving the Government's and Ministry's objectives.

If you are affected by change, your choices and preferences will be taken into consideration wherever possible.

If you are affected by change, you will be provided with certainty of the outcome as soon as possible.

The Ministry will explore all reasonable options for you if you are affected by change. This means that the impact of staff reductions will be minimised wherever possible through the use of other options such as attrition, appointment to new roles or reassignment to alternative roles (with retraining if practical). Voluntary redundancy may also be used where practicable.

Appointment and reassignment processes for new roles will be fair and transparent and a review process will be available if you are not satisfied with the outcome.

The use of compulsory redundancy will be the final option for managing staff reductions, once all other reasonable options have been explored. When redundancy is applied, voluntary redundancy will be used where this is practicable and agreed.

You will have access to a range of assistance and information so that you are well supported through change.

Scope

Organisational change includes situations where any one of the following occurs:

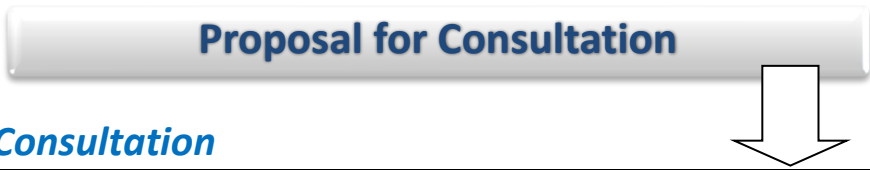
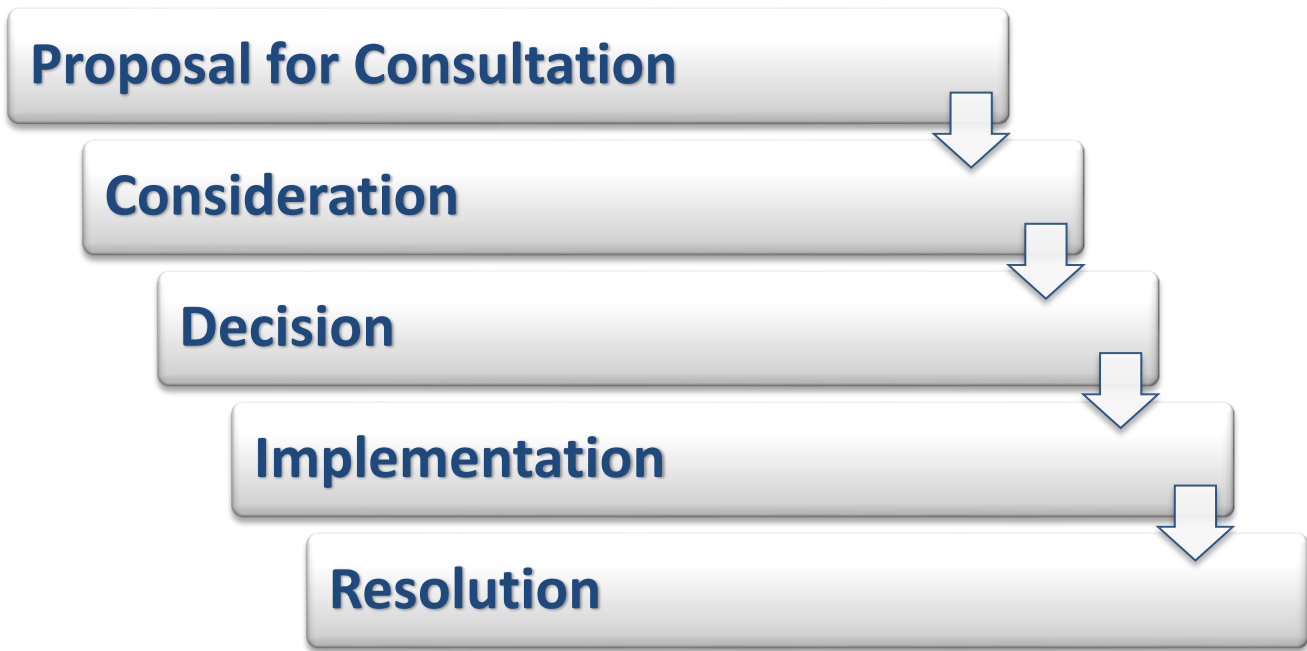
- Significant changes to structures are required
- Employee(s) position(s) no longer exist
- The nature of the work is significantly varied or changes in location need to take place

This process applies to you during organisational change if you are covered by a permanent individual or collective employment agreement. If you are on a fixed term agreement and your position is affected by a change proposal, this is not covered by this process and will instead be discussed with you directly in accordance with your fixed term agreement.

The principles of this Change Process are consistent with the various employment agreements and change management policies of the founding agencies. The Change Process describes how the provisions within the employment agreements will be implemented in both the high level design and detailed design phases.

In situations where you are seconded from your substantive (permanent) position into another position or 'acting' into another position, it will be your substantive (permanent) position which will be used to determine whether you are impacted or not by the proposal.

Process



Consultation

The Ministry will provide you and your representatives with the opportunity to have input on any proposals for organisational change that have the potential to impact on your role. This means that the Ministry will:

- Gather information from you and your representatives to assist in the formulation of proposals
- Give the proposal to you and your representatives with the information you need to fully understand the rationale behind the proposal and sufficient time for consideration and input
- Give you the opportunity to ask questions and comment on the proposal, including putting forward any alternative suggestions that you may have.



The Ministry will gather all the feedback from staff and their representatives and will analyse it. It will take this feedback into account when finalising the proposal. You will have the opportunity to see the feedback from other staff and how it has been used by the Ministry in reaching final decisions on the business.



The Ministry will release the decision, where possible, to staff whose roles are directly affected by the decision before wider release. The decision will include:

- Identification of positions disestablished or significantly altered as a result of the change
- The rationale for the decision

Staff In-Confidence

- The implementation process and timeline
- Support services that will be available for affected staff

Implementation



If your position has been directly affected by the change process, the Ministry will look to place you in another suitable position through the processes of reconfirmation and reassignment. The intention of these processes is to place as many affected employees in positions in the new structure as possible.

Reconfirmation

Where a position in the new structure is the same or substantially the same as your current position and you are the only person who is able to be reconfirmed to the role, then you will be reconfirmed into the position.

Where you are one of a number of people in similar positions and there is the same number or more of the positions in the new structure then you will be reconfirmed into one of those positions.

For a position to be the same or substantially the same, the following must apply to it:

- The work content of the position is the same or very nearly the same as the current position (i.e. no more than a 5% change in work content);
- The salary and other terms and conditions for the position are the same; and
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship).

Reconfirmation may apply to situations where the only change is a change in reporting line, title, there is a very small (i.e. less than 5%) change in work content or where the position is unchanged but there is a reduction in the number of positions.

If there are more employees who could be considered for reconfirmation than the number of such positions available in the new structure, we will use a contestable selection process to determine who is the best fit for the role. In this situation, consideration will also be given as to whether voluntary redundancy would be a suitable alternative to a contestable selection process.

If you are offered a suitable reconfirmation and you do not wish to take up the position you will not be entitled to redundancy.

Reassignment

If there is no position that is suitable for you to be reconfirmed into, you will be considered for reassignment to a position that is reasonably similar to your existing position. The criteria for reassignment are:

- The position is suitable given the employee's skills, abilities and potential to be retrained
- There should not be so significant a change in duties as to be unreasonable (i.e. no more than a 25% change in work content)
- Salary and terms and conditions would either be the same or will be equalised in line with the provisions of your employment agreement
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship);
- An employee will not be considered for reassignment to a position at a higher level (promotion i.e. higher salary, increased conditions of employment, greater management seniority)

Staff In-Confidence

If you are offered a suitable reassignment and you do not wish to take up the position you will not be entitled to redundancy. In the event that there is no other placement available for you in the new structure, you will be deemed to have resigned your employment.

New positions

Where a position is established that does not meet the test for reconfirmation and is not suitable for you to be reassigned into, it is a new position and will be advertised and filled using a merit based selection process.

New positions at tier 2 and tier 3 will be advertised internally and externally at the same time with any person being able to apply.

Other positions will be advertised internally in the first instance, and preference will be given to affected employees (i.e. those staff not placed after reconfirmation and reassignment). This means that applications from affected employees will be considered first. Applications from the wider pool will only be considered if there is no-one suitable for appointment from the affected pool. Any unfilled positions will then be advertised externally.

The Chief Executive may also decide, on an exceptions basis, to externally advertise some specialist positions that are new to the organisation. In this case, any internal applicants who consider that they have the necessary skills will be welcome to apply.

Resolution

If you are not placed by reconfirmation or reassignment

If you are unplaced once the reconfirmation and reassignment process is complete, your options will be:

- Applying for any new positions that are advertised in the new structure; and
- Other redeployment options that may be explored with you on an individual basis.

If after all the options have been explored, you do not have a suitable role, you will receive outplacement support and redundancy in accordance with the terms of your employment agreement.

Review Processes

Reconfirmation/Reassignment/Redundancy

If, as an affected employee, you are not happy with the result of reconfirmation, reassignment or redundancy processes you are entitled to seek a review.

To initiate a review, you or your representative needs to write to the General Manager Human Resources setting out your concerns. You must do this within 5 working days of you receiving written advice of the reconfirmation or reassignment decision that causes you concern. In situations where you are away from work e.g. travelling or on leave, there may be some flexibility with this deadline. However, you should aim to make reasonable efforts to notify your request for a review even if you cannot provide full reasons until you return to work.

Where a request for a decision relating to reconfirmation, reassignment or redundancy is submitted, the General Manager Human Resources will assign an independent reviewer or a review panel to undertake the review. The reviewer(s) will be drawn from people who are independent and who have experience with similar processes in other workplaces.

The reviewer/review panel will make a recommendation to the Chief Executive and it will be one of the following:

Staff In-Confidence

- The matching process has been applied correctly and there are no grounds for setting aside the reconfirmation/reassignment decision
- There were additional relevant factors that were not considered in the decision process but they would not have had a material impact on the decision reached and do not require a reassessment
- Factors that are relevant to the selection process have not been taken into account sufficiently and require reassessment (i.e. they could have affected the outcome of the reconfirmation/reassignment decision)
- The new position is or is not the same or substantially the same as the affected staff member's current substantive position.

On the reviewer's recommendation, the Chief Executive will:

- Confirm the reconfirmation/reassignment decision
- Refer the decision back to the original decision-maker for reconsideration; or
- Make an alternative decision in place of the original decision

As the review applicant, you will be entitled to see the reviewer's report as will any other staff member who is impacted by the outcome of the review, although some detail may be removed if it includes personal information about another staff member.

Appointments

For new positions where a contestable process has been used to fill the position the Ministry's Appointment Review process is available to you if you wish the decision to be reviewed.

Staff Support

A range of support will be available to you during the change process whether your position has been identified as affected or not as the impacts of change are often felt broadly. This may include change workshops, CV preparation, interview skills training, career advice or EAP Services as appropriate to meet the individual's situation.

Appendix Four – Public Feedback Received

Emma Cummins

From: [Redacted name]
Sent: Monday, 7 March 2016 4:15 p.m.
To: Emma Cummins
Cc: James Stevenson-Wallace
Subject: Submission on change process [IN-CONFIDENCE]

I am happy for my submission to be public.

In general I am supportive of the concerns raised by the policy teams, as collated by David Buckrell. I will limit my comments to areas where I have a managerial perspective on the issue.

Creation of new policy team

- Care needs to be taken that the significant cross-cutting issues identified for the Regulatory Systems Policy team to focus on do not become the tail that wags the dog. There is endless scope to work on these issues, but that does not mean that we should be writing this work a resourcing blank cheque without scoping the level of our interventions against the other expected outcomes of the branch. The manager of the new team will need to quickly define the scope and limit the expectations of what can and should be delivered. The ability to achieve this with AOPs is limited in relation to policy outcomes.
- Attracting high quality staff to the RMP team and keeping them can be difficult as the nature of the sector puts many prospective candidates off. In my experience being able to offer a broader range of issues to be involved in, such as in the natural resource sector is crucial to attracting the best range of candidates. There is a danger that the new policy team could mop up all of these opportunities, leaving the RMP team being seen as the guardians of a sunset industry.
- The proposal to move current operational policy roles out of operational teams risks the loss of these functions altogether. Across the branch there are still a number of issues with making sure that policy intent is translated into operational practice, and that policy decisions are aware of operational needs. This is as much an attitudinal as a structural issue. For significant pieces of work I would expect the new structure of the branch to support the creation of more multi-disciplinary project teams.

Strategic approach to engagement with iwi and councils

- The current focus of the business on permitting supports the move of the iwi advisors to the petroleum and minerals teams. The Leadership Team needs to take collective responsibility for ensuring that a strategic approach to managing key relationships across the branch is in place or we risk missing out on opportunities or at worst failing to implement relationship agreements etc.

Sector leadership

- Placing the emphasis on the sector leadership of national managers should not impede the ability of the RMP manager and the RMP team to maintain their own relationships with industry. We typically have a very different type of conversation with industry, iwi and other stakeholders and often engage with different parts of the organisation from those dealing with operation issues related to permits.

Span of control issues

- In relation to the functioning of policy teams, span of control does not need to be too much of an

Staff In-Confidence

issue with appropriate processes in place. For example, in the RMP team we have a mentor system which pairs senior and junior staff, allowing the manager to focus on key issues and performance and development. We also have project clusters overseen by the Principal Advisors who provide an additional overview and resource to support the manager. I do not consider the current RMP team to be unwieldy.

Administrative support

- Supporting three policy teams is not possible for one administrator. There is a significant fluctuation in workload, often based around getting papers over to the Minister. The ability to adequately size the role means that it would be very difficult to retain quality support if the current proposal were to be implemented.

Role of policy director

- By removing the Policy Director position there is a danger that we miss out on opportunities for the ERM branch to influence direction within MBIE and with other agencies by not being plugged into the policy director network. This will inevitably lead to more work for policy managers to bridge this gap.

[Redacted name]

MEMO

DATE 7 March 2016

TO James Stevenson-Wallace

PREPARED BY [Redacted name]

SUBJECT ADMIN SUBMISSION ON CHANGE PROGRAMME

OPTIONS FOR ADMIN POSITIONS TO SUPPORT ERM TEAMS

The Admin team were provided with the opportunity to discuss several options for providing logistic, administrative and executive support for the ERM business units.

The proposed options are based on the requirements of providing sufficient executive and administrative support to business units. Under the proposed ERM structure review, this will involve PA/Admin support for up to eight managers and their teams.

The discussion the team had concerned the equitable allocation of resources to ensure that each business unit would have sufficient support, while ensuring that each PA/Team Administrator role did not have too many staff to support.

The following items were agreed by the Admin team:

- Of the five options discussed, three of these were discounted as we felt the workload allocation was higher in some teams than others
- Regardless of the option selected, there may still be changes required based on the changing roles and requirements of teams that has not been considered yet
- There needs to be Service Level Agreements created for the support of teams by the Branch Support Assistant (e.g. financial, travel bookings etc) as required
- To this end, we would like to schedule a 3-month review of the new model to determine whether resources could be better allocated, lines of support are adequate to purpose, and teams are receiving sufficient support in times of peak demand
- The creation of a Branch Coordinator position which will provide admin/executive support while also providing coordination with marketing and stakeholder engagement

Branch Coordinator Role

The options discussed included the provision of a Branch Coordinator in addition to the established permanent roles of PA/TA.

The Admin team regards this role as essential to fulfil some of the duties which were being conducted by Lynn Tan in the Marketing team. Under the options discussed and agreed to by the Admin team, this new position would involve the provision of administrative support to the Commercial Analysis and Investment team, as well as providing support, coordination and task management across the ERM branch for the following tasks:

- Management and maintenance of CRM
- Website/social media support
- Enquiries from the contact centre
- Coordination of translation services when this is required

Staff In-Confidence

- Conference coordination, booth and merchandise support
- Outbound communications/mail outs
- Newsletter/press release assistance
- Team travel
- QC/QA
- PA duties for David Darby

Option 1

Allocation of resources:

- Monica: Resource Markets Policy, Energy Markets Policy, Regulatory Systems (30 people)
- Janine: Minerals Team, Operations Strategy (21 people)
- Vacant position: Petroleum Team, Information Services (28 people)
- Branch Coordinator: Commercial Analysis and Investment (8 people)
- Shannon: Branch Support Coordinator

Pros:

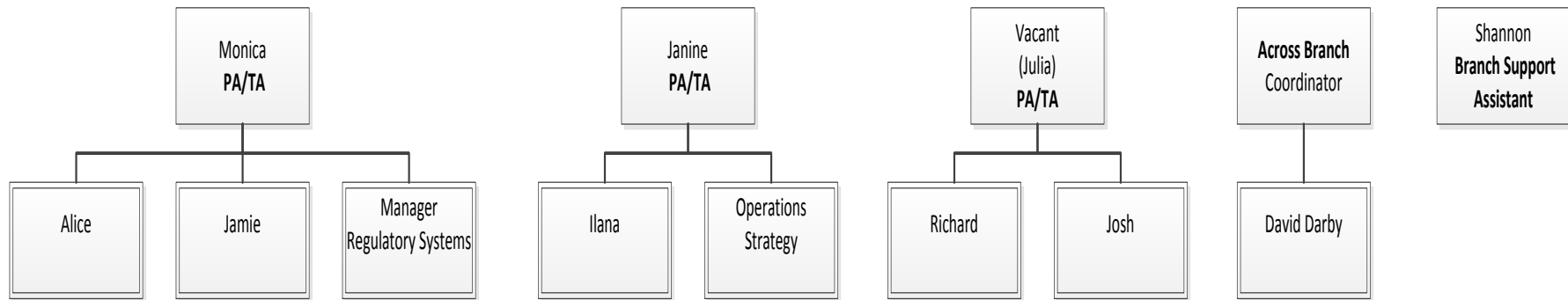
- Consistency with handling Ministerial
- Workload comfortable for Janine's teams

Cons:

- Team size for Monica and Vacant position are large



Option 1 (proposed in change document)





Option 4

Allocation of resources:

- Monica: Resource Markets Policy, Energy Markets Policy (24 people)
- Janine: Minerals Team, Regulatory Systems (23 people)
- Vacant position: Petroleum Team, Information Services (28 people)
- Branch Coordinator: Commercial Analysis and Investment (8 people)
- Shannon: Branch Support Coordinator, plus budget support for Commercial Strategy

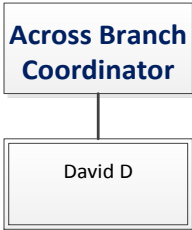
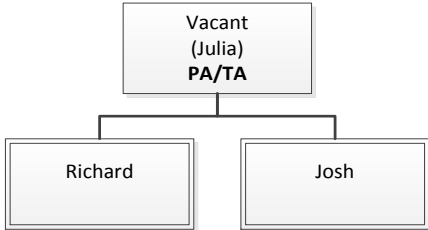
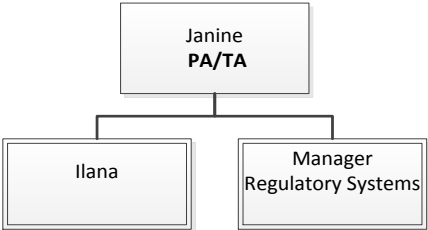
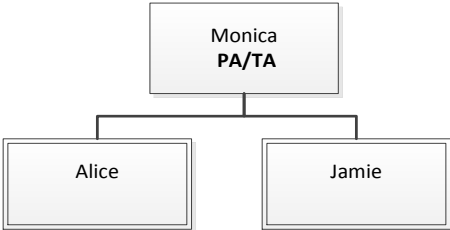
Pros:

- BSA is familiar with the team and workload
- Most people feel comfortable handling this workload

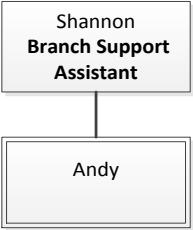
Cons:

- Large teams for Janine and the Vacant position to manage, would need to be addressed by support from others if necessary

Option 4



BSA supports all



RECOMMENDATIONS

It is recommended that you:

Agree to Option [1, 4] as a suitable structure for Admin support of ERM; or **Yes / No**

Provide comment on improvements which could be made to this; and

Agree to the provision of a 3-month review period of the support structure **Yes / No**

Marketing and Communications team submission

Thank you for providing us the opportunity to make a submission regarding the proposed structural change for Energy and Resource Markets. Overall, we understand the drivers and reasoning behind the change, and we support the transition of marketing and communications back to central MBIE Communications. It is our view that transitioning this resource back to the centre will be a more efficient (fiscally responsible) use of resource, but it does raise issues around the level of service that ERM has grown to expect.

Below is our feedback and assessment relating to the proposal based on the current needs of the branch from a marketing and communications perspective. We have also reflected on our experience in engaging with ERM teams as well as MBIE Central Communications. This does not take into consideration:

1. The possibility of ERM activity requiring marketing or communications support decreasing
2. The future state of the MBIE Central Communications team following their change programme. We have assumed the existing resource in this space will not increase or change significantly.

Engagement with MBIE Central Communications

As it stands currently there is very limited marketing support available within the MBIE central communications branch. We understand there are three marketing roles for all of MBIE, with one of the three on maternity leave. While we appreciate Central Communications will shortly undertake a change programme, we have concerns regarding the ability of the central marketing team to service the needs of the ERM branch, based on how ERM has been using the current embedded marketing resource.

In addition, the central model is very much based on being user led – meaning that there is no proactive engagement from the central team back into branches. As such, without branch oversight (at a high level) or co-ordination (on a day-to-day level) to champion ERM's needs, the result and risk could be a slippage in delivery and missed opportunities to join-up the branch and wider MBIE. When considering the future needs of ERM for marketing and communications support, we recommend that ERM either strongly influences or provides feedback of its anticipated need regarding the central service team during the Central Communications branch review.

Alternatively should the level of support required (from imbedded plus central communications resources) be assumed to remain similar to current levels, we recommend ERM looks to build some capacity within the finalised ERM structure – this may be a person resource or by widening the remit of other members of staff in the branch.

Sponsorship, brand and website management

Consideration needs to be made about future needs for sponsorship, brand and website.

Sponsorship in its current form requires negotiation and management to ensure value for money is achieved and appropriate benefits are secured and delivered. Over the last two years, sponsorships in NZP&M/ERM have become better managed, resulting in greater return on investment and leveraging for the branch and MBIE. It is our view that ERM should consider carefully if it needs to continue to invest in sponsorship at all. Instead, moving to an 'attendance and booth only' model could suffice to serve the basic requirements of the branch. The main foreseeable risk here is the government's ability to secure speaking slots when key messages need to be shared with the targeted audience that events offer.

If the branches' view is that the primary focus of marketing is on collateral development and support for the CAI team, then we believe that this can be managed within the proposed structure.

However, currently the marketing team provides a co-ordinating and strategic role across the branch that relates to cohesion in how we are perceived externally. This underpins the integrity of the branch and ensuring who we are and what we do (balancing regulator with promotions role) is clearly articulated across our communication channels including digital newsletters, social media, website content and conference presence. Essentially it is about understanding how to pull together and craft the right messages for the right audience (e.g. domestic vs international or permit holder vs potential investor).

The NZP&M website is the main external channel for the branch to communicate with stakeholders. When considering management of the website from a pure system perspective, a logical home for this system is with the Information Services team, and this transition has taken place. However, there is a risk in not having a website manager to maintain a strategic

overview of the website ensuring it is cohesive, well thought out and that the SME input is stitched together properly. This ensures messages are delivered in a timely and appropriate tone, written for a website audience and supported by design features (website banners/homepage features). It is our view that this role could not be adequately filled by a coordinator and it requires someone with previous experience of website management. The MBIE web team is set up to action specific tasks (i.e. upload Block Offer content) that are crafted and submitted by the branch – they do not have a co-ordinating role/sense-checking role, and often different people can be uploading information. We do not foresee this changing in any major way with the Central Communications review.

Future of the NZP&M brand

In considering the NZP&M brand in light of the formation of the new ERM branch, the marketing and communications team still support our proposal for brand transition which would include phasing out the NZP&M brand to a future-proofed proposition that aligns with the Minister's portfolio and supports branch integration (e.g.: *New Zealand Energy and Resources*). Given climate change concerns, this protects the government's petroleum and minerals interests (to a degree) by wrapping it in with renewable technologies under the Energy banner. This narrative would also be useful in communicating with stakeholders/iwi/public and has benefits from a political perspective.

In addition, we think that a branch-wide discussion about ERM's identity provides an excellent opportunity to strengthen internal cohesion and address whether the whole branch is mandated to talk across the entire energy and resources sector. This narrative would be good to use from a communications/regional and iwi relationships perspective. In addition, we have had feedback from the CAI team that they have received questions from potential investors about renewables in NZ when in foreign markets, so we are potentially missing an opportunity to contribute to the wider energy picture.

We understand that a staff reference group is being considered to review the brand and we are supportive of this approach. It would be good to have a brand specialist and/or creative agency representative direct this process, to ensure it is well thought out, fully considers wider ramifications (international, domestic, political) and is not just an internal exercise.

Communications co-location

We strongly support the co-located communications model with ERM retaining a communications role (at present). However, we would recommend that following the MBIE Central Communications review, that this role is treated in the same manner as the legal resource (i.e. not situated within an ERM home team, but instead has the flexibility to 'float' as a branch wide resource and remain strongly connected to MBIE central (thus building linkages and acting as a conduit between ERM and the centre). As with marketing, the day-to-day level of service from the Central Communications team is unlikely to be the same as ERM currently experiences. Using the Block Offer as an example, Central Communications would normally write speeches/press release/reactive Q&A for the Minister – they would not normally write web content (18 pages for BO16) or liaise with design/printing of IFB (and the numerous changes required). This work would need to be picked up by a nominated ERM staff member.

Proposed CAI co-ordinator role

We would suggest consideration of the coordinator role (currently being considered for the CAI team) to instead sit within the Operational Strategy team so that it has the flexibility to support wider ERM design, web and general BAU requests on behalf of the branch. This way they would have an overarching view of the workflow going on and could function as the key contact/link between ERM and the MBIE central communications team. This would address some concerns we have about multiple staff managing these channels resulting in siloed and disconnected approaches/products.

Other wider thoughts

- Given the transition of Block Offer to BAU and based on our interactions with the Block Offer team, we feel consideration should be given to the possibility of down weighting the Project Manager role within the petroleum team to a coordinator role, or alternatively centrally locating the Project Manager role to be a resource for other parts of the branch to draw upon.
- We think there is a potential risk in only having iwi relationship positions embedded in the minerals and petroleum teams. The concern is this could result in a loss of strategic focus from a sector wide perspective. We share similar

views that the day-to-day focus and direct involvement in the issues within the minerals and petroleum teams is a sound suggestion however, we would suggest the inclusion of an iwi strategy role located in the new policy team with the proposed two iwi roles within the petroleum and minerals teams down weighted (to an advisor role), which may offer more rounded value to ERM. Having that strategic role in the new policy team could involve leveraging connections with Maori advisors/Maori-related projects in MBIE (MEDU) and other government departments – to support a more consistent across-government approach to iwi.

Thank you for this opportunity and your consideration. We remain available to support ERM as it transitions to a new structure and look forward to seeing the final decision document.



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Energy and Resource Markets Branch: Delivering on Core Regulatory, Policy and Operational functions

Consultation Document

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1. Forward from the General Manager, Energy and Resource Markets

High Performing MBIE (HP MBIE) brought together strategy, policy and operational functions that span the energy and resources sectors. The intent is to move toward a more seamless use of technical and policy knowledge and expertise, and to achieve a more integrated approach to upstream and downstream energy and resources sector work.

In creating the new Branch, David Smol clearly signalled the need for a review of the number of senior direct reports. The proposal for change is not a paint-by-numbers exercise in rationalising leadership team numbers. The down-cycle in our resource commodities has also led me to consider very carefully our core responsibilities and ensure that we are focusing on our essential functions. You will all be aware that similar processes are being undertaken by our commercial partners and stakeholders.

In developing this proposal, and in response to direct staff feedback I have received, I saw an opportunity to try the staff-led Staff Reference Group process to better inform how we arrange ourselves for a more enduring structure.

The Staff Reference Group brought together people from across the Branch and various levels of seniority and experience. It met throughout October and November and discussed a wide range of issues, from strategic high level direction set out in our foundational documents and Cabinet papers, through to details of the Branch financial appropriations. I was hugely impressed by the rigour of the Staff Reference Group's analysis of our functions, and the proposals that it developed. I benefitted significantly from my discussions with them. While I did not adopt all of its recommendations and disagreed with some elements, the work has been very influential in my thinking. I have revisited its recommendations repeatedly in developing this proposal.

From this stage onward, I and the Leadership Team will own the process. You can discuss any part of this proposal with the senior managers from across the Branch. I will also be available at various informal discussion sessions throughout consultation to talk through any ideas you have, and to give you an opportunity to tender your thoughts. The consultation process is not about reaching consensus or agreement from everyone about the proposal. The intent is to seek information from you to ensure that I am well informed in reaching a final decision.

Structural changes are simply a part of overall organisational design, and we do face real operating constraints including financial pressures. While this change is not about stripping out costs, or reducing our overall FTE levels, we do have to make trade-offs on how we are arranged. As such, the changes I am proposing are primarily focused on reducing management numbers and strengthening leadership positions. In the proposed arrangements, management roles will be larger, and the overall Branch structure will be flatter. Changes are not limited to management however and the arrangements I am proposing will have impacts on positions and reporting lines across the Branch.

I would like to again thank the Staff Reference Group for its work. In addition to providing invaluable advice and perspectives, I consider it has been extremely useful first step in building a shared understanding of our Branch drivers and functional links.

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Please be thoughtful and look to support your colleagues during this process. There is support available through the Ministry's Employee Assistance Programme. The contact details are outlined on the very back page of this document.

Thank you for taking the time to read this consultation proposal. I look forward to engaging with you and your teams in the coming weeks and receiving your suggestions and comments.

A handwritten signature in black ink, appearing to read "J. Stevenson-Wallace". The signature is fluid and cursive, with a large loop at the beginning.

James Stevenson-Wallace
General Manager
Energy and Resource Markets

2. Purpose

This document outlines the reasons and the context for structural change to the ERM Branch to see through the decisions from High Performing MBIE. A key high level driver for the change was a need to reduce the number of direct reports to the General Manager.

This proposal emphasises the need to improve efficiency and focus, provide clear lines of accountability, and enhance connectedness between the Leadership Team and Branch activities through flatter management structures. The proposal also aligns the Branch so we can deliver on our core strategic, policy and regulatory functions.

This proposal clusters like-functions to meet current and future needs. It redeploys regional engagement and iwi relations functions to the National Minerals and Petroleum teams, to position the managers of those units with the support they need to meet the whole range of sector leadership responsibilities (industry, iwi, peak body and regional relationship). This provides a simpler single point of engagement for external stakeholders, while also changing the way we engage and operate as regulators and advisors.

3. Change Criteria

The criteria I previously used to guide my thinking included;

- Each person will report to one person only; there will be clear management responsibilities and obligations;
- The span of management responsibility will be sensible and take account of the number of direct reports, span of accountabilities, and embed aligned and non-conflicting functions;
- There will be no duplication of roles and all roles, responsibilities and decision making rights will be clear and transparent;
- In line with one of the objectives of MBIE's formation, 'like functions' will be clustered to help create centres of excellence within ERM;
- To make the most of the benefits of specialisation that comes with clustering functions, there will be opportunities for greater interaction between different functions and teams;
- Conflicts of interest will be managed;
- Our role as a resource manager will be reinforced and clear, and our approach to assessing and pursuing potential investment will be deliberate and purposeful, and represent best value for money;
- Where structure delivers efficiency (ie staffing cost reductions), FTEs will be held over to reflect the increasing need for the Branch to alleviate cost pressures and meet budgetary constraints;
- Any changes will be achieved within ERM's three-year FTE cap and managed within agreed four year plan baselines;
- An ongoing commitment to investing in staff development to match changing priorities, alongside building staff resilience to change.

These are still important to my direction for ERM. As a result of HP MBIE, this Branch is significantly broader and more sophisticated and our operating environment is markedly different. Our responsibilities influence the whole of the upstream and downstream energy and resource sectors. Accordingly, there are additional considerations that I have used to guide development of this proposal.

3.1 Drivers for Change

The overall drivers for change are improved operational efficiency, clear lines of accountability, and greater connectedness between the Leadership Team and Branch activities through flatter management structures. Overall, the initiatives will seek to better embed the former NZP&M's permitting, allocation, compliance and enforcement operational functions and align with the signals set under High Performing MBIE. In particular, this change process is necessary to:

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- Complete and bed-in the operational changes to the former NZP&M (address blurred management accountabilities and cluster activities together for efficiency);
- Integrate policy and operational functions, and increase the size of key management and leadership roles (by reducing the number of senior managers to around 7-8),
- Follow through on HP-MBIE: improve financial management; create effective partnerships with MBIE corporate (and reduce duplication over time so that the way ERM is supported by corporate functions mirrors that in other parts of MBIE); and optimise outward facing engagement; avoid silos and get better at shifting resources where they are needed to either meet MBIE needs or sector needs;
- Provide continuity to, and the lead input for MBIE, in policy issues in the Natural Resource Sector, including through the Business Growth Agenda (resources and renewables), and by providing strategy development and transition for the energy system, and leading input on climate change policy;
- Focus our resources and efforts on core activities of regulatory excellence and quality policy advice, and organise ourselves in a way that is forward looking and responsive to our broader organisational, political and sector environment while divesting ourselves of event management or conference functions;
- Ensure that we meet the intent of the boost given to our capability and capacity to manage the Crown mineral and petroleum estate in 2010/11 by ensuring that our resources (personnel and funding) are flowing to the right areas (permitting, allocation, and compliance);
- Following on from HP-MBIE, adopt functions and responsibilities for climate change policy and lift performance in development of energy sector strategy;
- Expand our focus on more strategic approaches to managing commercial sector stakeholders, so that we can get alongside industry leaders and influencers to support improved energy, minerals and petroleum sector performance.

Achieving these outcomes required me to consider the shape and span of my management team. As a leadership team, we need to step-up, and take broader perspectives across our shared work programmes. We also need to continue the process of clarifying responsibilities and have lines of accountability across our functional areas – the Policy Managers and the National Managers need to be clear where their stakeholder responsibilities start and stop. Our external environment has significantly changed over the last two years, and it is timely that we consolidate our management structures and focus on delivering our core functions.

When taken together, those criteria together point toward a main theme in this change proposal – a tightening of management structures.

In forming your views on this proposal I encourage you to consider the guiding criteria and the drivers motivating this change.

4. This review: the ERM leadership team and management structures

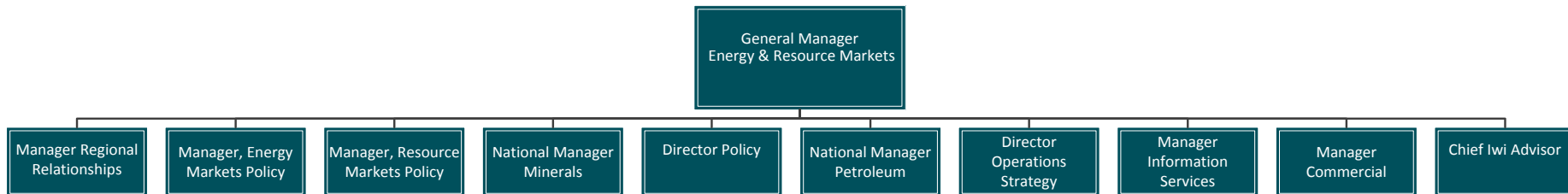
Our current management structure runs the risk that we duplicate efforts across the Branch, or duplicate activities provided elsewhere in MBIE. The structure impacts on how resources are deployed, and can cause confused leadership accountability. This change proposal aims to address these issues by re-aligning the Branch around our three core functions; policy excellence, regulatory integrity and information stewardship. This will enable us to:

- consolidate sector leadership activities – policy, operational, investment attraction and information – into clear functional groups with the right resources to carry out the span of sector leadership functions that each requires;
- increase our audit capabilities, and centralise our cross-Branch supports;
- draw more effectively on centralised MBIE services and resources;
- have management roles that more closely resemble MBIE norms in terms of spans of control and responsibility;
- ensure we continue to deliver on current Ministerial expectations;
- integrate specialist and technical functions within teams to create centres of expertise that managers can draw upon;
- expand sector leadership roles to better address our commercial and engagement responsibilities;
- emphasise the importance of our core regulatory and policy functions;
- provide a simpler framework for stakeholder engagement, and have clearer points of contact for our sector partners.

Lifting our capability in these areas requires us to refocus our efforts and resources, particularly on the operational side of the Branch.

4.1 Current Configuration

At its broadest level, the Branch is organised along three core functional lines – Policy (comprising Resource Markets and Energy Markets Policy Teams); Regulatory (comprising National Petroleum team and the National Minerals team); and Information Stewardship (Information Services Team). We also have a range of functions which aim to support these activities; a marketing and communications, iwi engagement; regional engagement and investment attraction, and two Director roles. Currently, each of these functions is led by a senior manager reporting to me.



A complete organisational chart of ERM current arrangement is attached as Appendix Four.

4.1.1 Resource Markets Policy

The Resource Markets Policy is responsible for the management of the Crown Minerals Act regime, providing high quality advice to Ministers and senior officials, and the management of the relevant appropriation. The role of the RMP team encompasses both the forward looking strategic approach to the management of New Zealand's petroleum and minerals resources through to an understanding of issues arising from the implementation of the regime. A key element of the role is influencing other policy makers and regulators across the public sector to take account of the Crown's petroleum and minerals interests and the needs of the sector in their decision-making. The RMP manager links the objectives and outputs of the ERM branch to the broader MBIE objectives such as regional economic development and therefore needs to maintain good internal and external networks.

There are a total of 11 FTEs in this team, all reporting to a manager.

This team also includes 1 PA/Team Administrator position.

4.1.2 Energy Markets Policy

The Energy Markets Policy team is responsible for energy legislation that sets the frameworks for the regulation of New Zealand's electricity, downstream gas and transport fuel sectors as well as energy efficiency. The functions of the team include policy development, and monitoring the performance of downstream energy regulatory systems, and the entities Electricity Authority, Gas Industry Company and ECCA. In achieving these outcomes, the team exercises stewardship of New Zealand's energy markets, including influencing New Zealand's energy strategy. The responsibilities of the manager are to ensure that advice to the Minister and senior officials is of high quality, that legislative processes are adhered to and the management of the relevant appropriations. The work of the team contributes to the MBIE intermediate outcomes of a 'more supportive and dynamic business environment', 'a built environment that supports a well-functioning economy' and 'greater value sustainably derived from natural resources'.

In 2015, this team inherited responsibilities for MBIE leadership on climate change policy, the Business Growth Agenda (Minerals and Energy components) and the Natural Resources Sector work streams. There are a total of 12 FTEs, 1 Fixed Term (F/T) and 1 Contractor in this team, all reporting to the manager.

4.1.3 Minerals Team

The Minerals Team contributes to MBIE's goals of creating a strong and *high performing economy without compromising the integrity of our environment and the safety of our workplaces* and *responsible development*. Achieving this requires the manager to permit in line with statutory responsibilities around allocation of minerals resources (including tender evaluations).

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This role is responsible for permitting, planning and allocation issues related to the minerals estate. This is a commercially focused role that is required to make decisions that are informed by real world commercial drivers and technically sophisticated geoscientific analysis. Work-planning based on these strategies contributes to ERM's delegated obligations under section 5 and 7 of the Crown Minerals Act.

There are a total of 16 FTEs and 1 Fixed Term position in the Minerals team reporting to the National Manager, arranged into two smaller teams;

- Minerals Permitting and Compliance – This team processes permit applications and ensures that all information required is collected and verified. Should a permit be issued, the team ensures that all obligations are met in accordance with the permit granted and with NZ legislation (11 FTEs including Manager + 1 F/T);
- Minerals Strategy – The Minerals Strategy team processes requests for information, provide oversight of Tier 1 permits. The team also provides strategic, regulatory and policy (including allocation strategy) advice on the minerals sector's participants and institutional arrangements (5 FTEs including Manager).

This team also includes 1 PA/Team Administrator position.

4.1.4 Petroleum Team

The Petroleum Team contributes to the MBIE's goal of creating a strong and *high performing economy without compromising the integrity of our environment and the safety of our workplaces and responsible development*. Achieving this requires balanced statutory responsibilities around Block Offer processes, including tender evaluations, and ongoing permit evaluation.

This role is responsible for permitting, planning and allocation issues related to the petroleum estate. This is a commercially focused role. Decisions weigh up real world commercial drivers, engineering and geoscientific analysis against work programmes negotiated with companies. Work-planning based on these strategies contributes to ERM's delegated obligations under section 5 and 7 of the Crown Mineral Act. The National Manager is also responsible for monitoring permitting processes and performance.

There are a total of 10 FTEs + 1 F/T in the National Petroleum team reporting to the National Manager, arranged into three reporting lines;

- Petroleum Production – is responsible for assessing permits related to oil and gas extraction (2 FTEs including Manager + 1 F/T) – the Manager Petroleum Production position and the Petro Physicist (F/T) role are vacant.
- Petroleum Exploration and Appraisal – is responsible for assessing permits associated with prospecting and exploration activities (7 FTEs including Manager). One of the Senior Exploration Geologist roles and a Junior Geologist role are currently vacant.
- Senior Permit Officer – responsible for processing petroleum permits and licenses.

4.1.5 Information Services Team

The Information Services Team has a dual responsibility for the stewardship of New Zealand's holding of geoscience exploration data and the provision of operational business systems to the Branch that underpin our regulatory services. Alignment of these functions within a single unit creates a center of excellence for the provision and integration of geoscience, permit and geospatial information. Clustering these information related functions together has created the scale and environment to focus on improving the experience of all users of these services, public and private.

There are 15 FTEs in this team + 3 F/T, reporting to the Manager Information Services. They are arranged into two teams;

- Geoscience Information team (7 FTEs including Manager + 1 F/T) oversees quality control, management, preservation and public access to geoscience data submitted to the Crown under the Crown Minerals Act. This includes both digital and physical data assets.
- Business Systems team (7 FTEs including Manager + 2F/T) provide the enterprise systems and quality management framework that supports our digital register of permits, online transactional, geospatial and web service capabilities.

This team also includes 1 PA/Team Administrator position.

4.1.6 Commercial Analysis and Investment Team

This team is responsible for developing and executing commercial strategies to attract foreign direct investment (FDI) into New Zealand. These commercial strategies are based on relevant commercial and resource information for both the petroleum and minerals sector. The role is also responsible for procuring commercial and market information and making that available to the Branch. The team is expected to engage in the debate across government agencies in relation to FDI in the petroleum and minerals estate.

There are 7 FTEs + 1 F/T in this team under the Manager Commercial Analysis & Investment. They arranged into two smaller teams;

- Commercial and Resource Analysis (4 FTEs including Manager) – procures and manages resource and market information.
- Promotions and Investment (3 FTEs including Manager + 1F/T) – executes investment attraction strategies and target potential sources of FDI.

4.1.7 Chief Iwi Advisor

This role is provides advice and support related to Māori interests, primarily in the area of petroleum, minerals and other resources to ensure Crown obligations to Māori are met. The role includes liaising with Māori Economic Development Unit to make sure ERM priorities and work are integrated into MBIE's core business. It is also designed to engage effectively with Māori organisations and Iwi, ensure Māori issues and viewpoints are represented, and help build capability and cultural awareness across our Branch of the implications of our activities. The Chief Iwi Advisor is supported by a Senior Iwi Advisor and an Advisor Iwi Relationships. The Chief Iwi Advisor role has been deliberately held vacant in anticipation of this process in order to provide flexibility following the direction set by the Chief Executive in his final decisions in High Performing MBIE.

4.1.8 Relational Relationships Team

This team was formed to provide assistance to the former NZP&M to lift regional acceptance and engagement with petroleum and minerals develop and exploration growing social licence. Its central functions include consultation processes, engagement with iwi and regional local territorial authorities including and councils.

There are a total of 1 FTEs in this team reporting to the Manager Regional Relationships. This team also includes 1 PA/Team Administrator position.

The fixed term position of Team Leader Marketing (with 5 F/T reports) officially a report to the Manger Regional Relationships but as an informal arrangement has been reporting to me directly since 2014. The Marketing and Communications Team was created on a fixed term basis to post the Crown Minerals Review help the former NZP&M reset its capability and professional profile when marketing to foreign investment. The team also boosted the former NZP&M's communication capability, and supplemented MBIE communications by lifting NZP&M's responsiveness to media enquiries.

4.1.9 Director Operations Strategy

This role provides cross-Branch leadership and support to the General Manager and the Leadership Team. In addition to core reporting, critical cross Branch operational support functions, the team provides services including auditing, financial analysis, and fee and Royalty collection. The Director Operations Strategy is also responsible for supporting Branch development, and provides coordinating input on emerging priority work items.

There are 4 FTEs reporting to the Director Operations Strategy. This team also includes 1 PA/Team Administrator position.

4.1.10 Policy Director

The Policy Director is responsible for thought leadership and influencing the strategic direction in Branch policy and regulatory advice. The Director is tasked with building linkages in the work programme across the branch and MBIE, and with other agencies. The Director also supports delivering policy and robust regulatory design.

In general terms, the Policy Director position works across the ERM teams and provides a flexible leadership resource to help balance the pressures on Policy Managers (who lead large teams and large work programmes) and the General Manager. The position leads large programmes of work, such as systems level reviews, and assists in providing advice and leadership on responding to critical issues, such as internal or external problems affecting the performance or influence of ERM, or our regulatory systems. Policy Directors also provide contributions to all-of-MBIE programmes. MBIE is currently reviewing the scope of Director positions as part of the ongoing work in the policy capability review.

5. Issues Identified

This section explores the issues identified in the current structural arrangements. There are a number of issues of particular concern to me:

5.1 Clustering functions and span of control

- Clustering functions efficiently - we need to ensure that like-functions or activities are grouped efficiently;
AND
- Span of roles –management roles need to mirror expectations of reasonable spans of resources and complexity.

From a management and governance perspective, it is important that role seniority reflects the level of influence, accountability, and management responsibility. Across the leadership of ERM, some functions have been spread thinly across multiple managers or unnecessarily duplicated by being outsourced to other managers (e.g. responsibility in the petroleum sector for iwi engagement has been outsourced to the Chief Iwi Advisor from the National Manager Petroleum). This is most evident in areas of stakeholder management and sector leadership. National Managers, Policy Managers, Regional Relationship Managers and the Chief Iwi Advisor all have sector leadership roles that can and do overlap from time to time. Externally, this lack of clarity can lead to some stakeholders ‘shopping around’ managers for answers they want to hear. It can also make for clumsy first interactions with new entrants becoming permit holders. In addition to the frustration of sector leaders interacting with us, such duplication is also an inefficient use of resources.

I acknowledge that an alternative approach – such as that we employ in the energy markets space where the Manager is the single point of management contact for the sector, can lead to potential issues with capability (specialist knowledge) and capacity (large span of relationship management). However, I consider that for practicality it is preferable to have clear and well defined management roles and stakeholder responsibilities.

I consider that some of the legacy structures are no longer relevant in ERM. For instance, the Minerals Strategy team that sits within the National Minerals team provides support for larger or more complex minerals permits as well as providing regulatory and policy support (in particular, around policy activities in Ministerial servicing and Machinery of Government). Prior to High Performing MBIE, that regulatory policy support in practice extended across the former NZP&M. A key question that I am considering is whether quasi-policy advice on larger permits provides any additional strategic advantage, than that that can be provided by other consolidated policy groupings and the additional 25 policy professionals now in ERM. As with previous changes to the former NZP&M, I consider it is more sensible such functions are clustered together. In a similar way, in this change proposal I am also examining the role and span of the Director Policy.

General drawbacks with spreading functions thinly across the Branch (rather than clustering) include the risks of duplicating functions and activities, coordinating complex work linkages, and increasing transaction costs (ie the ease of doing work across the Branch). It may also cause boundary issues or

confuse accountability. Having diffused capability runs the risks of differing agency 'voice' (the style, tone, frameworks, analytic approach and background context) to our Minister. Having separate voices can undermine the confidence of a Minister that our policy agenda is coherent and our approach is consistent. Any Ministerial doubts in this area can have an extremely detrimental effect to our ability to formulate and drive a strategic policy work plan, or evolve our regulatory processes.

These deficiencies do not manifest in all circumstances. For instance, I looked at the merits of clustering all permit officers together under a single manager, such as the Director Operations Strategy. However, after careful consideration, I concluded that the merits were far outweighed by the loss of continuity, degraded operational efficiency and loss of direct line-of-sight in permit processing workload pressure by National Managers. Ultimately, I consider that it is much more efficient to continue to align permit officer processes alongside geologists as a key part of an operational chain in permit processing. Unlike policy functions, permitting functions are integral to regular, planned, and predictable operational process.

This change process allows us to refine how we are currently grouping our functions.

5.2 Management accountability

- There is a risk that a lack of role clarity across the management team will lead to failure around work planning, or delivery;

I consider that the current management arrangements present accountability risks. This Branch benefits from having outcome focused, high calibre senior managers with a clear perspective over their responsibilities and expected priorities. Confused lines of accountability between senior managers present several risks, including over or under delivery. We must accept that some ambiguity is always present, and in a Branch where I want to drive more flexibility and scope for inter-team links and work, there will always be some day-to-day ambiguity. I consider that cross cutting work does help to drive collective performance and ensures that we have a culture where advice is contestable. Notwithstanding this however, it is important that staff know very clearly which managers are responsible for what areas, and that there is some objective clarity about what work falls in what area.

Without clear lines of accountability and separation of functions in the Leadership Team, an over delivery risk (and attendant resourcing implications) occurs when the same or similar work is done in different teams. This does not need to occur in large scale, high profile work items for it to be detrimental to overall Branch performance. Repeated, small duplication of effort can have a much more sustained impact than a high profile overlap. Under-delivery occurs where senior managers mistakenly believe similar work is being done elsewhere in the Branch, or mistakenly believe that the decision lies with another manager. Again, small inefficiencies in accountability may contribute to inertia and end up presenting a greater risk to our day-to-day operation.

At an extreme end, lack of clarity around accountability risk can lead to inter-manager tensions and dispute. In addition to efficiency loss, this can have a very detrimental impact on leadership culture and teamwork. As ERM is a newly created Branch with a new leadership, but is comprised of components from our former Branch arrangements, I consider it is critical that this risk be managed.

5.3 Customer centric

- There continues to be the risk that the way we are organised is not transparent or straightforward for industry stakeholders, particularly in our sector leadership functions;

Blurred lines of senior management accountability present difficulties for our industry stakeholders. Where there is confused responsibility or clumsy hand-over practices for stakeholder relationships, external parties may find it difficult to navigate MBIE, or perceive this as a lack of sector leadership. This undermines our efforts to build, maintain and leverage more strategic relationships with stakeholders to achieve sector development outcomes. It also presents a risk that some external parties may attempt to 'shop-around' our internal structures to their benefit. This is inefficient, both for stakeholders and for the Branch, and presents a risk of inconsistent decision making or messaging.

I prefer providing our sector stakeholders with clear points of entry to the Branch, and clarity about where responsibilities and decision making sits. Being customer centric also helps us to think hard about the services we provide, and makes sure that we organise ourselves around our core functions of information stewardship, policy leadership and regulatory systems integrity. I consider that this will make it easier for us to be open and inclusive with industry and bring them to the table to help us progress our sectors. Industry and other stakeholders need predictability when they deal with us, and improved strategic relationships means that we can be better informed about our sectors intentions.

For us to be customer centric, it is important that we understand the nature of our sectors and we organise ourselves to reflect that. Our chief customer is the Minister of the day. It is critically important that we have the skills, systems and people in place to ensure that the Minister is being served and confident in our abilities. Our other key stakeholders are in the energy, petroleum, and minerals sectors, and this is currently, though broadly, reflected in the way we are organised at the moment. It is important though to recognise the very different relationships that we have with these sectors. In the energy sector, we have subtle levers, the chief being our role in providing contestable advice on the entities that we monitor and oversee. Our role here requires very skilful influencing of entities as we have limited direct levers we can pull, and deep capability about the strategic direction and aspirations of all participants in the energy sector. In the minerals and petroleum sectors, while we still require skilful influencing and leadership, our direct regulatory tools and responsibilities makes our relationship with industry stakeholders quite different.

5.4 Branding

I have been giving very active consideration to the future use of the NZP&M Brand. Internally, the NZP&M Brand no longer formally exists. When I was considering the merits of containing the use of the Brand externally however, I was very conscious of the ongoing investment attraction work that was occurring, particularly for Block Offer 2015. I did not want to cause any confusion amongst potential investors in our estate ahead of completing Block Offer, given the current cycle in the commodity cycle and contraction of exploration budgets worldwide.

Staff In-Confidence

The decision to adopt the former NZP&M Brand was to drive an increased commercial focus with the formation of NZP&M. I have doubts that the ongoing use of the NZP&M Brand is of much merit, and comes at a significant risk of perpetrating old Branch identities. I believe that the firms we regulate are more concerned about the effectiveness and integrity of our regulatory systems than a stand-alone, separate NZP&M Brand. I also consider that the “MBIE” and the “New Zealand Government” brand are not only just as recognisable to our current and potential permit holders, but are more likely to better reflect or core role around regulatory integrity. Accordingly, when I take final decisions on our structure later in March I will also make a final determination on the continued use of the NZP&M Brand.

6. Proposal: Consolidation of Senior Leadership and Management Structures

I propose the consolidation of the senior management team in ERM (fewer direct reports to the General Manager), with the intent of making consequential changes to flatten team structures by realigning reporting lines and disestablishing some management positions. To promote technical depth and career progression, I propose to introduce new Principal Advisor roles, and expand the breath of responsibilities of some positions.

The changes will provide greater role clarity (internally and externally), and shift resources to further enable the National Managers in achieving their sector leadership responsibilities. The specific changes are outlined below team-by-team. I also discuss the ways that I consider that these proposals will address the deficiencies in the current arrangements.

Attached as Appendix Five is a draft line diagram of my proposed change. Attached at Appendix Three is a table setting out each position that is disestablished, or is subject to a reporting line change, or is established as a new position in the Branch. Each of these changes is discussed in detail below.

6.1 Proposed Leadership Team Arrangements – Sector Leadership

I propose that the senior leadership team be rearranged and functions redeployed to support the National Managers with their outward facing regulatory sector leadership roles. This would entail:

- Disestablishing the Chief Iwi Advisor Position;
- Disestablishing the Regional Relationship Manager Position;
- Right-sizing and realigning specific into the Minerals and Petroleum teams, to support the National Managers sector leadership and engagement activities.

6.2 Proposed Leadership Team Arrangements – Marketing and Communications and Director Operations Strategy

Marketing and communications roles within the Branch are on fixed term arrangements to 30 June 2016. I propose that these functions are transferred on a temporary basis to the Director Operations Strategy until fixed-term contracts expire in June this year. To ensure we continue to meet the expectations placed on us by the Minister in respect of specialist communications and media support for the resources and energy sectors, I am proposing to establish one full time Senior Communications Advisor for the Branch. Given the cross-Branch nature of that support, the role would report to the Director Operations Strategy. I note however that MBIE Communications is currently undergoing a review of its operating model. In terms of servicing our core marketing and communications needs, I favour moving a co-location model of a communication staff member similar to our collocated legal support.

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The Marketing and Communications Team currently provides support for development of collateral for the Commercial Analysis and Investment team. This replicates the service available to us by the MBIE Design Team that we currently fund through our financial overhead allocations. In future, I expect that we make more of this service through closer engagement with MBIE design teams to ensure ERM's investment attraction collateral is delivered in a timely manner. I consider that this closer inter-Branch engagement will help to achieve the objectives articulated in HP MBIE, and is a more efficient way of using design and marketing resources.

I am also proposing to lift our compliance and auditing activities and capacity by establishing an additional auditor role reporting to the Director Operations Strategy.

6.3 Proposed Leadership Team Arrangements – new Regulatory Systems Policy Manager

I am proposing to establish a new role of Manager Regulatory Systems Policy reporting to me, and disestablishing the fixed-term position of Director Policy. The new Regulatory Systems Policy team would provide the leadership and breadth of expertise necessary to provide ownership of the cross Branch strategic policy development process we are involved in, including the Business Growth Agenda, Natural Resources Sector work streams, Water Reform, and regional development agendas and policies. Our energy and resources work touches on many government policy agendas and strategies, and I consider that a new team of senior and principal advisors will have greater capacity to influence across MBIE and the broader public policy debate. It would also provide a core of highly skilled senior policy practitioners that can be flexibly deployed across the Branch.

The current fixed-term Director Position would be disestablished and its functions rolled into this team. It would also be resourced by the (vacant) full time Policy Director role from the former REC Branch, a role which would be reconfigured to a Principal Advisor. The proposed arrangements and resourcing for this new team is described in section 6.4.3 below.

6.4 Proposed Changes – Flattening management structures and changes to reporting lines

Changes at the leadership team will have consequential impacts on the composition of other teams. My proposal also goes further than a simple change to reporting lines. To provide certainty and arrangements that will meet future needs, I am also proposing a range of team level changes, as detailed below.

6.4.1 Petroleum Team

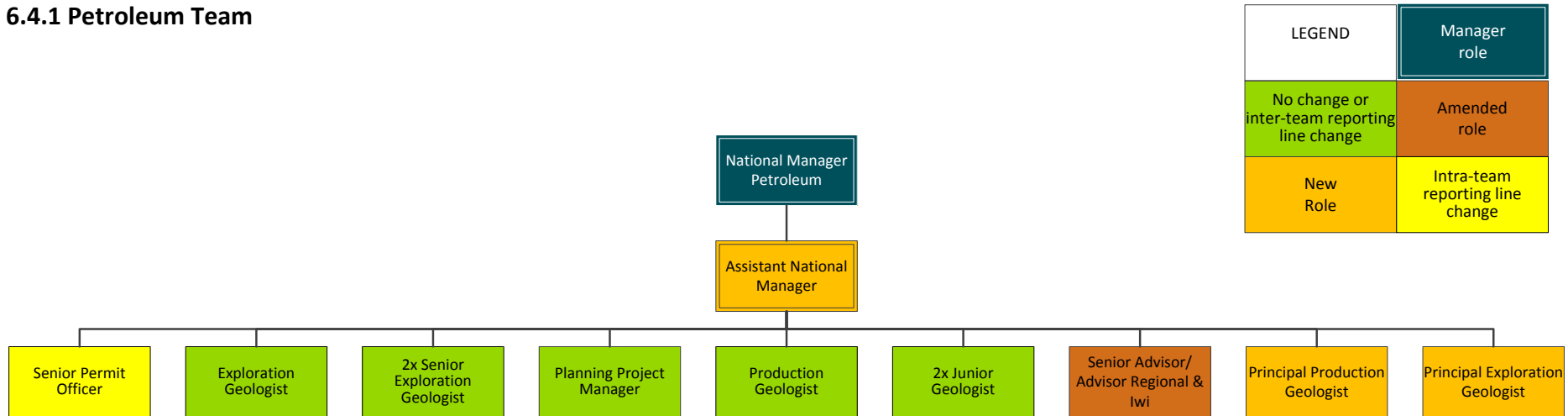


Figure 1 Proposed Petroleum team

We need to arrange teams in a way that allows us to be flexible in the way we deploy resources. The current structural split in the petroleum team is artificial and has never been fully stood up and is inflexible to industry cycles in the sector. Commodity prices are at a cyclical low and exploration and development budgets world-wide are being cut for the second consecutive year (a situation that has not occurred since the mid 1980's). The sector is retrenching and focusing on maximising production from existing assets rather than exploration in frontier basins. Additionally, in the New Zealand context, a key emerging strategic risk that we as regulators need to manage over the coming three to five years relates to decommissioning of some of our largest production assets. Our current structure, with its focus on resourcing in the Petroleum Exploration Team, is contrary to these current realities as:

- We are not fully delivering on our responsibilities around petroleum production functions (e.g. production data, contestable advice and understanding of producing resources);

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- Our work-flow pressure is focused on Block Offer annual cycles, and this work needs to be normalised and transition from a specialist process to Business-As-Usual;

The challenges for the Petroleum Team is that our regulatory permitting work is demand drive; during upcycles in oil prices we experience a lift in new permit applications whereas during time of depressed prices our work swings towards a focus on renegotiation of work programmes. At both times, however, the work requires a high level of technical depth. We need to ensure that we have the right level of seniority and experience to manage the complexities we face (geological, technical and commercial) during different business cycles. In addition, management of the petroleum permitting regulatory system is complex; our stakeholders have high expectations about engagement with us at the right levels, and running the team (workflows and outputs) requires dedicated attention. Internally, the challenge for the petroleum team is management of technical and highly specialist geoscientific work; externally, the challenge is around the need for us to devote more time building and enhancing our strategic relationships and leveraging our sector leadership to help develop industry to the benefit of New Zealanders.

The details of the changes I am proposing for the petroleum team are described at a role-by-role level below.

However, the core of my proposal is to disestablish the Manager Petroleum Production and the Manager Petroleum Exploration and Appraisal role, and replace both positions with a single Assistant National Manager. The Assistant National Manager will be delegated some of the day-to-day management and technical leadership of the petroleum team. This in turn will enable the National Manager to fulfil the expectations to provide sector leadership and influence. For instance, while the Assistant National Manager may manage day-to-day allocation of work and technical support around annual review meetings, the National Manager will be working on developing and implementing alongside other public and private sector influencers to use those processes more effectively to advance shared aspirations. While aspects of technical and day-to-day management may fall to the Assistant National Manager, the National Manager will retain responsibility for overall team direction and leadership.

This division of responsibilities will strike a balance between the outward facing strategic sector focus, and technical leadership in the day-to-day management of permitting. I also consider that this will help to foster and increase our geologists' technical capability by structurally allowing for a more flexible allocation of work.

To support technical progression and ensure that staff have the support for our complex activities, I also propose establish two further senior roles; a Principal Production Geologist and a Principal Exploration Geologist. To enhance our ability to attract, retain and build capability in highly technical and specialist roles, I consider that it is important that there be clear lines of progression. The addition of Principal Geologist level in the petroleum team will

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help to move to a situation where an established core of senior technical staff can help to mentor and develop more junior staff, and take greater ownership of team work programme and annual operating plan development.

Petroleum Team responsibilities include those at a national level (e.g. input into policy formation around allocation issues), as well as those at a regional and local level (e.g. consultation and influence with regional authorities). To provide support to the National Manager and assist in their sector leadership functions, I propose to embed regional and iwi functions and resources in their direct teams. This proposal would involve a reporting line change for either the Senior Iwi Advisor or Iwi Advisor to the Assistant National Manager from the Regional Relationship team (a similar change in reporting lines will occur to provide support to the National Manager Minerals. I will undertake a process of reassignment with the affected staff).

National Manager Petroleum

The proposals enable the National Manager Petroleum to bring direction and place greater emphasis and effort in meeting their current responsibilities to providing sector leadership. A further benefit is that it will also provide more transparency for our stakeholders and help them understand how we are arranged. In disestablishing the Chief Iwi Advisor and Regional Relationships Manager, I am expecting National Managers to step up and take accountability for being a single point of entry for engagement with key stakeholders in their sectors and maintain a forward-looking stance. I also wish to resolve difficulties that have emerged from time to time around negotiations between National Managers commissioning and resourcing work from other teams (for example, National Managers both seeking iwi engagement support at the same time, requiring a three way negotiation leading to blurred lines of accountability).

At a team leadership level, a flatter internal management structure formally breaks down barriers and allows for more a more flexible approach to allocating work and providing opportunities for technical staff to work issues relating to both exploration and production.

Under this proposal, while the National Manager Petroleum will lose one direct report, they will gain additional expectations regarding sector leadership activities. I do not consider that this materially changes the National Manager Petroleum role or the scope or scale of the position, and so the incumbent would be reconfirmed.

Assistant National Manager

The Assistant National Manager will report directly to the National Manager. All other staff in the team will report on a day-to-day basis to the Assistant National Manager. This arrangement will support the National Manager achieve an “outward and upward” sector leadership and strategic planning focus,

Staff In-Confidence

by enabling day to day work planning and strategic support and technical leadership to be delegated to the Assistant National Manager. The intent is to provide the space for the National Manager to work at a more strategic, outward focused and stakeholder focus while also expanding the relative overall weighting of seniority and experience in the Petroleum Team.

I am conscious of the need for clarity on management structures and accountabilities, and welcome feedback on the workability of this approach. I encourage staff however to recognise that the arrangement needs to be dynamic and that the final detailed division of responsibilities is something that the National Manager and the Assistant National Manager will work together to determine in performance agreements and Annual Operating Plans. Final detailed business arrangements around workflows and priority settings will by necessity depend upon the personalities and skills of the individuals in the National and Assistant National Manager role at any one time. By definition, flexibility and agility require some level of ambiguity.

These leadership arrangements effectively replicate the current arrangements that have naturally evolved over time. There is, and has been for an extended period of time, a single person managing both the Petroleum Exportation and Appraisal Team, and the Petroleum Production Team. While both the Petroleum Exploration and Appraisal and the Petroleum Production manager positions will be disestablished, the individual currently managing these roles will be reassigned to the Assistant National Manager Petroleum position.

Principal Production Geologist, Principal Exploration Geologist, Petroleum Specialist

Senior geological technical capacity in the petroleum team needs to be at the very least maintained, or grown, in order for us to efficiently allocate rights to explore for and mine petroleum and lift industry confidence. In addition to the management responsibilities, the Manager Petroleum Exploration and Appraisal, and the Manager Petroleum Production in the current arrangement provide/is intended to provide this technical leadership. I consider that this resource and capability needs to be retained, and propose to create two new principal geologist roles reporting to the Assistant National Manager.

The advanced technical capabilities, knowledge or experience that principal-level geologists will lift out capability to understand the Crown's resource assets, and how to maximise those benefits for New Zealand. Currently, with the long-term vacancy of the Manager Petroleum Production, for some time we have had a gap in in-depth technical knowledge on petroleum production. We need to be mindful of the purpose for the creation of this team and its functions, and an additional principal geologist along with a flatter, more flexible management structure, will enable us to deploy resources where they are most needed.

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As with Principal-level roles in the policy teams, establishing principal level roles in the petroleum team will provide progression pathways other than through management. Having additional senior level capacity will allow for more complex, ambiguous tasks to be match with high levels of technical capability, or support for more junior staff engaged in those tasks. The expectations on Principal Geologists mirror those of Principal Advisors in terms of expert level knowledge or technical skill, mentoring, influence, span of work programme and advisory skill, albeit with a more scientific and technical lens.

In the current arrangements, there is a vacant fixed term Petro-Physicist. This is a highly specialist role, and we have previously never had the need for a role with such a deep and narrow skill set. As a result, this position has never been filled. I propose to disestablish this position in the National Petroleum Team, but that the budget for that role be retained in the Petroleum Team to use for a contracted specialist position as and when the needs arises. That contract position would not be narrowly limited to a petro physicist but could be used to contract any type of petroleum specialist. I consider that this contract arrangement provides much more flexibility to the Petroleum team to meet specialist resourcing needs than the current fixed term arrangement. An appointment of a contractor to this role would be confirmed through an Annual Operating Plan process of ensuring work, timing and resources align.

Senior Advisor/Advisor Regional and Iwi

In expanding the outward facing stakeholder management and sector leadership of the National Managers I consider that it is important that they are adequately supported and resourced to lead a wider range of discussions with stakeholders. To achieve this, I would reassign either the Senior Iwi Advisor or the Iwi Advisor roles currently in the Regional Relationship Team by a reporting line change. Should I proceed with this proposal, I will engage directly with affected individuals with the intent of minimising disruptions while meeting personal preferences and maximising business need.

Other proposals

As noted above, I have considered the merits of centralising the permit officers together reporting to the Director Operations Strategy and can see both benefits and risks, does not form part of my core proposals. While co-location is discussed in the proposals relating to the Director Operations Strategy, it is not worked up in any detail. I am however open to any commentary on the merits or otherwise of centralisation of permit officers.

All other existing positions in the Petroleum Team would be unchanged in this proposal, apart from a change in reporting lines.

6.4.2 Minerals Team

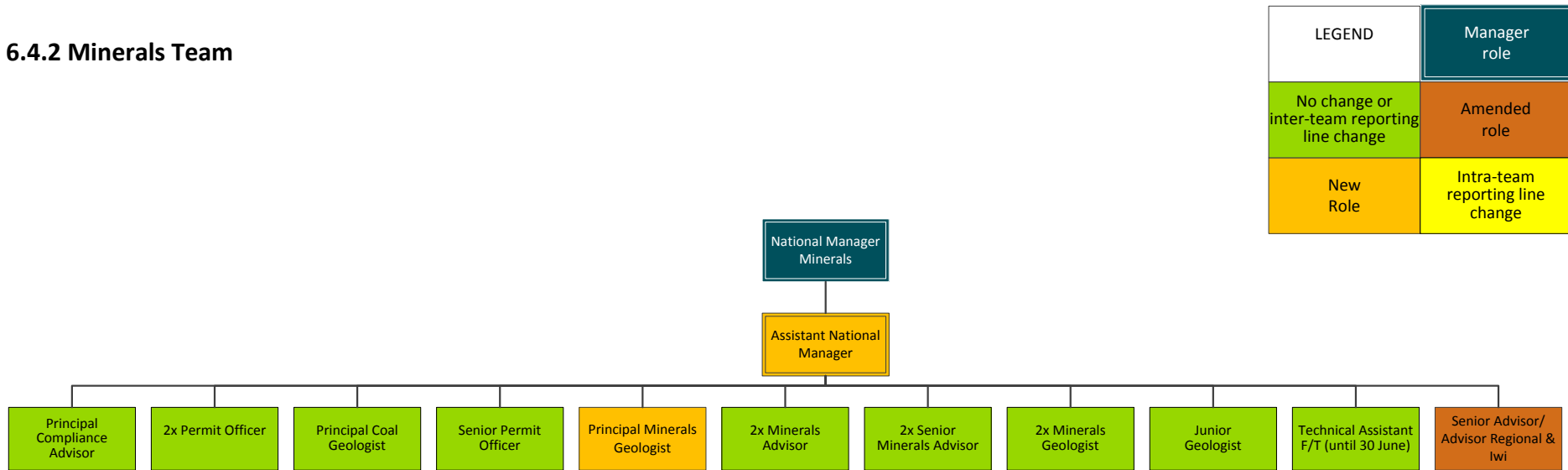


Figure 2 Proposed Minerals Team

The functions and responsibilities of the Minerals team are quite similar, at a high level, to those of the Petroleum Team, and encompass sector leadership, regulatory decision-making supported by complex technical analysis and commercial understanding. At an operating level however, the teams are quite distinct.

The challenge faced by the Minerals team is tied to the make-up and nature of its permit holders. The minerals sector in New Zealand is diverse and complicated, and encompasses very sophisticated and large operations contributing the bulk of minerals Royalty returns, through to very small operations. The minerals sector far outweighs the petroleum sector in terms of permitting activity.

Against this sector background, the traditional model we have employed in regulating the minerals sector appears to have evolved from the Petroleum Action Plan. When that plan was developed, there was a clear focus on regulating and extracting greatest possible return from the petroleum resources in New Zealand by building much greater capability in the assessment – geologic and commercial – and ongoing audit of the petroleum sector, which has very different drivers to the minerals sector. In the petroleum sector the costs of exploration and development are comparatively high, and act as a significant barrier to small scale operations with limited capability.

Staff In-Confidence

The model for the Petroleum team was simply replicated for the Minerals team. Successive structural changes have unwound this to some extent and prevent full implementation of the current model. Deficiencies in the current arrangements have also meant that we have failed to fully deliver on the focus and strategic leadership envisaged in the Crown Management Act reforms.

I consider that there is still a very high weighting given to assessing applications as opposed to monitoring ongoing performance and compliance against work programmes. Given the nature of the sector and the very large number of tier two permit holders, the balance of the challenge we have in maximising returns to the Crown rests on compliance activities. Unlike the petroleum sector, rather than a competitive assessment of work programmes upfront, we need to ensure that permit holders deliver on work programmes. I consider that to address the long backlog of applications that has been so corrosive to staff engagement and to sector confidence of us as efficient regulators, we need to change our operating model and focus.

The structural arrangements in the Minerals Team duplicate functions in other parts of ERM. As well as dedicated management of larger tier one permits, the Minerals Strategy Team provides quasi-policy support that spans both the minerals and petroleum regulatory frameworks, policy functions which are duplicated in the Resource Markets Team and available in the Energy Markets Team. I also consider that the Minerals Permitting and Compliance team structure is too rigid and embeds an outdated model that is not fit for purpose to meet the compliance and permitting challenges in the Minerals sector.

The core of my proposal for the Minerals Team aligns with the Petroleum Team, but is specifically weighted toward challenges we face in regulating the minerals sector. I am proposing that both the Manager Permitting and Compliance Role and the Manager Minerals Strategy roles be disestablished and a new position of Assistant National Manager Minerals be established. Roles reporting to the Manager Minerals Strategy and the Manager Minerals Permitting and Compliance would have a reporting line change to the Assistant National Manager Minerals. As with the proposal for the Petroleum Team, I consider that a dedicated Assistant National Manager role with responsibility for day-to-day workflow management will enable the National Manager to focus on strategic, outward facing engagement and influence.

Given the quantity and breadth of work, I consider that it is critical that a relative level of seniority and experience is retained in the Minerals team. Therefore, I propose to establish a Principal Advisor Permitting, to work with and alongside the Principal Advisor Compliance and the Principal Geologist Coal to provide intellectual leadership and advice to change the processes around how we regulate the sector towards a greater focus on compliance. We have a skilled and customer-focused group of people in the Minerals Team, and the technical, permitting geologic skills are marked by their understanding of a complex and varied sector. In line with the sorts of activities undertaken in a commercial setting, we simply need to focus those skills towards activities conducted to move toward production and development. I am also proposing to establish a Iwi and Regional Senior Advisor to provide additional specialist stakeholder management capability to support the National Manager Minerals outward focus.

Staff In-Confidence

National Manager Minerals

The existing scope and scale of this role will be largely unaffected under this proposal. As with the National Manager Petroleum, the number of direct reports will decrease from two to one. The overall management scope of the role – particularly providing and setting strategic direction, and team leadership for the Team – will be unchanged. However, as with the National Manager Petroleum, I am expecting a lift in the relative weighting in activities from the role that are dedicated to sector leadership and stakeholder management.

I do not consider that this materially changes the National Manager Minerals role or the scope or scale of the position, and so in this proposal the incumbent would be reconfirmed.

Assistant National Manager Minerals

The Assistant National Manager will report directly to the National Manager. All other staff in the team will report on a day-to-day basis to the Assistant National Manager. At a principle level, I consider that this arrangement will support the National Manager achieve an “outward and upward” sector leadership and strategic planning focus, by enabling day to day work planning and strategic support to be delegated to the Assistant National Manager.

As with the proposed arrangements for the Petroleum Team, I am very conscious of the need for staff to have clarity on management structures and accountabilities, and welcome feedback on the workability of this approach. I encourage staff however to recognise that arrangement needs to be dynamic and that the final detailed division of responsibilities is something that the National Manager and the Assistant National Manager need to determine. Final business arrangements around workflows and priority settings will by necessity depend upon the personalities and skills of the individuals in those roles at any one time, and I would expect that they would be clearly outlined in Annual Operating Plans.

Staff In-Confidence

Principal Minerals Geologist

This new position will provide specialist and senior level support for larger, more complex permits including tier one permits. The Principle Minerals Geologist will also support the Assistant National Manager by monitoring permitting performance as we transition to a greater focus on ongoing monitoring of permits. I consider that this Principal level resource would also provide some project leadership, mentoring and workflow assistance for the Assistant National Manager by working to develop a way of addressing the lowest value or least complex permits. The details of that arrangement will need to be developed at an Annual Operating Plan level.

Senior Advisor/Advisor Regional and Iwi

In expanding the outward facing stakeholder management and sector leadership of the National Managers I consider that it is important that they are adequately supported and resourced to lead a wider range of discussions with stakeholders. To achieve this, I would reassign either the Senior Iwi Advisor or the Iwi Advisor roles currently in the Regional Relationship Team by a reporting line change. Should I proceed with this proposal, I will engage directly with affected individuals with the intent of minimising disruptions while meeting personal preferences and maximising business need.

Senior Regulatory Analyst and Regulatory Analysts

The Senior Regulatory Analyst role will undergo a reporting line change into the newly established Regulatory Systems Policy Team and be re-titled as Senior Policy Advisor to align with titles in the policy teams. The vacant Regulatory Analyst position will be disestablished.

Other Positions

All other positions would undergo a reporting line change only to the newly established Assistant National Manager. As noted above, I considered the merit of consolidating all the permit officers into a single team, reporting to the Director Operations Strategy but have not developed that option for consultation.

6.4.3 Policy Teams – Proposal to establish a new team

It is critical for our ongoing success that strategic, broad, policy advice links the span of our energy and resources responsibilities to MBIE and the rest of government priorities. We also need to be able to, in our policy work, have room to stand-back and look at the whole of our regulatory systems and its interrelationships and develop forward looking policy so we can help shape the agenda for the energy and resources sectors. I also want to, in a structural way, build on and deepen the links in thinking that exist between Energy Markets Policy and Resource Markets Policy. As a Branch, ERM will be the lead on the climate change policy work stream that was led by the Policy Director in the former Resource, Energy and Communications Branch. As it spans both resource and energy, that work could sit in either of the existing policy teams.

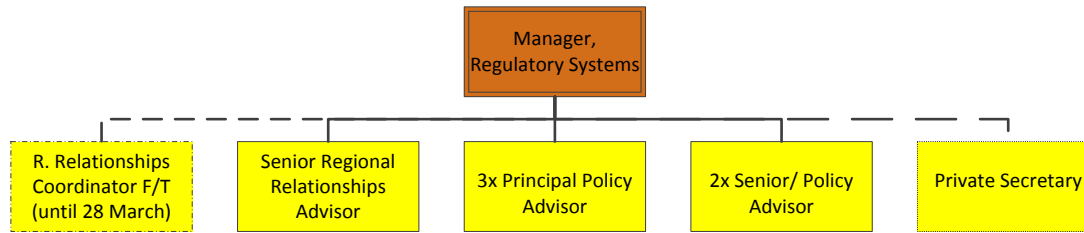
This thought leadership and linking function was provided in the former REC and NZP&M Branches by dedicated policy directors. I consider however that in ERM the span of influence of our Branch is too wide to be serviced by a single individual. The energy and resources regulatory systems that we are accountable for touches on high profile cross government and cross MBIE work streams, including but not limited to the Business Growth Agenda, Climate Change policy, ongoing water reforms, marine and offshore policy. We also need to continue to full implementation of the Crown Minerals Act reforms, and look at policy development to optimise our regulatory settings. I do not consider that it is possible for one or two Director-level people to adequately bring the focus and capacity needed to progress our agenda and influence these work streams.

I am also concerned the balance and integration of operational and policy functions and advice in the Branch becomes overly weighed on operational settings at the senior manager level. I am also conscious of the need to embed the High Performing MBIE principles around multi-functional teams. I am also cognisant that the Resource Markets Policy team is at the very edge of what I consider to be a reasonable span of management and policy responsibility.

I propose establishing a new policy team called Regulatory Systems Policy. The team will draw on senior roles and principal level positions from both the Energy Markets Team and the Resource Markets team and comprise three Principal Advisors and two Senior Policy Advisors and a Senior Regional Relationships Advisor. The relative seniority of the roles in the new Regulatory Systems Policy team will enable it to work on multiple areas of policy and regulatory development and provide analytic support to emerging policy areas impacting the Branch's work. It will also take lead responsibility for climate change policy.

I am aware that a third policy team focused on longer term policy, aimed at influencing the agenda of other agencies and leading cross branch policy development comes at the risk of introducing new challenges with respect to clear lines of work programme accountability in the policy areas. Given the relative seniority of the team, I consider that this can be managed through clear, well developed Annual Operating Plans. In addition to team level Annual Operating Plans, I would expect that the Principal-level people across the Branch will have individual plans that will set out their areas of work, and show how they will contribute to and support other teams and work programmes across the Branch. As with the additional expectations I am placing on senior managers to step-up to the seniority in their roles in sector leadership, I am looking to our principal level staff to actively work to build more formal links between their areas of work and the work of others in the Branch. The new Regulatory Systems Policy Team will provide a leading hub for this to occur.

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LEGEND	
No change or inter-team reporting line change	Manager role
New Role	Amended role
	Intra-team reporting line change

Figure 3 Proposed Regulatory Systems Team

Proposed arrangements

I propose to resource the new Regulatory Systems Policy Team through the following staff transfers in reporting lines:

Team	Regulatory Systems Policy Team			
	Impacted Role	New Role	Rationale	Impact
Energy Markets Policy	Principal Advisor	Principal Advisor	Flexible redeployment of resources to meet strategic business needs	Reporting line change. I will conduct an Expression of Interest process to be informed by individuals' preferences
Resource Markets Policy	Principal Advisor	Principal Advisor	Sharing resources and making the span of management responsibility in RMP more sensible	Reporting line change. I will conduct an Expression of Interest process to be informed by individuals' preferences
Minerals Strategy	Senior Regulatory Analyst	Senior Policy Advisor	Flexible redeployment of resources to meet strategic business needs	Reporting line change
Minerals Strategy	Regulatory Analyst (vacant)	Senior Policy Advisor	Flexible redeployment of resources to meet strategic business needs	Reporting line change
Regional Relationships	Senior Regional Relationships Advisor	Senior Regional Relationships Advisor	Flexible redeployment of resources to meet strategic business needs	Reporting line change
Policy Director	Policy Director (F/T)	Principal Advisor	Flexible redeployment of resources to meet strategic business needs	Redeployment of position

Staff In-Confidence

Resource Markets and Energy Markets Policy Manager Roles

The existing scope and scale of these roles will be largely unaffected under this proposal. While there will be a slight reduction in the number of direct reports, I do not consider that there will be a material change to either the overall management scope or the span of policy responsibilities in these roles. Accordingly, the incumbents would be reconfirmed.

Other impacts

I am proposing reporting line changes for some Principal Advisors to the new more strategically focused Regulatory Systems Policy Team. Should I proceed with this option, I will discuss business development and opportunities with the potentially affected Principal Advisors, with the intent to minimise disruptions and uncertainty and maximise options for those impacted.

All other policy roles will be unaffected.

6.4.4 Operations Strategy Team

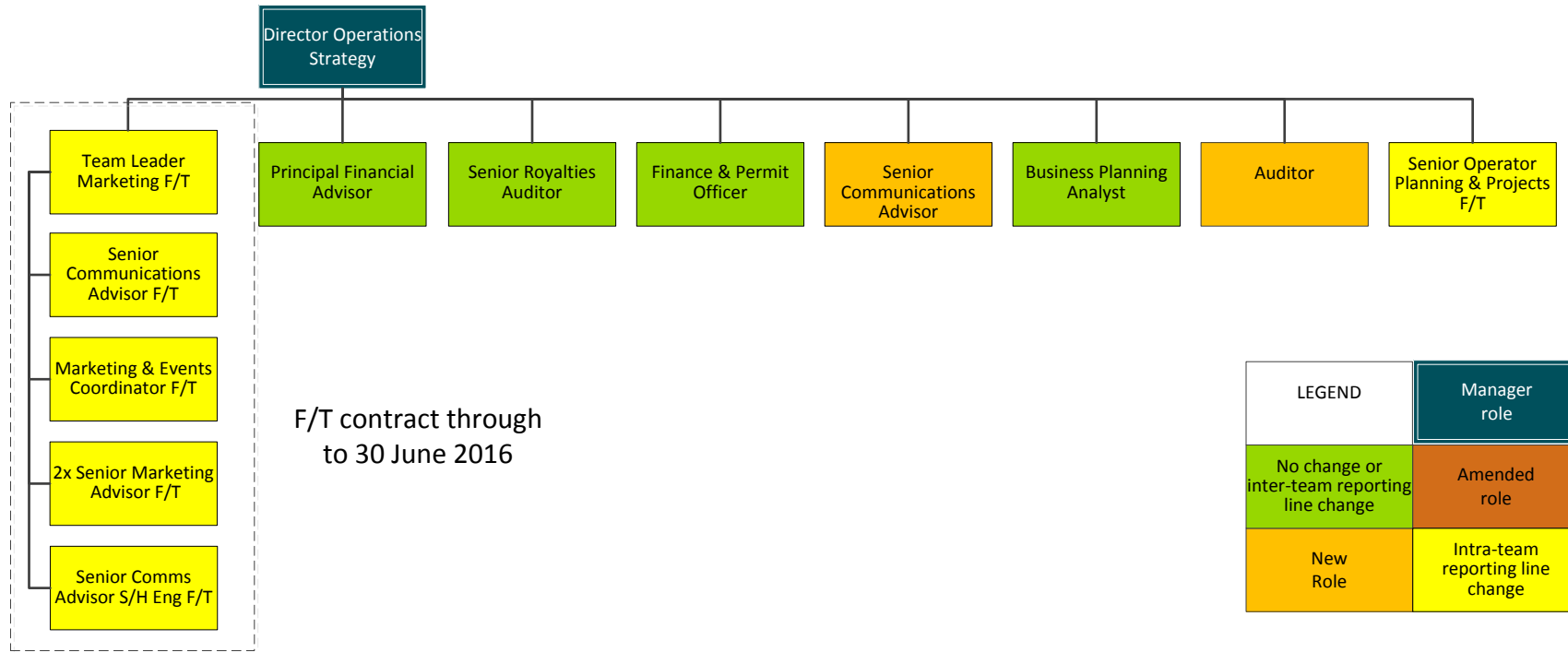


Figure 4 Proposed Operations Strategy Team

The Operations Strategy Team is a multi-disciplinary team that provides support on cross Branch operational matters. I am proposing only minor changes to this team, primarily to situate cross Branch functions in a ‘home’ team. I am also proposing to increase capacity in Royalty auditing, and retain communications support by establishing a Senior Communications Advisor.

Staff In-Confidence

Director Operations Strategy

The existing scope and scale of this role will be largely unaffected under this proposal. The addition of two permanent direct reports will not significantly increase the span of management accountability or the scope of activities. The overall management scope of the role – particularly providing and setting strategic direction, and team leadership – will be unchanged. The incumbent would be reconfirmed.

Auditor

I am proposing to support the drive for a greater focus on compliance activities across the Minerals Team permitting functions, and the focus in the Petroleum Team on production risks, to add a further Royalties Auditor to support the Senior Royalties Auditor. Already, a greater focus on financial compliance in the Minerals team has generated significant uplift in cost recovery, and identified irregularities in some financial matters. Improving capacity in this area will help us to better meet one of the key drivers underpinning the Petroleum Action Plan and the significant increase in investment Government made since 2010 in the former NZP&M. To further underscore the importance of the auditing and financial functions to the outcomes expected of the Branch, I did consider changing the title of the Senior Royalties Auditor to Principal Royalties Auditor. Although this would not signal a change in scope or responsibilities of the role, I considered that this change may assist with external audit activities. I also considered that the change in title would also better reflect the level of seniority of the Senior Royalties Auditor in the Branch and make for greater consistency in titles and encourage a cohort of Principal level practitioners from the different financial, technical and policy disciplines across the Branch. Although this title change is not included in this document, I welcome your feedback such a suggestion.

Senior Communications Advisor

I am also proposing to establish a new permanent position of Senior Communications Advisor, subject to possible future reporting line changes. The energy and resources sectors have complex media and communications management challenges, and the Minister of Energy, as our key stakeholder, and his office place high demands upon MBIE and ERM in respect of specialist communications support. I am cognisant of the need to ensure that there is no decrease in service he has come to expect. I am aware of the ongoing review of the operating model for MBIE Communications, and depending on final decisions of that review if a centralised model is adopted, my preference would be to retain a co-located communications specialist in ERM. This would mirror the colocation of legal staff.

Marketing and Communications Team

The Marketing and Communications Team currently provides support for development of collateral for the Commercial Analysis and Investment. This duplicates the service available to us by the MBIE Design Team that we currently fund through our financial overhead allocations. In future, I expect that we make more of this service though closer engagement with MBIE design teams to ensure ERM's investment attraction collateral is delivered in a timely

Staff In-Confidence

manner. I consider that this closer inter-Branch engagement will help to achieve the objectives articulated in HP MBIE, and is a more efficient way of using design and marketing resources. The Marketing and Communications team will undergo a reporting line change through to 30 June 2016 and the conclusion of fixed term agreements, after which all roles will be disestablished. In the interim, I will manage down this team and not replace vacancies as they might arise.

Other changes

The Senior Operator Planning and Projects is a fixed term position reporting to the Regional Relationships manager and it is currently vacant. The position will remain vacant, but would change reporting lines pending a possible future reallocation based on business needs.

6.4.5 Commercial Analysis & Investment

Legend	
F/T= Fixed Term	Managers
New role	Unchanged
Reallocated role	Role Expanded

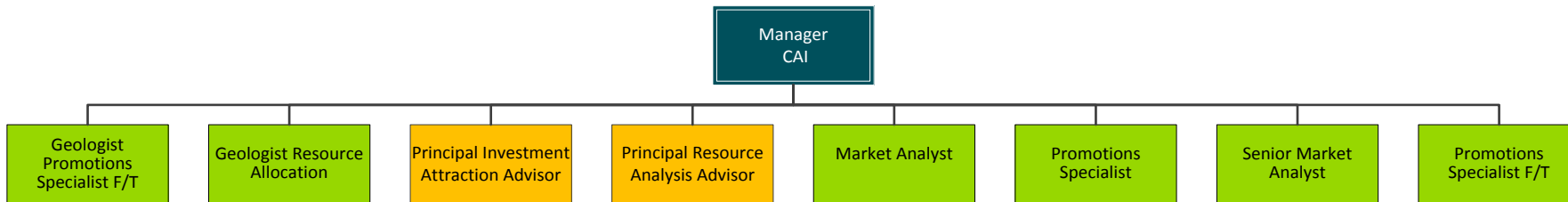


Figure 5 Proposed Commercial Analysis & Investment Team

The Commercial Analysis and Investment team was established in 2014 after a proposed change to separate the promotional/investment attraction functions from our regulatory functions. Overall, I am satisfied that this arrangement has been successful.

During consultation, I received feedback expressing concern that the Commercial and Resource Analysis team and the Promotions and Investment team were too small to warrant separate reporting lines. At the time, I considered that there were additional benefits from having ‘manager’ titles for outward facing sector engagements. I also recognised that this area of our Branch was working through a re-fit of its focus and work plans.

In light of reconsidering that feedback, and given that the arrangement has had an adequate time to be trialled, I accept that in retrospect a better, more nimble arrangement is to have a flat team structure reporting to a single manager. Multiple reporting lines in the context of the work and span of management control in this team unnecessarily duplicate management functions – such as people and work plan management.

It is important however that we protect our existing investments and the relationships that this team has developed over many years with potential sources of investment in our minerals and petroleum resources. We need to continue the process of refining our engagement and investment strategy, and see through the strategy led approach to investment attraction activities. As I have indicated in previous change documents, we need to lift the profile

Staff In-Confidence

of this team's products and the value that it brings to understanding our sectors, their participants and their institutional arrangements. Stronger and deeper commercial understanding of our sectors and their incentives will lead to better and more informed regulatory decision making.

I am proposing to disestablish both the Manager Commercial and Resource Analysis and the Manager Promotions and Investment roles. In order to maintain the level of thought leadership and relative senior capacity in the team, I am proposing to establish new Principal Advisor level roles of Principal Resource Analysis Advisor and Principal Investment Attraction Advisor.

Manager Commercial Analysis and Investment

The existing scope and scale of this role will be largely unaffected under this proposal. The overall management scope of the role – particularly providing and setting strategic direction, and team leadership for the Team – will be unchanged, although there will be increase in the number of direct reports. I do not consider that this materially changes the scope or scale of the role of Manager Commercial Analysis and Investment, and so in this proposal the incumbent would be reconfirmed.

Principal Resource Analysis Advisor

The Principal Resource Analysis Advisor will support the Manager Commercial Analysis and Investment through provision of thought and project leadership in understanding and packaging geoscientific information on New Zealand's minerals and petroleum estate. As this role will have a focus on understanding and analysing geoscientific information I consider qualification in geology will be essential for this role. As a Principal Advisor level position, this role will also be expected to contribute thought and project leadership across the Branch, and will provide mentoring and support to more junior staff but will not have formal line management responsibilities.

Given the existing small team size, and the overlaps with intellectual leadership and technical proficiency required for the role, the Manager Resource and Commercial Analysis will be confirmed into to the Principal Resource Analysis Advisor.

Principal Investment Attraction Advisor

The Principal Investment Attraction Advisor will develop strategies and analyse financial performance of the entities in the petroleum and minerals sector to assist with investment attraction functions. As a Principal Advisor level position, this role will also be expected to contribute thought and project leadership across the Branch, and will provide mentoring and support to more junior staff but will not have formal line management responsibilities.

Other Changes

All other roles in the team will undergo reporting line changes to report directly to the Manager Commercial and Resource Analysis.

6.4.6 Regional Relationships Team

In the former NZP&M, the Regional Relationships team provided support to the National Managers for engagement with regional Territorial Local Authorities (TLA's) and communities. This is a small team, and as the Team Leader Marketing and has been reporting directly to me over the past approximately twelve months, the span of management responsibility has been very limited. This is contrary to the span of the other senior management direct report to me.

A central driver of this change process has been to provide resources to ensure that they have the resources required to meet their outward facing sector leadership responsibilities, and promoting clear lines of accountability. I consider while the functions of the Regional Relationships team to support our work and influence with TLA's and communities, I do not consider a small, stand-alone team is the best way of achieving this.

This change will see the Manager Regional Relationship position disestablished. The Regional Coordinator which is currently filled on a fixed term basis will undergo a reporting line change to the newly established Regulatory Systems Policy manager, and will help to embed an understanding of regional planning cycles and processes. At the conclusion of existing fixed-term agreements, the Regional Coordinator role may be reallocated to meet Branch administrative support requirements.

The Senior Advisor Regional Relationship role will also undergo a reporting line change to the Manager Regulatory Systems Policy, and be tasked with understanding and developing approaches to influence local authority planning and policy development processes that impact upon our sectors.

6.4.7 Chief Iwi Advisor

Following my commitment to minimise disruptions and impacting staff as much as possible when undergoing change, I have deliberately left this position unfilled and backfilled it with a less senior role of Advisor Iwi Relationships. Under this change, I will formally disestablish this senior management position and redeploy our iwi engagement functions to the National Minerals and the National Petroleum teams.

The intent of this change is to ensure that National Managers have the resources they need to fulfil their sector leadership responsibilities, while ensuring clear lines of accountability between managers. As with those the impacted people in the Regional Relationships Team, I will engage with the affected individuals about their preferences with the intent of minimising disruptions while meeting the business needs in the Petroleum and the Minerals teams.

6.4.8 Administration Support

Administrative support to managers and teams is critical to the ongoing success of our work. Administrative staff provide a core role in organising, planning and helping managers and teams deliver. Managers place great trust and responsibility in PAs to help manage many of the confidential and difficult tasks that they may face.

Staff In-Confidence

Over the years, administrative support functions in our former branches have evolved to meet needs as they arise. I consider that it is essential that as part of this change process, support functions are clearly articulated as part of our new Branch structure. I have detailed proposed Administrative Support arrangements below, but am keen to hear from staff, and in particular from the administrative team, about what is workable.

PA/TA reporting to Manager Information Services

The existing scope and scale of this role will be largely unaffected under this proposal. The role will continue to report to the Manager Information Services. I propose the PA/TA should also support the Petroleum Team and National Manager Petroleum in the new structure. With the disestablishment of the Regional Relationships and Iwi team and the responsibilities for engagement with key stakeholders for the petroleum sector proposed to sit with the National Manager of Petroleum some functions previously completed by the Regional Relationship Coordinator will be transferred to the PA/TA role. Functions proposed to transfer include administration support of stakeholder engagement meeting such as regional forums and hui style events, administrative support for consultation of Block Offer (mail outs, registers, file records), maintenance of stakeholder database for Iwi and Council contacts and liaise with GIS team to keep mapping system up to date and accurate.

PA/TA reporting to Manager Resource Markets

The existing scope and scale of this role will be largely unaffected under this proposal. The role will continue to report to the Manager Resource Markets. The role will continue to support the Energy Markets team and Manager Energy Markets. I proposed this role would also support the new proposed team Regulatory Systems and Manager Regulatory Systems to cover all of our core policy functions.

PA/TA reporting to National Manager Minerals

The existing scope and scale of this role will be largely unaffected under this proposal. The role will continue to report to the National Manager Minerals. With the disestablishment of the Regional Relationships and Iwi team and the responsibilities for engagement with key stakeholders for the minerals sector proposed to sit with the National Manager of Minerals some functions previously completed by the Regional Relationship Coordinator will be transferred to the PA/TA role. Functions proposed to transfer include administration support of stakeholder engagement meeting such as regional forums and hui style events, administrative support consultation of competitive tender (mail outs, registers, file records), maintenance of stakeholder database for Iwi and Council contacts and liaise with GIS team to keep mapping system up to date and accurate. With the proposed changes to disestablish the Director Policy team I propose the PA/TA should support the Operations Strategy Team and Director Operations Strategy.

Coordinator reporting to Manager Commercial Analysis and Investment

I am proposing a new position to provide PA and coordination support to the Manager Commercial Analysis and Investment. I propose for the role to support the promotional events (across branch), collateral development and include an aspect of administration for stakeholder related activities (CRM, social media, website, contact centre).

Branch Support Assistant reporting to the Executive Assistant

The existing scope and scale of this role will be largely unaffected under this proposal. I propose for the Branch Support Assistant to become a permanent position within the branch structure reporting to the Executive Assistant. With the disestablishment of the ODCE pool of administrative support, Branches are now expected to backfill their own people. BSA has become invaluable in supporting the PA/TA's during absences, secondments and high workloads. This role has also played a part in helping to embed the new OPS system in the branch through manual data entry that the system is not capable of automating yet. The BSA also supports the EA to maintain branch registers, structure charts and general daily tasks. This role also supports large BAU activities including Block Offer and written communication to our stakeholders.

7. Benefits of the proposed arrangement

Earlier introduced changes have improved the way in which the former NZP&M managed its promotional and regulatory activities – creating a clear and obvious structural separation between investment attraction (promotion) responsibilities from core regulatory permitting responsibilities. That change contributes to our 'regulatory integrity' – i.e. confidence that we run fair and effective competitive tender processes, and that our permitting decisions maintain a high standard with regard to how we administer the health and safety, financial and technical capability tests for permit holders. The change also required a more deliberate and structured approach for promotional effort was priorities, and discipline in terms of demonstrating how specific activities directly contribute to new investment in our sectors. NZP&M's core functions were balanced our regulatory integrity and information stewardship.

With the formation of ERM in High Performing MBIE, the former NZP&M joined with the strategic policy development groups for New Zealand's energy and resources sectors. In this change process, I am intending to embed new arrangements to maximise the opportunities presented by our Branch. This proposal aims to do this by strengthening our influence and activities in our regulatory responsibilities and applying resources to forward looking, strategic policy development that spans the breath of our upstream and downstream energy and resource sectors

7.1 Sector Leadership - regulatory

The type of sector leadership I am seeking to embed in the leadership of the National Manager positions and across those teams will enable us to:

- Consider how the activities of our branch can better support industry development priorities;
- Look beyond the immediate business of the day or individual permitting transactions. This will be done by maintaining a rolling four-year outlook, and by having a view on emergent industry issues that impact sector performance (where MBIE have a direct or indirect role in resolving or influencing industry outcomes e.g. RMA reform/Regional Consenting performance), and taking greater sector ownership;
- Be agile in the way we use our current tool kit/levers to support industry development (regulatory, policy, financial, information);
- Work closely and openly with the influencers within the sectors (leading firms and individuals as well as industry bodies).

To these outcomes I consider that it is necessary to build both capability and capacity within the National Minerals and Petroleum Teams. To be effective, the National Managers will need clear lines of accountability and responsibility for a range of relationships that might be necessary for regulated sectors. I expect National Managers to lead iwi engagement and not just be an associated party supporting a relationship that is led by another manager (i.e. the Chief Iwi Advisor). I expect National Managers to be similarly responsible for engaging with regional authorities.

From a relationship management perspective, I am looking to place greater relationship management expectations on National Managers and equip them with the resources and support to:

- Act as the public front for MBIE in its interactions with industry, iwi and communities. A key change would be that accountability for these relationships will rest with the National Manager, not outsourced to other managers;
- Influence at a sector-level – focussing on sector bodies, major companies, industry influencers;
- Lift the quality of interaction to focus on the performance of the sector and regulatory settings;
- Set aspirational objectives for sector development, local operating practices, and regional engagement with regional authorities and communities;
- Build partnerships across MBIE (e.g. LSE science investment) and across-government agencies (EPA, MfE, DOC) building awareness and understanding of sector development objectives;

7.2 Branch delivery – regulatory excellence

From a branch-delivery perspective, I am looking to the National Managers to drive the activities of other ERM teams whose deliverables touch on their sector interests, requiring National Managers to investment more time in direction/priority setting beyond their own team's boundary, changes in branch

work planning and prioritisation, and adaptation of our internal-servicing model this includes and to articulate the internal services needed on an annual basis to deliver on that agenda:

- Policy priorities: influence, but not direct, the policy development priorities delivered by the policy teams (and potentially broader MBIE (e.g. regional development)) – balancing longer term maintenance of the CMA/Programmes with annual ministerial servicing and regional planning timeframe. Ensure we are influencing government policy in a way that draws on our capabilities across the branch in the energy, petroleum and minerals sectors;
- Research Information: Confirm longer term ‘path-to-production’ strategies, and influence the information procurement and data stewardship priorities (e.g. new acquisition, data enhancement, and info dissemination) delivered by Information Services and Resource Analysis and Investment teams.
- Communication and Engagement: Target and sequence community and regional engagement effort to precede allocation decisions or industry activity, in a way that complements the obligations of firms. Influence our investment in proactive communication collateral that will support improved profile of our sectors.
- Sector Strategy: Lead the formulation of petroleum and mineral sector strategy for government (e.g. eventual refresh of the petroleum action plan 2009) – ensuring that there are frameworks in place that guide your prioritisation decisions, and capture longer term capability development effort (signal joint industry work).
- Compliance: led a risk-based approach to our compliance activity (across Minerals, Petroleum, Operations, Information Services teams) to ensure we have a schedule programme of work to deliver on CMA expectations and confidence in our royalty regime.

7.3 Policy leadership - clarity

As discussed in the section above detailing the deficiencies with the current arrangements, in a Branch as large as ours, with managers as dedicated and outcome focused as we have, it is important to have clear lines of accountability. I am not in favour of a model of diffused policy capability. Nor am I in favour of a situation where overly hierarchical structures get in the way of our senior and principal level practitioners from owning particular activities and work without the need for direct senior management oversight. This places further responsibility and expectation for up-skilling our senior and principal staff, freeing managers from involvement in day-to-day operation outside of any situation that requires further escalation.

I consider that my proposal to establish a Regulatory Systems Policy team also helps to balance our core policy and regulatory functions. I have held some concerns that as configured, the policy voice is at risk over time of becoming secondary to the inevitable immediate pressures presented by emerging regulatory and permitting issues of the day. While this has not occurred, I consider that it is important that as a forward looking Branch we remain alert to

undermining the benefits presented by policy and technical experts working alongside each other. ERM is not NZP&M, with the addition of two policy teams. ERM is a Branch that spans the operational, policy and regulatory systems of New Zealand’s energy and resources sectors.

The proposed Regulatory Systems Policy team will enable forward looking, strategic policy development spanning the energy and resources sectors. It lifts policy capacity and provides a link between our upstream resource allocation policy challenges and downstream implications and interrelations for our energy markets.

8. Timeline

Consultation Begins	11 February
Consultation Ends	7 March
Summary of submissions	Mid-March
Final Decisions ¹	End of March
Implementation	Early/Mid-April

¹ Subject to complexity of submissions received.

Appendix 1 – Feedback Submission Form

ERM Investment and Promotions Change Proposal Feedback

Submission Form - this form can be submitted via the button below

Please email to emma.cummins@mbie.govt.nz

Submit

Name	
Individual or Group Submission <i>(if group please list all names)</i>	<input type="checkbox"/> Individual <input type="checkbox"/> Group <i>(please select one)</i>

Feedback on proposed structure changes

- *The design of the proposed functions and roles*
- *Reporting and team configurations; and*
- *The level of resourcing for the different functions*

--

Other feedback

Is there any other feedback you think is important for us to know?

--

Thank you for taking the time to make a submission

Appendix 2 – MBIE Change Process

Change Process – Ministry of Business, Innovation, and Employment

This document sets out a standard approach for managing any processes that have the potential to impact on your job.

Principles

Preparing for Change

You and your representatives will be consulted on the procedures for the management of the change process, including the way in which reconfirmation and reassignment will occur.

Decisions regarding the process will be clearly communicated to all employees.

During the Change Process

You and your representatives will be given the opportunity to comment on proposals that may impact on your employment through meaningful consultation before decisions are made, with sufficient time allowed for you to consider options and provide feedback, both collectively and individually.

Communication will:

- a. be timely and transparent
- b. explain the reasoning behind change proposals
- c. be joint with staff representatives and staff forums where appropriate and agreed
- d. be responsive to requests for clarification or further information.

Change will be managed:

- a. in a fair and transparent way, and as issues arise they will be handled as consistently as possible throughout the process
- b. with careful attention to the legislative framework for change and the provisions of the applicable employment agreements
- c. in a way that aims to retain a motivated and engaged workforce for the future.

Disruption to and impact on employees and customers during the change process will be minimised and business delivery maintained.

The Impacts of Change

Change decisions will meet the unique needs of the Ministry, and will focus on achieving the Government's and Ministry's objectives.

If you are affected by change, your choices and preferences will be taken into consideration wherever possible.

If you are affected by change, you will be provided with certainty of the outcome as soon as possible.

Staff In-Confidence

The Ministry will explore all reasonable options for you if you are affected by change. This means that the impact of staff reductions will be minimised wherever possible through the use of other options such as attrition, appointment to new roles or reassignment to alternative roles (with retraining if practical). Voluntary redundancy may also be used where practicable.

Appointment and reassignment processes for new roles will be fair and transparent and a review process will be available if you are not satisfied with the outcome.

The use of compulsory redundancy will be the final option for managing staff reductions, once all other reasonable options have been explored. When redundancy is applied, voluntary redundancy will be used where this is practicable and agreed.

You will have access to a range of assistance and information so that you are well supported through change.

Scope

Organisational change includes situations where any one of the following occurs:

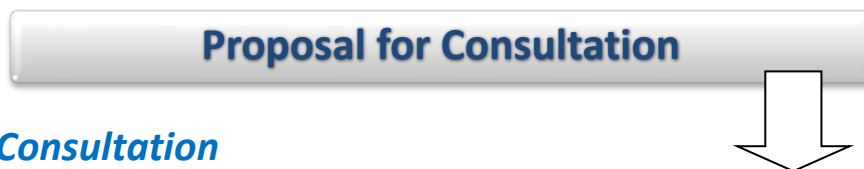
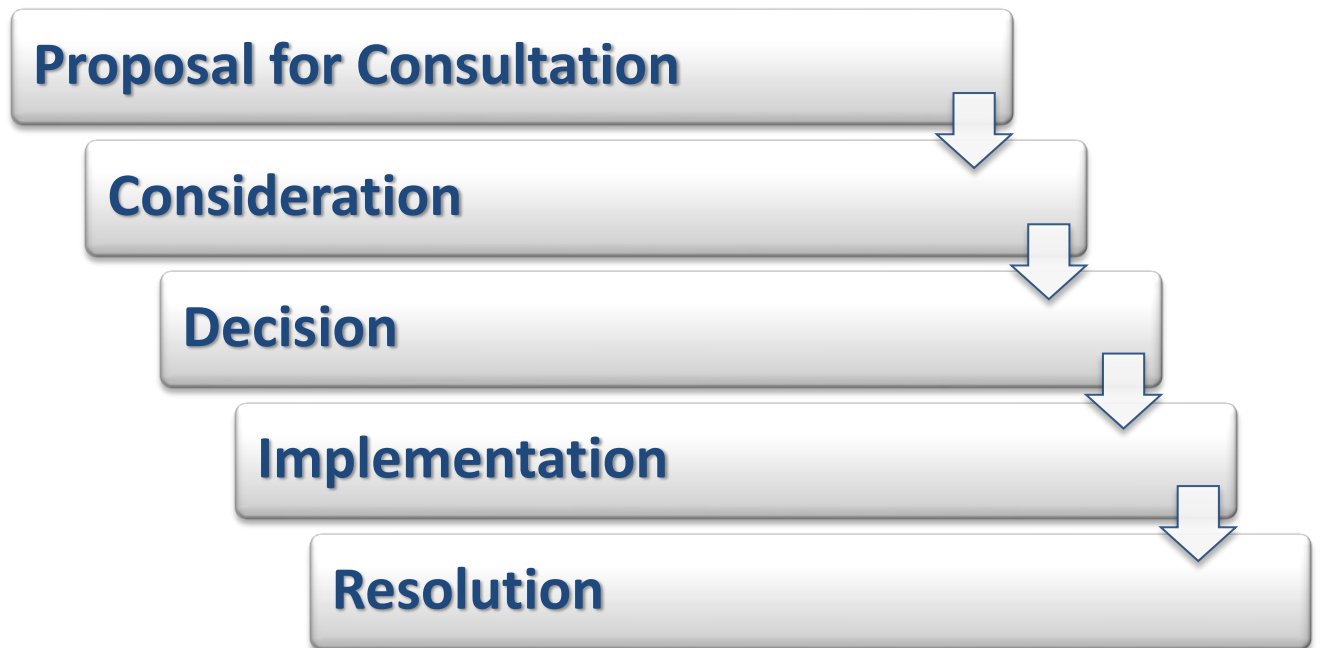
- Significant changes to structures are required
- Employee(s) position(s) no longer exist
- The nature of the work is significantly varied or changes in location need to take place

This process applies to you during organisational change if you are covered by a permanent individual or collective employment agreement. If you are on a fixed term agreement and your position is affected by a change proposal, this is not covered by this process and will instead be discussed with you directly in accordance with your fixed term agreement.

The principles of this Change Process are consistent with the various employment agreements and change management policies of the founding agencies. The Change Process describes how the provisions within the employment agreements will be implemented in both the high level design and detailed design phases.

In situations where you are seconded from your substantive (permanent) position into another position or 'acting' into another position, it will be your substantive (permanent) position which will be used to determine whether you are impacted or not by the proposal.

Process



Consultation

The Ministry will provide you and your representatives with the opportunity to have input on any proposals for organisational change that have the potential to impact on your role. This means that the Ministry will:

- Gather information from you and your representatives to assist in the formulation of proposals
- Give the proposal to you and your representatives with the information you need to fully understand the rationale behind the proposal and sufficient time for consideration and input
- Give you the opportunity to ask questions and comment on the proposal, including putting forward any alternative suggestions that you may have.



The Ministry will gather all the feedback from staff and their representatives and will analyse it. It will take this feedback into account when finalising the proposal. You will have the opportunity to see the feedback from other staff and how it has been used by the Ministry in reaching final decisions on the business.

Decision



The Ministry will release the decision, where possible, to staff whose roles are directly affected by the decision before wider release. The decision will include:

- Identification of positions disestablished or significantly altered as a result of the change
- The rationale for the decision
- The implementation process and timeline
- Support services that will be available for affected staff

Implementation



If your position has been directly affected by the change process, the Ministry will look to place you in another suitable position through the processes of reconfirmation and reassignment. The intention of these processes is to place as many affected employees in positions in the new structure as possible.

Reconfirmation

Where a position in the new structure is the same or substantially the same as your current position and you are the only person who is able to be reconfirmed to the role, then you will be reconfirmed into the position.

Where you are one of a number of people in similar positions and there is the same number or more of the positions in the new structure then you will be reconfirmed into one of those positions.

For a position to be the same or substantially the same, the following must apply to it:

- The work content of the position is the same or very nearly the same as the current position (i.e. no more than a 5% change in work content);
- The salary and other terms and conditions for the position are the same; and
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship).

Reconfirmation may apply to situations where the only change is a change in reporting line, title, there is a very small (i.e. less than 5%) change in work content or where the position is unchanged but there is a reduction in the number of positions.

If there are more employees who could be considered for reconfirmation than the number of such positions available in the new structure, we will use a contestable selection process to determine who is the best fit for the role. In this situation, consideration will also be given as

to whether voluntary redundancy would be a suitable alternative to a contestable selection process.

If you are offered a suitable reconfirmation and you do not wish to take up the position you will not be entitled to redundancy.

Reassignment

If there is no position that is suitable for you to be reconfirmed into, you will be considered for reassignment to a position that is reasonably similar to your existing position. The criteria for reassignment are:

- The position is suitable given the employee's skills, abilities and potential to be retrained
- There should not be so significant a change in duties as to be unreasonable (i.e. no more than a 25% change in work content)
- Salary and terms and conditions would either be the same or will be equalised in line with the provisions of your employment agreement
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship);
- An employee will not be considered for reassignment to a position at a higher level (promotion i.e. higher salary, increased conditions of employment, greater management seniority)

If you are offered a suitable reassignment and you do not wish to take up the position you will not be entitled to redundancy. In the event that there is no other placement available for you in the new structure, you will be deemed to have resigned your employment.

New positions

Where a position is established that does not meet the test for reconfirmation and is not suitable for you to be reassigned into, it is a new position and will be advertised and filled using a merit based selection process.

New positions at tier 2 and tier 3 will be advertised internally and externally at the same time with any person being able to apply.

Other positions will be advertised internally in the first instance, and preference will be given to affected employees (i.e. those staff not placed after reconfirmation and reassignment). This means that applications from affected employees will be considered first. Applications from the wider pool will only be considered if there is no-one suitable for appointment from the affected pool. Any unfilled positions will then be advertised externally.

The Chief Executive may also decide, on an exceptions basis, to externally advertise some specialist positions that are new to the organisation. In this case, any internal applicants who consider that they have the necessary skills will be welcome to apply.

Resolution

If you are not placed by reconfirmation or reassignment

If you are unplaced once the reconfirmation and reassignment process is complete, your options will be:

- Applying for any new positions that are advertised in the new structure; and
- Other redeployment options that may be explored with you on an individual basis.

If after all the options have been explored, you do not have a suitable role, you will receive outplacement support and redundancy in accordance with the terms of your employment agreement.

Review Processes

Reconfirmation/Reassignment/Redundancy

If, as an affected employee, you are not happy with the result of reconfirmation, reassignment or redundancy processes you are entitled to seek a review.

To initiate a review, you or your representative needs to write to the General Manager Human Resources setting out your concerns. You must do this within 5 working days of you receiving written advice of the reconfirmation or reassignment decision that causes you concern. In situations where you are away from work e.g. travelling or on leave, there may be some flexibility with this deadline. However, you should aim to make reasonable efforts to notify your request for a review even if you cannot provide full reasons until you return to work.

Where a request for a decision relating to reconfirmation, reassignment or redundancy is submitted, the General Manager Human Resources will assign an independent reviewer or a review panel to undertake the review. The reviewer(s) will be drawn from people who are independent and who have experience with similar processes in other workplaces.

The reviewer/review panel will make a recommendation to the Chief Executive and it will be one of the following:

- The matching process has been applied correctly and there are no grounds for setting aside the reconfirmation/reassignment decision
- There were additional relevant factors that were not considered in the decision process but they would not have had a material impact on the decision reached and do not require a reassessment
- Factors that are relevant to the selection process have not been taken into account sufficiently and require reassessment (i.e. they could have affected the outcome of the reconfirmation/reassignment decision)
- The new position is or is not the same or substantially the same as the affected staff member's current substantive position.

Staff In-Confidence

On the reviewer's recommendation, the Chief Executive will:

- Confirm the reconfirmation/reassignment decision
- Refer the decision back to the original decision-maker for reconsideration; or
- Make an alternative decision in place of the original decision

As the review applicant, you will be entitled to see the reviewer's report as will any other staff member who is impacted by the outcome of the review, although some detail may be removed if it includes personal information about another staff member.

Appointments

For new positions where a contestable process has been used to fill the position the Ministry's Appointment Review process is available to you if you wish the decision to be reviewed.

Staff Support

A range of support will be available to you during the change process whether your position has been identified as affected or not as the impacts of change are often felt broadly. This may include change workshops, CV preparation, interview skills training, career advice or EAP Services as appropriate to meet the individual's situation.

Appendix 3 – Summary of positions impacted by process

Position	Impact	Rationale
Manager, Regional Relationships (F/T acting)	Disestablished	Managerial roles with expertise and focus on external engagement will be replaced with the expectation for National Managers to have a greater span of control and operation in this area
Chief Iwi Advisor (vacant)	Disestablished	Managerial roles with expertise and focus on external engagement will be replaced with the expectation for National Managers to have a greater span of control and operation in this area
Manager, Commercial & Resource Analysis	Disestablished	The current scope of this role is no longer fit for purpose, and has too few direct reports. Gives all staff direct line of sight to the senior manager and allows a better span of management accountability
Manager, Promotions & Investment (vacant)	Disestablished	The current scope of this role is no longer fit for purpose, and has too few direct reports. Gives all staff direct line of sight to the senior manager and allows a better span of management accountability
Manager, Petroleum Production (vacant)	Disestablished	Responsible for a small team. Operates in an artificial arrangement that is not suitable to meet current challenges in regulating petroleum sector
Manager, Petroleum Exploration & Appraisal (acting)	Disestablished	Responsible for a small team. Operates in an artificial arrangement that is not suitable to meet current challenges in regulating petroleum sector
Manager, Minerals & Strategy	Disestablished	The quasi-policy functions of this role are clustered elsewhere within ERM
Manager, Minerals Permitting & Compliance	Disestablished	Additional of the Principal Compliance advisor reduces the scope of the team to overly rigid permitting functions. Future direction for Minerals team requires more flexible arrangements

Staff In-Confidence

Senior Regulatory Analyst – reports to Policy Director (vacant)	Disestablished	Position is currently vacant, allowing for it to be disestablished
Regulatory Analyst (Minerals) (vacant)	Disestablished	Vacancy redeployed elsewhere in the Branch
Petro Physicist F/T (Petroleum) (vacant)	Disestablished	Position is currently vacant. Will become a contractor resource

Position	Impact	Rationale
Senior Advisor Iwi Relationships Advisor Iwi Relationships	Reporting Line	Reporting line change to Assistant National Manager, Petroleum/Minerals . Title change to Senior Advisor/Advisor Regional & Iwi, Petroleum
Senior Advisor Regional Relationships	Reporting Line	Reporting line change to Manager, Regulatory Systems
Regional Relationships Coordinator	Reporting Line	Reporting line change to Manager, Regulatory Systems until 28 March
Senior Regulatory Analyst (Minerals)	Reporting Line	Reporting line change to Manager, Regulatory Systems Policy & title change to Senior Policy Advisor
Senior Permit Officer	Reporting Line	Reporting line change to Assistant National Manager, Minerals
1x Principal Policy Advisor (Energy Markets)	Reporting Line	Reporting line change to Manager, Regulatory Systems Policy
1x Principal Policy Advisor (Resource Markets)	Reporting Line	Reporting line change to Manager, Regulatory Systems Policy
Marketing team: Team Leader, 2x Senior Marketing Advisors, Marketing & Events Coordinator, Senior Communications Advisor (Vacant), Senior Communications Advisor Stakeholder Engagement (F/T)	Reporting Line	Reporting line change to Director, Operations Strategy

Staff In-Confidence

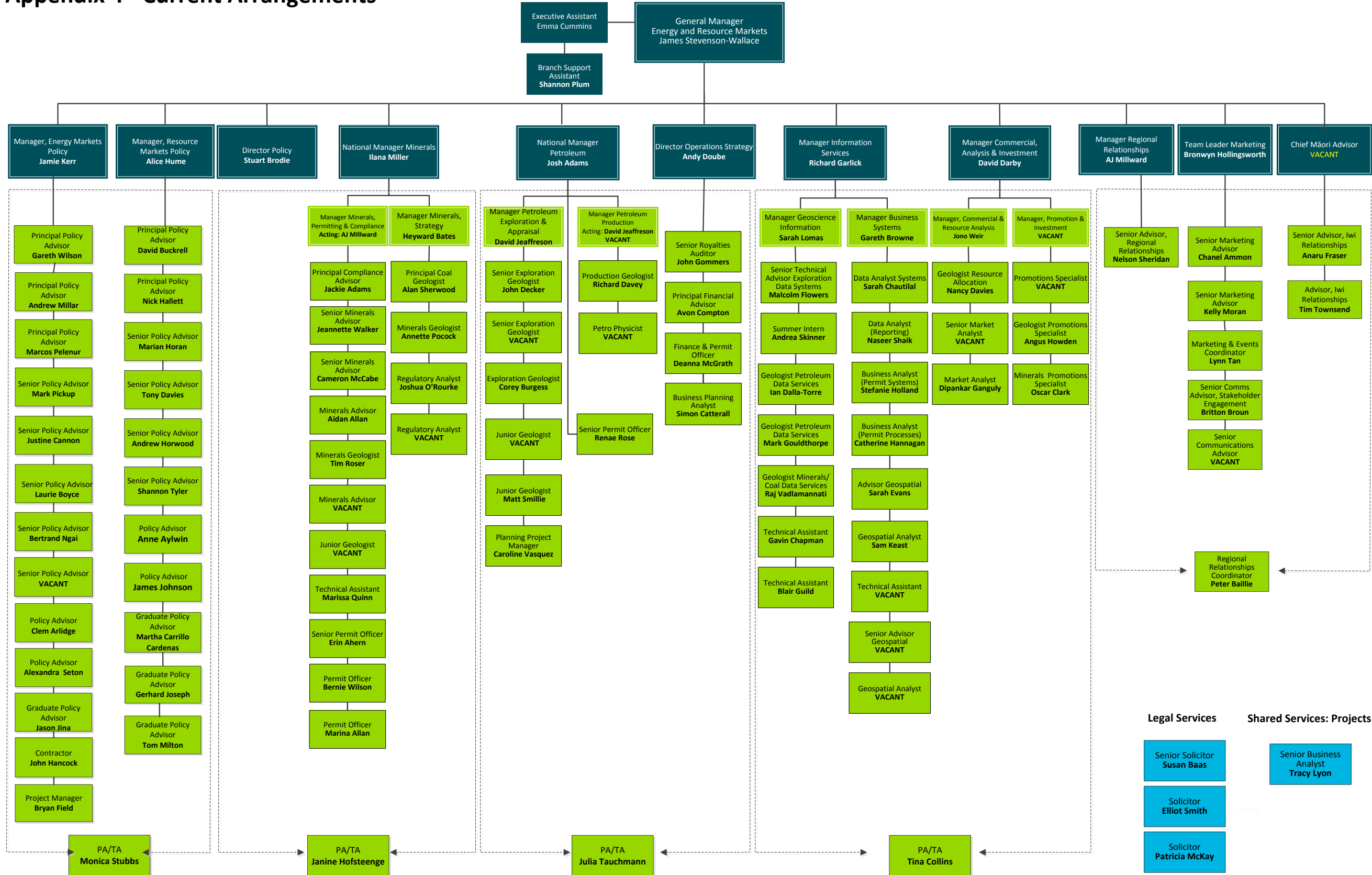
Senior Operator, Planning & Projects (vacant, F/T)	Reporting Line	Reporting line change to Director, Operations Strategy
Policy Director (F/T)	Redeployment	Reporting line change to Manager, Regulatory Systems Policy & redeployment as Principal Policy Advisor

Position	Impact	Rationale
Assistant National Manager (Petroleum)	Established	Provides line managerial workflow support and thought leadership in the Petroleum team. Provides greater scope for National Manager to refocus on external stakeholder engagement
Principal Exploration Geologist (Petroleum)	Established	Provides thought and project leadership on exploration and appraisal activities for the Petroleum Regulatory team
Principal Production Geologist (Petroleum)	Established	Provides thought and project leadership on production activities in for the Petroleum Regulatory team
Senior Advisor/Advisor Regional & Iwi (Petroleum)	Established	Provide specialist stakeholder engagement advice to National Manager, Petroleum
Assistant National Manager (Minerals)	Established	Provides line managerial workflow support and thought leadership in the Petroleum team. Provides greater scope for National Manager to refocus on external stakeholder engagement
Principal Minerals Geologist (Minerals)	Established	Provides thought and project leadership on permitting activities for the Minerals Regulatory team
Senior Advisor/Advisor Regional & Iwi (Minerals)	Established	Provides specialist stakeholder engagement advice to the National Manager, Minerals
Senior Communications Advisor (Operations Strategy)	Established	Provides specialist communications support for ERM

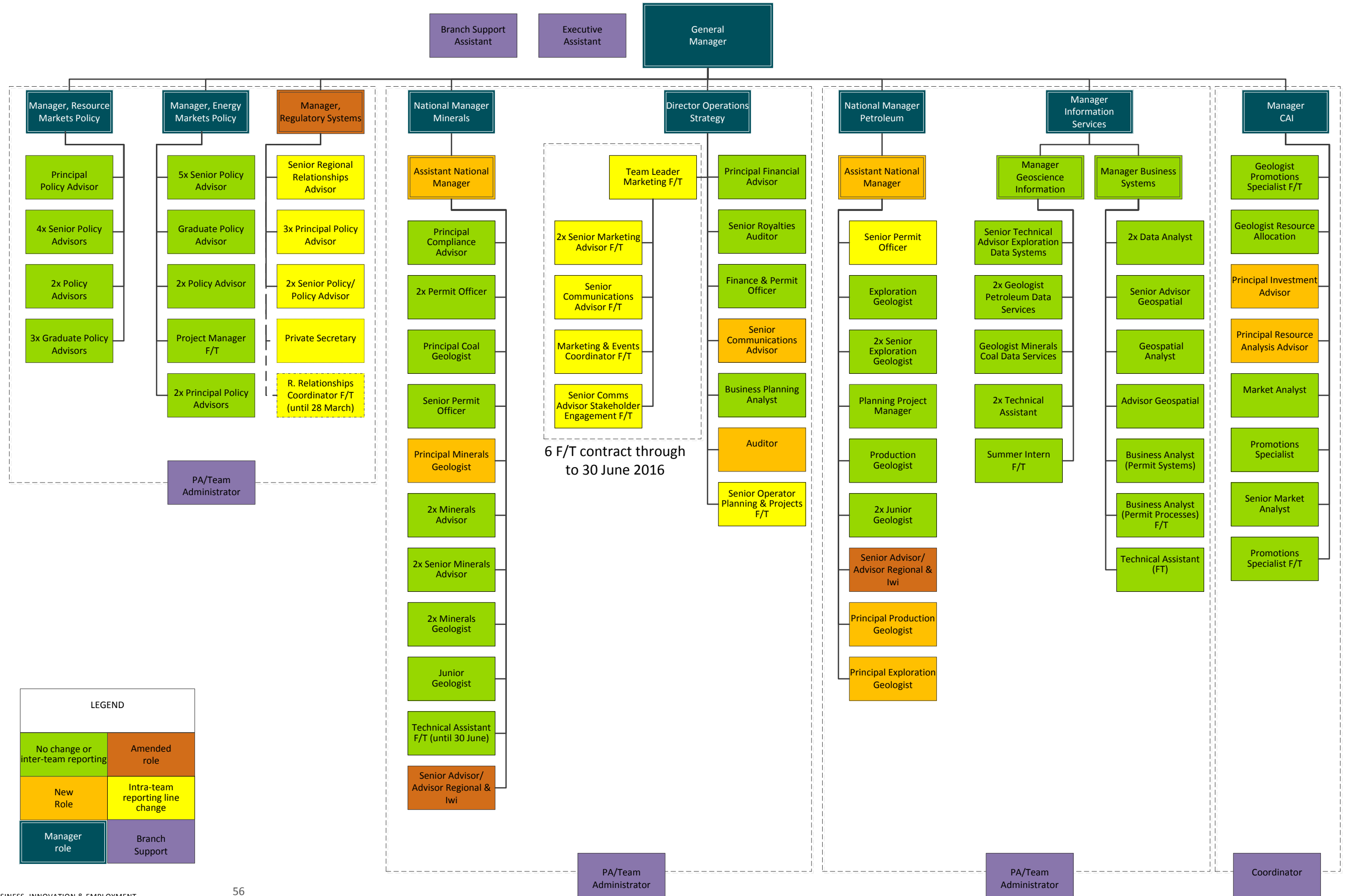
Staff In-Confidence

Auditor (Operations Strategy)	Established	Provides additional capacity for Royalty audit functions to meet CMA purpose and intent
Principal Resource Advisor (Commercial Analysis & Investment)	Established	Provides thought and project leadership for resource analysis to support the CAI team. Proposed that incumbent Manager Commercial & Resource Analysis be redeployed to this role
Principal Investment Attraction Advisor (Commercial Analysis & Investment)	Established	Provides thought and project leadership for investment analysis to support the CAI team.
Manager, Regulatory Systems Policy	Established	Leads large, cross Branch/cross MBIE, and cross government policy work on Regulatory framework and forward looking strategies, policy development spanning energy, resource sectors and climate change.
PA/Team Administrator	Established	Currently temporary position for Operations Strategy and Petroleum teams. Will be made permanent
Branch Support Administrator	Established	Currently temporary position for ERM. Will be made permanent

Appendix 4 - Current Arrangements



Appendix 5 – Proposed Energy and Resource Markets Branch



Appendix 6 – Employee Support Options

People Support

Work is a big part of your life. During organisational change, it's normal to have feelings of denial, anxiety, shock, fear, anger, frustration, confusion, stress, scepticism, and impatience. However, you can do something about it.

Please ask for support anytime you need it, and remember to be understanding towards your colleagues who may also be potentially affected, anxious, or distracted.

Talk about how you're feeling

You can talk to your manager, colleagues and union representatives.

Employee Assistance Programme

This provides independent, confidential, professional, and free support for any personal or professional difficulties that may affect your work performance and home life. Contact these services directly or via your manager or Group HR team.

EAP Phone: 0800 327 669

Website: www.eapservices.co.nz

Stay informed

Make time to read the proposal and the supporting information. Being informed can help you feel more in control of what's happening. If you need to, talk to your manager about finding time to balance this alongside your work programme.

Final Decision: Investment and Promotion Functions in NZP&M

December 2014

Foreword from the General Manager, New Zealand Petroleum and Minerals

Kia ora tatou

This document outlines my decisions made following consultation on proposed changes to New Zealand Petroleum and Minerals. I consider that these decisions will assist in managing the tension between our regulatory and investment attraction functions.

The consultation document, released on 27 November 2014, set out proposed changes intended to achieve greater separation between these functions by clustering data acquisition, information stewardship and analysis and investment attraction functions. The proposal also aimed to elevate the importance of commercial and investment attraction functions, and build our capacity in commercial analysis, by adding a new position at the leadership table, as well as improving career pathways for staff working in this part of NZP&M. My proposal involved dis-establishing two roles, and replacing them with four new roles.

I received a range of submissions from across the Branch on the proposal. I would like to thank you all for the insights you offered, and the detail and thought that you put into your individual and group submissions. We are a hardworking and committed group of professionals, and I appreciate the efforts you have gone to in providing feedback during a busy time of the year. I appreciate that change can be unsettling, and I would like to thank you for the collegial support I saw you give each other across the NZP&M during this process. Further assistance is available and I encourage you to seek additional support if you need it. Information on how to access support is detailed in Appendix 1, or you can talk directly to me or any member of the leadership team.

As a result of consultation feedback, I have decided to make a number of detailed amendments to the original proposal and role descriptions. These changes increase the number of people dedicated to investment attraction activities, but will not result in an overall reduction in FTEs across NZP&M nor involve additional staff transfers beyond that set out in the proposal.

Structural change in isolation does not drive real change. As well as detailing the final arrangements, this Decision Document also sets out how we can continue to work together across teams to ensure we are best positioned to meet our goal to *Grow New Zealand for All*. Once again, thank you for the time you took to consider the proposal and provide feedback. The leadership team and I look forward to working with you to implement these changes.

James Stevenson-Wallace

General Manager, New Zealand Petroleum and Minerals

1. Purpose

This decision document:

- Outlines the rationales and core principles I employed in designing the consultation proposal;
- Summarises the feedback I received;
- Confirms the final organisational structure for how we organise ourselves to separate our investment attraction and regulatory activities;
- Sets out the process to 'stand-up' the new arrangements, including the staff transfer process;
- Discusses my expectations for how the new arrangements will work to retain a close coupling between market and commercial analysis and the targeted provision of data and knowledge about resource prospectivity.

2. Rationale and Core Principles

The Crown Minerals Act and its regulations set out our dual role to both regulate the minerals and petroleum estate, and attract new investment into these sectors. The current arrangements manage the tensions that this dual role at national manager level through a complex set of decision-rules (eg delegations at the National Manager levels). I do not consider that these decision rules fully satisfy principles around good governance and transparency. Additionally, the current sector-specialisation arrangements result in duplication of investment and attraction efforts. The current arrangements spreads capacity thinly across two teams which in turn hampers operations flexibility, progression pathways for staff, reduces NZP&M's ability to form a centre of expertise around investment promotion and sector-level commercial understanding, and impedes our reach and influence across the inward foreign investment policy landscape.

Additionally, having similar investment attraction functions duplicated in each of the National teams works against establishing common systems and approaches and limits our ability to focus on a cluster of effective techniques and strategies to ensure we make real impact in our activity. It also leads to a large burden and workload on a few individuals. These deficiencies outweigh the benefits of sub-sector specialisation of having dedicated petroleum and minerals investment functions.

To address these deficiencies in the current arrangement, the consultation document proposed establishing a new senior management position reporting to the General Manager of NZP&M leading a new team called the *Commercial Analysis and Investment Team*. That manager would have two team management reports, one of whom would be responsible for market and resource analysis functions, and the other responsible for direct engagement with commercial entities. Staff in the existing Petroleum

Strategy, Planning and Promotion team and in the Minerals Promotion and Investment Team would be re-deployed to the proposed new teams, but the two existing manager roles would be disestablished.

In designing the proposal, I applied a set of guiding principles. I intend to apply these same principles in any future adjustments.

- Each person will report to one person only, and there will be clear management responsibilities and obligations;
- The span of management responsibility will be sensible and take account of matters such as the number of direct reports, span of accountabilities, and embed aligned and non-conflicting functions;
- There will be no duplication of roles and all roles, responsibilities, and decision making rights will be clear and transparent;
- In line with one of the objectives of MBIE's formation, 'like functions' will be clustered to help create centres of excellence within NZP&M;
- To make the most of the benefits of specialisation that comes with clustering functions, there will be opportunities for greater interaction between different functions and teams;
- Conflicts of interest will be managed;
- Our role as a resource manager will be reinforced and clear, and our approach to assessing and pursuing potential investment will be deliberate and purposeful, and represent best value for money;
- Any changes will be achieved within NZP&M's three-year FTE cap and managed within agreed baselines;
- A commitment to investing in on-going staff development to match changing priorities, alongside building staff resilience to change.

Additionally, I have and will continue to take into account the way we work together, the tools managers have to build and broaden the skills and opportunities for staff, and will aim to minimise interruptions to NZP&M operations. I know that we are a hard working team, and I will continue to look for opportunities to re-deploy vacancies across the Branch to fill needs when they arise first, rather than filling short term gaps with fixed term or contractor appointments.

The leadership of NZP&M need to invest in and grow our people first, and do not think it is sustainable to have long term unfilled roles in some parts of NZP&M if there is clear need elsewhere in the Branch.

In response to your feedback, I have made some adjustments to the proposal.

5. Key themes from feedback

The quantity and quality of feedback that was received during the consultation process showed that a high level of thought and consideration was given to the proposed changes. As anticipated, there were many different views offered, alternative design options and suggestions that have helped to inform my decisions.

In general though there was strong support for the need to provide greater clarity and separation of NZP&M's investment attraction functions and regulatory functions. This support was at both an 'in-principle' level, and at a day-to-day working level. There was also some feedback that the timing of the changes gave rise to unnecessary uncertainty which I have also taken into account in finalising the process from now.

However, there was also a common theme that the addition of a senior manager resource in the proposal for our investment attraction activities was insufficient to adequately service both the investment attraction demands of both the minerals and petroleum sectors. Some feedback pointed to a concern that workloads and skills demanded would increase for staff if they were expected to cover market or resource analysis for both subsectors. I also received feedback that the additional senior manager will impact negatively on the workloads for support staff. At a more detailed level, I also appreciated the comments on the draft job descriptions and the implications that the roles will have for NZP&M obligations, both statutory but also for the development and pastoral care of people they manage.

The sections below set out the major themes and highlight some key comments from the feedback you put forward. The italicised comments I have made in response do not intend to answer each specific point or respond to every alternative that offered. Rather, they are broad responses to the range of feedback that was received, reviewed and taken into consideration

Rationale for change

Themes:

Overall, there is strong high level support for separating the regulatory role and promotion activities within NZP&M. There was also support for the clustering of like functions in order to improve efficiency and effectiveness. Concerns were raised, however, on the possible impact that the proposed new team structure would generate silos and hamper the effective working relationships that currently exist between individuals. Other feedback reflected a concern that combining the minerals and petroleum functions underestimated the unique characteristics of these is two very different industries. It was suggested a mineral-petroleum division was kept, but that alignment and collaboration between teams was strengthened. Other comments noted that that only a single solution to the issues was presented to staff and that other options were not discussed.

Discussion:

There is wide support generally for the need for change and the merits of splitting the regulator/promotions functions.

The consultation only outlined one possible option – alternative options put forward during consultation included proposals such as having one team reporting to a single manager (ie a flat structure), to having a senior manager with one team manager and one or more commercial executives without staff. I considered that these different approaches did not achieve other outcomes set out in the consultation document or meet the principles I used to frame my decisions. In particular, alternative proposals around management structure did not allow for clustering of functions, or duplicated manager functions.

Leadership, team size and workloads

Themes:

Feedback suggested that more resources are needed for the new Commercial Analysis and Investment team, particularly around investment and promotions. Some submissions also raised concerns about the small sizes of the teams in the proposal and that a new layer of management was unnecessary. As noted above, one type of suggestion I received was to combine the small teams into a single team reporting to the manager. There were also some comment regarding the risks of having a single commercial executive, in terms of work load, succession risk ability to adequately cover both the minerals and petroleum sectors. Concerns were also expressed around the qualifications set out in the job descriptions and the omission of a need for a background in geological science.

An insightful observation was also made on the flow on impacts to the support staff of having another senior manager in terms of PA support.

Discussion:

The addition of another senior manager is required to ensure that I can continue to operate at a higher level with a focus on upward and outward interactions.

This requires that day-to-day work planning and management of the two different functions that support promotional and investment attraction functions is devolved to team manager roles. In response to suggestions around work-loads for promotional activity, I have decided to increase the size of the Promotions and Investment team by adding of a new role of Geologist Promotions Specialist. I will also include comment in the job description for the Manager Commercial and Resource Analysis of the

desirability of a background or qualification in geologic sciences.

The Senior Manager of the new team will share the work load and international travel with the Manager Promotions and Investment. For instance, I would expect that the senior manager and team managers will look for appropriate opportunities to enable technical specialists in the Commercial and Resource Analysis team to travel, when appropriate to the type of promotion required, to international trade fairs and conferences with the Senior Manager or the Manager Promotions and Investment. This will enable people to get a real-world grounding in the investment attraction activities that their work supports.

Early in 2015 I will meet with all of NZP&M support staff and begin a process of engaging directly with them on ways of ensuring that PA's, as a team, are adequately resourced and supported.

Working arrangements and the risks of silos

Themes:

Some submissions expressed a concern that the separation of staff currently working together would create silos. Feedback showed that the current structure was seen as being much more effective and efficient in terms of information sharing and collaboration. There were, though, also comments regarding how the petroleum and minerals units of NZP&M are currently operating in silos, and the new structure will present opportunities for greater collective expertise. There was also concern that separating the data gathering and promotional functions into two teams was potentially awkward, specifically around accessibility of information and cooperation across teams.

Discussion:

I will be very clear with my expectations for the senior manager and team managers of their need to manage work programmes (ie team and individual work programmes) across the whole team, and will expect them to look for opportunities to embed systems that encourage efficiency, effectiveness and collaboration.

Although team structures will change, and there will be an ideological shift regarding working with like functions, there will be very little personnel change within NZP&M. There has been acknowledgement, as reflected in the feedback, that the petroleum and minerals units have been operating in silos. I believe that the decision to combine like functions will increase collaboration and information sharing. NZP&M staff will continue to work collaboratively to achieve outcomes.

Development and pastoral care

Themes:

There were some concerns about the amount of upskilling needed in order to cover both the petroleum and minerals sectors. There was concern, in particular, with the Commercial Executive being able to build good, effective relationships in both industries in a balanced way – for example, there is a risk that petroleum would be given preference over minerals. It was suggested that the knowledge-base needed to cover both petroleum and minerals is too large for one person.

There were also points raised regarding the need for clear development opportunities within the teams. Geologists, for example, do not necessarily aspire to be managers, so other career opportunities need to be made obvious (i.e. senior positions). The point was also raised that better pastoral care of staff is required. Good leadership, and leaders that understand the specific work staff are doing, is essential.

Discussion:

I am committed to ensuring that all staff are well-supported and have access to career development across the Branch. The changes will enable specialisation in promotions and invest attraction activities. I do not expect that the workload for staff will increase as a result of this change, and will monitor the arrangements to ensure staff's work programmes are manageable and appropriate.

Timing of change

Themes:

There were concerns around the timing of the change proposal, and that it was done with little respect of staff morale. The announcement coming before Christmas and the associated uncertainty was seen as potentially impacting on staff during the festive season, creating extra stress at an already stressful time. Feedback reflected that staff felt they should have been consulted earlier to avoid inaccurate descriptions of roles, functions, or activities in the consultation document and to recognise challenges with staff whereabouts and availability. There were also many people away at the time of the announcement.

Discussion

The timing of the consultation document was carefully considered. It was decided that an announcement before Christmas would give staff more time to digest the changes

and think over their options. The proposal was discussed face-to-face with directly affected staff. All decisions and implications for individuals have been managed in accordance with the MBIE change management process.

Future change and relationship with the Marketing Team

Themes:

Some feedback highlighted an opportunity for closer links with the Marketing Team, and suggestions were made to include that team in the Commercial Analysis and Investment team. It was suggested that this would bring a fresh perspective and expose staff to a wider understanding of the industry.

Discussion

I welcomed all suggestions around greater clarity of roles and proposals to improve organisational efficiency across the Branch.

Job descriptions

Themes:

Concern was raised regarding the wording in the Job Descriptions and the lack of clarity of some expression. For example, the emphasis on 'negotiation' and 'closing deals,' were identified as inappropriate under the Crown Minerals Act permitting regime. It was noted that NZP&M should be presenting a transparent regulatory process and the role of the Commercial Executive, in particular, should be centred around building relationships, rather than 'closing deals'.

Discussion

These points have been noted, and the appropriate changes will be made. Greater specificity around and functions and activities will be incorporated into final job descriptions.

General comments

Themes:

Some submission expressed concern that typos, errors, language, and omissions in the Change Document and the PowerPoint presentation implied a rushed or unpolished process.

Discussion

Substantive or material errors and omissions have been noted and corrected in the Decision Document.

Final Decisions

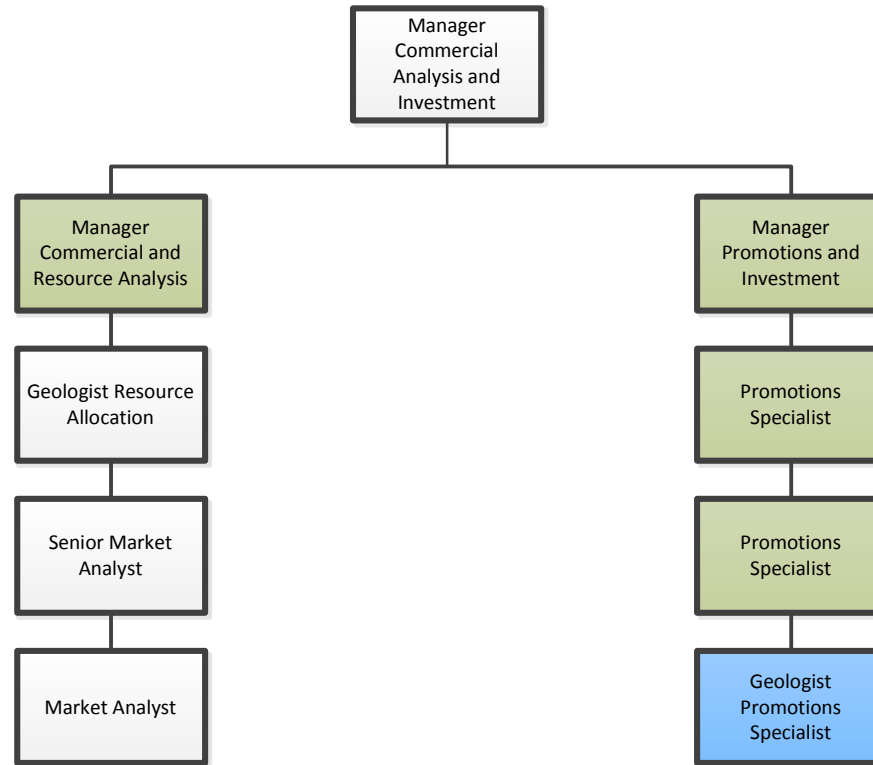
This section details all decisions.

A number of changes have been made to the proposals and job descriptions. All positions proposed to be disestablished will be disestablished. I will be attending to how these changes are embedded and the new arrangements are working and may, in line with my desire to provide flexibility to meet need across NZP&M, consider the merits of future increases to resources in the new teams.

I have also changed some titles from those set out in the proposal. Rather than the terms “Team Leader” and “Commercial Executive” I have decided to use the titles “Manager Commercial and Resource Analysis” and “Manager Promotions and Investment”. I consider that this change provides for greater weight with external stakeholders and provides for consistency with other manager roles at the same level of seniority across the branch. I have also used the terms Promotions Specialists in place of both of the titles “Promotions/Investor Relations Specialist” and “Minerals Promotions Specialist”.

The following decisions will be implemented at a structural level. The green shaded cells show changes to position titles from the Consultation Document, and the blue shaded cell shows the addition of a further role in the Promotions and Investment team.

Final Decision: Establishment of a new Commercial Analysis and Investment team



Process, timing and staff transfer

The new arrangements will come into effect on 27 February 2015. The table below sets out the new reporting lines for staff directly affected under the final decision from 2 March 2015. The table should be read in conjunction the consultation document and the italicised phrases indicate change from the proposal, including changes to role titles.

Staff member and role title		Current team	New team and role title	
Manager Strategy, Planning and Promotions	MBIE00000730	National Petroleum	Role disestablished	
Planning Project Manager	MBIE00000760	Petroleum Strategy, Planning and Promotion	Business Performance Planning Project Manager	
Market Analyst	MBIE00000770	Petroleum Strategy, Planning and Promotion	Commercial and Resource Analysis Market Analyst	
Promotions/Investor Relations Specialist	MBIE00000740	Petroleum Strategy, Planning and Promotion	<i>Promotion and Investment Promotions Specialist</i>	
Geologist Resource Allocation	MBIE00000750	Petroleum Strategy, Planning and Promotion	Commercial and Resource Analysis Geologist Resource Allocation	
Manager Minerals Investment and Promotions	MBIE00000850	National Minerals	Role disestablished	
Senior Market Analyst	MBIE00000880	Minerals Investment and Promotions	Commercial and Resource Analysis Senior Market Analyst	
Minerals Promotions Specialist	MBIE00000890	Minerals Investment and Promotions	<i>Promotion and Investment Promotions Specialist</i>	
<i>Petro Physicist Vacant</i>	<i>MBIE0000034222</i>	<i>Petroleum Exploration and Appraisal</i>	<i>Promotion and Investment Geologist Promotions Specialist</i>	<i>MBIE0000034222</i>
Geologist Minerals/Coal Data Services Vacant	MBIE00034200	Manager Geoscience Information Services	Commercial and Resource Analysis <i>Manager</i>	MBIE00034200
New Position		New position	Commercial Analysis and Investment Manager	MBIE00000850
New Position		New Position	<i>Promotion and Investment Manager</i>	<i>MBIE00000730</i>

In the proposal document I set out a cascading process that involved recruiting for the new senior manager, followed by the new team leader positions. In response to feedback about the impact and unsettling impact this process may have for some people:

- I will advertise internally only for the two new team management positions as soon as practicable in the New Year;
- In line with MBIE Change Principles, while open for all MBIE staff, preference will be given to affected staff for consideration of those team management roles;
- I will advertise the team management positions for a short period of time;
- An external process will begin only if internal recruitment is unsuccessful.

It is worth noting that *preference for affected people* extends to staff across MBIE who have been affected by change since the formation of the Ministry, and is not limited to the two roles disestablished by this final decision.

The new senior manager role is a significant and highly influential role for which I will be conducting an external search. Notwithstanding external recruitment, preference will be given for people who have been affected by change in MBIE. Recruitment for this role will involve an extensive search and will begin in mid-January.

Appendix One – Employee Support Options

People support

Work is a big part of your life. During organisational change, it's normal to have feelings of denial, anxiety, shock, fear, anger, frustration, confusion, stress, scepticism, and impatience. You can do something about it.

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EAP contact details

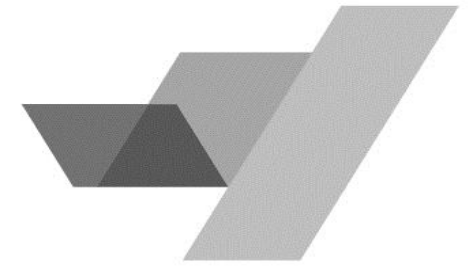
Phone 0800327 669
Email www.eapservices.co.nz

Stay informed

Make time to read the proposal and the supporting information. Being informed can help you feel more in control of what's happening. If you need to, talk to your manager about finding time to balance this alongside your work programme.



**MINISTRY OF BUSINESS,
INNOVATION & EMPLOYMENT**
HIKINA WHAKATUTUKI



Change Proposal for Investment and Promotion Consultation Document

New Zealand Petroleum & Minerals

November 2014

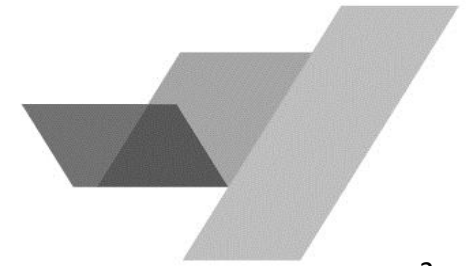
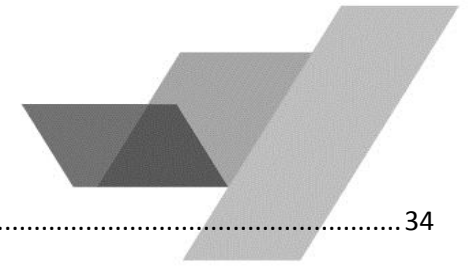
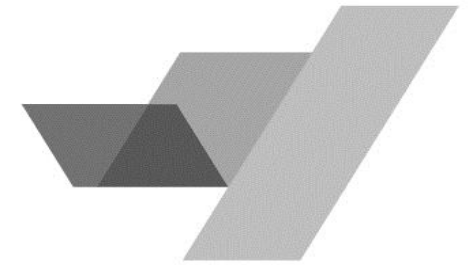


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Foreword from the General Manager, New Zealand Petroleum and Minerals

Kia ora tatou

We are a strategy led business. This requires us to be clear and purposeful about how our resources are deployed and how we go about our work.

Being strategy led also means that an ongoing process of reassessment and refinement is an embedded feature of our operating context.

The proposals outlined in this document are aimed at building capacity and capability in a critical part of our business – our role to attract investment into New Zealand’s petroleum and mineral estate.

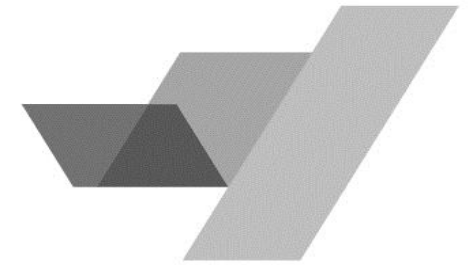
The proposals are part of a broader programme to better manage, and address, the long-standing tension between our role to attract investment and our regulatory responsibilities to manage the resource and monitor ongoing permit performance. This proposal also reinforces specialisation and helps us to systematically consolidate our knowledge of the (potential) resources, delineate this information for each block offer or allocation process, and then present that knowledge to potential investors. This sort of approach will in turn strengthen our ability to attract investment to the petroleum and minerals estate.

I acknowledge that proposed changes to roles, responsibilities and structures can be unsettling. Accordingly, I encourage you to talk about the proposal with your colleagues and to think about and discuss how we organise ourselves to best deliver on our statutory responsibilities. Final decisions have yet to be taken and your input is an important part of the process of arriving at the right outcome. I encourage you to provide your views on the proposals.

Once your feedback is received, carefully considered and analysed against the proposals I will submit a recommendation of final decisions to David Smol, Chief Executive, for approval. Once this is received, the reconfirmation, reassignment and as required, recruitment processes can begin. I am looking to instigate a relatively short implementation timeframe to provide you with certainty as soon as possible.

I look forward to receiving your feedback about the proposals in this consultation document.

James Stevenson-Wallace
General Manager, New Zealand Petroleum and Minerals



1. Purpose

This consultation document outlines a targeted realignment of some functions in NZP&M aimed at improving the way we cluster our data procurement and information stewardship, analysis, and investment attraction activities. The intent is to overcome the potential and perceived tensions between the regulatory and promotional functions of NZP&M, and cluster those functions in a way that meets ongoing and future requirements.

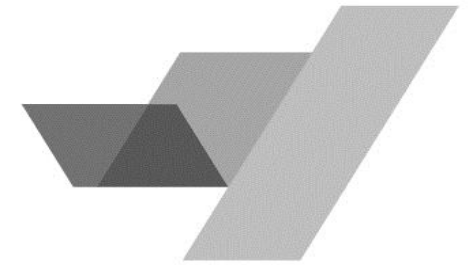
Additionally, clustering like-functions together will enhance the opportunities for us to deliver a centre of expertise – both in resource information and in commercial and market analysis – for MBIE and the wider sector, across minerals and petroleum.

This proposal aims to achieve this enhanced capacity by re-deploying existing resources and strengthening our capacity to attract investment, and support that capacity by deepening our ability to provide a whole-of-sector view of the commercial and market environment. The proposal recognises the tight coupling between market and commercial analysis and the targeted provision of data and knowledge about resource prospectivity.

The proposal does not involve a reduction in overall FTEs.

The proposal involves:

- Establishing a new senior management position reporting to the General Manager of NZP&M leading a new team called the *Commercial Analysis and Investment Team*;
- Establishing two new team manager and leadership roles; *Team Leader Market and Resource Analysis* and *Commercial Executive* reporting to the manager of the new *Commercial Analysis and Investment Team*;
- Disestablishing two existing team management roles; *Manager Petroleum Strategy, Planning and Promotions* and *Manager Minerals Promotion and Investment* and;
- Realigning investment attraction, information procurement, resource information, and commercial analysis to the two newly established management and leadership roles.



2 The Change Context

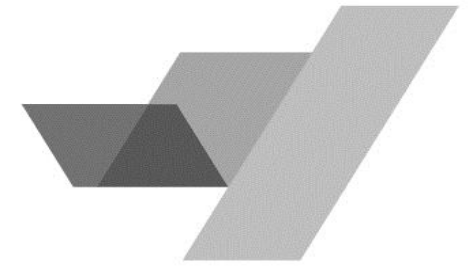
NZP&M needs to be strategy led – strategy offers clarity of direction so that we all know which results are the most important, and we can see how our individual and collective efforts contribute to those results. Strategy also helps us to best deploy our resources to meet the expectations placed upon us by Ministers and stakeholders, and informs how we invest in building our competencies (the sum of our collective skills) and capabilities (the volume of work). Clarity about our direction also informs how we organise ourselves.

Strategic development is an ongoing process, the upshot of which is that this review occurs with a broader context of a need for on-going improvement and evolution of the way our functions are deployed. The formation of MBIE as a whole presents an opportunity for a more holistic approach to *Growing New Zealand for all*, and comes with a clear expectation that we work in a linked up way and are responsive and flexible to changing business environments.

Being adaptable, flexible and responsive to our stakeholders requires us to work in new ways. At a very basic level, there are two potential ways of adapting, ensuring best-practice and being responsive to changing Government, Ministry and sector needs:

- large, periodic, realignments that encompass many functions and teams at once; or
- on-going small adaptations and improvements that maintain our relevance, and avoid the disruptions that come with more substantial change.

Large, broad brushed reviews can be disruptive and unsettling for us, our stakeholders and potential investment. I prefer to take an evolutionary approach to change so we can organise ourselves to be most effective, build capability internally while being responsive to stakeholders. Small scale refinement and compartmentalised change helps to achieve minimal disruption to teams and our overall business.



3. NZP&M strategic context

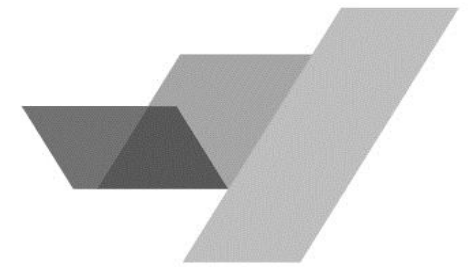
The NZP&M branch provides strategic advice and intervention, operational regulation and compliance services, and external sector leadership to ensure that New Zealand's oil, gas, mineral and coal resources are effectively managed in a way that enhances New Zealand's prosperity, and supports its way of life and the environment.

The work that we do is important, and in many areas the Branch is innovative in the way we attract investment, rigorous in our assessment of benefits to New Zealand and dedicated to ensuring the best outcomes possible. In some cases however, the structures and systems that are in place work against us by duplicating activities and fostering a lack of transparency and accountability. It is important that we address structural and systems issues that get in the way of us doing our jobs.

The petroleum and minerals sector is highly productive, relative to other parts of the economy, the commercial and environmental stakes are high, and investment decisions are made carefully. The high costs of exploration and high risk of commercial failure are balanced by potentially very large returns. In the case of large scale operations, foreign investment and scale of operation are, in most cases, necessary to develop opportunities.

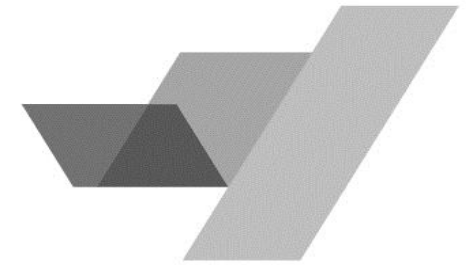
The actual and potential economic benefit to New Zealand from the sector is significant. The value of royalties received by the Crown in 2013/14 was \$389 million, up from \$128 million just 9 years earlier. The indirect benefit through employment in highly skilled jobs, broader infrastructure development, and greater links to international markets also contribute to government's economic growth objectives and adds to the New Zealand economy's resilience.

At our core, we provide regulatory functions as set out in the Crown Minerals Act and its regulations. Many of these functions are clear, predictable, and cyclical. However, unlike many other regulatory groups or agencies, critical to our success in delivering to the purpose of the Act is promoting New Zealand's mineral estate and attracting investment. Our credibility as a regulator, and transparency around potential internal conflicted decision making functions, is vitally important in enabling us to fulfil our role. Firms value clarity and predictably to help manage sovereign risk and the social licence from the public of New Zealand is inextricably tied to its confidence that we are skilled and credible regulators.

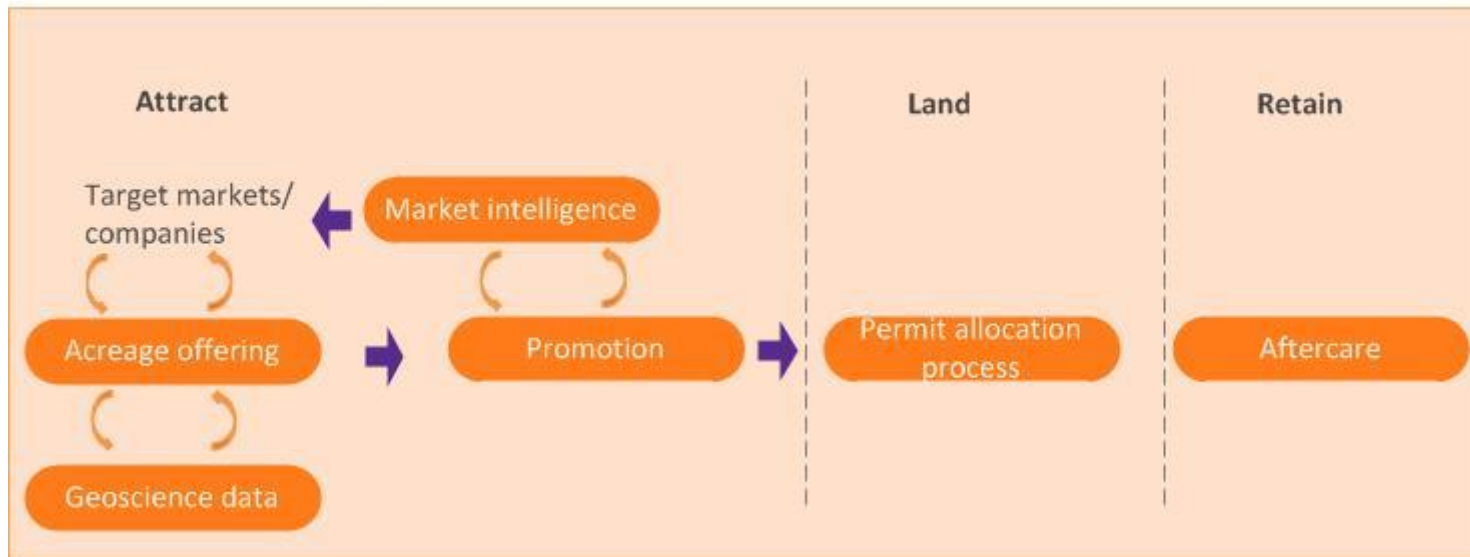


Information, and different types of information, is also critical to our success. For both businesses looking to invest, and for the Crown's ability to maximise returns, good geoscience and economic information is needed. Businesses face tough decisions on whether to prospect, and further tough decisions on whether to move to development. As agents of the Crown, we help to manage these risks through collection and provision of resource information. We also use information to assess tenders and enforce permit obligations as a way of maximising returns.

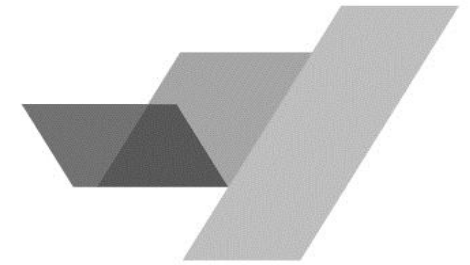
We are operating in a global and highly competitive environment for capital investment. We do however have comparative advantages in some areas relative to competitor countries. We have a strong and stable democratic governmental system, low levels of corruption and generally high levels of transparency and official accountability. Our workforce is reasonably skilled and government is open to foreign investment. Perversely however, these strengths can sometime work against us by comparatively increasing input costs, like labour and regulatory compliance. The interplay of these functions is well documented. In the wider MBIE context, our contribution is specifically examined in the "Programme Six" piece of work. This high level strategic policy piece of work summarises the inter-dependencies of investment promotion and knowledge management:



Investment attraction functions



If we are to continue to extract the best possible returns for New Zealand we need to understand how these comparative costs and benefits inform decisions around capital investment. Coupled with our programme to enhance our resource data sets, a deeper commercial focus will strengthen our capabilities and improve the way in which we deliver our core functions.

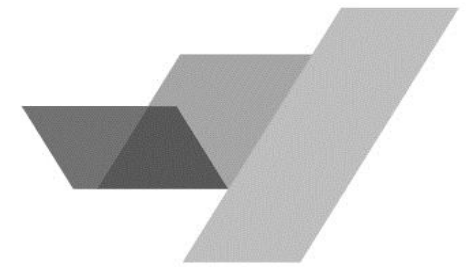


4 Guiding change principles

Ongoing refinement and improvements is a positive feature of our operating model. Throughout this change process, and any subsequent ones, I will be guided by a set of principles, and encourage people to consider them when providing feedback. These principles are guiding only;

- Each person will report to one person only, and there will be clear management responsibilities and obligations;
- The span of management responsibility will be sensible and take account of matters such as the number of direct reports, span of accountabilities, and embed aligned and non-conflicting functions;
- There will be no duplication of roles and all roles, responsibilities and decision making rights will be clear and transparent;
- In line with one of the objectives of MBIE's formation, 'like functions' will be clustered to help create centres of excellence within NZP&M;
- To make the most of the benefits of specialisation that comes with clustering functions, there will be opportunities for greater interaction between different functions and teams;
- Conflicts of interest will be managed;
- Our role as a resource manager will be reinforced and clear, and our approach to assessing and pursuing potential investment will be deliberate and purposeful, and represent best value for money;
- Any changes will be achieved within NZP&M's three-year FTE cap and managed within agreed baselines;
- A commitment to investing in on-going staff development to match changing priorities, alongside building staff resilience to change.

While the guiding principles above are important and central to my direction for NZP&M, there are other factors that I will also be considering during any change process. These include being cognisant of the cultural implications for the way we work together, ensuring managers have the resources to build and broaden the skills and opportunities for staff, and minimising interruptions to NZP&M operations. I will be attending to the need for decisions to be taken early and for discipline to be applied in responding to short term to capacity needs through fixed term or contractor appointments, over the long term strategic value of managers and NZP&M investing in our people first and growing our capability. While I welcome feedback on any issue, to help me in my decision I would also like to hear from you on what you feel works well now.



5. This review: Functions of Strategy, Planning, and Promotion in NZP&M

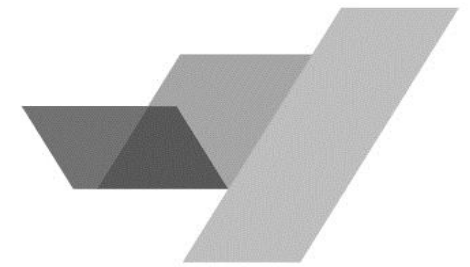
This is a compartmentalised review of some functions in NZP&M aimed at improving alignment of various functions across market analysis, investment attraction and resource data acquisition. The changes proposed in this document are intended to implement a structure which will address a longstanding tension between our promotional and regulatory activities. The proposal also aims to enhance our skills in commercial analysis by strengthening NZP&M's capabilities to:

- formulate, articulate and execute integrated strategies informed by commercial and resource information that focus our investment attraction efforts;
- manage our profile of activities: a package of competent, effective, well informed, well understood and well regarded actions;
- direct our activities at a whole-of-sectors level, but just as critically at both minerals and petroleum levels, in a way that applies good commercial disciplines such as cost/benefit analysis or proven return on our investment attraction activities;
- leverage our collective skills, and those of others, in investment attraction activities, and actively measure and evaluate different methods that we employ to attract investment.

Lifting our capability in these areas requires us to deliberately build our depth of commercial understanding, partially in the areas of capital-raising markets, commercial investment decision processes, and resource economics. These skills will all build on and improve our firm level understanding of commercial market entry strategies and inform how we best present New Zealand resource opportunities to secure investment.

The scope of this document is limited to improving alignment and specialisation of functions described currently as within the ambit of planning, strategy and promotion of New Zealand's mineral and petroleum estate. The overarching purpose of this review is to:

- Focus on our core functions (note that these are not activities or jobs – but the purpose that sits behind them) and responsibilities as a resource manager and regulator in delivering Crown objectives for the petroleum and mineral estate;
- Build on our business and commercial skills, so we are better able to understand our markets and potential investors by having a clear and integrated view of sector drivers and opportunities;

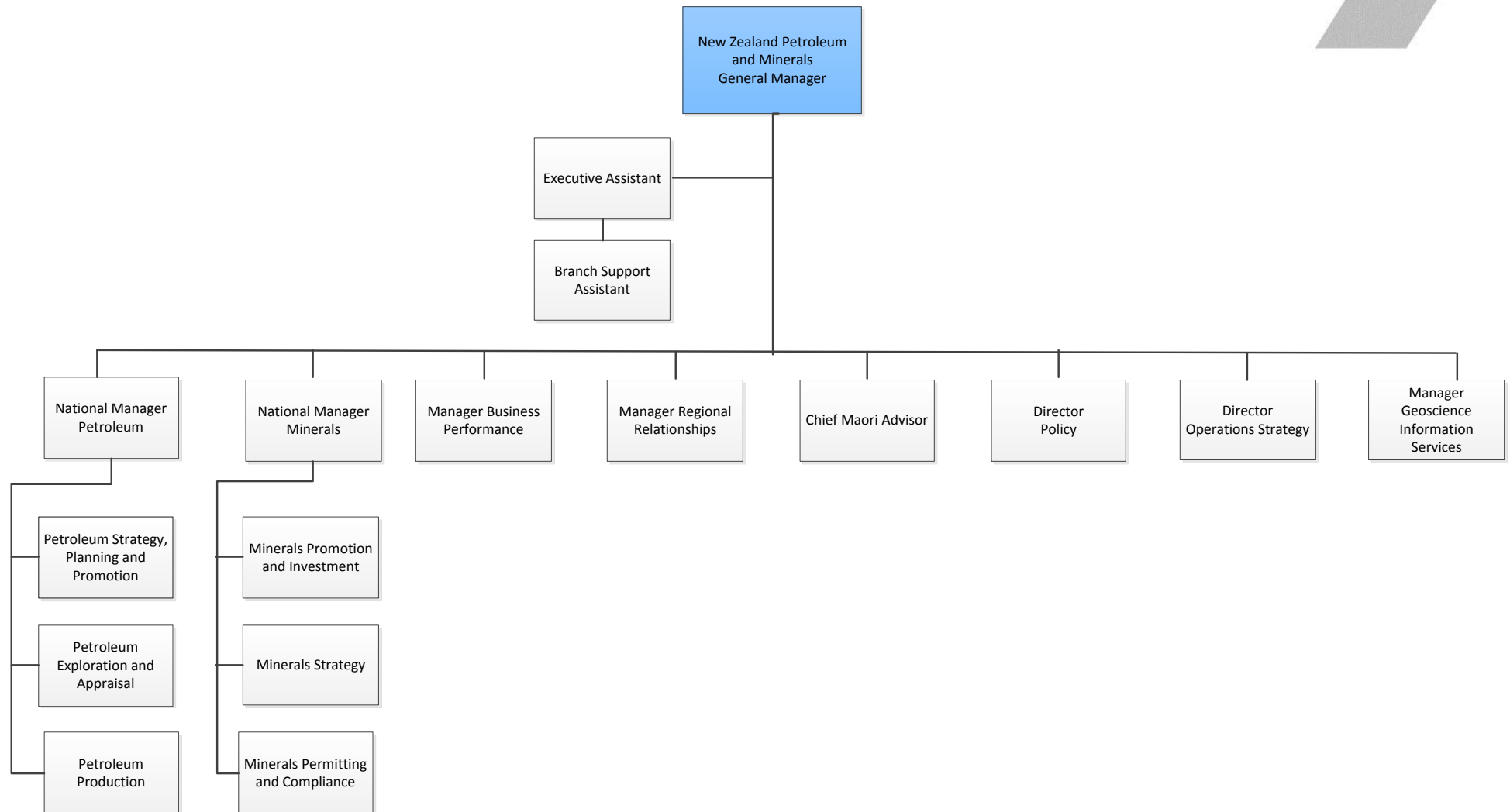
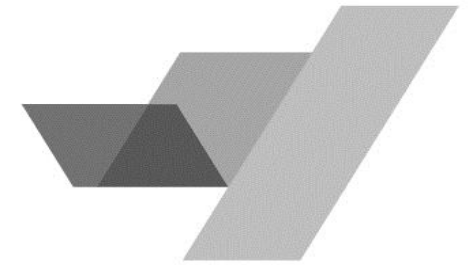


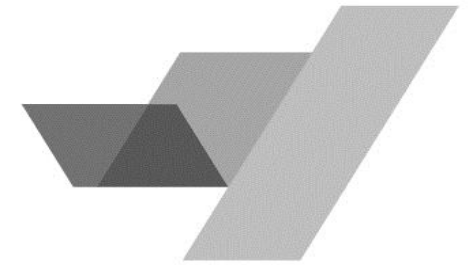
- Drive greater value and innovation in the way we achieve our objectives to increase investment in New Zealand by pursuing targeted and informed interactions with potential investors;
- Manage perceived conflicts of interest by providing clear roles and responsibilities which are transparent to stakeholders, which minimise unnecessary duplication of activities, and ensure capabilities are focused in the right areas;
- Develop cross branch areas of expertise around outcomes (be it in permitting, information collection and dissemination, investment attraction, or economic assessment of the sectors at a firm level);
- Support and institutionalise our core investment attraction processes by ensuring its visibility across the Branch.

Structure is only one component of lifting our delivery and providing transparency and clarity around our roles. Following any changes that may arise out of this consultation document, we will need to continue to focus on how we work together, and how we embed an appreciation and understanding of all our functions and activities across our Branch. It is the way that we will work most effectively together that will enable us to build integration between and across our teams, and see how each of the activities we do as individuals fits together in a wider value chain.

5.1 Current configuration

The use of information for strategy development, planning purposes and promotions are currently situated in two separate teams reporting to the *National Manager Petroleum* and the *National Manager Minerals*. The over-arching functions within each National team that are responsible for investment attraction are broadly similar. They are identified in yellow in the high level reporting-line diagram below.





5.1.1 The National Manager Petroleum

The National Manager Petroleum contributes to the MBIE's goals of creating a strong and *high performing economy without compromising the integrity of our environment and the safety of our workplaces and responsible development*. Achieving this requires the manager to balance statutory responsibilities around allocation of minerals resources (including tender evaluations), and encouraging and attracting investment into New Zealand.

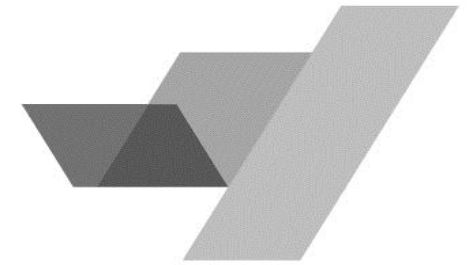
This role is responsible for permitting, planning, promotional activities related to the petroleum estate. This is a commercially focused role that requires development and execution of strategies that are informed by real world commercial drivers. Work-planning based on these strategies contributes to NZP&M's delegated obligations under section 5 and 7 of the Crown Mineral Act to attract investment and monitor permitting processes and performance.

There are a total of 18 FTEs in the establishment, three of which are team management FTEs: ***Manager Petroleum Strategy, Planning and Promotion*** (a focus of this proposal); ***Manager Petroleum Exploration and Appraisal***; and ***Manager Petroleum Production***. The *National Manager Petroleum* reports to the *General Manager NZP&M*.

5.1.1.2 Manager Petroleum, Strategy, Planning and Promotion

The *Manager Petroleum, Strategy, Planning and Promotion* reports to the *National Manager Petroleum*. This role fulfils the functions associated with providing active management of the commercial interests of the Crown as an owner of extensive petroleum resources. The role helps to accelerate the returns from these resources by developing and executing commercially focused strategies that identify and then target potential investors. This is achieved through macro- and firm-level petroleum market analysis. In executing these strategies, the team provides cross-government coordination of information-agencies (such as NIWA, GNS Science, and public researchers) and potential investors, and works with NZTE on international promotion and sector development.

The team is also responsible for operational processes underpinning the pre-assessment stages of the permit tendering rounds which helps NZP&M meet its regulatory responsibilities related to granting permits.



There are four FTEs reporting to this manager; *Planning Project Manager; Geologist Resource Allocation, Promotion/Investor Relations Specialist and Market Analyst.*

The *Planning Project Manager* is accountable for the financial performance of the group, and develops and maintains systems and processes to track, manage and mitigate operational risks. The role also provides support for internal and external communication strategies and monitors commercial trends and issues in the petroleum industry that may impact on prospecting activity.

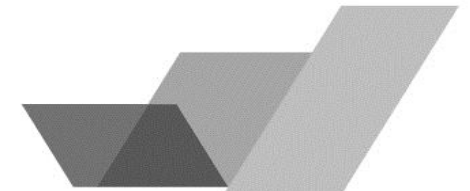
The *Geologist Resource Allocation (Petroleum)* develops and maintains specialist geo-technical data and provides technical advice and evaluative support to help inform strategic approaches to prospecting and evaluation.

The *Promotions/Investor Relations Specialist* is a commercially-focused role that identifies and pursues business opportunities for attracting investment.

The *Market Analyst* provides technical market analysis and advice that helps inform decisions on potential targets for promotional activity, and provides input on the potential commercial value of prospective resources. Information for this advice comes from a variety of sources including analysis of market information tools, geological data from with NZP&M, and through active industry engagement.

5.1.2 The National Manager Minerals

The *National Manager Minerals* contributes to the MBIE's goal of creating a strong and *high performing economy without compromising the integrity of our environment and the safety of our workplaces and responsible development.* Achieving this requires balance statutory responsibilities around block offer processes, including tender evaluations, and encouraging and attracting investment into New Zealand.



This role is responsible for permitting, planning, promotional activities related to the mineral estate. This is a commercially focused role that requires development and execution of strategies that are informed by real world business drivers. Work-planning based on these strategies contributes to NZP&M's delegated obligations under section 5 and 7 of the Crown Mineral Act to attract investment and monitor permitting processes and performance.

There are a total of 23 FTEs in the team (establishment), of which three are team management FTEs: **Manager Minerals Promotion and Investment Team** (a focus of this proposal), *Manager Minerals Strategy*; and *Manager Minerals Permitting and Compliance Team*. The *National Manager Minerals* reports to the General Manager NZP&M.

5.1.2.1 The Manager Minerals Promotion and Investment Team

This is a commercially-focused role that manages the development and execution of commercial strategies, plans, and promotional activities to increase investment in New Zealand by acquiring and using appropriate commercial and market data, and manages regulatory functions such as resource allocation. The role also provides policy advice on possible causes of and solutions to barriers to investment.

There are two FTES reporting to this team manager: *Minerals Promotions Specialist*; and *Senior Market Analyst*.

The *Minerals Promotions Specialist* a commercially-focused role to identify and pursue business opportunities for attracting investment.

The *Senior Market Analyst* provides analysis, monitoring and technical support on commercial opportunities in the minerals sector.

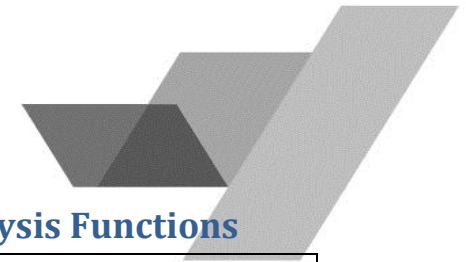
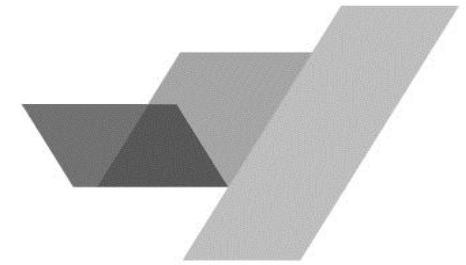


Table One: Overview of Promotions, Regulatory and Information Procurement and Analysis Functions

		Function				
		Market Analysis	Resource Allocation	Data Acquisition and Maintenance	Investment Attraction	Strategy Development
Role	National Manager Petroleum	Management Planning and monitoring	Management Planning and monitoring	Management Planning and monitoring	Management Planning and monitoring	Management Planning and monitoring
	Manager Petroleum Strategy Planning and Promotion	Management planning and monitoring	Operational plans to meet regulatory requirements at permit/tendering pre-assessment stages	Management planning and monitoring. Acquires data sets and information	Leads promotional activity. Coordinates government and NZ Inc. agencies on international promotion and investment.	Develops commercial strategies to identify and target investment
	Planning Project Manager		Develops and maintains operational systems to track and monitor risk		Support for internal and external communications	
	Geologist Resource Allocation	Provides technical geologic support for marketing/evaluation		Maintains and analysis technical information		Informs
	Promotions/Investor Relations Specialist				Identifies and pursues commercial opportunities	Informs
	Market Analyst	Provides commercial micro and macro-level analysis		Maintains and analyses market and commercial information	Identities opportunities	Informs
	National Manager Minerals	Management Planning and monitoring	Management Planning and monitoring	Management Planning and monitoring	Management Planning and monitoring	Develops commercial strategies to attract investment
	Manager Minerals Promotions and Investment	Management Planning and monitoring	Manages regulatory functions such as tender processes. Provides policy advice on investment	Management planning and monitoring	Leads promotional activity	Develops and executes commercial strategies and plans and promotional activities
	Senior Market Analyst	Provides commercial micro and macro-level analysis		Maintains/analyses market and commercial information	Identities opportunities	Informs
	Minerals Promotion Specialist				Identifies and pursues commercial opportunities	



6.1 Issues identified

This section explores the issues identified in the current structural arrangements. There are four areas of particular concern to me:

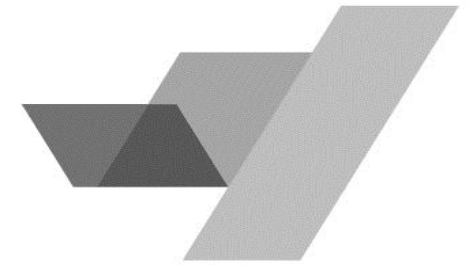
- The perceived (and potential) conflicts of interest faced by the National Managers in fulfilling their functions to promote, assess permits/tenders, and regulate the petroleum and mineral estate.

Allocation decisions and ongoing assessment of permitting performance are a core regulatory function of NZP&M; these are set out in Primary and Secondary legislation, and managing the associated risks helps to enable our success as a business group. We also have a lead role in attracting new investment and enhancing the investment by existing industry participants.

There is a natural tension between the promotional and regulatory functions of NZP&M. These tensions are currently managed by decision rules and complex decision delegation structures at National Manager level. The National Manager Petroleum is responsible for making decisions about mineral permits and vice versa. This is intended to manage the perceived risk of promotional activity influencing a regulatory decision. I consider however that this decision rule is overly complex and not a sensible longer term way of ensuring principles of good governance around clarity, transparency and accountability are maintained in what are core decision-making functions.

- The scope of our investment attraction activities are poorly understood and our formal links with the broader role that government plays in attracting foreign direct investment is weak.

The processes, structures and methods that we employ to attract sources of foreign direct investment are not clear, and have little visibility across the economic development agencies in the public service. The Treasury, the Ministry of Foreign Affairs, the Ministry for Primary Industries, the Ministry of Education, New Zealand Trade and Enterprise, and indeed other parts of MBIE, are actively pursuing inward foreign direct investment. To enhance our reach and draw on a broader community of expertise and influence, we need to lift the profile of our activities and demonstrate our understanding of commercial principles and



organisational structures in our sectors. Across the public service, we have a unique view, a unique set of levers, and unique industry relationships in what is a critical part of the New Zealand economy. These are all however currently spread out across our Branch and sit at a comparatively low level in the structure. I am concerned this underplays the contribution that we make to attracting investment and limits our ability to influence the policy debate in this space.

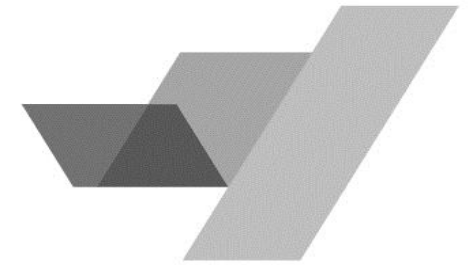
- A shortage of broad and deep commercial level information and analysis that spans NZP&M activity which can help inform consistent strategy development and execution, and which can also assist with assessments of resource allocation evaluation at a whole-of-sector level;

The functions around gathering and analysing commercial and market information are spread out across the minerals and petroleum teams. Not only does this run the risk of duplicating functions, it also means that accountabilities for using that information to develop and implement market entry strategies sit at different levels in the structure. In the minerals team, the responsibility for market strategies sit with the National Manager (a senior management position); in the petroleum team it sits with the Manager Petroleum Strategy, Planning and Promotion (a team management position).

Splitting out functions like this across teams also has deficiencies with respect to a staff development and succession planning. Spreading the capability thinly across teams lessens the ability for the branch to build career pathways in investment promotion and market/commercial analysis. I prefer a deep approach where junior people in a field of expertise are supported by more senior staff and can see a clear progression – a model that is not possible without duplicating market/commercial roles at different levels in both the Petroleum and Minerals teams.

Further, duplicating functions in two teams, and the subsequent dilution of skills within each team, adds to difficulties to institutionalise this constantly changing, evolving and time critical intelligence gathering processes. The current lack of scale in either team means that the documentation, practices, shared experiences and ingrained appreciation by all NZP&M staff of our promotional functions heightens key personnel risk as this information is held by a few individuals, giving rise to succession risk. In turn, this risks our ability to consistently deliver market-led investment and promotional strategies.

In addition to the deficiencies in the structure for staff development and progression, for transparency, for ensuring regulatory credentials, contingency planning, and for influencing the foreign investment discussions across government, the Branch is also unable to realise an opportunity to get the critical mass to become acknowledged experts in the commercial, and market and investment environment of a very important part of New Zealand's economy.

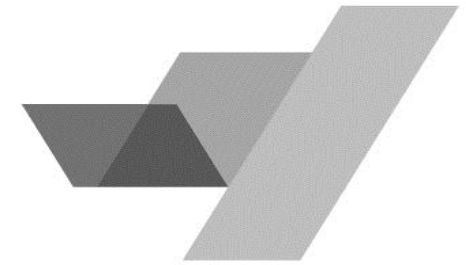


- The relegation leading a core NZP&M function – investment attraction – to a specialist team manager role, and that the compartmentalised nature of investment attraction functions hampers the ability to draw on the broader support available to NZP&M from other agencies, in particular New Zealand Trade and Enterprise, which operate their international links at a marketing-specific level rather than at a technical expert-to-expert level.

As with regulatory functions around allocation decisions, NZP&M leads promotional activity to attract inward direct investment in the Minerals and Petroleum sectors. Currently, responsibility for investment attraction is delegated to team management roles in NZP&M. I consider this to misrepresent the importance of the role that investment attraction plays in both our current and future states.

I accept that there are some benefits of sub-sector specialisation in terms of allowing a focus on a particular sector or industry, and I acknowledge that the petroleum and mineral markets work differently. I consider these possible benefits are outweighed by the potential for inconsistent approaches to understanding firm and market dynamics that comes with duplication of investment attraction and market analysis functions. The functions utilising the marketing and market analysis information to develop commercial strategies also differs across the two national level teams. In the case of the petroleum subsector, this function sits with a team manager position, whereas this function is the responsibility of the senior management position in the minerals team.

In turn, I consider that this runs the risk of not providing clarity and consistency to agencies whose investment attracting functions align well with ours. A cross-departmental jointed-up approach to investment attraction will be easier to drive with clustering like-functions. Similarly, developing whole-of-sector strategic development is easier to achieve through shared systems, processes and expertise. Being clear about how and why we invest our resources in different investment attracting activities will also make it easier to articulate these to other agencies and decision makers and improve our influence.



7.1 Proposal: Commercial Analysis and Investment Team

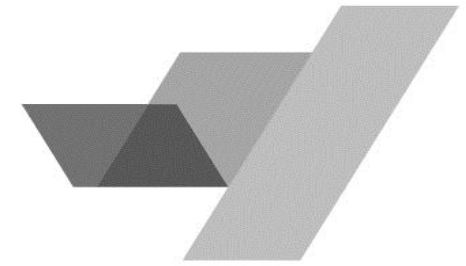
I propose to move the information management and acquisition (both market and resource) and the investment attraction functions from the National Manager Petroleum and the National Manager Minerals teams, and co-locate these functions under a new team with a senior manager reporting to me.

The new team would be called the *Commercial Analysis and Investment Team* which reflects the particular importance of investment attraction activities. Raising the profile of this function will also mean that skills around commercial and market analysis and investment are brought to the leadership table; a structural approach to assisting the development of an ingrained cross-Branch awareness of the importance these skills play in us achieving our core outcomes.

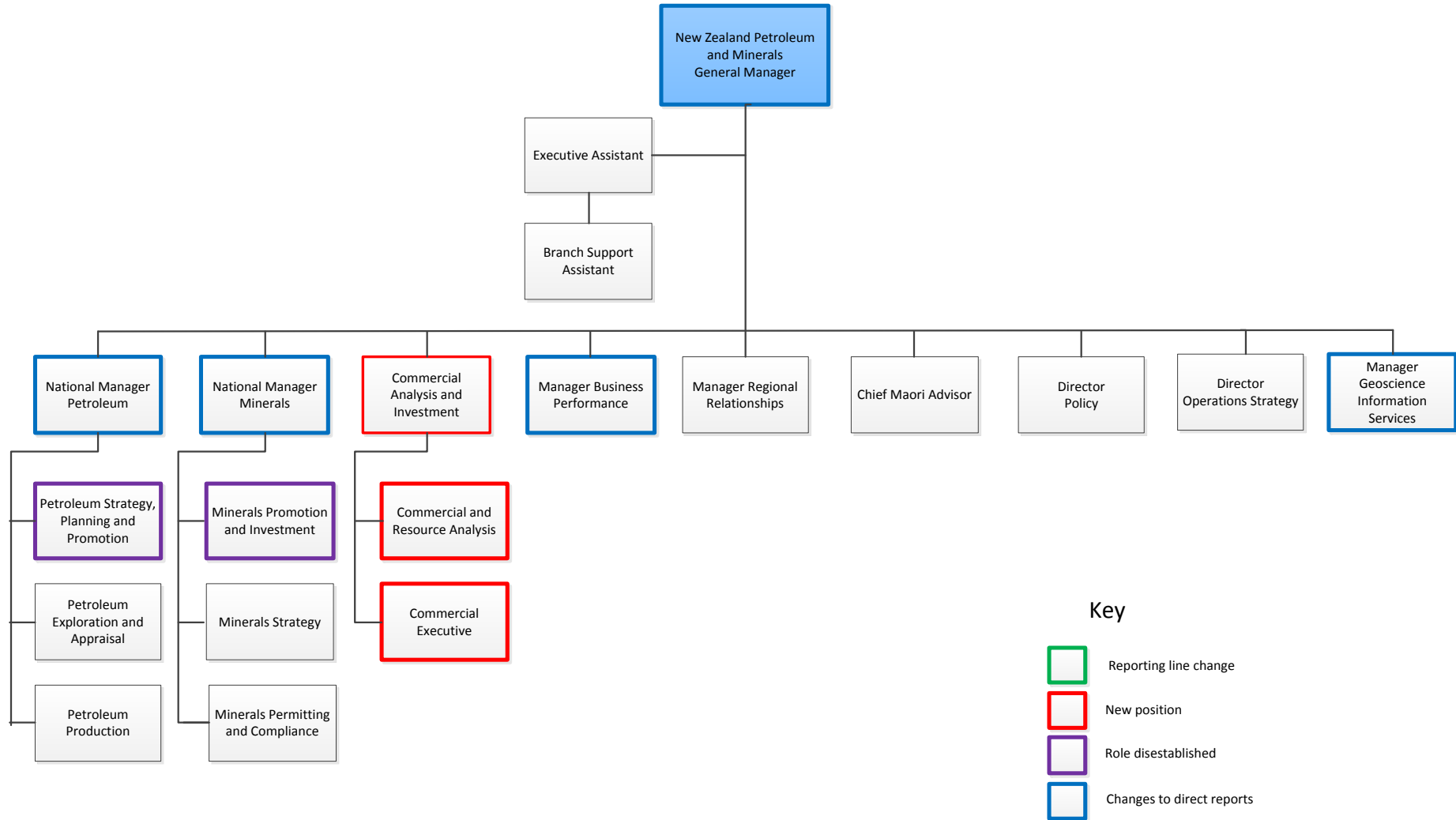
Two new positions would be created reporting the manager of the *Commercial Analysis and Investment Team*; a team management position called *Team Leader Commercial and Resource Analysis* and a new Branch advisory leadership role called *Principal Commercial Executive*.

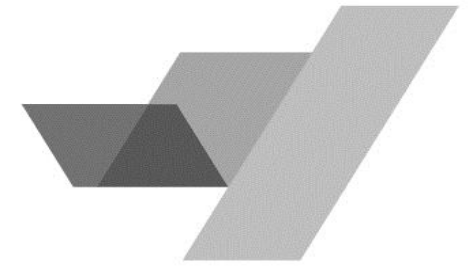
The existing team management roles *Manager Petroleum Strategy, Planning and Promotion* and *Manager Minerals Promotion and Investment* will be disestablished.

Overall, these changes will result in an increase in FTEs that are dedicated to investment and promotional activity. However, in line with the principles underpinning the scope of this consultation, I intend for these changes to be neutral with respect to existing FTEs currently employed in NZP&M over the next three years. Accordingly, I will be seeking to redeploy vacant resources across NZP&M. This is consistent with my intention to remain flexible and allow NZP&M to evolve and take the chance to deploy resources as opportunities arise. My proposed changes are set out in series of the diagrams below.

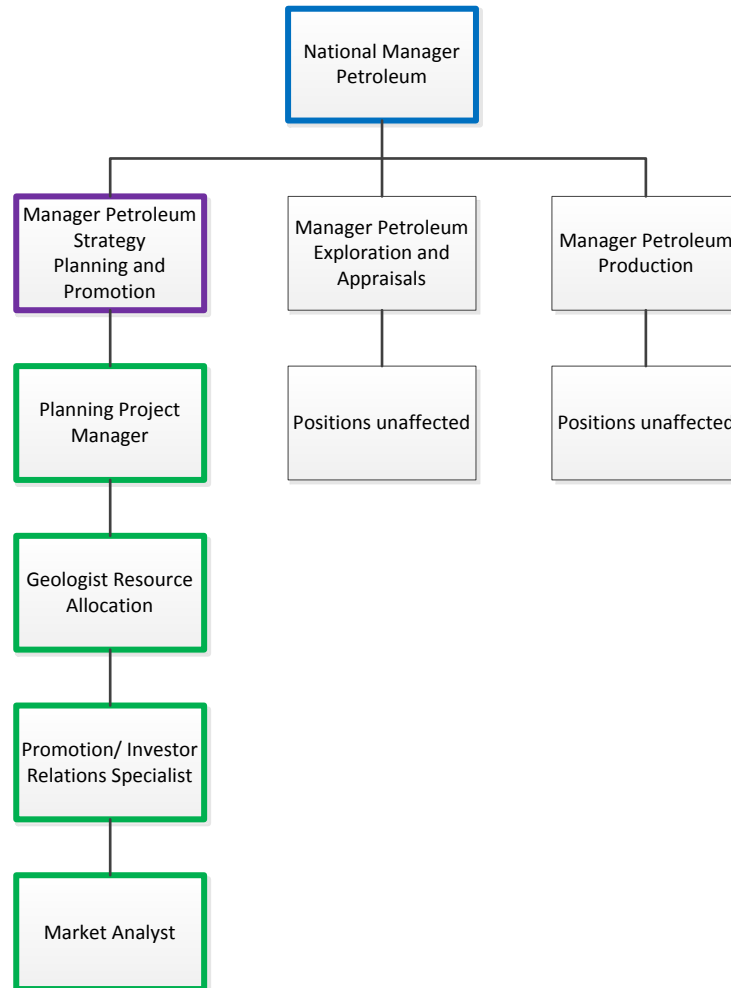


Proposed high-level changes



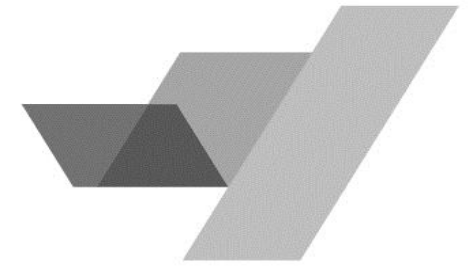


Changes to Petroleum Teams

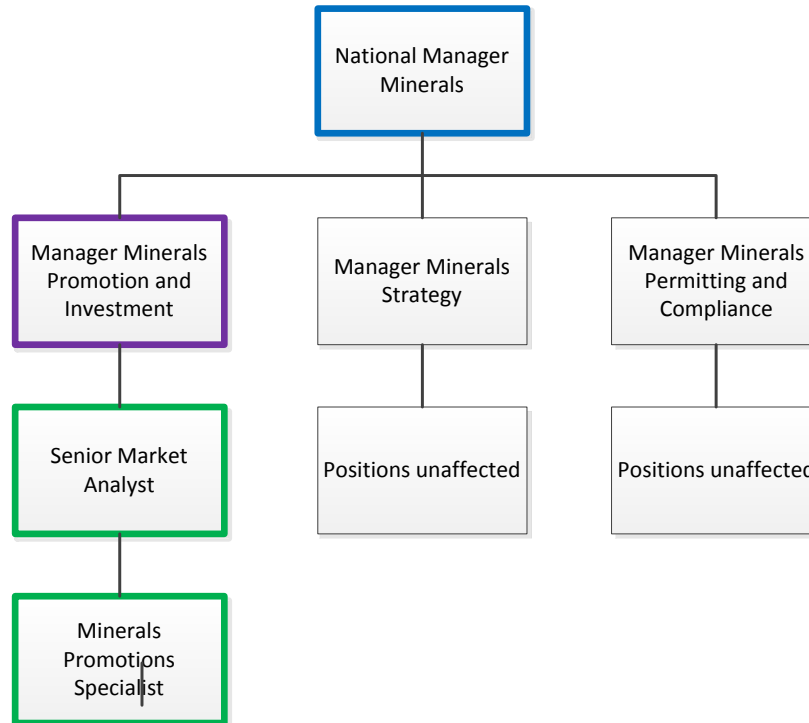


Key





-  Reporting line change
-  New position
-  Role disestablished
-  Changes to direct reports

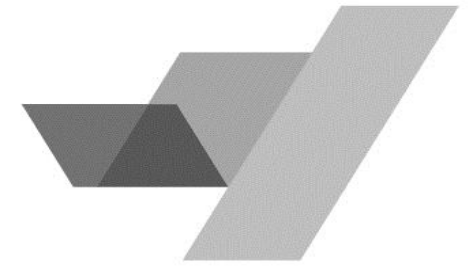


Changes to Minerals Teams

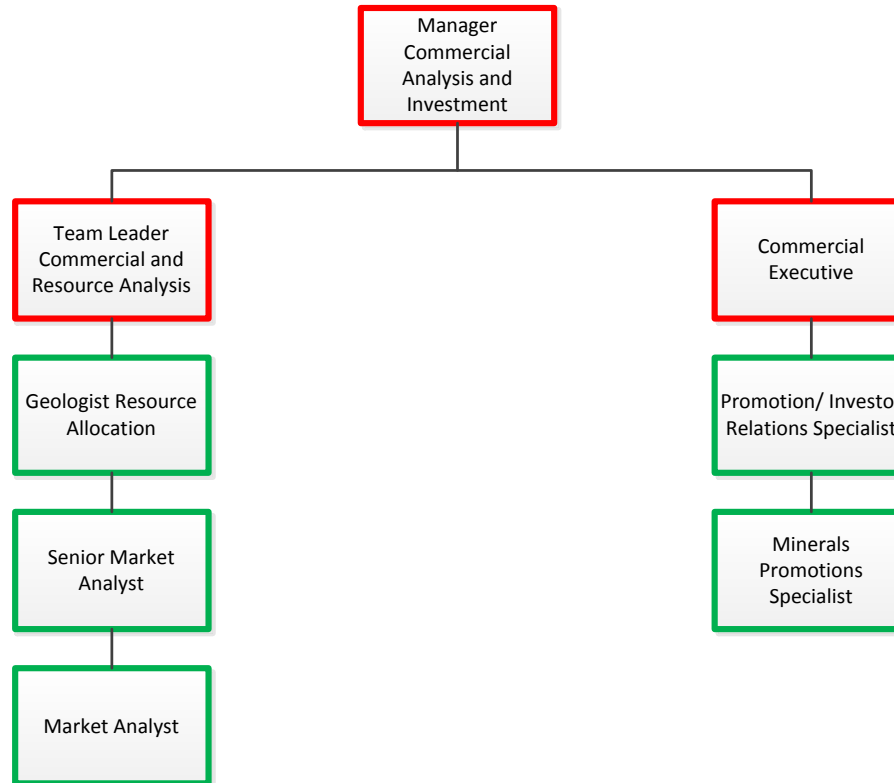


Key

-  Reporting line change
-  New position
-  Role disestablished
-  Changes to direct reports

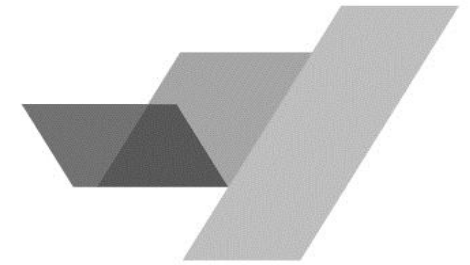


Proposed Commercial Analysis and Investment Team

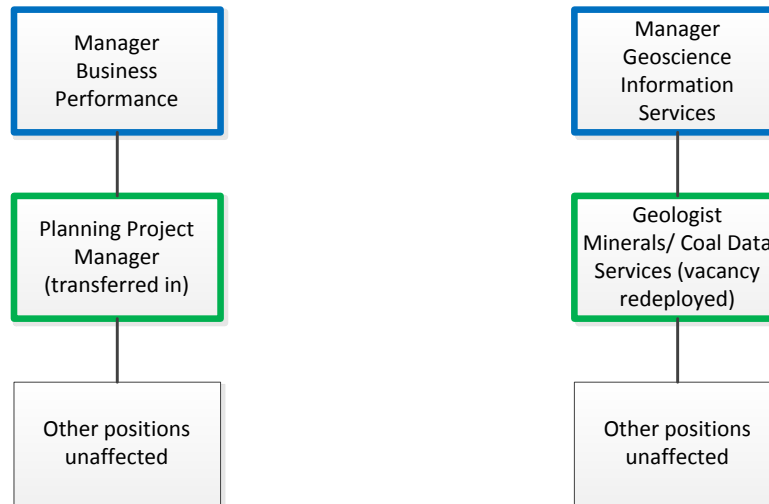


Key




-  Reporting line change
-  New position
-  Role disestablished
-  Changes to direct reports

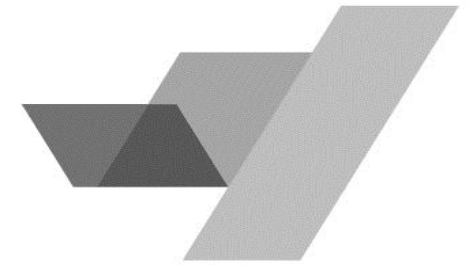


Business Performance and Geoscience Information Services



Key

-  Reporting line change
-  New position
-  Role disestablished
-  Changes to direct reports



7.1.1 Commercial and Resource Analysis

This team will be responsible analysing commercial and resource information for both the minerals and petroleum estate to inform regulatory and investment attraction activities. It will comprise a Team Leader with three direct reports *Geologist Resource Allocation; Market Analyst/Senior Analyst (Minerals), Market Analyst/Senior Analyst (Petroleum)*. The functions around geo-scientific stewardship, acquisition, systems improvement and GIS mapping will remain with the *Geoscience Information Services* team.

The *Commercial and Resource Analysis* team would also be responsible for procuring commercial and market data (such as market intelligence reports) and making that information available over the wider Branch.

The detailed functions carried out by the *Geologist Resource Allocation* and *Market Analyst /Senior Market Analyst* would remain unchanged.

The high level functions and responsibility of this team will be to ensure the Branch has the capability to source, acquire, interrogate and use commercial and resource information to inform a strategic approach to in-market investment attraction activities. This would include lead responsibility for functions around the data acquisition programme although I expect that the manager *Market and Resource Analysis* would work closely with the manager *Geoscience Information Services*.

Over time I will revisit the contribution and role of the data procurement function in this team, and examine whether it would be better included in a different part of the overall structure.

Additionally, while there is a specific role of *Resource Allocation Geologist* in the *Petroleum Strategy, Planning and Promotions* team, that function has not been mirrored anywhere within the *National Minerals* team structure due to the differences in allocation methods. In the Petroleum team, the only way in which acreage is allocated is through a defined block offer – i.e. NZP&M ultimately has full control over what areas are offered and what data to package up with those areas. In contrast, in the minerals sector NZP&M employs three different sorts of allocation methods:

- a competitive tender in which areas are reserved by the Crown and then released to the market with accompanying data in a competitive tender;



- through a Newly Available Acreage (NAA) process in which prospective areas which have been recently surrendered by a company are offered through a relatively quick (several month) 'mini-tender' process; and
- through an Acceptable Work Programme process in which a company makes a permit application over an area not currently permitted.

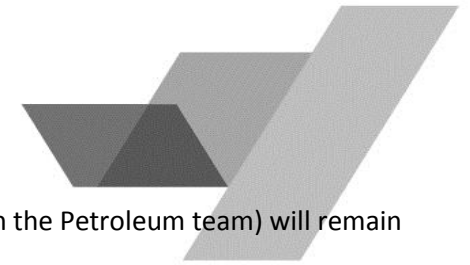
At present no more than 1% of existing Minerals Permits have been allocated through a competitive tender with the remaining 99% allocated through NAA or AWP processes. Both of these latter forms of allocation are on a rolling basis – i.e. applications are considered in the order in which they come in throughout the year, rather than on any fixed timeline as is what occurs with the Petroleum Block Offer. As a result, the types of functions carried out by the *Resource Allocation Geologist* in the National Petroleum team are spread across the National Minerals team.

I considered the possibility of reallocating resources to the *Commercial and Resource Analysis* team to have a new dedicated role that would be focused on mineral resource allocation and associated data functions. However at this time I do not consider that this is warranted. I will seek to review this matter in 2015 and reassess whether dedicated separate minerals and petroleum resources are needed.

7.1.2 Principal Commercial Executive

Responsibility for international promotional functions around attracting and maintaining investment in New Zealand will sit with in a new role *Principal Commercial Executive*. This is a leadership role responsible for an external focus, and will represent New Zealand in international business-to-business and expert-to-expert meetings.

The role will be supported by an *Investor Specialists (Minerals)* and an *Investor Specialist (Petroleum)*. While the *Principal Commercial Executive* will have some minor line management responsibility, I do not consider it to have sufficient span of management responsibility to warrant a team leader title. Further, I consider that the title more accurately reflects the purpose of the role and is one that will provide better cache with industry partners. The outward, commercially orientated promotional activities of this role are better described by the title *Principal Commercial Executive* than alternatives such as Principal Advisor or Team



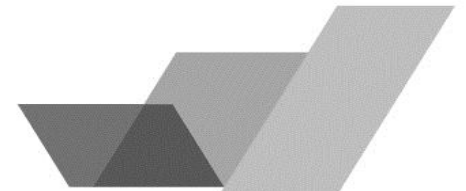
Leader. The functions carried out by the *Minerals Promotion Specialist* role and the *Promotion/Investor Relations Specialists* (in the Petroleum team) will remain unchanged although the titles will be made consistent.

A key function not accommodated in the new structure is management of supporting roles and activities for annual operational processes such as Block Offers. Currently these functions are carried out by the *Planning Project Manager* which nominally sits within the *Petroleum Strategy, Planning and Promotions Team*. Under this proposal, the functions carried out by the *Planning Project Manager* will temporarily shift reporting lines to the *Manager Business Performance*. In the short term, I consider that this is a more suitable place for roles that provide business and operational systems support across the branch. I will seek to review this arrangement in 2015.

7.1.3 Relationship to functions in Geoscience Information Services

I previously considered the potential merits of shifting the commercial and market analysis functions, along with the resource allocation analysis functions, to the *Geoscience Information Services* team rather than situating them with the investment attraction functions as proposed here. While I agree that there may be merit in this approach in terms of co-locating all information functions, on balance I consider that there are significant differences in the two general types of information being used, and the capabilities required in fulfilling each team's function. In the case of the *Geoscience Information Services* team, information functions extend to:

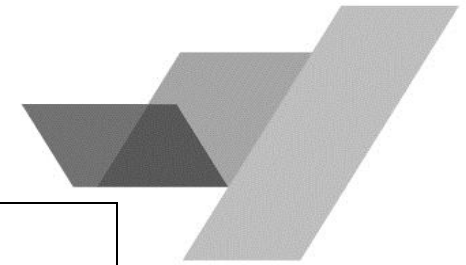
- ensuring information submitted to the Crown meets minimum required standards (a standard setting and compliance-type function);
- stewardship and ongoing systems improvements of both physical and digital geo-scientific information, and making that information available to people after certain statutory periods;
- supporting the creation of collateral and information which is packaged in a way that aids investment attraction activities;
- geo-spacial mapping to maintain the authoritative maps for permits and applications, and providing that information to support decision making and analysis of possible overlaps with sensitive areas;
- data acquisition activities.



In the case of market and resource information and analysis, the intent of the data is to inform and enhance strategic approaches to investment generation. While it is important that market information is informed by, and in turn informs, geological acquisition and stewardship I consider that these investment attraction activities need to be given their own priority at the leadership table rather than merged with the *Geoscience Information Services* team. Elevating these investment attraction functions is beneficial for a number of reasons as described above. As noted, I will be expecting a close working relationship between the

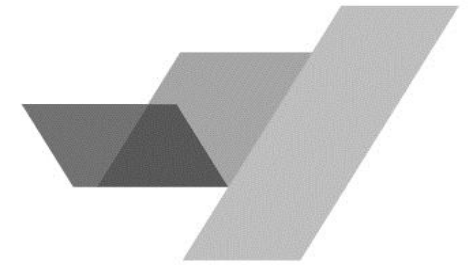
7.1.4 Affected Positions

The Table below sets out the all the positions affected by the proposal if it is implemented in the way described.



New roles	Description of effect
Manager Commercial Analysis and Investment Promotion Team	Role established as a senior management role reporting to the GM. Relocates functions from the National Manager Petroleum and National Manager Minerals.
Team Leader Market and Resource Analysis	Role established as a team management role reporting to the Manager Commercial Analysis and Investment Promotion, and becomes responsible for market and resource analysis functions currently in National Petroleum and National Minerals team
Principal Commercial Executive	Role established as a principal advisory role reporting to the Manager Commercial Analysis and Investment Promotion and is responsible for executing and informing promotional strategies

Affected Roles	Description of effect
Manager Petroleum Strategy, Planning and Promotion	Role disestablished
Manager Minerals Investment and Promotion	Role disestablished
Manager Minerals Strategy	Responsibility for developing commercial strategies to target investment shifted
Manager Business Performance	Additional resource and functions around managing block offer processes
Geologist Resource Allocation	Reporting line change.
Promotions/Investor Relations Specialist	Reporting line change. Scope of subject matter expanded to encompass minerals and petroleum. Title changed for consistency
Market Analyst	Reporting line change. Scope of subject matter expanded to encompass minerals and petroleum.
Senior Market Analyst	Reporting line change. Scope of subject matter expanded to encompass minerals and petroleum.
Planning Project Manager	Change in reporting lines
Manager Geoscience Information Service	Tactical redeployment of unfilled vacancy.



It is important to note the following:

- the table is indicative only as we cannot identify the actual impacts until the final design and position descriptions have been decided;
- the functional assessments are based on the job content – not on people or on job titles;
- the title of a proposed position is not a factor in determining impacts as titles may be used inconsistently and a change in title is not in itself a change to a position.

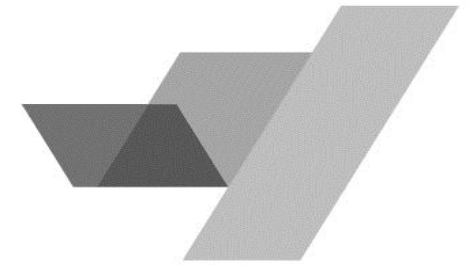
Until a final structure is determined it is not possible to confirm the details of the change process that will be used to give effect to the decisions taken. The proposed process is based on the Ministry's standard approach as set out in appendix two.

7.2 Discussion

Structural refinements are only a part of any change process. Just as important will be the way in which final proposals are bedded-down across the Branch. This will mean that we will need to work across teams and be clearer about how each of our roles works together to deliver on our outcomes.

For instance, there is a feedback loop between our investment attraction functions and our regulatory and permitting functions. It will be essential that teams and managers exchange information and actively work to share intelligence and developments. This will be something I will be emphasising with the leadership team and encouraging as a way of us working together.

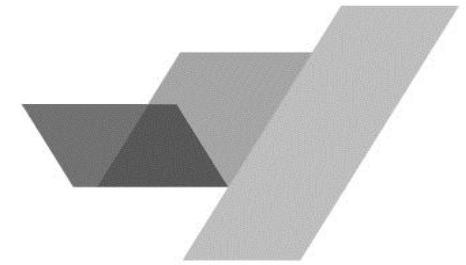
Underpinning this way of working together will be a focus on using common systems and process, where appropriate, aimed at lifting investment in the minerals and petroleum sectors. This involves institutionalising and engraining processes and capabilities within NZP&M, and not simply relying on existing relationships or ways of doing things. In line with my expectations about seeking support for NZP&M investment attracting activities from across the broader public service, we will also be seeking ways to engage more formally with NZTE.



7.3 Branch Stand-up

The timing of this process is set out in the table below.

Consultation	27 November – 10 December
Consideration of feedback	10 – 17 December
Decision document	17 December
Staff transfer process (final change arrangements including interim arrangements)	17 December
Team Stand up	February 2015
Recruiting for senior management roles	10 December – Feb 2015
Recruiting team management and principal advisory roles	10 December – Feb 2015



8.1 Consultation Process

How to provide submissions

You are invited to provide submissions on this design proposal until 5pm, 10 December 2014. The channel for providing formal submissions is via a feedback submission form (Appendix 1).

Timeline

Consultation document released to staff and their unions	
Consultation period closes	2 weeks later
Submissions analysed and considered	by 1 week later
Decisions determined and final report communicated to staff	by 3 days later

Once final decisions have been made by Andrew Crisp, Deputy Chief Executive, the reconfirmation, reassignment and recruitment processes for filling positions will begin in accordance with the MBIE change process as agreed with the PSA. The MBIE change process is set out in Appendix 2.

Available support

During this process employee assistance programme (EAP) services are available to you. You may contact these services directly including outside work hours or via your manager or Group HR team. Further information and contact details are provided in Appendix 3.



Appendix 1 - Feedback Submission Form

NZP&M Investment and Promotions Change Proposal

Feedback Submission Form

Please email to andrew.doube@mbie.govt.nz

Name	
Individual or Group Submission <i>(if group please list all names)</i>	Individual / Group <i>(please delete one)</i>

Feedback on proposed structure changes

- *The design of the proposed functions and roles*
- *Reporting and team configurations; and*
- *The level of resourcing for the different functions*

Other feedback

Is there any other feedback you think is important for us to know?

Thank you for taking the time to make a submission



Appendix 2 – MBIE Change Process

Change Process – Ministry of Business, Innovation, and Employment

This document sets out a standard approach for managing any processes that have the potential to impact on your job.

Principles

Preparing for Change

You and your representatives will be consulted on the procedures for the management of the change process, including the way in which reconfirmation and reassignment will occur.

Decisions regarding the process will be clearly communicated to all employees.

During the Change Process

You and your representatives will be given the opportunity to comment on proposals that may impact on your employment through meaningful consultation before decisions are made, with sufficient time allowed for you to consider options and provide feedback, both collectively and individually.

Communication will:

- a. be timely and transparent
- b. explain the reasoning behind change proposals
- c. be joint with staff representatives and staff forums where appropriate and agreed
- d. be responsive to requests for clarification or further information.

Change will be managed:

- a. in a fair and transparent way, and as issues arise they will be handled as consistently as possible throughout the process
- b. with careful attention to the legislative framework for change and the provisions of the applicable employment agreements
- c. in a way that aims to retain a motivated and engaged workforce for the future.

Disruption to and impact on employees and customers during the change process will be minimised and business delivery maintained.

The Impacts of Change

Change decisions will meet the unique needs of the Ministry, and will focus on achieving the Government's and Ministry's objectives.

If you are affected by change, your choices and preferences will be taken into consideration wherever possible.

If you are affected by change, you will be provided with certainty of the outcome as soon as possible.



The Ministry will explore all reasonable options for you if you are affected by change. This means that the impact of staff reductions will be minimised wherever possible through the use of other options such as attrition, appointment to new roles or reassignment to alternative roles (with retraining if practical). Voluntary redundancy may also be used where practicable.

Appointment and reassignment processes for new roles will be fair and transparent and a review process will be available if you are not satisfied with the outcome.

The use of compulsory redundancy will be the final option for managing staff reductions, once all other reasonable options have been explored. When redundancy is applied, voluntary redundancy will be used where this is practicable and agreed.

You will have access to a range of assistance and information so that you are well supported through change.

Scope

Organisational change includes situations where any one of the following occurs:

- Significant changes to structures are required
- Employee(s) position(s) no longer exist
- The nature of the work is significantly varied or changes in location need to take place

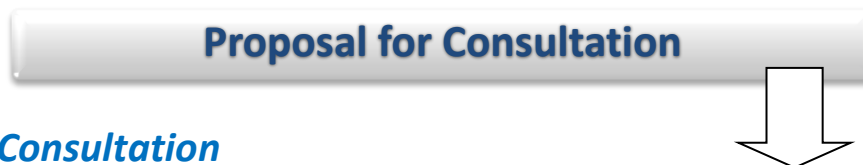
This process applies to you during organisational change if you are covered by a permanent individual or collective employment agreement. If you are on a fixed term agreement and your position is affected by a change proposal, this is not covered by this process and will instead be discussed with you directly in accordance with your fixed term agreement.

The principles of this Change Process are consistent with the various employment agreements and change management policies of the founding agencies. The Change Process describes how the provisions within the employment agreements will be implemented in both the high level design and detailed design phases.

In situations where you are seconded from your substantive (permanent) position into another position or 'acting' into another position, it will be your substantive (permanent) position which will be used to determine whether you are impacted or not by the proposal.



Process



Consultation

The Ministry will provide you and your representatives with the opportunity to have input on any proposals for organisational change that have the potential to impact on your role. This means that the Ministry will:

- Gather information from you and your representatives to assist in the formulation of proposals
- Give the proposal to you and your representatives with the information you need to fully understand the rationale behind the proposal and sufficient time for consideration and input
- Give you the opportunity to ask questions and comment on the proposal, including putting forward any alternative suggestions that you may have.



The Ministry will gather all the feedback from staff and their representatives and will analyse it. It will take this feedback into account when finalising the proposal. You will have the opportunity to see the feedback from other staff and how it has been used by the Ministry in reaching final decisions on the business.



Decision



The Ministry will release the decision, where possible, to staff whose roles are directly affected by the decision before wider release. The decision will include:

- Identification of positions disestablished or significantly altered as a result of the change
- The rationale for the decision
- The implementation process and timeline
- Support services that will be available for affected staff

Implementation



If your position has been directly affected by the change process, the Ministry will look to place you in another suitable position through the processes of reconfirmation and reassignment. The intention of these processes is to place as many affected employees in positions in the new structure as possible.

Reconfirmation

Where a position in the new structure is the same or substantially the same as your current position and you are the only person who is able to be reconfirmed to the role, then you will be reconfirmed into the position.

Where you are one of a number of people in similar positions and there is the same number or more of the positions in the new structure then you will be reconfirmed into one of those positions.

For a position to be the same or substantially the same, the following must apply to it:

- The work content of the position is the same or very nearly the same as the current position (i.e. no more than a 5% change in work content);
- The salary and other terms and conditions for the position are the same; and
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship).

Reconfirmation may apply to situations where the only change is a change in reporting line, title, there is a very small (i.e. less than 5%) change in work content or where the position is unchanged but there is a reduction in the number of positions.

If there are more employees who could be considered for reconfirmation than the number of such positions available in the new structure, we will use a contestable selection process to determine who is the best fit for the role. In this situation, consideration will also be given as to whether voluntary redundancy would be a suitable alternative to a contestable selection process.



If you are offered a suitable reconfirmation and you do not wish to take up the position you will not be entitled to redundancy.

Reassignment

If there is no position that is suitable for you to be reconfirmed into, you will be considered for reassignment to a position that is reasonably similar to your existing position. The criteria for reassignment are:

- The position is suitable given the employee's skills, abilities and potential to be retrained
- There should not be so significant a change in duties as to be unreasonable (i.e. no more than a 25% change in work content)
- Salary and terms and conditions would either be the same or will be equalised in line with the provisions of your employment agreement
- The location is the same (although it may be in a different building within a reasonable distance and the move does not cause undue hardship);
- An employee will not be considered for reassignment to a position at a higher level (promotion i.e. higher salary, increased conditions of employment, greater management seniority)

If you are offered a suitable reassignment and you do not wish to take up the position you will not be entitled to redundancy. In the event that there is no other placement available for you in the new structure, you will be deemed to have resigned your employment.

New positions

Where a position is established that does not meet the test for reconfirmation and is not suitable for you to be reassigned into, it is a new position and will be advertised and filled using a merit based selection process.

Other positions will be advertised internally in the first instance, and preference will be given to affected employees (i.e. those staff not placed after reconfirmation and reassignment). This means that applications from affected employees will be considered first. Applications from the wider pool will only be considered if there is no-one suitable for appointment from the affected pool. Any unfilled positions will then be advertised externally.

The Chief Executive may also decide, on an exceptions basis, to externally advertise some specialist positions that are new to the organisation. In this case, any internal applicants who consider that they have the necessary skills will be welcome to apply.



Resolution

If you are not placed by reconfirmation or reassignment

If you are unplaced once the reconfirmation and reassignment process is complete, your options will be:

- Applying for any new positions that are advertised in the new structure; and
- Other redeployment options that may be explored with you on an individual basis.

If after all the options have been explored, you do not have a suitable role, you will receive outplacement support and redundancy in accordance with the terms of your employment agreement.

Review Processes

Reconfirmation/Reassignment/Redundancy

If, as an affected employee, you are not happy with the result of reconfirmation, reassignment or redundancy processes you are entitled to seek a review.

To initiate a review, you or your representative needs to write to the General Manager People and Capability setting out your concerns. You must do this within 5 working days of you receiving written advice of the reconfirmation or reassignment decision that causes you concern. In situations where you are away from work e.g. travelling or on leave, there may be some flexibility with this deadline. However, you should aim to make reasonable efforts to notify your request for a review even if you cannot provide full reasons until you return to work.

Where a request for a decision relating to reconfirmation, reassignment or redundancy is submitted, the General Manager People and Capability will assign an independent reviewer or a review panel to undertake the review. The reviewer(s) will be drawn from people who are independent and who have experience with similar processes in other workplaces.

The reviewer/review panel will make a recommendation to the Chief Executive and it will be one of the following:

- The matching process has been applied correctly and there are no grounds for setting aside the reconfirmation/reassignment decision
- There were additional relevant factors that were not considered in the decision process but they would not have had a material impact on the decision reached and do not require a reassessment
- Factors that are relevant to the selection process have not been taken into account sufficiently and require reassessment (i.e. they could have affected the outcome of the reconfirmation/reassignment decision)
- The new position is or is not the same or substantially the same as the affected staff member's current substantive position.



On the reviewer's recommendation, the Chief Executive will:

- Confirm the reconfirmation/reassignment decision
- Refer the decision back to the original decision-maker for reconsideration; or
- Make an alternative decision in place of the original decision

As the review applicant, you will be entitled to see the reviewer's report as will any other staff member who is impacted by the outcome of the review, although some detail may be removed if it includes personal information about another staff member.

Appointments

For new positions where a contestable process has been used to fill the position the Ministry's Appointment Review process is available to you if you wish the decision to be reviewed.

Staff Support

A range of support will be available to you during the change process whether your position has been identified as affected or not as the impacts of change are often felt broadly. This may include change workshops, CV preparation, interview skills training, career advice or EAP Services as appropriate to meet the individual's situation.



Appendix 3 – Employee Support Options

People support

Work is a big part of your life. During organisational change, it's normal to have feelings of denial, anxiety, shock, fear, anger, frustration, confusion, stress, scepticism, and impatience. You can do something about it.

Please ask for support anytime you need it, and remember to be understanding towards your colleagues who may also be potentially affected, anxious, or distracted.

Talk about how you're feeling

You can talk to your manager, colleagues and union representative.

Employee assistance programmes

This provides independent, confidential, professional, and free support for any personal difficulties that may affect your work performance and home life. Contact these services directly or via your manager or Group HR team, including outside work hours.

EAP contact details

Phone 0800327 669
Email www.eapservices.co.nz

Stay informed

Make time to read the proposal and the supporting information. Being informed can help you feel more in control of what's happening. If you need to, talk to your manager about finding time to balance this alongside your work programme.



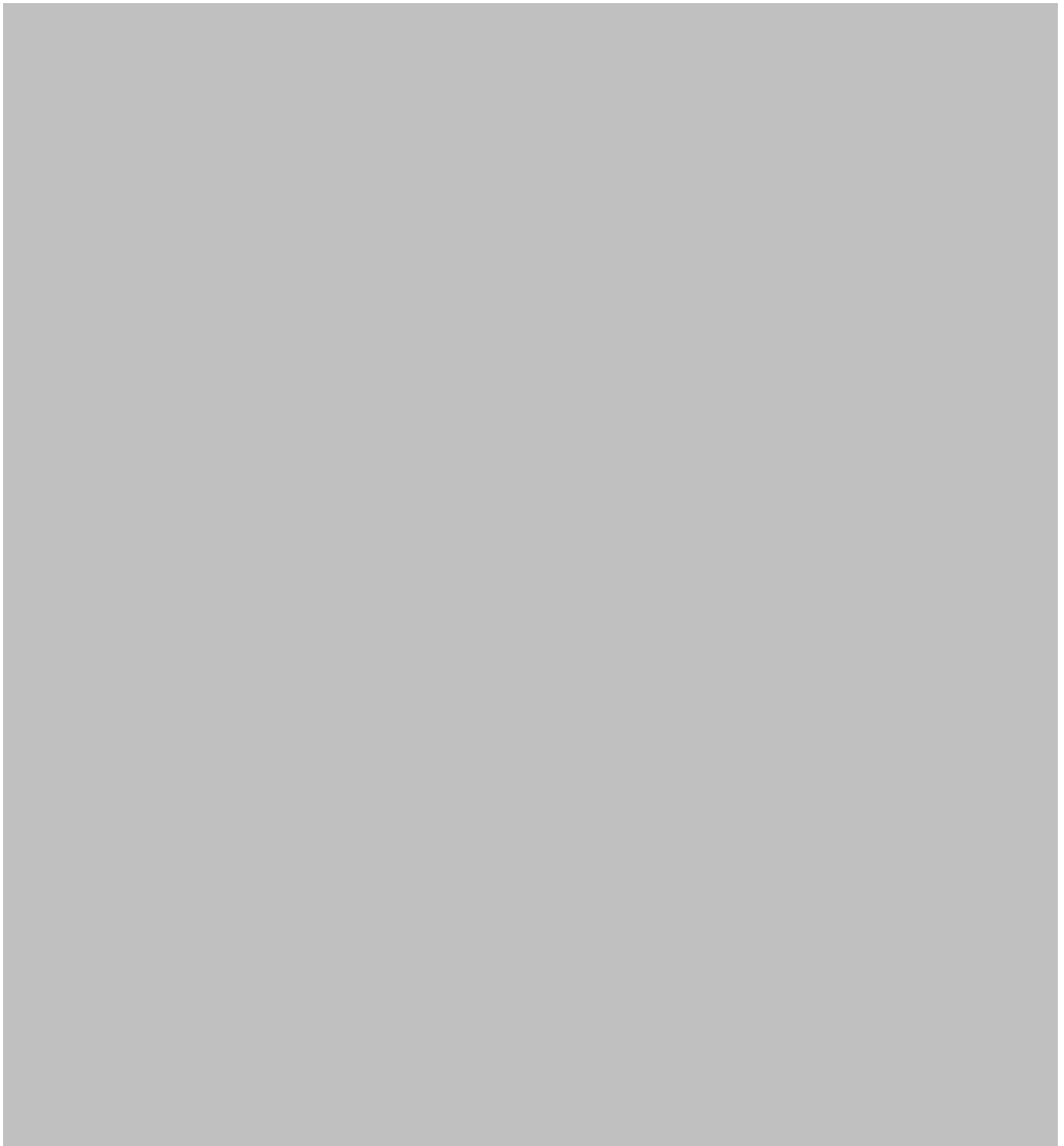
Draft for discussion 19 June 2014

Legal Opinion/Memorandum

Date: XX June 2014

To James Stephenson-Wallace, General **From** Chris Mathieson, Principal Adviser
Manager, New Zealand Petroleum &
Minerals

Promotion and decision-making: Potential conflicts of interest













Chris Mathieson

Principal Advisor, Legal

Subject to legal professional privilege. Discuss with MBIE Legal before disseminating or quoting.







⁴ Joseph para 24.5.1

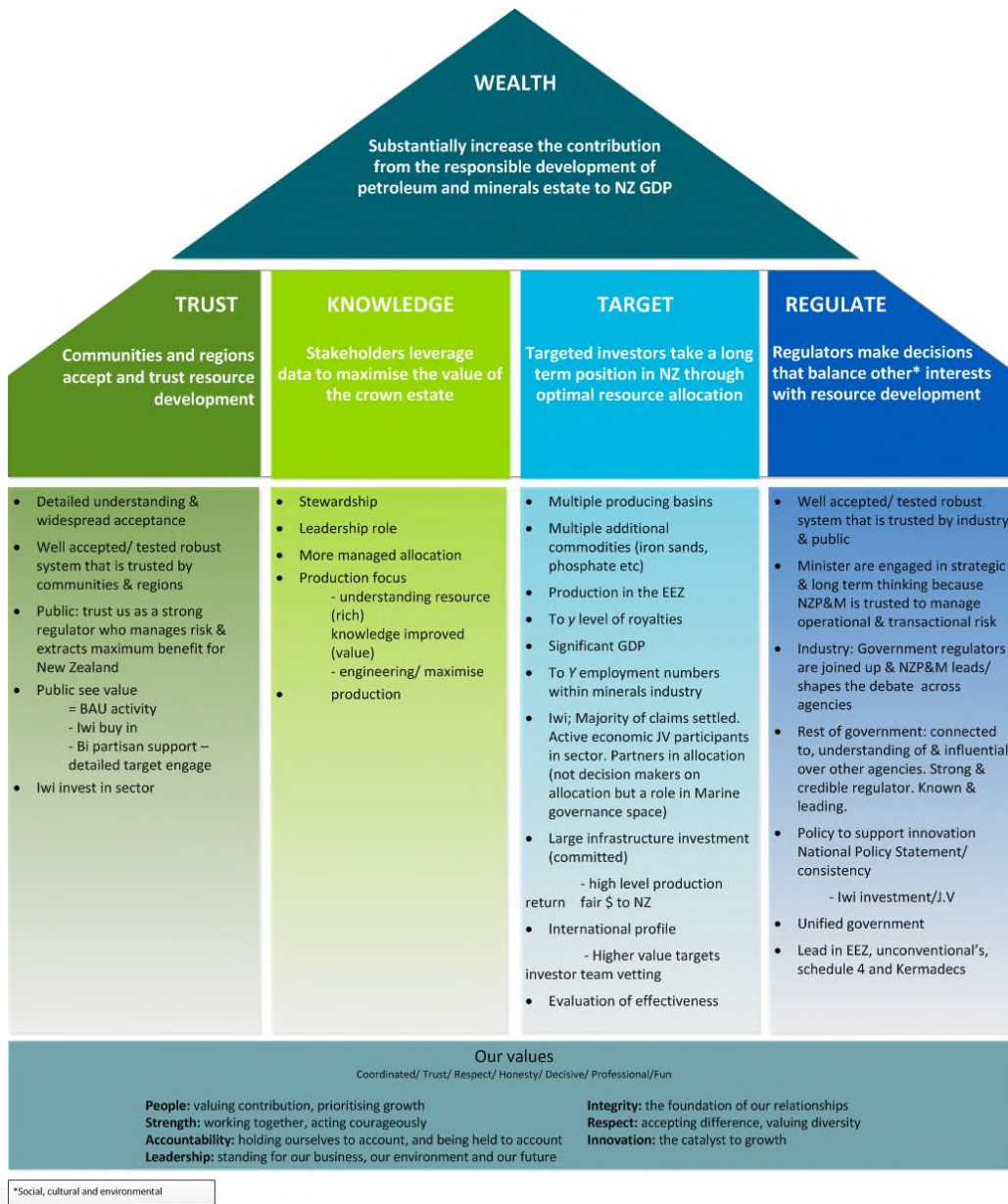
⁵ Supreme Court Reports 64 of the 2007

⁶ [1995] 1NZLR 142



NEW ZEALAND
PETROLEUM & MINERALS

Business Performance and Information Services Realignment



- Strategy led organisation
- A key input is knowledge
- Nimble, flexible, willing to take opportunities
- Structure, systems and process aim to support strategy

Business Performance

- Team has a raft of functions and undertakes a variety of activities:
 - **Branch operations** - Business planning and reporting
 - **Policy development** - the fees review, but not compliance policy
 - **Cross Branch services** - Auditing and Royalties
 - **Business improvement** - Rapid and other data functions
 - **Project support** - Block Offer project management
- These don't all sit naturally together

Opportunity for least-disruptive realignment

- First priority with Donna's resignation is to provide management support and continuity for staff
- Second priority is work continuity – managing through RAPID in particular
- But, I'm always open to opportunities for changes to support the strategy
- Realignment– there will be a change to people's reporting lines; cluster information functions; introduce reasonable team sizes in Geoscience Information Services, move operational and Branch planning to Operations Strategy Director



Realignments

- Information functions in one place
- Corporate reporting and cross branch functions to Director Operations Strategy
- Only dedicated Project Support to Block Offer
- Two new management roles – no overall change to FTE’s
- RAPID implementation team also comes across



Process and timing

- As no positions are impacted (ie roles changed significantly or disestablished) these amendment to reporting lines do not constitute formal change.
- So there will not be a formal MBIE change process.
- I want your input. Three month trial before making the new reporting lines permanent.
- Seeking input at the margins.
- The changes presented today will come into effect on Friday. Provide certainty.
- Richard will fill the new team manager roles on an acting basis.
- Questions? Talk to me, Richard, Andy, or any of the Leadership Team.



NEW ZEALAND
PETROLEUM & MINERALS





DATE	13 December 2018
TO	David Smol, Chief Executive
SUBMITTED BY	James Stevenson-Wallace, General Manager, New Zealand Petroleum & Minerals
CC	Andrew Crisp, Deputy Chief Executive, Infrastructure and Resource Markets
PREPARED BY	James Stevenson-Wallace, General Manager, New Zealand Petroleum & Minerals
SUBJECT	Final Proposal for changes to a limited of functions within NZ Petroleum & Minerals

RECOMMENDATION

1. I recommend that you:
 - a. **Note** that I have completed consultation on a proposal to structurally separate the promotions and the regulatory functions in NZP&M;
 - b. **Note** the summary of feedback and my preferred approach as set out in Appendix One;
 - c. **Note** my preferred approach has no impact on overall FTE numbers in NZP&M;
 - d. **Approve** to the attached Decision Document to be presented to all NZP&M staff on 18 December 2014 Structure and come into effect from the end of February 2015;

AGREE/DISAGREE

- e. **Approve** external advertising for a new senior management role and internally for the new team management roles in January as outlined on page 13 (the final page) of the Decision Document

AGREE/DISAGREE

- f. **Note** that I have begun discussions with my equivalent in NZTE testing a suitable candidate to act in a secondment role to 'stand-up' the new arrangements from February 2015 (potentially 12 months).

BACKGROUND

2. The New Zealand Petroleum and Minerals (NZP&M) branch provides strategic advice and intervention, operational regulation and compliance services, and external sector leadership to ensure that New Zealand's oil, gas, mineral, and coal resources are effectively managed in a way that enhances New Zealand's prosperity, and supports its way of life and the environment.
3. Following your approval, on 27 November I began consultation with the NZP&M Branch on a proposal to provide a structural separation of the regulatory and promotions functions in NZP&M. At a high level, the proposal entailed taking out the promotions functions from both the national petroleum and minerals teams, and placing those functions under a new senior manager reporting to me.
4. The proposal involved disestablishing two team manager roles, and establishing three new roles in their place. The additional FTE was drawn from a redeployment of a long-standing unfilled vacancy in NZP&M.

REASON FOR PROPOSAL

5. Currently, there are tensions between the promotional and regulatory functions in NZP&M. These tensions are managed by decision rules and complex decision delegations structures at National Manager level. The National Manager Petroleum is responsible for making decisions about mineral permits and vice versa. This is intended to manage the perceived risk of promotional activity influencing a regulatory decision. I consider, however, that this decision rule is overly complex and not a sensible longer term way of fully ensuring principles of good governance around clarity, transparency, and accountability are maintained in what are core decision-making functions.
6. I am seeking to realign some functions of NZP&M with the aim of improving the way it clusters its data procurement and information stewardship, analysis, and investment attraction activities.
7. These structural changes are part of a broader programme to assist in resolving the potential and perceived tensions between the regulatory and promotional functions of NZP&M, and cluster those functions in a way that meets ongoing and future requirements. In addition to structural change, I will be lifting the expectations on managers across NZP&M to improve the way in which we invest in staff capability building, provide opportunities for growth, and generally engage as a leadership team.

SUMMARY OF FEEDBACK

8. A summary of feedback is attached as appendix one. In general, NZP&M staff were:
 - a. Generally positive about the case for change;
 - b. Expressed some concerns about timing;
 - c. Did not support the creation of two new teams along the information analysis and promotions functions, but preferred maintaining a mineral – petroleum split (status quo) or having no or just one team manager position reporting to a senior manager;
 - d. Considered that, with respect to the consultation proposal, the level of resources in the dedicated investment attraction team (2 plus a team manager level resource) was insufficient to adequately serve both the petroleum and minerals sectors;
9. Although personally dealing with the uncertain impact of the proposal on their own roles – Both Rob Robson and Brad Ilg (current roles disestablished) have offered support for the proposal.
10. A key undercurrent in the formal and informal feedback I have received from across NZP&M is that any proposed realignments may negatively impact on existing relationships between teams and ways of working. How
11. I have carefully considered all feedback. And whilst there are a number of alternative structural approaches – I am confident that the original proposal (with some modification) will best deliver on the intended objectives.
12. In response to feedback - I am proposing to increase the level of resource dedicated to promotions activities by an additional 1 FTE. This FTE comes from a long-standing vacancy in NZP&M for a highly specialised technical role (a petro-physicist).
13. My response to the feedback from staff emphasises my expectation of managers to develop transparent and joined-up work programmes. The feedback has identified the need to be more explicit in terms of responsibilities, accountabilities, and way of working – (beyond that provided for in the job descriptions) - I will continue to work with the leadership team to build commitment for shifting some of the more engrained team behaviours.

AFFECTED STAFF

14. The decision document confirms that two team management positions will be disestablished, and seven staff will experience a reporting line change. Four new roles are created. I have analysed the difference between the new and disestablished roles and consider there to be a greater than 25% difference in functions. As such, no

automatic transfer of individuals whose roles have been disestablished to the newly created roles will occur.

15. I have consulted very closely with the two staff members whose roles are disestablished and discussed the various options available to them, including their ability to apply for one or more of the four new roles and redundancy.

TIMING AND OTHER MATTERS

16. Subject to your approval, the new arrangements will become effective on 27 February 2015. From a staffing perspective, I consider this strikes an appropriate balance between providing certainty, but also enabling a significant amount of time for the two directly impacted staff to consider their options over the summer period. .

PROPOSAL:

- **Establish** a new senior management position reporting to me, leading a new team called the *Commercial Analysis and Investment Team*;
- **Establish** two new team management and leadership advisory positions called the *Manager Market and Resource Analysis* and the *Manager Promotions and Investment*, both of whom will report to the new *Manager Commercial Analysis and Investment*;
- **Establish** a new team contributor role called *Geologist Promotions Specialist* reporting to the *Manager Promotions and Investment*
- **Disestablish** two existing team management roles *Manager Petroleum Strategy, Planning and Promotions* and *Minerals Promotion and Investment*;
- **Realign** investment attraction, information procurement, resource information, and commercial analysis into the newly established team management and advisory leadership roles.

HUMAN RESOURCE IMPACTS

17. The following positions are potentially impacted:

New roles	Effect	Description of effect
Manager Commercial Analysis and Investment Promotion Team	High	Role established as a senior manager role reporting to the GM. Relocates functions from the National Manager Petroleum and National Manager Minerals.
Manager Market and Resource Analysis	High	Role established as a team manager reporting to the Manager Commercial Analysis and Investment Promotion. Replaces either Manager Petroleum Strategy, Planning and Promotions or the Manager Minerals Investment and Promotion.
Manager Promotions and Investment	High	Role established as a team manager reporting to the Manager Commercial Analysis and Investment Promotion
Geologist Promotions Specialist	High	Role established as a team contributor supporting the Manager Promotions and Investment

Affected Roles	Effect	Description of effect
Manager Petroleum Strategy, Planning and Promotion	High	Role disestablished
Manager Minerals Investment and Promotion	High	Role disestablished
Manager Minerals Strategy	Mid	Responsibility for developing commercial strategies to target investment shifted
Manager Business Performance	Mid	Additional resource and functions around managing block offer processes
Geologist Resource Allocation (vacant)	Low	Reporting line change – vacancy redeployed
Petro Physicist (vacant)	Low	Reporting line change – vacancy redeployed
Promotions/Investor Relations Specialist	Low	Reporting line change: scope of subject matter expanded to encompass minerals and petroleum
Market Analyst	Low	Reporting line change: scope of subject matter expanded to encompass minerals and petroleum
Senior Market Analyst	Low	Reporting line change: scope of subject matter expanded to encompass minerals and petroleum
Planning Project Manager	Low	Change in reporting lines
Manager Geoscience Information Service	Low	Tactical redeployment of unfilled vacancy

CONSULTATION WITH AFFECTED STAFF

18. The need for change has been discussed with the existing employees. A full consultation process has been completed, and feedback given in written form. There have also been numerous meetings with affected staff and with staff who wish to raise issues in person.

POSSIBLE FINANCIAL IMPACTS

19. **Potential redundancy costs** (very estimate at this stage as awaiting estimated calculations from payroll)

20. Estimated redundancy costs equate to:

- \$42,000 plus any outstanding annual leave and 44 working days of cessation leave = \$64,000 + annual leave
- \$42,000 plus any outstanding annual leave
- Total estimated = \$106,000 gross, plus any outstanding annual leave.

POTENTIAL RECRUITMENT COSTS

21. Please note that the new proposed roles have yet to be formally evaluated and the salary ranges are indicative at this stage:

- Establishment of 1 x Tier 4 management position at Band 20 (Fixed Package) - salary range - \$136,014 - \$170,017 - \$204,020. It is envisaged that we would be paying towards the median of the salary range for each role.
- Establishment of 2 x Tier 5 management positions:
 - one at Band 19 (Fixed Package) – salary range - \$108,486 - \$135,607 - \$162,728 (Principal Commercial Executive)
 - one at Band 17 (Fixed Package) – salary range - \$80,370 - \$100,462 - \$120,554 (Team Leader Market and Resource Analysis)

22. **Outplacement Support**

- b. \$3000 & gst per individual = \$6000 +gst

IMPACT OF THE PROPOSED CHANGE ON STAFF NUMBERS

23. The proposal does not involve a change to overall NZP&M FTEs.

ATTACHMENTS

24. The following documents are attached to this request:

Document	Attached – yes/no
Decision Document	Yes

SUBMITTED BY

Submitted by: _____ Date: _____
James Stevenson-Wallace
General Manager NZP&M
Infrastructure and Resource Markets

Approved by: _____ Date: _____
David Smol
Chief Executive, MBIE