



Cook Islands Audit Office

Special Review Report:

**Review of Management and Operational
Performance and Systems at the Office of
the Public Service Commissioner**



PARLIAMENT OF THE COOK ISLANDS

PARLIAMENT PAPER NO.115

Hon. Mapu Taia O.B.E
Speaker of Parliament
Parliament of the Cook Islands
Nikao, Rarotonga
Cook Islands

Sir,

I have the honour to present the Special Review Report: Review of Management and Operational Performance and Systems at the Office of the Public Service Commissioner

Hon. Sir Dr Terepai Maoate, KBE
Deputy Prime Minister
Minister Responsible for the
Office of Public Expenditure Review Committee and Audit.



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5 September 2008

Hon. Sir Dr Terepai Maoate, KBE
Deputy Prime Minister
Minister Responsible for the
Office of Public Expenditure Review Committee and Audit

Honourable Deputy Prime Minister,

Pursuant to Section 33 of the Public Expenditure Review Committee and Audit Act 1995-96, I have the honour to present the Special Review Report: Review of Management and Operational Performance and Systems at the Office of the Public Service Commissioner

Following its delivery and presentation to Parliament, the report will be placed on the Cook Islands Audit Office's website (<http://www.auditoffice.gov.ck/>).

Paul R.S. Allsworth
Director of Audit

OFFICE OF PUBLIC EXPENDITURE REVIEW COMMITTEE AND AUDIT

EXECUTIVE SUMMARY

Introduction:

After receiving various public complaints about certain performance and remuneration issues managed by the Office of the Public Service Commissioner (OPSC) relating to Heads of Ministries, the Director of Audit discussed these issues with the Public Service Commissioner, Navy Epati and decided to commence a review. The request from the Commissioner was for the Audit Office to undertake a performance audit to review the current status of OPSC, to review their performance as a central agency, to identify issues and to see how to improve the overall performance and systems as required under the Public Service Act.

The review commenced by assessing the current status of OPSC within the central agency, public sector and national context. This approach provided a broad and comprehensive view on how OPSC has performed as a central agency in public sector and how its influence has impacted on the performance of Heads of Ministries (HOM), public sector and the nation as a whole. Audit consulted a list of 34 key stakeholders. Stakeholder responses, information retrieved from articles, reports and research into overseas experiences provided a basis for the findings and recommendations of this review.

The Review:

The review of OPSC provided Audit with the opportunity to review the management structure and performance of OPSC within the central agency, public sector and national context. Concerns have been raised regarding the lack of performance from OPSC and the lack of direction, vision, and progress in managing and monitoring public sector operations. Concerns were also raised about the lack of decisive action from OPSC in addressing issues of non-performance of HOM's. Issues of management weakness, poor decision making, lack of monitoring and lack of capacity were identified in this review. These anomalies and weaknesses have been an accumulation of developments by the leadership of the OPSC following Cecilia Short's departure. Since then, the office has been managed by various Commissioners such as Maine Brown, Jonah Tisam, Joe Caffery, and recently as 2006, Navy Epati.

Major Audit Findings

This review has found that the operational problems at OPSC are due to management weaknesses, policy and legislative weakness, system weakness, poor decision making, and lack of action. This has caused problems in areas of monitoring and evaluation, policy development, and decision making. The problem at OPSC has also been stimulated by a lack of policy direction, and lack of leadership. Political influences have compromised the planning implementation and monitoring processes managed by OPSC. The systems and the structure within Government have also failed OPSC.

1. Inadequate Monitoring of Management and Performance

This review found that the Commissioner is responsible for managing the appointment, remuneration, disciplinary, and termination process of HOM's. The Commissioner is a facilitator and enforcer in this process and he only makes recommendations but Cabinet makes the final decision. We have found that there gaps and deficiencies in the remuneration and termination of HOM's and as a result, these matters have been poorly managed by the Commissioner. It appears that the decision making process is unclear in this regard. The Commissioner has not been proactive in dealing with legal and policy discrepancies to ensure that these processes are performed effectively.

The monitoring of HOM's performance is another area of concern to Audit because of the lack of consistency in required disciplinary actions and decision making from OPSC. This review found that

performance and other operational issues involving HOM's are not being effectively monitored and actions taken by OPSC and the Commissioner. OPSC has been relying only on feedback and reports from the HOM's without actual verification of activities and issues. Because the monitoring and verification processes are weak and the leadership is lacking at OPSC, issues of non-performance and non-compliance leads to the inappropriate use of public funds. Over time, these have not been dealt with at all.

2. Inadequate Monitoring of Public Service

This review found that there was a shift in responsibility from OPSC to HOM's. HOM's were empowered to manage their own ministries and all the operational, financial, and policy requirements while OPSC was only required to monitor the performance of the HOM's and the overall public service. Key stakeholders commented that the monitoring and evaluation of public service operations and performance has not been performed effectively since the shift in responsibility and the changes in roles and responsibilities. Issues of poor planning, decision making and performance, and poor policies and systems are not being addressed.

This review found that the lack of monitoring of the public service by OPSC has allowed inconsistencies in operational performance and decision making to take place. Monitoring and evaluation is a function that should be managed and driven by OPSC and other key central agencies. Stakeholders emphasized that OPSC plays a critical role in monitoring the performance of the overall public sector and improving areas of operation. The issues identified in the review raised serious concerns about the lack of action from OPSC in monitoring and improving public service performance with regard HOM's and Island Secretaries.

3. Inadequate Monitoring and Understanding of National Requirements

The lack of adequate monitoring in the public service also impacts on OPSC's capacity to analyse trends and national issues. This review has found that the national issues and needs of the people are not being monitored and fully understood by Government. As a consequence the services are not configured to address issues of national importance and to meet the needs of the people. This responsibility should be managed by central agencies including OPSC.

A proper analysis and verification of the social indicators such as depopulation, outward migration, the cost of living and the issue of affordability should also be conducted to confirm what influenced these indicators and how public sector decisions and priorities has impacted on these activities. This review has found that there is a lack of understanding on why our people leave and how the public and private sector performance has influenced this.

4. Addressing Management and Performance Issues

This review has found that issues of non-performance among HOM's are not being dealt with effectively by OPSC. Some HOM's were found to be in breach of certain policies and legislation but OPSC has not addressed these issues and has not improved policies and legislation to minimise these issues. The appointment, remuneration, disciplinary, and termination process for HOM's have been poorly managed by OPSC. Decisions made regarding the appointment and remuneration of some HOM's has been inconsistent while the action taken to discipline and terminate non-performing and non-complying HOM's has not been forthcoming.

OPSC needs strong leadership to address management and performance issues. Clear guidelines, adequate policies and a strong legislation are required by OPSC in managing the appointment, remuneration, disciplinary, and termination of HOM's. Proper policies and legislation should clearly

outline the roles and responsibilities of OPSC and the clear segregation of duties between Cabinet, Ministers, HOM's and OPSC in the decision making process. Proper monitoring systems and processes are needed to complement OPSC when making decisions on the management and performance of all HOM's. A review into the appointment and remuneration process in the public service is highly recommended.

5. Addressing Public Service Operational Issues

The performance of public service can be attributed to the lack of structured systems and processes in Government. This review found that there is no institutional framework in place to manage the planning, decision making, implementation, and monitoring process in the public service. There is also a lack of adequate policies to manage the operational requirements. The ineffectiveness of the legislation and the lack of enforcement have also compromised any action required to address issues of poor performance. The weakness in policies and legislation also impacts on the definition of roles and responsibilities.

OPSC is responsible for assessing the operational performance of public service and they are strategically positioned to monitor, assess and improve operational issues. OPSC is also in a position to understand what policies, legislation, systems, processes are required to improve operational performance. Key stakeholders commented that standard operational policies and procedures needs to be implemented, managed and enforced by OPSC. These standards should provide clear guidelines on how operational activities should be carried out. A Code of Conduct for public sector is also recommended to allow consistency in appointment, remuneration, performance and disciplinary processes and decision making.

6. Addressing National Issues

Assessing the needs of the people and reconfiguring public service to meet those needs is an initiative that OPSC and the central agencies need to focus on. Social indicators such as depopulation and outward migration are major contributing factors confirming that people's needs are not being met hence the reason for them leaving. Analysing national issues and factoring them into public service planning and policy development initiatives is a responsibility OPSC and the rest of the central agencies should manage. An adequate institutional framework can complement this process to ensure that the proper planning, resource allocation, decision making and monitoring are performed to support the Government's five strategic priorities:

- Economic stability
- Outer Island Empowerment
- Social Cohesiveness
- Infrastructure Advancement
- Good Governance

An assessment of national issues and priorities needs to be conducted to determine what public service activities, decisions and resources are required. This assessment would assist OPSC, and key central agencies and Government leadership understand how public service should be structured to determine what level of quality, efficiency and effectiveness of public service resources should be operating at. Institutional strengthening in public service should be prioritised to complement this change process and to ensure that public service is able to deliver what the people require.

Recommendations

The following recommendations are addressed to Prime Minister, Deputy Prime Minister and Ministers of Cabinet, Chief of Staff, Financial Secretary, Public Service Commissioner and the Solicitor General. Set out below are Audit's five key recommendations aimed at improving the overall management and performance of OPSC and provides a snapshot on how public service should be streamlined. There are a total of twenty six recommendations in Section 8 of the report. Section 7 of the report titled "What is the Best Way Forward" provides further details of the recommendations.

1. Implement a Change Management Regime

A change management program for the overall public service will set in motion a change process required to:

- identify priority areas based on national trends, issues and needs
- configure the purpose and function of public sector to meet those needs and address the issues
- implement the appropriate structure or framework
- identify the "right size" of public service
- identify the core and essential services and also the non-core activities of Government
- strengthen legislation, policies, monitoring systems, and disciplinary and corrective measures
- allocate limited resources based on desired outcomes and outputs
- up skill the senior management and personnel
- improve the efficiency and effectiveness of public service

2. Sectorize Government Approach

The sector based approach needs to be addressed when redefining or proposing a new public service structure. The sector structure will allow the Government leadership to strategically manage public service more effectively. Setting up public service into the social, economic, governance and infrastructure sector will allow for:

- improved and consistent planning and policy development
- better coordination of projects and operational, financial and policy requirements
- improved monitoring, evaluation and enforcement within the policy, legal, and resource parameters
- improved linkage and communication of goals at all levels in public sector
- improved allocation and usage of resources based on outcomes
- improved capacity within public sector to deliver quality services
- improved ownership, involvement and accountability in public service

3. Define OPSC Role and Responsibilities

OPSC's role needs to focus on managing and monitoring operational requirements in public service. Roles and responsibilities at OPSC need to be clarified and supported by strong systems, adequate policies and appropriate legislation. A robust monitoring and evaluation framework is required to support and complement OPSC's monitoring and performance assessment initiatives. Roles and responsibilities at the ministry and sector level will need to be defined by OPSC to allow for consistency in operational activities, proper allocation of resources, and improved decision making.

Management competencies need to be defined for management positions at OPSC. The role and responsibility of the Commissioner needs to be clarified and stipulated into the PSC Act. The appointment, remuneration, disciplinary, and termination process of HOM's needs to be clarified and outlined in the PSC Act especially if the Commissioner is required to manage this process. A change in

the leadership may be required at OPSC to allow the confidence of the public service and the people to be restored and also to ensure that issues of non-performance and compliance are addressed. The clarification of roles between the functions of the OPSC CEO and the Commissioner needs to be carried out. This uncertainty and ambiguous situation needs to be clearly defined through legislation.

4. Implement a Robust Disciplinary and Corrective System

Recurrent anomalies and discrepancies by certain Heads of Ministries have continued with no corrective action or penalties. Various Audit reports have disclosed mismanagement and misappropriation of public resources within the public sector. Overall, no action has been taken to remedy these issues and fix the problems. This sends the wrong message to public servants and the public at large. Failure to do this lies within OPSC. The Commissioner has indicated political interferences and unclear legislation. A national remuneration board will need to be looked at to consolidating sector-wide positions for HOM's, Crown Agencies, State Owned Enterprises and Constitutional positions.

5. Improve Government Operational Policies and Procedures

OPSC will need to understand the operational requirements in the public service to allow them to implement standard guidelines right across the board. An Operational and Personnel Policies and Procedures Manual need to be introduced and enforced by OPSC, similar to the MFEM financial manual. A Code of Conduct for all public servants will also need to be implemented. This is required to ensure that operational activities and decision making in the public service is consistent and applicable to policies, legislation and priorities. This also allows OPSC to monitor and enforce operational requirements and initiatives in a consistent manner.

Conclusion

Given our major audit findings and recommendations, there needs to be appropriate changes at OPSC especially in the areas of leadership, policy, legislation, monitoring systems, performance evaluations and personnel. The responsibility of OPSC within the central agency and public sector context requires major changes so that OPSC can effectively lead the way for an efficient public sector. Appropriate leadership at the central agency level will be critical in driving this change process forward.

This review has found that the purpose and function of OPSC was diminished since the reforms in 1996 and the role, responsibility and authority of the Commissioner was reduced. OPSC was only required to manage and monitor the performance of HOM's and also to act as a "good employer" by implementing appropriate operational policies. The PSC Act did not provide clear instructions on how OPSC and the Commissioner should perform their duties and the lack of regulations in the Act did not allow standard operational policies to be created.

The majority of stakeholders consulted in this review commented that leadership within OPSC has been "lacking" since Mrs Cecilia Short vacated the Commissioner position back in 2001. The lack of leadership at OPSC has allowed personalities and attitudes in public service to dictate priorities and decision making. Cecilia Short commented that if OPSC and central agencies are weak, then the discipline and productivity in public service will be compromised.

Issues of non-performance and non-compliance to policies and legislation among some senior officials in the public service have been allowed to continue without being addressed. The inconsistency in the HOM's appointment, remuneration, disciplinary and termination process managed by OPSC and the influence of politics on priorities and decision making has impacted on the morale in the public service. To restore confidence back in the public service, a change management process is needed. A change in leadership at OPSC may also be required.

The purpose and function of the public service needs to be clearly defined and a new direction needs to be set. Appropriate systems, policies, legislation, resources and personnel needs to be applied to areas of need and managed to allow the public sector focus on meeting the needs and expectations of the people. Identifying the needs of the people will determine how public sector standards and services should be configured and delivered. OPSC and central agencies play a critical role in redefining the purpose of public sector.

The reform process resulted in a “downsize” of public servant numbers from around 3000 to 1300 according to Mrs Cecilia Short. From this review we have found that the number of public servants has gradually increased to approximately 2300 according to OPSC CEO Russell Thomas. This figure includes the number of employees from state owned enterprises. Audit is of the view that public service needs to be “right sized” to allow efficient services to be delivered and to make sure that the public service is providing value for money. OPSC should be given the necessary resources to carry out its mandate. OPSC needs to be a more professional and non-political institution to be effective.

A change management program for the whole public sector needs to be planned and implemented properly. The purpose of such program needs to be clearly defined to ensure that it is focused on the priority areas at all levels in public sector. An appropriate timeframe needs to be set for the program to allow improvements to policies, legislation, systems, and structures to take place without being rushed. Where there’s a need for new initiatives, appropriate resources need to be allocated accordingly. What is critical to this change management program is the support and buy-in required from leadership in Government and all stakeholders involved.

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1.0 Introduction

The Public Service Commission (PSC) has grown and changed over the last 40 years – acquiring some functions and devolving others. Change has also occurred around it. PSC along with the overall public service experienced dramatic changes during the 1996 reforms and in turn, it has impacted on the way PSC carries out its responsibilities in the public sector.

Since the reforms, the Public Service Commission was renamed the Office of the Public Service Commissioner (OPSC). A new PSC Act was enacted and the PSC Manual of Instruction was discontinued. Most of OPSC's functions and responsibilities were devolved to the Heads of Ministries (HOM) while their core function was limited to managing and monitoring the performance of HOM's and to enforce a few operational policies.

The reform process allowed for most of OPSC's function to be devolved to the HOM's. They were expected to develop their own set of policies and guidelines to manage the operational requirements of their respective ministries. With a lack of follow up, know-how, support and resources, HOM's were allowed to create policies and manage their operations without proper standards and guidelines to follow. This has create huge inconsistencies in operational requirements and decision making in public sector which has prompted Audit to conduct a review into the operations of OPSC within the overall context of the public sector.

It is important in our view to review OPSC within the overall public sector context because of the importance of the function and responsibility of OPSC in Government. To give us a better understanding of the performance of the public sector and the role of OPSC, we briefly looked at the current status of the country, the economy, and the overall performance of public service. The review confirms that OPSC's role and function in public sector needs to be strengthened to allow for a better management of operational policies, priorities, resources and systems right across the board.

The review has highlighted areas that OPSC and the public sector would need to undertake to strengthen its capacity and to meet the needs and challenges of our people for now and the future. Some examples are that OPSC should be able to: monitor and enforce authoritatively on all operational requirements in public sector. OPSC should also put in place robust systems, policies and processes to monitor the effectiveness of public sector; and ensure that activities, priorities and decisions made are consistent to the goals and objectives in ministry and sector plans, and the national priorities in the NSDP.

2.0 Key Findings

The review asked three major questions in order to understand what is going in public sector and how OPSC contributes to that, what the critical issues are and how to address it.

Current Status of the Public Service and the OPSC

In this section, we looked at national issues and how that has been influenced by the way public sector and OPSC has operated. We found that depopulation is a growing concern that is impacting on the way our economy operates. Our review has found that people continue to leave because their needs and expectations are not being met. It does not help that core services delivered in public sector such as education, health and infrastructure are substandard as compared to standards in New Zealand and Australia. Because of this, our people migrate overseas to fulfil their personal desires.

The slowdown of the global economy and the rising cost of fuel and food have impacted on the domestic economy in a way that is forcing our people to explore options in other markets like New Zealand and Australia. Our status as New Zealand citizens allows us to access these markets without too much difficulty but it is also fuelled by the negative performance and stigma of our public sector, the lack of adequate systems and processes in Government, and the lack of opportunity in the private sector.

OPSC being a driving force in Government is expected to manage and monitor the “machinery of Government” but the perception is that it has not been effective in doing so. This review looked at the policies and legislation managed by OPSC to see how it is reflected in their systems and processes. We also looked at how OPSC fits into the overall governance framework and its involvement with other agencies like MFEM and OPM, in the managing and monitoring of the public sector.

Critical Issues at OPSC and Public Service

Key stakeholders have remarked that the fundamental issue not being addressed by Government is the issue of not delivering what our people want and expect. One only needs to look at the quality of public sector to realise that key services like education, health and infrastructure do not meet the expectations of our people hence a primary reason for them leaving. There is a lack of an adequate institutional framework that provides appropriate systems and processes for planning, policy development, legislative review, decision making, and operational, information and financial management guidelines.

Key stakeholders have also remarked that public sector is not providing value for money and that is evident in the quality of Government services, systems, processes and decision making. A lack of proper systems and processes also mean that public sector lacks purpose and its roles and responsibilities are not clearly defined. When you have an inadequately structured public sector, unplanned and reactive responses occur and policies and priorities are overlooked. Decision making is therefore driven by politics and or personalities.

OPSC being a central agency is supposed to manage systems, processes and decision making in public sector along with OPM and MFEM. Because OPSC lack capacity, the independence, the political will and adequate policies and legislation to carry out its duties, this has a negative effect on the way public sector is managed and monitored and it allows other agencies in Government to do as they please without any proper guidelines in place. We found that OPSC lack standard operational policies for public sector operations and the PSC Act do not stipulate clear roles and responsibilities for OPSC and the Commissioner. As a consequence, issues of operational inconsistencies and non-performance of HOM's and public sector are not addressed.

Best Way Forward for OPSC and the Public Service

The most critical question the review asked is “*What is the best way forward for OPSC and the public sector?*” Put another way, what outcome should OPSC and the public sector be working towards? The review concluded that OPSC along with other central agencies should be seeking to create an environment in which the public sector provides efficient and quality services and the public is confident in the service that is provided. What does this mean? Ultimately, when our people purchase or request a service from public sector, their reasonable expectations of the service provided will be met and, if not, they will have access to effective redress.

What is important to know from this point on is what our people want and expect. Once Government and other stakeholders identify the needs of our people especially in the areas of health, education, infrastructure and economic opportunities, this will then determine what Government needs to provide in

terms of quality and service. To determine what our people want and expect, adequate consultation needs to take place between Government, the private sector, civil society, the community and people on Rarotonga and in the outer islands.

Once the needs of our people are determined, a change management process should then be initiated to determine the proper framework within Government, the activities public sector needs to be engaged in and roles and responsibilities within the framework. Part of this process would require the “right sizing” of public sector, the identifying of necessary skills and resources and defining of adequate policies, legislation and the implementing of information systems. OPSC is a key driver in this change management process and it will need to be equipped with appropriate policies, systems and legislation. What is critical in this whole process is the support and drive from the leadership of the country.

3.0 Background to the Review

The Review was initiated in May 2008 at the request of the Director of Audit, Paul Allsworth. A full review of OPSC’s role and functions has not been undertaken since the 1996 reforms. Over the years, the Audit Office has highlighted a number of concerns over the management and enforcement of OPSC policies and legislation and the monitoring of HOM, ministry and public service performance. Our financial and special review audits have identified major inconsistencies in the way operational policies and requirements are managed and implemented in public sector.

Issues such as the poor management of travel and entertainment, unauthorised expenditure, the use of credit cards, inconsistencies in remuneration, and the appointment and termination process is a concern to Audit and there were no standard guidelines in place to address them. With these concerns in place, a comprehensive management and performance review of OPSC is inevitable. It is our view that OPSC should be responsible for all operational requirements in public sector. The purpose and direction of OPSC needed to be defined for the next 5 to 10 years to help ensure that this happens.

This Review is intended to allow OPSC to define how it should manage and monitor the operational requirements in public sector, and to consider its role in the governance sector. This review also examines the position of OPSC within the overall context of the public sector to see what type of activity they should be involved in. For this review, it is also important to see how the public sector framework operates because this would help determine what OPSC should be focusing on to improve the quality of service in public sector and to address the areas of concern.

3.1 The Review

The Review will focus on the strategic direction of OPSC over the next 5-10 years, within the context of the Government and the country’s overall strategic direction and goals, and what this means for the role, purpose and scope of OPSC. This will include an assessment of:

- the key objectives for OPSC in a changing economy
- the key objectives for public sector and the role of OPSC in public sector
- the key objectives at the national level that will impact on the way service is delivered in the public sector and OPSC
- the relationship between the Public, Government, and the Private Sector
- the relationship between central agencies in Government
- the key strategic issues confronting Government and the Country over the next 5-10 years
- key changes and potential future trends for the Government, public and the private sector

- key interfaces with “sector related” agencies and line ministries

The outcome of the review will be a report analysing and making recommendations on the implications of these factors for the role of OPSC and the institutional framework within which it operates. The Review Team understood from the Audit Objectives that it was being asked to develop a high-level strategic direction for OPSC that would allow the organisation to position itself effectively into the future. In responding to this task, the Review Team considered that there were three questions that it needed to answer:

1. What is the Current Status of the Public Service and OPSC?

2. What are the Critical Issues?

3. What is the Best Way Forward for the Public Service and OPSC?

The answers to these questions would provide the necessary information and conceptual framework for putting together OPSC’s strategic direction, and so this Report is structured along these lines.

3.2 Audit Objectives & Coverage

The primary objective of this review is to undertake a full scale analysis of the performance and operations of the Office of the Public Service Commissioner. In doing so, we intend to examine the following aspects:

- a. The OPSC outputs and to ascertain as to whether OPSC achieved these outputs within their appropriation approved by Parliament.
- b. The OPSC’s mission, policies and procedures, legislation and systems and how these are reflected and linked to their operations and performance.
- c. The delivery of goods and services in public sector – how efficient, effective and economical
- d. OPSC’s systems and processes - how information is collected, processed and reported in public sector and how it is utilised for decision making in areas of operations and performance
- e. OPSC’s involvement and responsibility in public sector as a central agency
- f. Is the current structure of OPSC and the public sector appropriate to serve the needs of the public; what changes are needed at OPSC and the public sector to improve performance and service delivery
- g. Are the relationships and reporting channels internally in OPSC and within the overall public sector functioning effectively? If not, what improvements are needed?
- h. Are there clear guidelines given to OPSC regarding its role and responsibilities and is it meeting OPSC requirements and the performance standards required by Government.
- i. Is OPSC conducting effective monitoring and evaluation of public sector operations, resource allocation, policy effectiveness and decision making
- j. Are there functions and responsibilities that OPSC can perform over and above what they are currently doing and what capacity do they require to effectively perform these responsibilities
- k. Are the resources of OPSC and public sector being efficiently utilised and what systems and processes manage these resources in public sector
- l. Are the performance and deliverable standards set by government being met by OPSC?
- m. The reporting and communication process used by OPSC in public sector and the general public
- n. How information is received from external sources, analysed, distributed and used by OPSC.

3.3 Audit Scope

The scope of this review falls between the 1st of July 2005 and 30th of June 2008 period however, Audit has found reviews and reports that fall out of this time period and the issues highlighted are very much appropriate for this review. The majority of the review focused on the OPSC setup from the time the reform was initiated in 1996 till now.

Audit also increased the scope of the review to more of a management and performance review of the whole of public sector. Audit also engaged the viewpoints of a variety of organisations and individuals to get opinions on the historical setup and purpose of OPSC. Audit has identified that the issues are not just limited to management but to the overall policy, legislation and systems of the organisation.

3.4 Methodology and Overall Approach

To undertake the review, the Director of Audit and the Manager of Performance and Special Reviews appointed two Performance Auditors with experience in management, policy and finance to carry out the review. Key Stakeholders were consulted during the review. *Appendix A* lists the stakeholders interviewed. *Appendix B* names the auditors assigned for this review.

The Key Stakeholder Group included members from Government and the private sector. The auditors spoke to consultants that have provided advice to OPSC along with policy, economic and management consultants. To get historical viewpoints, the review team spoke to past and present HOM's, former politicians, policy advisors of the two main political parties and donor agencies.

The auditors also undertook background research on the issues identified in the Audit Plan, and researched a variety of reports to inform our thinking. It should be noted that the auditors did not undertake a detailed analysis of governance and institutional models and public administration systems used by other agencies in other countries. An analysis of that kind involves significant resources, and is unlikely to be of great value without detailed discussions with regulators about why particular approaches have been taken.

The auditors also reviewed the operational activities engaged by OPSC and reviewed sample documentation and performance reports. From this we were able to identify areas that confirm the weaknesses in policies, legislation and procedures mentioned in the report.

4.0 Putting OPSC in Context

In considering the role of OPSC, it is informative to review the overall public sector institutional arrangements and their implications for the role and responsibilities of OPSC. Historically, OPSC has been the key driver for change and management especially regarding human resource development in public sector. OPSC provided all the operational and human resource requirements and managed these requirements in public sector.

The failure in this arrangement is that a proper monitoring and evaluation was not in place to provide realistic and useful insight into the activities and growth in public sector. It also didn't help that the political element allowed for unplanned activities and reactive decision making to take place. Because of the unsustainable nature of the public sector and the pressure on Government to sustain core services, change was inevitable.

The most recent change took place during the public sector reform process in 1996. Some of OPSC's core functions and outputs were devolved to other agencies. HOM's, CEO's and Island Secretaries were granted extra authority to manage the affairs of their respective organisations while OPSC managed and monitored their performance. The PSC Manual of Operations was removed from the public sector and HOM's were expected to initiate their own policy and operational systems.

Because of the lack of operational policies and standards in public sector along with a change in authority and decision making, inconsistencies started to emerge in various ministries and crown agencies. The Cook Islands Government Financial Policies and Procedures Manual (CIGFPPM) provides guidelines for all financial arrangements in public sector however, there are no standard guidelines for operational arrangements since the PSC Manual of Operations was removed. As a consequence, Audit has revealed numerous inconsistencies especially in areas like travel, entertainment, leave, remuneration, and the appointment process of HOM's and public servants.

4.1 OPSC's Existing Core Functions

OPSC currently has two outputs as part of its core functions. There are a total of nine public servants employed by OPSC including the Commissioner. The budget appropriation for the 2008/2009 financial year is currently set at \$436,863 as the net appropriation. POBOC was approved for OPSC at the amount of \$125,000. There has been a slight increase in the budget and this is due to the regional Public Service Commissioner conference OPSC is hosting. Apart from that, there are no new initiatives for OPSC.

4.1.1 Good Governance

This output requires OPSC to manage and monitor HOM's appointment process and performance. OPSC ensures that HOM's are appointed according to their qualifications, experience and skill and those contracts are signed with the appropriate performance agreement.

4.1.2 Good Employer

This output requires OPSC to monitor HOM's performance to ensure that they comply with the provisions of their contract and performance agreement. OPSC is also required to manage employment disputes in public sector along with managing policies such as job sizing. OPSC is also required to inform the public sector about progress or changes in policy, legislation and decision making.

5.0 What is the Current Status of the Public Service and OPSC?

5.1 National Situation

Status of the Country

- 5.1.1 The Cook Islands as a nation is going through a change process where its population, existence, and identity are currently being challenged by the influence of globalisation. Our position in the world stage and especially in the Pacific region is being redefined because of movements in the global and regional markets. Because of our close affiliation in terms of citizenship, currency, economy and governance to New Zealand and indirectly to Australia, it allows the country and its people to be exposed to movements and impacts experienced by these two major players.
- 5.1.2 Outward migration has been a common occurrence in the country for the last 50 years. Our citizenship, close links to New Zealand and the pull factors of bigger markets and opportunities has allowed our people to choose for themselves where they want to go and what they want to do. This outward migration occurs in two stages with the first stage being from the outer islands to Rarotonga and then from Rarotonga to New Zealand and or Australia. This flow of people has taken place for years and it has been fuelled by shockwaves in the economy and country.
- 5.1.3 The opening of the Rarotonga International Airport was a catalyst for the development of tourism in this country. However, this development also made it easier for our people to migrate. Opportunities in New Zealand and Australia were now only a few hours and a few hundred dollars away. Our ease of access in to New Zealand and Australia was fully realised when the most recent shockwave in this country took place in 1996. When public sector reforms were initiated, a lot of people were displaced from regular employment and they migrated in numbers.
- 5.1.4 Depopulation has continued since 1996 and it is currently a major problem today especially in the outer islands. Rarotonga being the major economic and decision making base of the country became the priority for most development initiatives, at the expense of the outer islands. This created a huge disparity of resources and it fuelled the depopulation problem in the outer islands. Meanwhile, the people from Rarotonga were migrating to New Zealand and Australia and are now being replaced by outer islanders, and other ethnic groups from the Asia Pacific region.
- 5.1.5 The Cook Islands as a nation will have an issue with its identity because of the flow of people in and out of the country. As the fabric of our community continues to change, the future of our identity, culture, way of life, language and our traditions do not look very promising. The challenge now is to put in place appropriate measures, systems, policies and legislation to ensure that the country caters for the needs and ambitions of our people to the standards and expectations that they desire. Once this is in place, our people are less likely to migrate.

Status of the Economy

- 5.1.6 The status of the country's economy varies depending on which perspective it is described in. Key stakeholders from Government are of the view that the economy is growing steadily but it will be impacted by the global economy. Key stakeholders from the private sector have a slightly different opinion and they are of the view that the economy is "slowing down". Whatever the case made be, the symptoms are becoming obvious that the economy is slowing down especially when you see a rise in mortgage sales and an increase in the sale of businesses.

- 5.1.7 The rise in fuel and food costs and the impact of the declining global economy exposes our domestic economy to periods of economic uncertainty. The impact of high oil prices on the global tourism business and other areas in business has a direct impact on our economy and the way business is conducted in the country. The cost to operate a business will increase and the downside to this is the compromise on quality, service delivery, personnel and eventually the sustainability of that business. The response from Government regarding these external economic pressures has not been forthcoming.
- 5.1.8 What is of concern is the fact that there appears to be no contingency plan in place to alleviate the impact of a slow down in the economy. Key stakeholders have remarked that Government has not introduced an economic policy to minimise the impact of high fuel and food prices. The impact of depopulation on the economy is another area that Government recognises but has not been proactive in addressing or minimizing this issue. Government has responded to the impact of a slow down in a rather reactive way. The introduction of Sunday flights to Aitutaki without proper market analysis, the increase of levies on some commodities is examples of a “band aid” or reactive approach from Government.
- 5.1.9 What is becoming obvious is the fact that Government is becoming more dependent on donor assistance to address issues that should have been prioritised a long time ago. It also does not help when donor support processes complicate and in some case reprioritise development initiatives. Some projects funded by donor agencies have been known to fail because of a misalignment in donor and Government priorities. The current condition of the country’s infrastructure is appalling especially in the outer islands. The lack of access in the outer islands makes it very difficult to stimulate business activity and it doesn’t allow for medium to large scale businesses to get established.

Status of the Social Strata

- 5.1.10 An economic slowdown has a huge social cost because of the impact on the livelihood of the people. Depopulation and outward migration is a known social cost in this country however; the response from Government has not been forthcoming. The poor condition of the country’s infrastructure has been an issue that successive governments did not deal with and yet, the country is committing huge amounts of financial resources to areas of lower priority like sports stadiums and government buildings. This is a reflection of poor strategic planning and inadequate prioritising of resources and it shows the lack of strategic thinking in public sector.
- 5.1.11 Government priority has been questioned by key stakeholders because issues such as access to quality services and affordability in the Outer Islands continue to be overlooked or have been a lower priority. The quality of services in health, education, welfare and infrastructure both in Rarotonga and in the Outer Islands has not improved and yet the Government revenue and budget has continued to increase since the reform days. What is missing from this whole process is a proper and in-depth analysis on the population trends and the real needs of our people which should determine what and how services should be delivered.
- 5.1.12 Social indicators like the cost of living, the increase in GDP and the question of access and affordability have not being adequately analysed to identify what the causes are and how to address them effectively and reasonably. There has been no comparative analysis conducted to identify what the appropriate benchmarks are to determine how services both in the public and

private sector should be delivered or how resources should be prioritised. As a consequence, development priorities are initiated without any alignment to realistic or purposeful outcomes.

Status of Government Services

- 5.1.13 The lack of appropriate analysis and the absence of proper prioritisation in Government is a clear indication that there is an absence of a robust institutional framework to manage priorities, activities and decision making in Government. When the institutional framework in Government is inadequate or ineffective, required activities such as strategic planning, policy development, legislative review, multi-stakeholder consultation, monitoring and evaluation and decision making is either compromised or removed from any development process.
- 5.1.14 Initiatives from Government are inadequate, reactive, and have minimal relevance to the needs of our people and the national priorities. The current status of public service is a clear reflection of a weakness in the institutional framework in Government and the lack of political will and know-how to address it. The quality of service in the public service is unsatisfactory and priorities and resources have been allocated based on personality or politics. As a consequence, our people leave because they expect more and are willing to pay for it.

Status of Leadership and Direction

- 5.1.15 What is required to drive Government services is adequate leadership and direction from those that are in position to do so. A key component required to provide guidelines in public sector is clear policy advice and direction. The National Sustainable Development Plan (NSDP) has been in place for a year and it's suppose to provide the necessary guidelines for national development but the plan is still unclear and it lacks benchmarks. Key stakeholders have commented that a lack of policy direction impedes development initiatives and impacts on planning and decision making.
- 5.1.16 The lack of leadership and political will is another major concern that has impacted on priorities and decision making in public service. Key stakeholders have remarked that leadership in Government especially at the highest level and at the central agency level is lacking. As a consequence, the whole governance sector fails and it has a rippling effect on the rest of public sector. Unfortunately, a lack of leadership in Government also impacts on the involvement of the private sector especially if they play a critical role in driving the economy.
- 5.1.17 The lack of policy direction and leadership also compromises what priorities should receive attention. The issue of the multi sports complex is a classic example of an initiative that is not a priority according to **Iaveta Short**, the policy analyst for the Democratic Party. Short commented that the idea of a sports complex was never mentioned in the 2006 Democratic Party Manifesto and the NSDP and yet, Government is committing the country to a \$13 million loan to construct the facility. Other stakeholders have commented that a lack of policy direction allows for reactive responses to take places.
- 5.1.18 The general reaction amongst the key stakeholders consulted is that politics and personalities compromise the planning and development process. Stakeholders commented that this is evident especially among central agencies and Ministers. With the absence of a robust institutional framework, the country is forced to rely on politics and personalities to drive development. The problem with this approach is that development has taken place according to party priority instead of national priority. In some cases, a Minister's priority takes precedence over the Ministry's priority and this has been evident especially in the areas of infrastructure.

5.2 Public Service Background

Historical and Pre Reform

- 5.2.1 The management of public service since the days of self governing has always been Government's responsibility with very little involvement from the private sector. There was a small private sector presence at the time so Government was relied upon to provide all core and non-core services to the people. Public service activities were centralised and managed by Government and the Cabinet and Ministers controlled all decision making while civil servants administered and advised. The relationship between Ministers and public servants is a clear reflection of the Westminster Model.
- 5.2.2 From the public servant perspective, the management of all operational requirements, activities and decision making was managed and driven by PSC. According to **Pae Puna**, former Public Service Commissioner, PSC managed all operational and human resource requirements for Government like the hiring and firing of all public servants. PSC, according to Puna was also responsible for setting the salaries for all public servants and this was based on a classification system implemented right across the board in public sector.
- 5.2.3 The public perception about Government is that it provided all basic services like health, education, infrastructure, housing and most of the employment requirements. Government was also expected to deliver on its promises. This perception has been implanted in the minds of the people since self governing because there was very little opportunity in the private sector. However, since the reforms, the private sector was given opportunities to participate in some of the non-core functions in public sector and offer employment to strengthen its capacity.
- 5.2.4 To manage the operational requirements in public service OPSC had both the legal and policy framework to effectively carry out its responsibilities. The PSC Manual of Operations provided the necessary policies and procedures to manage all operational and human resource requirements. The policy framework allowed for consistency in all operational requirements right across public sector while the PSC Act provided the authority to OPSC and the Commissioner to enforce policy and address issues as required.
- 5.2.5 The main issue during the pre-reform days was that the growth in public sector was allowed to continue to unsustainable levels without a proper analysis on what public sector should be focusing on. There was minimal review conducted on whether public service was operating within its means and whether it was actually delivering outcomes. The function and purpose of public service was not helped by the fact that employment was used as a way to reward people for political support. This continued throughout successive administrations right up until 1996 when Government could not sustain this any longer.

Post Reform and Current Situation

- 5.2.7 When the reform process was initiated, it changed the way OPSC conducted its activities and initiatives. OPSC was only required to manage the appointment process of HOM's and Island Secretaries while the appointment of public servants was the HOM's responsibility. OPSC also focused on monitoring HOM's performance to reflect public service performance. HOM's were required to organise their management structure and also to determine what resources, systems, processes and number of employees were required to deliver services to meet prescribed outputs.

- 5.2.8 The HOM's were empowered with the appropriate legal and policy parameters, as defined in the PSC and MFEM Act, to develop their own operational policies and procedures as required, to conduct their operations the best way they saw fit and to manage their budget appropriations within the required boundaries and timeframes. The PSC Act was redrafted and the power and responsibility of OPSC and the Commissioner was reduced and shifted to the HOM's and Island Secretaries. The PSC Manual of Operations was also removed from public sector.
- 5.2.9 The shifting of power and authority did not have an immediate effect on public service because the new Commissioner appointed at the time, **Cecilia Short**, had the political backing to carry out her responsibilities accordingly. Short commented that during the reforms her role was not too difficult because HOM's understood the challenge and bought into the change process. Some stakeholders remarked that following the reforms, the status of OPSC had not fully diminished and the perception in public service at the time was that OPSC still had the same power and authority to act accordingly.
- 5.2.10 However, over time, the role of OPSC started to diminish and this was contributed by successive commissioner appointments following Cecilia's departure from public service in 2001. Key stakeholders remarked that since Cecilia vacated the Commissioner position, there has been no one that has effectively carried out the Commissioner role. As a consequence, the influence of Ministers in operation priorities and decision making, inconsistencies in public service operations and issues of non-performance and other operational matters were not addressed.
- 5.2.11 Following the 1996 reforms, many functions and responsibilities in public service was decentralized from ministries to the outer islands as part of the devolution process. However, what was lacking in this process was that there was not a clear plan of action as to what activities, resources, systems and policies were required to sustain and manage this process to allow capacity to be built where necessary. As a consequence, some services were recentralised back from the island administrations to the ministries previously responsible for them.
- 5.2.12 Key stakeholders have remarked that the devolution process didn't fail but it was the management of the process that failed. **George Turia** the policy analyst for the Cook Islands Party commented that a key component of the devolution process following the reform process was missing and that was the Partnerships to Empowerment Model. Turia commented that the model allowed for a follow up to the devolution process with appropriate resources and support to strengthen capacity and to institutionalise the principles and concepts of good governance.
- 5.2.13 The public service, since the reforms and up until now, has been allowed to operate without proper standards especially in the areas of operations and human resource management. MFEM has implemented the CIGFPPM to allow for consistency in managing the financial requirements in public sector. However, the operational policies and procedures introduced by some HOM's have been inconsistent and in some cases, counterproductive because they do not have the adequate legal and policy framework to provide appropriate standards and guidelines.
- 5.2.14 The reduced influence of OPSC especially in the management of public servants was noticeable after the reforms. OPSC focused only on managing and monitoring HOM's while the responsibility of managing public servants rested with the HOM's. This review has found that public servant numbers has increased to approximately 1900 and this includes ministries, crown agencies and support offices. There is an estimate 400 employees in the state owned enterprises.

Cecilia Short commented that OPSC's influence from a legal, policy and operational perspective may have diminished but the Act provided sufficient mandate for OPSC.

5.3 OPSC Background

Setup of OPSC

- 5.3.1 The structure of OPSC in public service today is that it is part of the overall governance sector along with other agencies like OPM, Crown Law and Audit. OPSC along with these other sector agencies also belong to the central agency grouping with MFEM as another major player. The purpose of OPSC is mainly to manage the operational requirements of Government and to monitor the human resource needs in public sector. Part of this monitoring requirement also allows OPSC to recommend resources especially in areas of need.
- 5.3.2 OPSC plays a critical role as part of the central agency grouping. The three central agencies in public service are OPSC, MFEM and OPM with Crown Law and Audit providing support and advice as required. The three central agencies are suppose to provide operational, financial and policy advice to Cabinet to ensure that Government priorities are evaluated appropriately before Cabinet makes any decisions or commits to any agreement. The problem has been that OPSC has not been able to determine what the operational situation of public service really is.
- 5.3.3 The management of the overall operational requirement in public service should be OPSC's core function. What we have found in this review is that OPSC only manages certain components of the operational requirements in public service. Individual ministries have been allowed to implement their own operational policies and procedures without minimum standards and guidelines from OPSC. OPSC's focus should be to ensure that Government operational requirements as a whole, supports national priorities.
- 5.3.4 The current policy and legislative framework that OPSC manages allows them to only enforce a few operational policies and procedures right across public service. This is because the majority of the operational requirements in public service are managed and monitored by the HOM's and Island Secretaries themselves. The current policies that OPSC is responsible for is the remuneration policy and the leave entitlement policy. The remuneration policy allows OPSC to manage the salary scales of all positions in public service but this has not been happening.

Core and Non-Core Activities

- 5.3.5 One of OPSC's core functions is to monitor the performance of management personnel in public service. Management personnel include HOM's and Island Secretaries. OPSC is required to evaluate the performance of HOM's to identify areas that need improving and to provide the necessary support and resources to strengthen the capacity and performance of these positions. What we have found is that the evaluation of management performance is being conducted inadequately and minimal support and resources are rendered to address areas of weakness.
- 5.3.6 OPSC is also mandated to follow up on issues and concerns relating to all public servants especially in the areas of employment disputes. This is part of their core output as a "good employer" in public service. Part of this responsibility requires OPSC to investigate any employment related issues to make sure that public servants have access to effective redress and

also to provide an appropriate avenue to air grievances. An appeals board is part of this process and this is where OPSC ensures that all necessary measures are taken.

- 5.3.7 OPSC is also tasked with implementing a human resource policy especially regarding all positions in public service and their corresponding remuneration levels. The job sizing exercise managed by OPSC has been an activity that requires all Government organisations to provide job descriptions based on a standard template provided by OPSC. Once the job descriptions are received by OPSC, they are “sized” according to the responsibilities defined and then a corresponding salary band is recommended for the positions.
- 5.3.8 The monitoring of the movement or flow of personnel within agencies in Government is another responsibility that OPSC should be managing. This responsibility requires OPSC to monitor and verify what activities are being carried out by all personnel as they move across different areas in public service. The objective of this exercise is to pinpoint what specific activities our public servants are engaged in to ensure that these activities related to their core functions and to allow OPSC to determine if the activities add value to the organisation and public sector as a whole.
- 5.3.9 One way to determine or to confirm what activities and outputs are being carried out in public service is to review reports obtained by OPSC. All HOM’s and Island Secretaries are required to submit six monthly reports and annual reports as part of their duties as management in public service. The reports should provide an insight into the activities engaged by the various ministries to ensure that they are aligned to objectives outlined in their business plans. The issue we found during this review is that OPSC are not actually verifying activities and achievements specified in these reports to confirm if they actually took place or are achieved.
- 5.3.10 **Garth Henderson**, the Manager for the Aid Management Division stated that for two years, he submitted the same copy of his annual report with different dates to OPSC to test the monitoring and evaluation process. Henderson commented that OPSC are not rigorous with their evaluation process because they did not detect the similarity in the reports. Henderson commented that this process is the basis of HOM’s performance evaluation, if this is the current standard OPSC is operating then there is a problem.
- 5.3.10 OPSC is also required to initiate training initiatives especially in the area of management. Key stakeholders have remarked that management training has been initiated in public sector before and it was conducted in 2001 as a follow up to the reform process. The key objectives according to the stakeholders were for the managers in public sector to strengthen their management capability and also to explore ways to link management initiatives and performance to organisational performance and objectives.

Monitoring of the Public Service

- 5.3.11 A certain function that OPSC should be more proactive in executing is the review of public service trends and requirements. According to the current PSC Act, OPSC is responsible for reviewing the “machinery” of Government but our review found that this is not happening. A proper analysis of public service trends would allow OPSC and other central agencies to explore new initiatives to improve the way public service is being administered or delivered. Part of this responsibility would require OPSC to review the effectiveness of current systems and policies.

- 5.3.12 The effectiveness of current systems needs to apply not only to Rarotonga but also to the outer islands. This review has found that there are weaknesses in the application of OPSC jurisdiction in the island administration context. OPSC have admitted that the island administration role is an arm of Government that needs more clarification in terms of accountability, reporting and responsibility. This role has been politicised and this is an area where Members of Parliament have been exerting their authority and political agenda.
- 5.3.13 OPSC's role in reviewing the trends in public service is an extension of their role within the central agency context. OPSC along with MFEM and OPM should also be actively engaged in reviewing national priorities to see how they can be incorporated and managed into the planning and development process in public service to allow required processes and activities to take place. Part of the central agency requirement is to review all cabinet submissions as part of Central Agency Committee (CAC) and make recommendations and advise where necessary.
- 5.3.13 One of the most important roles that OPSC should be playing is the facilitating of changes and improvements as required in public service. To execute this responsibility effectively, a robust monitoring and evaluation system is required to identify where the issues and needs are and to determine what resources and activities are needed. Part of this process would require OPSC within the central agency context to facilitate training as required and or initiate and support the reallocation of resources to areas of need.
- 5.3.14 This review has found that OPSC has not been proactive in identifying and facilitating training needs in public service. Feedback from the National Human Resource Development (NHRD) confirms that there is minimal linkage between OPSC and NHRD to identify training needs and skill shortages in the public sector. OPSC, being a central agency should be the key driver for training and human resource development in public service. OPSC according to stakeholders should be driving this initiative and working with the ministries in identifying their needs.
- 5.3.14 Part of OPSC's role in public service is to evaluate the country's commitment to international conventions and required regional and international legislation. A clear example of an international convention that the country prescribes to is the CEDAW Convention. This convention requires the country to evaluate and implement necessary human resource and operational policies to improve women participation in public service. Our review has found that the Ministry of Internal Affairs is driving this initiative in public service instead of OPSC.

Monitoring of National Progress

- 5.3.15 The monitoring and evaluation of public sector trends will be complemented if a comprehensive review is conducted on national trends and requirements. The value of analysing national trends would allow OPSC, MFEM and OPM to understand what new initiatives are required in public service and to what quality they should be delivered at. Key stakeholders remarked that analysing national trends allows Government to evaluate the effectiveness of economic and policy initiatives and to review strategic approaches to support development.
- 5.3.16 Part of the analysis of national trends would require a review of national priorities. This would require a proper analytical framework with adequate consultation to effectively identify and correlate national priorities from different perspectives and contexts and group them into appropriate sectors. Once the priorities are identified and grouped, key decision makers like

OPSC, MFEM and OPM would be in a better position to identify what its stance is on these priorities, allocate required resources and implement necessary solutions accordingly.

5.3.17 The reallocation of adequate resources in public sector is required to facilitate changes and improvements where necessary. The reprioritising of resources to areas of need and to support national priorities requires commitment from Government and especially those in the central agencies. OPSC being a central agency should be driving this process along with MFEM and OPM. Part of this process would require the central agencies to monitor and review progress made to ensure that allocated resources actually added value and made a difference.

5.4 Governance Framework

Operational Requirements

5.4.1 OPSC is required to monitor three main areas as part of the operational requirements in public service. Those areas include the performance of personnel or public servants, the performance of management or HOM's and Island Secretaries, and finally the performance of the organisation or ministry. Monitoring the performance of public servants is currently done by the HOM's or the ministries themselves. The problem with this approach is that the human resource requirements and priorities may be overlooked depending on the objectives of the HOM or the ministry.

5.4.2 The monitoring of management performance in public service is currently conducted by OPSC and this is built into their outputs. OPSC carries out this requirement by reviewing management reports and analysing whether HOM's have met their objectives or not. This analysis is dependent on the feedback and comments made by the HOM's in their reports. These reports also portray the performance of the organisation from the HOM's perspective and it reflects the effectiveness of the organisation in carrying out their responsibilities based on their objectives.

5.4.3 OPSC is also required to manage and monitor operational policies and procedures in public service. So far, OPSC only manages two key policies and that is to do with remuneration or salary levels and the other is the leave entitlement policy. What is not happening in public sector is the monitoring of the performance of the overall public service to see if the standard of operation is acceptable and if public service is providing value for money.

Financial Performance

5.4.4 MFEM, as part of the central agency group in public service, is responsible for the management of the national budget. Key stakeholders have remarked that MFEM's responsibility is to make sure that Government has enough money to allow line ministries to deliver their outputs. Key stakeholders further remarked that MFEM should also be responsible for the budget process along with OPSC and OPM. What is happening in public service at the moment according to some stakeholders is that MFEM is not only managing but also influencing the budget process.

5.4.5 Part of MFEM's duties is to manage donor funds and project requirements on behalf of donors and Government. Aid Management Division (AMD), a division in MFEM is required to review project proposals to see if donor and Government financial requirements are met before funds are allocated. Part of this process requires project proposals to comply with legislation, financial policies and required standards set in the CIGFPPM. Some stakeholders commented that MFEM procedures have increased the level bureaucracy similar to the days of Treasury.

Policy Effectiveness

- 5.4.6 The creation of policies in public service is usually left up to the individual ministries; however when it comes to national policies then that is the responsibility of OPM. Individual ministries are expected to create their own policies relevant to their functions and responsibilities however, OPM along with OPSC, acts as a facilitator in this process to ensure that any policy created at the line ministry level is relevant to national policies. OPM is also required to facilitate the creation of sector policies to allow a connection between ministry and national policies.
- 5.4.7 Part of OPM's responsibility is to make sure that ministry and sector policies are aligned with the national goals and objectives outlined in the NSDP. The NSDP is a new initiative that was introduced in 2007 however it will take some time before all ministry goals and policies are aligned to the national goals in the NSDP. What is missing from the policy framework are policies for sectors. Sector policies allow for ministry policies and initiatives to be grouped and correlated into sectors such as social, economic, governance and infrastructure.
- 5.4.8 Once sector policies are finalised, a clear pathway for policy analysis, development and implementation is established that links all policies together from the line ministries all the way to the national level. Another initiative that OPM is responsible for which actually complements the policy development and analysis process is research. The research component based at OPM allows for policies, new initiatives and existing systems and processes to be analysed in detail to determine its effectiveness within the appropriate context. This has yet to be tested.

5.5 Government Objectives

National Vision

- 5.5.1 The national vision for the Cook Islands is “to enjoy the highest quality of life consistent with the aspirations of our people, and in harmony with our culture and environment”. From there, five key strategic outcomes are mentioned as follows:
- Well educated, healthy and productive people and resilient communities
 - A secure society built on law and order, and good governance
 - Sustainable economic growth in harmony with social values, cultures, environment
 - Responsible and mature foreign relations with New Zealand and other regional and international communities in the interests of the people of the Cook Islands
 - Enhanced cultural and environmental values
- 5.5.2 To achieve the NSDP objective, there are eight strategic goals as listed :
- Equal opportunity for education, health, and other social services towards maintaining an inclusive, vibrant, resilient and productive society in harmony with our culture
 - A society built on law and order and good governance at all levels
 - Innovative and well-managed private sector-led economy
 - Sustainable use and management of our environment and natural resources
 - A strong and basic infrastructure base to support national development
 - A safe, secure and resilient community
 - A foreign affairs policy that meets the needs and aspirations of the people
 - Strengthened national coordination and institutional support systems for development, planning, evaluation and monitoring

- 5.5.3 To achieve the NSDP outcomes, major investment is needed in health, education, good governance systems, economic growth, foreign relations, culture and the environment. The outcomes from this investment would allow an improved access to quality education, health, and other social services. This also ensures that good governance is established across public sector which provides a strong basis for good decision making, proper management of resources, strong planning, monitoring and support systems, and greater economic opportunities.
- 5.5.4 What is clear in the NSDP objectives is that if resources are allocated appropriately to achieve strategic outcomes, it would certainly improve the quality of life of our people. Tata Crocombe, a management and economic expert commented that the national vision needs to be clearly defined first and foremost because it will provide Government with a useful insight on what to do. Crocombe further commented that our people expect quality services to satisfy their personal needs and when these are not accessible, they migrate to areas where these are available.

What is Government Trying to Achieve?

- 5.5.5 With a clear national vision in place, the next step is for Government to put in place a framework to ensure that efficient and effective services are provided to meet the needs and expectations of the people. Central agencies should be proactive in making sure that a productive and effective public service is achieved at all times. OPSC needs to ensure that the Government operates efficiently while MFEM provides adequate funding and resources to support operations. OPM is then responsible for setting the policy direction for Government on where they should go.
- 5.5.6 A key component to ensuring that Government services perform efficiently is a strong and vibrant economy. To achieve and sustain this, Government should be proactive in making sure that private sector is an equal partner in this process. Key stakeholders commented that a productive private sector is critical to strengthening the economy and meeting government objectives. Stakeholders commented further that Government and the private sector need to define their roles in the delivery of services to ensure that opportunities are encouraged.

Is Public Service Supporting Government Objectives?

- 5.5.7 The national vision and the government objectives are clear however, the performance of public service needs to reflect that accordingly to determine if government objectives are being met. This review has found that public service is not performing to its potential. Key stakeholders have remarked that Government agencies are not achieving or improving and yet they continue to receive their funding appropriation on an annual basis. Stakeholders also commented that the annual budget since the reform days has doubled but the services have not improved.
- 5.5.8 The allocation, management and utilisation of resources in public service needs to be effectively managed and monitored to ensure that resources are allocated and used appropriately and that Government and the general public are getting value for money from public sector. To ensure this happens, government agencies are required not only to operate within their allocated budgets, the agency and the HOM responsible need to make sure that the organisational and management objectives are achieved and that the needs of the public are met.

Is OPSC Supporting Government Objectives?

- 5.5.9 OPSC's role in supporting Government objectives is to ensure that Government operational requirements are being met. OPSC's role is to determine if Government agencies are operating consistently, efficiently and within the required operational, financial and policy parameters. Key stakeholders have remarked that the mediocre performance of public service is a reflection on OPSC not being proactive in managing the operations in public service and making sure those responsible are held accountable.
- 5.5.10 The performance of management and personnel in public service need to be monitored as part of OPSC's responsibility. The performance management process administered by OPSC needs to be robust to ensure that problems such as non-performance are being identified and addressed accordingly. If there is weakness identified in management, systems or policy, OPSC should be proactive in ensuring that support is rendered to improve policies, systems and management performance and that, issues of non-performance are addressed appropriately.
- 5.5.11 Key stakeholders have expressed their concern that OPSC has failed to adequately manage and monitor the performance of HOM's and Ministries in public service. Key stakeholders have remarked that issues of non-performance in public service need to be addressed appropriately to ensure that confidence in the service is maintained and that the public servants and the general public continue to support Government objectives. OPSC plays a critical role in this regard because they have a more "hands on" role in managing issues of performance in public service.

6.0 What are the Critical Issues?

6.1 National Issues

Lack of Vision at the National Level

- 6.1.1 The issue of depopulation and outward migration has never really been analysed and addressed by Government. Key stakeholders have commented that this is partly due to Government's lack of vision at the national level to know the issues that have caused depopulation and outward migration. The fundamental question that Government needs to answer is the question of what our people need and why our people leave. **Tata Crocombe**, a key stakeholder in this review commented that Government needs to know why our people leave and what our people want and expect. Crocombe believes that if the needs of our people are met, they are less likely to leave.
- 6.1.2 Crocombe commented that there is an overall lack of clarity as to what is needed, what services to provide to meet people's expectations and also to know the quality and standard required for those services. Crocombe stated that once Government clarifies these issues and determines what people want and expect, they will be in a better position to respond to these issues and deliver services and to required standards. Crocombe also commented that knowing what our people want will allow Government to define what services to provide and how public sector should operate. Crocombe is of the view that the responsibility to know what our people need should also involve the private sector.

Systemic and Structural Failure

- 6.1.3 Knowing the needs of the people and country should also determine what kind of system or framework is required to ensure that the people's needs are met and that the services are delivered appropriately. Tata Crocombe commented that the Westminster system is inappropriate and it contradicts the reform and devolution concepts of empowerment and self determination. The Westminster system empowers Ministers but the reforms changed that. Crocombe commented on the current Government system we have by saying that the system is not compatible to our needs and it is a system that has been implanted from a different context.
- 6.1.4 Crocombe further commented that if the system is flawed, then the underlying responsibilities, activities and resources affiliated to the system are compromised. Crocombe is of the view that no matter what resources you have, if the system is flawed, the direction will not be clear and opportunities will not be fully maximised. There is also a clash of the Westminster system with the principles of empowerment. It is our view that Crocombe's comments certainly confirmed to us how political reform is critical to reviewing and possibly reconfiguring the form of Government to suit our needs.
- 6.1.5 What is obvious in this review was that the current institutional framework within the current form of Government is also lacking. Key stakeholders have remarked that there is minimal connection between ministry and national objectives and sector objectives are missing. Stakeholders further remarked that there is also minimal interaction between sectors within public service and the private sector is not integrated in to the framework especially in areas of planning and policy development. The flow of information and the decision making process is also lacking due to a weak framework.
- 6.1.6 A weak institutional framework also compromises the quality and delivery of service because adequate systems, processes and activities and decision making is removed. As a consequence, reactive decisions are made and priorities are finalised based on personality and or politics. A weak framework also allows priorities to be mismatched which results in differing priorities between ministries, within sectors, and at the national level. Key stakeholders remarked that a lack of adequate priority allows for unplanned and or political priorities to take precedence.
- 6.1.7 Key stakeholders have commented that Government services are not meeting the needs of the people and this is especially true in areas of health, education and infrastructure. Key stakeholders have commented that a weak institutional framework removes critical requirements from Government processes therefore allowing information, requests and initiatives to flow without proper checks and balances. Stakeholders further remarked that a key requirement in ensuring that a framework operates effectively is skilled human resources.

Consequence

- 6.1.8 With the absence of poor Government systems and the lack of change and improvements, the public service is then allowed to operate without any accountability on performance. When this takes place, the purpose and function of public service is diminished and it stops meeting the needs and expectations of the people. When people see that public service is not meeting their needs and expectations, they move to an area or place where their personal expectations can be met. In this case, the standards our people expect are in markets like New Zealand and Australia.

- 6.1.9 This review has found that the public's perception of Government is negative. Key stakeholders especially those outside of Government have commented that they lack the confidence in Government initiatives, systems and services. **Theresa Trott**, President of the Chamber of Commerce commented that the mediocre performance of public service seems to be tolerated by decision makers because nothing is being done to improve the quality of service delivery. This negative perception also affects the buy-in from other stakeholders when new changes are initiated in public service.
- 6.1.10 The migration of Cook Islanders to other regional markets like New Zealand and Australia would have negative impacts especially when regional policies and directives are issued which require those Cook Islanders that have moved to declare their allegiance to these respective countries. **George Turia**, policy analyst for Cook Islands Party commented that he was aware of an earlier proposed Australian government policy that inevitability required Cook Island nationals to choose whether to maintain or forego their New Zealand citizenship after a certain residential period.

6.2 Public Service Issues

Unclear Public Service Function

- 6.2.1 The lack of clarity in Government systems and responsibilities also compromises the clarity of purpose in public service. Key stakeholders have remarked that the purpose of the overall Government service is not clear and the service they deliver does not provide any noticeable results or achieve specific national goals. **Liz Koteka**, senior policy analyst at the OPM remarked that applicable outcomes have not been defined which should determine the appropriate goals and objectives to meet along with the suitable activities and resources.
- 6.2.2 **Geoff Dews**, a public administration expert commented that the outputs delivered by government agencies are not clearly aligned to any outcomes. With no prescribed outcomes in place, government agencies will continue to deliver outputs with minimal indication of any clear results or achievements. This is especially true in areas such as health, education and infrastructure where the national budget has doubled since the reform days but the quality of healthcare, education and the condition of infrastructure and access has not improved.
- 6.2.3 What is lacking in public sector at the moment is a comprehensive monitoring and evaluation framework. A framework for monitoring and evaluation should provide useful information into the areas that need attention, priority and resources. A framework should also provide information on whether goals and objectives at different levels are being met. With the absence of a proper framework, feedback and responses will not be provided, improvements will not be validated and adopted appropriately and resources will not be prioritised to areas of need.
- 6.2.4 One of the reasons why the function of public sector is unclear today is the fact that the reform process is incomplete. Key stakeholders commented that the follow up process after the reforms were overlooked when there was a change in government in 1999. **Trevor Pitt**, CEO of the Prime Minister's Support Office commented that the change in administration allowed for a change in priority and approach. Pitt commented that the new administration misunderstood the reform and devolution process and therefore implemented measures that reversed the reform concepts.

Unclear Roles and Responsibilities

- 6.2.5 **Cecilia Short**, former Public Service Commissioner remarked that the reform and devolution process in public sector is incomplete and has been misunderstood. Short commented that following the reform, there was impressive growth as a result of new systems, processes and a willingness and discipline in public service to rebuild the nation. Short further commented that all HOM's and public servants understood what they needed to do. However, the change of Government in 1999 resulted in a change in priorities and the completion and follow through of the reform process was overlooked.
- 6.2.6 Part of the follow up process from the 1996 reforms was the clarification of core and non-core activities. **Navy Epati**, the Commissioner remarked that following the reforms and devolution process, a follow up process was supposed to refine and confirm whether the core and non-core services identified during the reforms were still applicable. The change in administration in 1999 suspended the follow up process and Government at that time acquired or recentralised some services that were devolved either to the private sector or outer island administrations.
- 6.2.7 Today, the core and non-core activities in public service are not clearly defined to ensure that they are applicable. There has been no follow up process engaged by Government since the reforms and so some services provided in the public service today may be redundant or may need to be amalgamated into sectors to provide consistency and purpose. What is clear from this review is that all activities need to be defined to allow some services to be performed by Government while other services are outsourced to the private sector.
- 6.2.8 Part of the process to clarify activities in public service would require roles and responsibilities to be clearly defined and supported by clear policies and procedures. **George Turia**, policy analyst for Cook Islands Party commented that the roles and responsibilities are not clear in public service because the policies and procedures at the national, sector and ministry level is unclear. With no clear policy guidelines in place, roles and responsibilities along with core and non-core activities are allowed to occur without any clear direction or standard.
- 6.2.8 The effectiveness of policies and procedures and the definition of roles and responsibilities require strong legislation. This review found that government legislation is weak and in some cases, they are in conflict with other pieces of legislation. Key stakeholders remarked that the PSC Act does not clearly define OPSC responsibilities. This review found that the act does not provide clear powers and authority to OPSC to respond to areas of weakness. The PSC Act is also not connected to the MFEM Act to allow OPSC to address overspending concerns.
- 6.2.9 The responsibilities and activities in public service are further enhanced by the availability of adequate systems and resources. What is clear from this review is that the resource needs not clearly defined especially in the areas of finances, operations, human resources, and policy development. Key stakeholders have remarked that resource needs are identified in a rather ad-hoc process as part of the planning process without proper analysis and verification. When this happens, critical areas like infrastructure are deprived of necessary resources to address issues.
- 6.2.10 Management and personnel requirements are also undefined in public sector. Key stakeholders have remarked that the management and personnel requirements are either merit based or politically motivated. **Mike Mitchell**, former Solicitor General and current HOM for Foreign Affairs commented that Government needs to confirm which requirement they want and should

put in place necessary policies and procedures to ensure that this happens. Mitchell further commented that merit based appointments is the preferred option in public sector.

Lack of Structured Government Systems

- 6.2.11 This review has found that the systems and processes in Government is ad-hoc and inadequate because of a lack of structure or framework. This situation is further complicated by the fact that there are unclear and unconnected goals and objectives at national, sector and ministry level. **Geoff Dews**, public administration expert commented that objectives in public sector are inconsistent and are not measurable. Dews further commented that there is minimal linkage between ministry and national goals and sector goals do not exist.
- 6.2.12 With no proper system and unclear goals and objectives, the public sector performs not knowing what and how to achieve. When this happens, there is minimal buy-in, understanding, ownership and accountability at implementation level. Key stakeholders commented that having no direction compromises the definition of roles and responsibilities for Government agencies and sectors and it weakens the structure. Currently, ministers are responsible for agencies across different sectors, compromising the consistency in planning and decision making.
- 6.2.13 The lack of proper systems and structures are clearly evident with the lack of operational, policies, systems and processes in public service. **Mark Brown**, former HOM and current Chamber of Commerce Vice President remarked that ministries are operating individually with very little interaction other ministries and sectors. Activities and decision making is personality and or politically driven because of the absence of poor and structured planning. The management of resources is also compromised according to stakeholders when decisions are made with no proper process in place.
- 6.2.14 This review has found that standard guidelines also do not exist in public service to address issues of non performance and poor decision making. **Tamarii Tutangata** HOM of Internal Affairs remarked that issues such as the hiring and firing of HOM's and public servants, the management of entertainment and travel expenditure, and the use of government assets especially vehicles are not addressed appropriately. The lack of consistency in Government operations have resulted in the negative perception of public service.
- 6.2.15 Consistency in Government operations is hindered further with the lack of a proper monitoring and evaluation framework in public sector. **Brian Mason**, current Budget Committee Chairman remarked that minimal follow up and analysis is conducted when issues are identified and when resources, changes and improvements are required. Mason further commented that the absence of a proper monitoring framework allows non performance and inappropriate behaviour to go undetected in public sector which could further erode the confidence of the people in the system.
- 6.2.16 A requirement for the monitoring and evaluation framework is a robust information system or platform within Government. This review has found that information systems in Government are unconnected and or incompatible to each other. It does not help that adequate policies and procedures are not in place because this is required to ensure that Government agencies not only managing their systems but also collecting, processing and storing the appropriate data. There is also no e-government platform in public sector to help manage, review share information.

- 6.2.17 This overall lack of structured systems and processes confirms that public sector is fragmented. The lack of proper systems and processes allows the clash of personalities and politics to take place. **Garth Henderson**, current AMD manager commented that a problem at the strategic level impacts on the progress and decision making at the implementation level. Henderson also commented that some ministers and HOM's are clearly driving their own agenda. When this happens public sector becomes territorial and overlapping of responsibilities creates contention.
- 6.2.18 The absence of human resource development is another area that is lacking in managing systems and processes in public service. This review has found that there is a lack of adequate training capability in public service. **Geoff Dews**, public administration expert remarked that succession planning in public service is missing and this reflects a weakness in systems and structures. Succession planning and training is an area that needs strengthening because this will complement the capacity building initiatives in the public sector institution and among public servants.

Lack of Monitoring and Evaluation Framework

- 6.2.19 A robust monitoring and evaluation framework is needed to strengthen the management and decision making process in public sector. Key stakeholders remarked that there is a lack of experience and expertise in implementing and managing monitoring systems and procedures. **Liz Koteka**, senior policy analyst at OPM remarked that benchmarks are lacking for monitoring so it is difficult to know what and how to monitor. Koteka also remarked that a lack of understanding on what information is needed is another issue that complicates this process.
- 6.2.20 A monitoring and evaluation framework is complimented if operational structures, systems and processes are in place. This review has found that those responsible for monitoring like OPSC are unsure on what and how to monitor operations in Government because there are no benchmarks, standards or best practises. The feedback from OPSC personnel is that there is a lack of buy-in from HOM's for this initiative. HOM's interviewed for this review remarked that they are unsure on what the monitoring requirements are and there has been minimal dialogue between them and OPSC regarding this matter.
- 6.2.21 The misunderstanding regarding monitoring and evaluation is a reflection on the lack of an adequate framework to support and manage this initiative. With no proper monitoring systems and processes in place, necessary feedback and responses are not received and adequate follow up is not rendered. Key stakeholders have remarked that issues of non-performance and poor decision making not detected and addressed. Stakeholders also commented that other issues like the lack of resources and capacity is also not addressed because they are not known.
- 6.2.22 A monitoring and evaluation framework is complemented when adequate advice and expertise is accessible to analyse, confirm and validate issues and necessary recommendations. This review has found that there is a lack of mentoring and advisory capacity in public sector to stimulate and strengthen the monitoring process. Key stakeholders have remarked that there is a dependency on external and or donor advice to address issues in public sector without the use of local expertise. Stakeholders believe that local expert capacity should be strengthened.

Lack of Interaction among Central Agencies and Ministries

- 6.2.23 Strengthening local capacity in expert advice is needed to provide analysis on trends and issues in public sector. This review found that trends in public sector are unmonitored because monitoring systems, process are not in place. Trends like the growth in personnel numbers since the reforms have been allowed to take place without any control. **George Turia**, policy analyst for Cook Islands Party remarked that outputs in public sector are also not monitored to confirm alignment to any outcomes. Turia further commented that because outputs and outcomes are not monitored, value for money in public sector cannot be accurately determined.
- 6.2.24 The connection between outputs and outcomes should be managed and monitored by central agencies. This review has found that central agencies such as OPSC, MFEM and OPM are not working together. **Janet Maki**, Ombudsman remarked that there appears to be a clash of personalities at the central agency level and even higher at the ministerial level. Maki also remarked that different priorities are starting to emerge and are governed either by personality or politics. When this happens, structures and processes are compromised, responses from Government are either reactive or have little purpose and buy-in at all levels are minimal.
- 6.2.25 The structure and systems in the governance sector is compromised by the influence of different personalities and priorities. **Liz Koteka**, policy analyst at OPM remarked that the current setup at the central agency level with three different ministers managing OPM, OPSC and MFEM may have an impact especially on priorities and decision making. Koteka commented that the three ministers with different personalities and priorities may impact on decision making especially regarding their respective responsibilities and also on issues of national significance.
- 6.2.26 Key stakeholders have commented that the personality of ministers and HOM's in the central agency setup is clearly reflected when decisions are made on priorities or when initiatives and directives are issued. Stakeholders have expressed concern that priorities are influenced by those ministers and HOM's with a stronger personality and influence in public service. The problem with this approach is that priorities and recommendations needed from all central agencies may be overlooked and or manipulated which may be inconsistent with the national vision.
- 6.2.27 **Cecilia Short** commented that a committee made up of the central agencies was established during the reform period to review all submissions before Cabinet for endorsement. Each central agency would review any cabinet submission and provide advice from their perspective. Short commented that this process would eliminate verbal submissions and also protected Cabinet from making risky decisions without proper consultation. This review has found that, today any minister or even caucus members can make a verbal or written submission to Cabinet without proper advice from central agencies.
- 6.2.28 The function and responsibility of the central agencies according to Short was critical for planning, decision making and effective implementation in public service. Short commented that central agencies and HOM's knew exactly what the key objectives were during the reform process and they carried out their responsibilities effectively. Other stakeholders involved during the reforms also commented that the objective of the reform was to rebuild the nation, the public sector and the economy and the leadership and example from central agencies provided a strong platform and a clear direction to follow.

Lack of Forecasting and Information Analysis

- 6.2.29 The monitoring and evaluation activities in public sector can be complemented by adequate gathering and effective analysis of information. This review has found that information collected in public sector especially in areas of operations is not being analysed. Key stakeholders have commented that the effectiveness of operational activities in Government is unrealised because information is not being gathered and analysed by central agencies and especially OPSC. Stakeholders further commented that if proper analysis isn't being carried out, the performance of public sector is then questionable.
- 6.2.30 The analysis of public sector performance is also uncertain in the area of finance. **Tata Crocombe** remarked that the current financial performance of public service is an area that needs closer scrutiny. Crocombe remarked that the annual Government budget provides over \$100 million dollars however the results of that financial investment are unclear because the quality of basic services such as education, health and infrastructure has not improved. Crocombe further commented that the annual budget has doubled since the reforms however; the services have not improved as much.
- 6.2.31 The operational and financial performance of public service is guided by adequate and effective policies. This review has found that very little analysis is conducted on the effectiveness of government policy. **George Turia** policy analyst for Cook Islands Party commented that policies and initiatives have been initiated but there is no follow through or analysis conducted to see if the introduced policies are actually working. Stakeholders further commented that ad-hoc and reactive policies are also being initiated with minimal linkage to the national vision.
- 6.2.32 Key stakeholders are of the view that policies should only be introduced if it is required to support the initiatives in the NSDP and or to strengthen the operational, financial, and policy capacity in public service. Policy experts consulted for this review commented that proper analysis and forecasting along with adequate consultation needs to be conducted before policies are introduced. This should provide some assurance that the introduced policies are fulfilling a particular need or purpose in public sector and that they are consistent to the NSDP objectives and or party policies. Policy experts further commented that the central agencies especially the OPM should be driving this initiative in Government.

6.3 OPSC Issues

Lack of Capacity

- 6.3.1 To effectively carry out its responsibilities, capacity is required in all aspects of an organisation. This review has found that OPSC has been lacking in capacity especially in areas of management and personnel, systems and resources, and policies and legislation. OPSC's effectiveness in public service is determined by the level of resource and capacity they possess in their organisation. We also found that OPSC's effectiveness is further enhanced if their independence is maintained or not compromised and if they receive the political will to carry out their responsibilities.

Management Responsibilities

- 6.3.2 Key stakeholders have expressed concerns that OPSC lack the appropriate leadership to effectively carry out its responsibilities. Key stakeholders have openly remarked that the leadership and effectiveness of OPSC was diminished when Cecilia Short vacated the Commissioner position back in 2001. Stakeholders further remarked that successive Commissioner appointments since Short's departure has been politically motivated and they have not been effective in addressing public service issues especially in the areas of policy, performance and decision making.
- 6.3.3 This review has found that the key stakeholders share the same concern for the current management personnel of OPSC. There is a general feeling among stakeholders consulted that the current Commissioner is not fulfilling his responsibilities. **Theresa Trott** President of the Chamber of Commerce commented that the current Public Service Commissioner is not performing his duties and the impression in the public is that no one knows what he is doing. Trott also commented that the Commissioner has not acted or addressed issues of non-performance and compliance of HOM's.
- 6.3.3 Key stakeholders have also commented on the overall lack of purpose and direction of OPSC. This review has found that there is a negative perception among stakeholders consulted regarding the weakened role of OPSC. The general feeling in the public and among the stakeholders is that OPSC and especially the Commissioner has been ineffective in managing the operational requirements of public service and has not followed up or addressed issues especially to do with HOM's performance and activities, non-compliance to government policies and inappropriate behaviour.
- 6.3.4 Many of the stakeholders consulted are also of the view that the current Commissioner has not carried out his responsibilities effectively because his independence and integrity has been compromised due to the process in which he was appointed. This review has found that the Commissioner was appointed by the Minister of Public Service, the Honourable **Tangata Vavia** and the position was not advertised. Vavia commented that, due to a shortage of time, he needed to appoint a person with extensive experience in public service matters to manage the appointment process of HOM's in 2006.
- 6.3.5 **Cecilia Short** remarked that the appointment of a person to a position of high regard in public service needs to be managed properly and it needs to reflect that a transparent process was followed. Many stakeholders commented that if an improper process was followed for the Commissioner and other positions such as HOM's, the integrity of that position is compromised. The stigma from the appointment process makes it difficult for the person appointed to effectively carry out their responsibility and the public servants and the general public will not respect and trust the person.
- 6.3.6 Some stakeholders also remarked that the current Commissioner may be in a difficult position to take necessary action because of the stigma surrounding his appointment and the process that was followed. Stakeholders commented that there are concerns with the way the Commissioner has managed the appointment and remuneration process of HOM's also the disciplinary and termination process. The inconsistency surrounding the appointment and remuneration process and the involvement of different stakeholders has compromised the process. Audit is of the view that a review should be conducted to confirm the process and the appropriate responsibilities.
- 6.3.7 This review has found that the process to appoint, remunerate, discipline, and terminate the HOM's is inadequate and unclear. The Commissioner commented that his involvement with the

appointment process is that he is part of the Cabinet appointed committee that manages the selection process of HOM's. The Commissioner further commented that once the deliberation within the committee is complete, a recommendation for appointment is made to Cabinet. The Commissioner stated that Cabinet then makes the final decision on who gets appointed.

- 6.3.8 The Commissioner went on to say that the remuneration process of HOM's is similar to the appointment process but it involves a commission that reviews the salaries. The process involves:
- OPSC recommending the salary range to the Higher Salaries Commission
 - The Higher Salaries Commission deliberating on the salary and its relevance to the position and making a recommendation to Cabinet
 - Cabinet making the final decision on the salary for the position.
- 6.3.9 The Commissioner informed us that there have been cases where the appointment and remuneration process of HOM's have been compromised because of the decisions that were made by Cabinet. The Commissioner stated that there have been concerns with the appointment process of HOM's because some recommendations have been overlooked by Cabinet. The Commissioner also stated that the process of finalising the remuneration of some HOM's is of concern because the recommended salary for the position was not consistent to the final salary that was endorsed by Cabinet.
- 6.3.10 With the disciplinary and termination process of the HOM's, the Commissioner remarked that this is a complicated process because of the interpretation of HOM contracts and provisions in the PSC legislation. The Commissioner stated that once a complaint is received regarding a HOM, it is investigated to determine the cause of the complaint and to establish the necessary action that needs to be taken. The Commissioner further stated that it gets complicated because the contract and provisions in the PSC Act identifies two different processes on who is responsible for terminating the HOM.
- 6.3.11 According to the Commissioner, a typical HOM's contract clearly states that he as the Commissioner and employer is responsible for the appointment and termination of HOM's. Section 12 of the PSC Act however states that the responsibility to discipline and terminate a HOM lies with the Commissioner with the involvement of Cabinet. The Commissioner remarked that OPSC investigated a case and found grounds for a HOM to be removed but the interpretation and legal opinion received regarding Section, 11, and 12 (3) of the PSC Act did not clearly stipulate the proper authority and cause of action to take for termination.
- 6.3.12 A further analysis of this explanation from the Commissioner revealed that the he didn't seek the consent of Cabinet whether to terminate this particular HOM or not but he relied on the legal opinion and interpretation of Section 11 and 12 (3) of the PSC Act as the basis not to take further action. The Commissioner explained that had he taken further action and removed this particular HOM from his position, he would have set a questionable precedence on who should be responsible and who makes the decision regarding the disciplinary and termination of HOM's.
- 6.3.13 Our interpretation of the Commissioner's explanation is that he should have sought the decision of Cabinet especially if Section 12 of the Act required him to do so. Part of this process in our opinion would require him to clarify to Cabinet that there is a potential loophole in the interpretation of Section 12 of the Act and Cabinet should address this issue immediately. It is our view that the Commissioner should have been proactive in making sure that the

responsibilities are clear on how HOM's are disciplined and terminated and that the legislation and contract clearly stipulates this process.

- 6.3.14 The concern with the way the Commissioner has managed the appointment, remuneration, disciplinary and termination process of HOM's is also complicated by the lack of political will from the leadership in Government. Key stakeholders remarked that there is a perception that the Commissioner lacks political will to independently carry out his duties. That perception is reinforced because the Commissioner is known to associate with some members of Cabinet. There is also a concern that the personality differences at central agency level may have complicated his position and authority.
- 6.3.15 **Pae Puna**, a former Public Service Commissioner stated that the position of Commissioner is critical in public service because of the expectation from the leadership of Government, the public servants and the general public. A person holding this position needs to have full support to carry out their duties. Puna commented that he was appointed by the Queens Representative (QR) and that he was a constitutional appointment. Puna also stated that he was not answerable to any Cabinet Minister. Puna commented that he did have a Minister in place but they dealt with operational matters only.
- 6.3.16 This review has confirmed our concerns with the way the appointment, remuneration, disciplinary and termination process is managed by OPSC. This review has found that there are inadequate procedures in place to manage the HOM contractual obligations and the responsibilities are unclear on who should do what. There are concerns that processes and decision making is politically influenced. There are also concerns that the Commissioner is not taking appropriate action especially in dealing with disciplinary and termination issues. The Minister's involvement in managing and addressing OPSC deficiencies is also questionable.

Personnel Responsibilities

- 6.3.17 The responsibility of the Commissioner is also complicated by the lack of clarity in the roles and responsibilities in OPSC. This review has found that the OPSC responsibilities and operational parameters are unclear within OPSC itself and also within the overall public sector context. OPSC personnel have commented that the influence of OPSC is unknown in the public service especially when it comes to monitoring and evaluating the performance of the ministries and the public sector as a whole. OPSC personnel have also commented that there is minimal buy-in and support from HOM's especially regarding the monitoring of ministry activities, systems, personnel and policies.
- 6.3.18 The lack of clarity in roles and responsibilities in OPSC is further complicated by the lack of adequate personnel in place to support operational activities and to drive the monitoring and evaluation programs in public sector. This review has confirmed that more performance analysts are needed for monitoring purposes and policy analysts are needed to formulate operational policies. Because of the enormity of these two responsibilities, personnel that are acquired must be experienced and skilled in public sector administration. Experienced personnel are required to carry out analytical work and reporting.

Resource Requirements

- 6.3.19 To enhance and complement OPSC's monitoring and analytical responsibilities, proper information systems and processes are required within OPSC itself and throughout public service. This review has found that there is a lack of adequate information and systems in public service and data coverage is limited across the board. This review has also found that information systems are not connected to each other in public service which makes it difficult to collect, process and analyse data in ministries and across sectors. With inadequate systems and poor data collection, minimal data analysis is conducted.
- 6.3.20 To implement quality information systems and to employ competent personnel, OPSC requires more financial support. This review has found that there is a lack of adequate financial support to allow OPSC to effectively carry out its duties. Our analysis of the OPSC budget confirms to us that their annual budget appropriation is inadequate however, we are not in a position to determine what their budget should be. OPSC management commented that they lack adequate financial resources to support new initiatives such as monitoring and evaluation, the strengthening of the operational policies and procedures and the employment of specialised staff.

System Capacity

- 6.3.21 The main function and responsibility of OPSC will be strengthened and complemented by adequate monitoring and evaluation systems. This review found that the monitoring and evaluation systems and processes utilised by OPSC is inadequate. Key stakeholders in public sector remarked that monitoring systems and processes are not built in to public sector systems. This review has also confirmed that OPSC is formulating their own systems and processes with minimal interaction and dialogue with ministries, sectors and central agencies.
- 6.3.22 This review also found that information and activities are not accurately presented or verified at the ministry and or sector level. **Liz Koteka**, policy analyst commented that there appears to be minimal interaction between ministries and also within the sectors. The monitoring conducted at the ministry and sector level according to Koteka is inadequate because ministries are unaware on what data to collect, process and report and the sector structure is not in place. It is our view that the monitoring and evaluation initiative should be driven and managed by OPSC and the central agencies.
- 6.3.23 Monitoring initiatives specific to OPSC are focused in the area of operations and performance. This review has found that performance management systems in public service are inadequate and unstructured. Key stakeholders remarked that performance policies and procedures in ministries are inadequate and inconsistent and there are minimal linkages to national policies on performance. **Terry Hagan**, the HOM for the Ministry of Justice commented that there is minimal recognition for service and achievements in public service and there are limited incentives for public servants to perform. Hagan is of the view that a policy is needed to manage and reward the performance of all public servants.

Lack of Adequate Policies and Procedures

- 6.3.24 The performance and operational requirements and activities in public service will have a clear linkage to Government goals and objectives if the policy direction is clear. This review has found that there is a lack of policy direction in public sector to drive and support Government objectives. Key stakeholders have remarked that there is a general lack of understanding of operational requirements in public service which is contributed by a lack of policy direction.

Stakeholders also commented that policies and operational activities have minimal alignment to sector and national goals.

- 6.3.24 This review has found that there is a lack of consistency in operational requirements and activities in public service. **Edwin Pittman**, former HOM for Foreign Affairs commented that there appears to be different operational requirements across public service and the awareness on these requirements is limited. Pittman further commented that this situation has occurred because there was a lack of follow up on operational policies and systems after the reforms. The responsibility to create and manage operational policies in public service shifted from OPSC to the HOM's as a result of the reforms.
- 6.3.25 The development, management and enforcement of operational policies have also been inconsistent because the policies are either incomplete or unavailable and the enforcement responsibility was not clear. **Garth Henderson**, AMD manager commented that there is lack of ownership and accountability in public service due to the lack of operational policies. Henderson further commented that the authority and responsibilities are unclear regarding the monitoring and enforcement of operational policies and requirements because individual ministries are required to develop their own.
- 6.3.26 All of the stakeholders consulted for the review remarked that there is a lack of standard operational policies and guidelines in public service to enable consistency in Government operations. Stakeholders commented that individual ministries cannot be expected to create their own operational policies and procedures if there are no standard policies and guidelines to follow. Stakeholders with pre-reform experience commented that there was a PSC Manual of Operations managed and enforced by OPSC right across public service and this allowed for consistency in operations in Government.

Lack of Adequate Legislation and Enforcement

- 6.3.27 The operational policies and requirements managed by OPSC will only be effective if the adequate legislation is in place. This review has found that OPSC lack the authority to effectively enforce operational policies. The PSC Act does not clearly set out OPSC's responsibility and authority when it comes to monitoring and managing the public sector. The act also lack adequate regulations and this is required to enable and support the formulation of policies. The act also lacks the adequate provisions to allow OPSC to enforce operational requirements such as job sizing.
- 6.3.28 The effectiveness of the PSC Act should have been recognised and addressed when weaknesses were identified. This review has found that there is a lack of a structured review process for the PSC legislation and possibly all legislation utilised in public service. The PSC act has not been reviewed since its enactment 1996 during the reforms. The current Commissioner commented that a review process was supposed to take place three years after the reforms took place to identify any issues to do with policies, legislation and systems.
- 6.3.29 Key stakeholders have remarked that a review process should be structured into the public sector framework to allow Government to continuously improve and strengthen its policies, legislation and systems. **Cecilia Short** commented that the structured review process would have allowed initiatives such as regulations to be implemented when the need for operational policies were identified. Other stakeholders commented that there is no analysis conducted on the operational

performance of public service so issues of non-performance and non-compliance are overlooked and not addressed.

- 6.3.30 The lack of effective policies and legislation impacts on OPSC function and responsibilities. This review has found that the weakness in the PSC Act has impacted on the way the Commissioner has carried out his responsibilities especially in the appointment, remuneration, disciplinary and termination of HOM's. **Brian Mason**, the Budget Committee Chairman remarked that the PSC Act does not allow OPSC to effectively monitor and manage public service activities especially the operational policies, systems and requirements. **Mike Mitchell**, former Solicitor General also shares this view about the legislation.
- 6.3.31 Other stakeholders also remarked that the OPSC have not been proactive in monitoring and enforcing its own legislation. This review has found that OPSC have been inconsistent in monitoring and enforcing policies and requirements under their jurisdiction. The policy on leave entitlement and job sizing along with the cost of living adjustment (COLA) has been poorly managed by OPSC. Key stakeholders familiar with OPSC policies and legislation have commented that the monitoring and evaluation framework is lacking and there are minimal guidelines to enforce standard operational requirements.
- 6.3.30 The lack of monitoring has hindered the function and responsibility of OPSC in a way that appropriate analysis and feedback is not circulated into operational systems and policies. **Russell Thomas**, CEO of OPSC remarked that proper analysis and feedback is needed to improve and strengthen the performance of public service. Thomas also commented that there is no structure in place to facilitate the analysis and feedback process to allow information to filter into new initiatives. This shows that the monitoring and evaluation process is not built into public sector systems, policies and legislation.
- 6.3.31 Monitoring and evaluation is effective if proper systems, processes and resources are in place to supplement this initiative. This review has found that OPSC lack the systems and personnel capacity to drive their monitoring requirements. **Carmen Temata**, senior performance analyst at OPSC commented that personnel are needed in the areas of management, policy, systems, performance and operations to facilitate the monitor and evaluation process in public service. Temata also commented that strong systems are needed in Government to allow OPSC to collect and analyse data from ministries.
- 6.3.32 With a weakness in monitoring from OPSC, this review has therefore found that ministry operations are not checked while outputs and outcomes are not measured and verified. Factors such as quality and timeliness are not measured and or verified against any standards. This review also found that current performance review procedures are inadequate which results in:
- Minimal verification of actual performance and results
 - Personnel and management performance, issues and disputes not being monitored
- 6.3.33 OPSC personnel have commented that they verify performance and results of ministries and HOM's by reviewing the reports received from HOM's. OPSC personnel confirmed when questioned that they do not have the systems, resources and personnel capacity to effectively monitor and verify actual activities and issues in the ministries. OPSC personnel further commented that they also do not have the systems and resources to carry out a proper and thorough analysis of operational activities in ministries and public sector as a whole.

6.3.34 The monitoring and evaluation process is further complicated by a general lack of understanding and buy-in from all stakeholders involved in public sector. Some stakeholders that were consulted in the public sector commented that there is a lack of consultation to clarify what the standard operational requirements are and what data and information is required by OPSC. This review also found that stakeholder systems and processes are not compatible to OPSC systems and processes. Stakeholders also commented that their main priority is to manage their data and information for their own purposes.

Lack of Proactive Action

6.3.35 An area where OPSC has been perceived to be lacking is the management of the appointment, remuneration, disciplinary and termination of HOM's. Key stakeholders have commented that there needs to be clear monitoring and enforcement guidelines to allow OPSC to manage the HOM's from the time they are appointed to the time their contract expires or when they are terminated. Performance, management and decision making of HOM's also need to be addressed accordingly to ensure that appropriate action, support and incentives are provided.

6.3.36 The follow up on issues of non performance is an area that OPSC needs to be more proactive in managing. Key stakeholders have commented that some HOM's have been allowed to continue in their position even though their ministry expenditure has exceeded the budget appropriation. To make matters worse, some HOM's have been known to receive their performance bonus even though they have overspent or their performance and decision making is questionable. Stakeholders are of the view the OPSC needs to be consistent in the monitoring and rewarding of HOM performance.

6.3.37 The issue of non-performance is not just limited to HOM's but also to ministries as well. This review has found that there is minimal follow up on non performing ministries in public service. **Garth Henderson** of AMD commented that some ministries have been allowed to operate even when they are not delivering. Henderson is of the view that OPSC has not been proactive in dealing with non-performing ministries. Other stakeholders commented that minimal resources and support is rendered to improve personnel and operational performance in public service.

6.3.37 This lack of action by OPSC is also known when it comes to issues identified in various audit reports. Audit has observed OPSC's response to issues identified in our reports. We have noticed that issues such as management, systems, decision making and policy failures do not get much attention from OPSC. Audit is of the view the change management process managed by OPSC and other agencies in Government following public service, ministry or management reviews is rather ad-hoc and un-driven because of the lack of leadership in OPSC and central agencies.

6.4 Political Influence

Shift in Priorities

6.4.1 Political influence has always been a concern in public service especially when it comes to priorities, decision making, the allocation of resources and alignment of activities to goals and objectives. This review has found that priorities in public service keep changing because of the absence of a proper institutional framework in Government. Key stakeholders have remarked that priorities are mainly short term, reactive, and or politically driven and this is because the

institutional framework is lacking and required activities such as planning, analysis and consultation is removed from the process.

- 6.4.2 Key stakeholders also remarked that decision making in Government has been indecisive because a framework or process is not in place to safeguard the decision making process. Stakeholders highlighted the example of the multi sports complex where there was a:
- Delay in decision making regarding the project
 - Removal of central agencies in decision making process
 - Lack of proper advice and analysis required to support the decision making process.
- 6.4.3 This indecisiveness continues when it comes to the allocation of resources in public service. **Iaveta Short**, policy analyst commented that resources in Government are sometimes shifted based on political motives. The decision to locate the multi sports complex in Nikao was questioned by Short and the majority of stakeholders because this area has been known to have numerous infrastructure problems. Short further commented that resources have also been shifted based on the personality of decision makers while the real needs and priorities of the people are overlooked.
- 6.4.4 The creation of new Government services has also been questioned by the key stakeholders. **Theresa Trott** of the Chamber of Commerce questioned why new services are being offered by Government when an existing ministry or the private sector can be utilised to provide the same service. Trott is of the view that this approach allows for duplication of services which is an obvious waste of public funds. This approach also increase bureaucracy in public sector it is a clear example of reactive responses without proper planning and decision making.
- 6.4.5 The prioritisation of resources in public sector has been questioned by key stakeholders because of the minimal linkage of these resources and initiatives to ministry and national priorities. Key stakeholders have expressed their concerns especially when political or party interests are prioritised over national interests. The issue of the multi sports complex is a clear example because this new initiative has no linkage to national priorities. Stakeholders commented that sector and national priorities are overlooked and issues especially in the areas of infrastructure have not been addressed yet.

Influence on Operational Requirements and Decision Making

- 6.4.6 Political appointments are well known in public service especially when a role requires constant contact with ministers and decision makers. **Pae Puna**, former Commissioner expressed his concerns with political appointments especially when applicants that are overlooked are perceived to be more suited for the role than those that have been appointed. Puna commented that when this happens, the integrity of the position is compromised. Puna further commented that political influence in decision making highlights that a weak and ad-hoc process is in place to manage the appointments process.
- 6.4.7 Political influence has been known to interfere with remedial actions in public service. This review found that politics has reversed decisions especially to do with appointments or disciplinary actions required for certain HOM's. The Commissioner commented that OPSC recommendations have been overlooked by Cabinet especially regarding the appointment, discipline or the finalising of remuneration for certain HOM's. The Commissioner also

commented that the integrity of Cabinet is lost when this happens and this creates a negative perception about public service leadership and decision making.

6.4.8 Political influence has also been known to impact on operational activities in public service. Key stakeholders have commented that political influence has been known to impact on the employment of some personnel and management positions in public service. Political influence has also impacted on the prioritising within ministries. Key stakeholders have commented that political priorities have been known to take precedence over ministry priorities. The concern with this approach is that the commitment to non-priority initiatives compromises the ministry planning and budgeting process.

7.0 What is the Best Way Forward?

7.1 Set a New Direction

Define the Strategy

- 7.1.1 What is clear from this review is that the best way forward is to understand the needs and desires of our people first before any decision is made on what to do. **Tata Crocombe**, a key stakeholder consulted for this review commented that Government needs to identify what our people want and expect, then this should help determine how the public sector in collaboration with the private sector, should respond. Understanding what our people want allows Government to answer the question of why our people leave to go overseas.
- 7.1.2 Understanding what our people want also requires us to understand what quality and service is needed to support people's desires. Meeting the needs of our people should be the focus for Government when planning how to consult with multiple stakeholders, allocate resources, make decisions, and implement action plans. Government should always be investing in our people by:
- Investing in what our people want and expect
 - Investing in quality public services to satisfy our people's needs
- 7.1.3 Part of the requirement in investing in quality public services is to implement efficient systems and processes in Government. Efficient Government systems and processes can be achieved if a proper institutional framework is implemented in to the structure, policies, systems and legislation. Theresa Trott of the Chamber of Commerce commented that a proper institutional framework is needed to safeguard Government against risky and reactive decision making and to make sure that resources are allocated for appropriate development and priorities are consistent with the national vision.
- 7.1.4 To change the structure and systems in Government, a Change Management Process needs to be explored. The priorities for the change management process should include:
- Implementation of a Government Institutional Framework
 - Identifying the "right size" of public sector
 - Up-skilling of public servants and management
 - Strengthening capacity in policies, legislation, systems, resources, and personnel
 - Managing and prioritising of resources effectively
- 7.1.5 The implementation of a change management process requires the roles and responsibilities to be clearly defined and supported with appropriate tasks, timeframes and resources. The goal of the change management process also needs to be clearly defined to allow those responsible to know

what to achieve and to ensure that the process is followed accordingly. Key stakeholders have openly commented that a change is required in public sector similar to the reform process back in 1996. Stakeholders further commented that a review of the public sector is long overdue.

- 7.1.6 The change management process in public sector also needs to identify who the relevant stakeholders are in this process and what their responsibilities are. The process needs to identify the responsibility of the public sector along with the private sector. The role of the general public and the different communities and islands involved also needs to be taken into account when undergoing the consultation and change process. What is critical to this whole process is the commitment from the leadership of the country. Leadership is required to drive the change process forward to ensure that it succeeds.

7.2 Define the Purpose and Function of the Public Service

Ideal Public Service

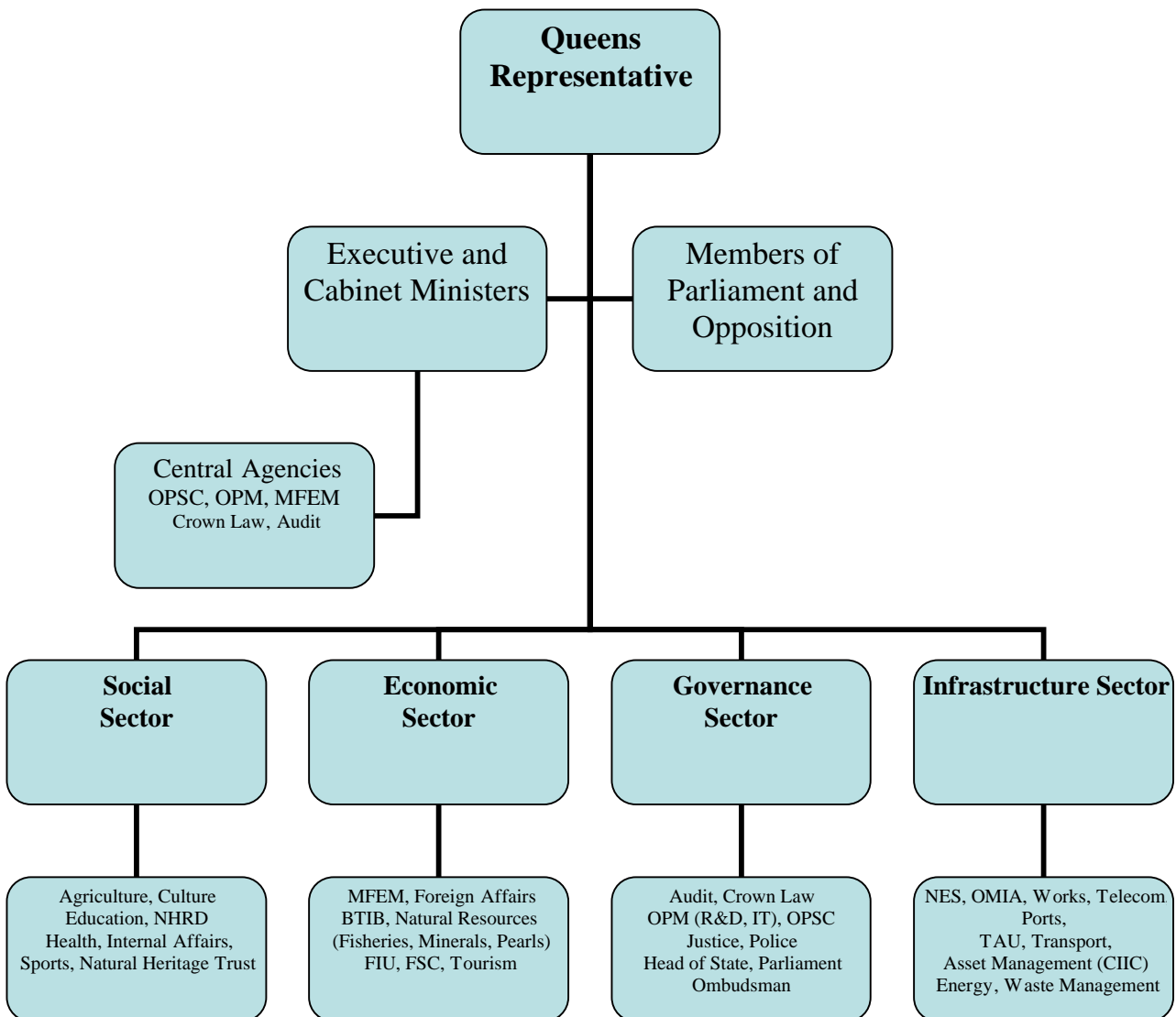
- 7.2.1 The objective of the change management process is to ensure that the public service function meets the national vision, mission, and objectives along the needs and expectations of the people. The function of public service needs to be redefined to ensure that it provides quality services to meet the people's expectations and desires. The majority of the stakeholders have commented that the national vision needs to be shared, accepted and driven by all stakeholders in Government, the private sector and the community both in Rarotonga and the outer islands. This will ensure that appropriate services, resources and opportunities are provided.
- 7.2.2 The involvement of stakeholders outside of public sector is crucial to redefining the purpose of public service. **Theresa Trott** of the Chamber of Commerce commented that Government needs to involve the private sector more especially in areas of service delivery. Trott commented that the push from the reforms were for a private sector-led economy. Civil society also has a role to play in delivering services to the community. Key stakeholders commented that a contestable process needs to be engaged to identify who can best deliver services to meet the quality and expectation of the people.
- 7.2.3 A push for a review of the public service by OPSC may be timely given that the quality of the services in Government is of concern to the majority of the stakeholders consulted. A review of the public service is critical to redefining the purpose and function of all Government services and the relevance of such services in meeting the needs of the people. Tata Crocombe commented that the function of public service needs to be realigned to the principles and concepts outlined in the NSDP and it need to cater for the needs and expectations of the people. Understanding why people leave will need to be determined as part of this proposed review.
- 7.2.4 Stakeholders have however cautioned that such a review needs to be managed appropriately to ensure that the objectives are understood and met and that buy-in is received from all stakeholders especially the leadership in Government. **Janet Maki**, former Solicitor General and current Ombudsman commented that changes to legislation alone is a long and drawn out process. **Liz Koteka** from the OPM commented that to implement a monitoring and evaluation system is not an easy task. The majority of stakeholders commented that from the review, an appropriate structure of public sector should emerge to reflect the goal of meeting the needs of the people.

7.2.5 The current public sector structure allows ministries to operate individually with minimal interaction at the sector level. A revised structure included in this report reflects the viewpoints of many of the stakeholders and it includes the grouping of ministries into sectors. **Liz Koteka** of OPM commented that public service needs to be organised in sectors and relevant ministers should be appointed to manage the sectors. Koteka commented that currently, ministers are responsible for ministries across different sectors and this potentially compromises planning, policy development and operations.

7.2.6 Key stakeholders have remarked that public service activities should support the relevant structure. Stakeholders commented that private sector focus on service delivery functions while Government focus on regulatory responsibilities. Stakeholders also commented that activities should be centred around:

- Policy and Planning
- Monitoring and Enforcement
- Resource and Information Management
- Education and Awareness

Proposed Public Sector Structure



7.2.7 Key stakeholders further commented that core services and responsibilities required by the public especially in the areas of health and education should be guaranteed by the public sector at all times and these should operate at an acceptable standard or quality. Private sector involvement in education and health should be encouraged because there is room for specialist services and requirements and this would complement the service provided by the public sector. Private sector participation is driven by economics while the role of the public sector is to ensure that basic services are provided to the people.

Sectorize Government Approach

7.2.8 The structure of public sector is critical to ensuring that services provided meet certain standards and it fulfils objectives at the national level. Key stakeholders commented that Government should be structured into the four sectors and these are:

- Social
- Economic
- Governance
- Infrastructure

7.2.9 The main objective for the sectors is to ensure that the planning and implementation of services and initiatives are conducted appropriately with a linkage to the national vision. Key stakeholders commented that sector outcomes need to be defined to ensure that sector activities and initiatives:

- Streamline Government operations and activities
- Improve policy development and planning
- Manage and prioritize funding
- Improved sharing of resource and information

7.2.10 The sector objectives and outcomes also help determine the required public sector activities. The main activities required by the sectors include the planning and facilitating of sector projects and initiatives, the organising sector funding and cost arrangements and the monitoring of sector outcomes. **George Turia** policy analyst commented that the organising and managing of public sector operations, priorities and activities are easily done when the structure is setup in sectors. Turia commented that the sector based approach allows for consistency in priority and decision making in public sector.

7.2.11 Resources are also required by the sectors to allow them to be more organised and proactive in driving sector initiatives forward. **Liz Koteka** of OPM commented that adequate policies and legislation needs to be developed to ensure that sector activities are managed within required parameters. Monitoring systems and processes are also needed to ensure that adequate feedback and follow up is rendered to support and improve sector initiatives. Operational guidelines are also needed to provide guidelines for sector agencies on what activities and initiatives are required and what process to follow.

Centralise Planning and Decision Making

7.2.12 This review found that the central agencies are OPSC, OPM, MFEM, Crown Law and Audit. The role of OPSC is to manage operational requirements while MFEM manages the financial requirements. OPM is required to provide policy advice and direction to assist with the planning and implementation of initiatives. Crown Law is required to provide the legal support in public sector while Audit provides the monitoring requirements for public expenditure and performance.

Cecilia Short commented that the central agencies provided advice and support for Government initiatives and decision making.

- 7.2.13 The key objectives for central agencies are to drive Government operations forward and to ensure that operations, projects and new initiatives align with the national vision in the NSDP. Central agencies are also required to manage Government operations and decision making within the required financial, legal and policy parameters to ensure that outcomes such as consistency, accountability, transparency and contestability is achieved. Stakeholders have remarked that central agencies play a critical role in public service and they need to be well informed about all Government activities and its underlying impact.
- 7.2.14 Central agency activities require regular and consistent interaction, planning and decision making between the agencies involved. This review found that central agencies are required to:
- Manage the Governance framework
 - Facilitate strategic Government initiatives
 - Provide advice and recommendations to Cabinet
 - Assist with the decision making processes in Government

Define Government Operations

- 7.2.15 The line ministries are the individual ministries and or agencies grouped under different sectors. The ministry and agencies are grouped under each sector depending on the purpose of the ministry within the sector context. For example, the ministries and agencies in the social sector deal mainly with servicing the needs of the people and this ministries include, health, education, agriculture, sports, welfare, training and culture. Other agencies are grouped into other sectors such as economic, governance and infrastructure.
- 7.2.16 The objectives of the line ministries are to deliver Government services to certain standards and requirements, implement policies, systems, and process to deliver or assist with service delivery and deliver and manage activities relevant to ministry, sector and national goals and requirements. The outcomes of the line ministries are to ensure that all relevant public services are delivered in a timely manner, to a certain standard and to an appropriate cost. Line ministries also have to ensure that public service activities meet the needs and expectations of the people and that the services provided meet sector and national goals. Value for money is another outcome that ministries are expected to achieve.
- 7.2.17 The line ministries are required to deliver most of the services along with the private sector and possibly the civil society. According to stakeholders, line ministries are expected to:
- Implement policies and projects
 - Monitor and enforce of required standards
 - Deliver services for Government
 - Support sector and national initiatives and objectives
- 7.2.18 To ensure the service delivery processes are managed efficiently, linkages between ministries, sectors and the national goals and objectives need to be determined and enhanced. To do this, relationships between ministries within the sectors need to be strengthened. Operational requirements also need to be clearly determined to identify similarities and overlaps in areas of policy, systems, processes and legislation. Overlaps need to be determined to allow the ministries to streamline planning, implementation and monitoring processes.

7.2.19 Sector objectives and outcomes will determine ministries activities within the sectors **Liz Koteka** of the OPM commented that the sector based approach would require ministries within sectors to:

- Plan projects and new initiatives together
- Share data and information to assist planning and regulatory processes
- Share resources to assist with analysis, monitoring and planning processes
- Share the costs and ownership of projects and new initiatives

Identify Core and Non-Core Activities

7.2.20 The core and non-core activities in public sector will need to be determined to allow the public sector to focus on the core activities while outsourcing the non-core activities to the private sector and civil society. Regulatory and compliance is an area where public sector really needs to focus on and strengthen its capacity. Stakeholders commented that sector agencies should be focusing on:

- Monitoring standards and requirements for operations, projects and service delivery
- Monitoring policy and legislation compliance

7.2.21 Policy development and planning is an important role in public sector because this would determine what priorities are transformed into projects and new initiatives and what policies are converted into activities and initiatives. Stakeholders commented that sector agencies should be focusing on:

- Planning projects and new initiatives at the ministry, sector and national level
- Implement relevant policies and procedures at the ministry, sector and national level
- Implement policies specific to operations, finances, regulatory, performance

7.2.22 Financial management allows resources to be allocated and managed effectively based on priority. Systems administration has to do with the collecting, processing, managing, analysing and reporting of data and information in public sector. Government agencies in the economic sector are required to:

- Manage and monitor all financial policies requirements in public service
- Source, manage and allocate all funds needed to support Government priorities and initiatives

7.2.23 Educating and raising the awareness in public sector and the general public is a core responsibility of Government. Government needs to ensure that the public sector and the general public are fully informed and aware about Government intentions, projects, new initiatives and changes in the public sector policies, legislation, systems and processes. It is imperative to fully inform the people at all times to ensure that they understand what is required of them and what they require from Government. Informing and educating the people also allow them to prepare or respond in an expected way.

7.2.24 Identifying new initiatives in public sector needs to be enhanced. **George Turia** policy analyst commented that research and development is a component that can certainly add value to new initiatives. Research allows new ideas to be validated and strengthened depending on the finding of the research. Research also enables Government to be proactive in finding ways to improve and strengthen its capacity without waiting for problems to take place. Research would also

require Government to look at other models in different contexts to assess its relevance and applicability in our context.

Identify Resource Needs

- 7.2.25 Resource requirements need to be identified to ensure that funding is allocated appropriately. Key stakeholders commented that financial requirements need to be understood to allow the planning, implementation and follow up process to flow unrestricted. Stakeholders further commented that short and long term goals and priorities at the ministry, sector and national level need to be determined to enable relevant funding to be allocated. To support the goals and priorities, a supportive and relevant budgeting framework is required to ensure that funding to allocated and maintained over time.
- 7.2.26 Operational requirements in public service need to be determined to ensure that the appropriate activities are implemented. Stakeholders stated that the following requirements should be considered:
- Size of the Public Service with relevant activities and responsibilities
 - Skills and experience required to strengthen public service operations
 - Policies and legislation needed to support activities and initiatives
 - Systems and processes needed monitor and manage decision making
- 7.2.27 Key stakeholders have remarked that standard policies and procedures are required at the national, sector and ministry level to ensure that consistency is achieved in planning, implementation and monitoring processes. National policies are required to ensure that a purpose and direction is clearly defined at the highest level. Sector policies are required to enable sector agencies to plan, implement and monitor appropriately within the sectors. Ministry policies are required to ensure that service delivery and implementation is consistent and it meets prescribed standards and requirements.

Define System Requirements

- 7.2.28 Monitoring and evaluation systems are required to ensure that activities and initiatives in public sector are consistent to national and sector objectives and to ensure that outcomes and results are achieved. Key stakeholders have commented that the monitoring and evaluation framework should focus on:
- Monitoring operational performance
 - Monitoring financial performance
 - Monitoring policy and legislation effectiveness
- 7.2.29 The development of policies and the planning of projects and new initiatives also need a system or framework to manage, monitor and implement these processes. Key stakeholders commented that the project planning procedures are very similar to the policy formulation procedures. The procedures follow pretty much the same process especially during the planning phase. Stakeholders further commented that these procedures need to be adopted to ensure that effective policies and projects are planned, implemented and managed in public sector.
- 7.2.30 Finance and administration systems and processes need to be clearly defined in public sector to enable resources to be allocated effectively and to ensure that decision making is consistent and relevant throughout public sector. Key stakeholders have remarked that a framework for finance

and administration is required in public sector. Stakeholders further commented that these frameworks are supposed to complement and support each other. This review has identified that an outcomes budgeting framework and a Government institutional framework is required to manage resources and decisions.

- 7.2.31 Key stakeholders have commented that quality decision making is required to ensure that priorities are addressed and that resources are allocated to support the priorities. The decision making process in Government requires central agencies to provide advice and recommendations for any initiative before Cabinet makes a decision. Hon. **Tangata Vavia** Minister of Public Service also commented that the multi-stakeholder approach is required for key decisions in Government. Vavia commented that this approach is critical in ensuring that buy-in is received and that the initiative is sustained over time.
- 7.2.32 A structured review process is also critical to ensure that systems, policies, operations and decision making in public sector is effective. Many stakeholders openly commented that a proper review process needs to be built into the policy, legislative, operational, monitoring and budgeting framework. Stakeholders also commented that the review process needs to be managed appropriately to ensure that the purpose, timeliness, responsibility and value of the process is understood. The review process compares internal and external perspectives and it allows new ideas to filter into applicable areas.

7.3 Institutional Strengthening in Government

Strengthen Leadership and Decision Making

- 7.3.1 To strengthen leadership and decision making in public sector, the national vision reflected in the NSDP needs to be simplified. Many stakeholders have commented that the goals and objectives in the NSDP needs to be clarified to ensure that every citizen of this country would be able to understand what the national vision is and how they can contribute to achieving it. Stakeholders further commented that the goals and objectives in the NSDP need to be Simple, Measurable, Achievable, Reliable and Testable. Simplifying the national vision also encourages greater participation among all stakeholders.
- 7.3.2 The responsibilities in public sector need to be clearly defined to ensure that all stakeholders involved know exactly what they need to do. The public sector responsibility is to identify priorities and initiatives in the country as a whole rather than just in the public sector. The sectors are then required to plan and prioritise the initiatives before the central agencies make the decision on which priority and initiative to implement. The ministries are then required to implement and monitor priorities and initiatives. Monitoring can be assisted by the feedback from the general public on the effectiveness of the initiative.
- 7.3.3 Public service responsibilities can also be grouped into three different categories and this is based on the hierarchy in public sector. This approach clearly outlines who does what in public service. This review has clearly confirmed that:
- Cabinet and Ministers are the Leaders and Decision makers
 - HOM's are the Managers and Advisers
 - Public Servants are the Implementers and Assessors

- 7.3.4 Clear responsibilities in public service also improve the decision making process and the quality and timeliness of the response. Key stakeholders have remarked that the decision making process across public service needs to be reviewed to ensure that decisions and responsibilities are clear at the highest level. The central agency committee responsibility also needs to be looked at to identify if the decision making process at that level is effective and consistent. Sector and ministry decision making also needs to be reviewed to ensure that consistency in decision making is maintained throughout public sector.
- 7.3.5 The independence of positions in public service is another area that needs to be improved. Independence is required for the appointment, remuneration, disciplinary and termination process for all statutory and HOM's positions in public service. **Pae Puna**, former Commissioner remarked that the independence of statutory positions in public service like the Commissioner is critical in ensuring that the person appointed is not politically compromised. Puna also commented that the Commissioner needs to be consistent when executing their duties.
- 7.3.6 Clear roles and responsibilities supported by strong policies and legislation are needed to allow the person appointed to effectively carry out their duties. The policies and legislation should clarify the authority of the position and the parameters in which they can operate and with the appropriate remuneration. The HOM appointment process also needs to be managed appropriately to ensure that appointments are based on merit and remuneration levels are applicable. A national remuneration commission should be looked at to finalise all remuneration requirements in public service.

Strengthen Policies and Legislation

- 7.3.7 Part of the institutional strengthening exercise requires the identification and implementation of relevant policies and legislation. This review has found that policies at the national, sector, ministry level needs to be clear and precise. Relevant legislation is also required to support the policies and its enforcement. Clear roles and responsibilities are also needed for those managing and enforcing the policies and legislation. Stakeholders have commented that strong and effective policies and legislation provides robust operational guidelines in public service.
- 7.3.8 The relevance and value of national, sector and ministry policies also need to be carried out. Key stakeholders commented that issues need to be clearly identified and categorised into the national, sector and ministry groupings. The effectiveness of the policies also needs to be determined to confirm which policies need to be removed or strengthen and what new policies need to be created and enforced. Stakeholders commented that policies need to be synchronised with the NSDP to ensure that the policies support the national vision and objectives.
- 7.3.9 The effectiveness of Government policy can be determined by the relevance and value all Government legislation. Key stakeholders have commented that some of the legislation is not effective in clarifying what needs to be done or who should be responsible. Issues of intention, responsibility and enforcement needs to be clarified for all Government legislation to see if the legislation is fulfilling a purpose and if it has been effectively enforced. Part of this process may require changes to the legislation and strengthening where necessary.

Improve Budgeting Framework

- 7.3.10 The management of resources in public service needs to be supported by a robust and appropriate budgeting framework. Many stakeholders openly commented that the current budgeting framework needs to shift from outputs to outcomes to allow appropriate resources to be allocated to achieve specific outcomes. Part of this process would require the determination of outcomes first and then the alignment of necessary outputs to achieve the prescribed outcomes. A review of outcomes is needed to ensure that outcomes are transparent, accountable and contestable.
- 7.3.11 Many of the stakeholders commented that the current budgeting framework has allowed for resources to be appropriated based on how the ministry business plans were marketed. **Garth Henderson** commented that the current budgeting process handicapped ministries that are not competent in putting together good business plans and ministries like Works has suffered because of this approach. Henderson is of the view that the budgeting framework needs to focus on outcomes to allow resources to be allocated to improve services.
- 7.3.12 A change to the outcomes budgeting framework will also provide the necessary support and resources to achieve outcomes over time. Changing the budgeting framework to medium term budgeting also supports the sector based approach and it also allows sectors to plan long term projects and offer long term service arrangements to the private sector. Key stakeholders have commented that resources allocated through the budget process needs to focus on quality of services to ensure that value for money is achieved in public service.
- 7.3.13 The budget process also needs to be reviewed especially regarding the budget decision making. Part of this process would require a review of the role and relevance of the Budget Committee. **Iaveta Short**, policy analyst for the Democratic Party commented that the role of the budget committee is now redundant. Short recommend that the central agencies should be driving the budgeting process and information from agencies like OPSC, MFEM and OPM should validate decisions. An independent budget committee will only be needed for quality assurance and advisory purposes.
- 7.3.14 Other stakeholders commented that central agencies should be managing the budget process because they understand operational, financial and policy priorities and requirements and they are in a better position to allocate resources effectively. The budgeting framework should also be built into the sector structure. **Terry Hagan**, HOM for Justice commented that each sector should receive an appropriation and they will need to determine how to spend that amount. Hagan commented that this will force sector agencies to streamline operations and plan together.

Strengthen Management Capacity

- 7.3.15 The efficiency of planning, operations and decision making in public service can be enhanced if the management requirements are clearly defined and met. **Cecilia Short** commented that public service needs strong and competent administrators. Short commented that public sector currently has people in management positions who are more specialists like doctors and engineers. Short commented that managers in public service should have a strong understanding of operational, financial and policy requirements and should be complemented with management competencies.
- 7.3.16 Managers in public service are effective if the support requirements are clearly defined, understood and available. Key stakeholders have openly commented that managers or HOM's need to be guided by a proper institutional framework, strong policies and legislation and

adequate resources. This will allow managers to understand their roles and responsibilities better and to know what process to follow. Stakeholders also commented that political will is important to ensure that HOM's to perform without fear of retribution from higher authority.

7.3.17 To build management capacity in public sector, succession planning and capacity building initiatives should be enhanced. Part of this process would require stakeholders to identify national, sector and ministry objectives along with systems, processes and structures in Government. Succession planning should then be built into public service systems to ensure that management capacity is being built and managed throughout public service. A recommendation was made by **Garth Henderson** of AMD to implement an Executive Managers Group to strengthen pool of potential senior managers.

Improve Operational Management Systems

7.3.18 Operational management systems also need to be strengthened especially in the area of systems, policies, procedures, legislation, monitoring and follow up. Key stakeholders have remarked that the performance of public service today is a reflection on the lack of standard operational guidelines in Government. **Cecilia Short** commented that standard operational policies, procedures and systems need to be implemented in public service to allow operations to be consistent, effective, and purposeful and to allow OPSC to monitor operations effectively.

7.3.19 Strong information systems are also required to strengthen operational systems and processes. **Priscilla Maruariki**, Treasury Operations Manager at MFEM commented that strong information systems are needed to strengthen the validity of data and information required for decision making. To accomplish this, Maruariki commented that systems and processes in ministries need to be improved to allow for better data collection, information processing and reporting. Maruariki also commented that accurate analysis can also be conducted if the data is relevant. From this, public sector activities and trends like personnel growth can be monitored.

7.3.20 Communication among ministries also needs to be enhanced. **George Turia**, policy analyst commented that inter-ministry communication needs to be enhanced to encourage sector interaction and information sharing. Turia commented that this process is critical to supporting sector based planning and decision making. Turia also commented that inter-connected information systems among sector agencies would assist and enhance the operational and monitoring capacity within the sectors and at the ministry level.

7.3.21 Communication between ministries and within sectors would also enhance the sharing of ideas and resources to enhance planning, operations and monitoring initiatives. Key stakeholders have commented that resources and system support needs to be strengthened to allow projects and initiatives to be planned and implemented together within sectors. Part of this process would require sector agencies to identify resources and capacity within their respective ministries to see how these can assist planning and implementation at the sector level.

Improve Communication in Public Service

7.3.22 Achieving buy-in from all stakeholders in public and private sector would require the national goals and objectives to be clearly defined and explained to suit all levels and contexts. **Tata Crocombe** commented that national goals and objectives need to be clear and precise to ensure that all citizens understand what they need to do and how they can contribute. Specific

responsibilities should also be stipulated in the national goals to ensure that all stakeholders understand where they fit in to the national development process.

- 7.3.23 Achieving buy-in especially in public sector also requires an improvement to communication among ministries and sectors. One way to achieve this is for ministries to operate within the sector framework. Sector interaction allows ministries within each sector to communicate to each other especially when it comes to budgets or resources. Operating in sectors also ensures that a clear pathway is established from ministries to the national goals and objectives and that communication linkage is established from the national to the implementation level.
- 7.3.24 Improving the awareness within public service also improves the buy-in and support for changes and new initiatives. **Sir Geoffrey Henry**, former Prime Minister commented that communication channels need to be strengthened at all times to ensure that public service is well informed. Henry commented that communication between Cabinet and HOM's needs to be clear and regular. This promotes principles of good governance and transparency within public service and it helps the all public servants understand the intention of the leadership within Government.

7.4 Clarify Role and Function of OPSC

Define OPSC Role and Responsibilities

- 7.4.1 Once the appropriate structure of public sector is confirmed, the function and responsibility of OPSC should be defined and built-in to the new structure. OPSC goals need to be clearly defined and it needs to be aligned to the goals in the governance sector and the national vision. The OPSC responsibilities also need to be defined in the central agency setup. OPSC's core responsibilities are to manage the operational and personnel requirements and monitoring and evaluation systems in Government. OPSC is required to implement required systems and processes to improve operational performance of Government.
- 7.4.2 Management and personnel responsibilities will need to be clearly defined to allow consistency in OPSC operations especially when duties are performed and when decisions are made. The role of the Commissioner and the CEO for OPSC needs to be addressed and stipulated in the Act. What is critical is that the Commissioner's independence should be enhanced and the role of the CEO be clearly defined so there is no overlapping. **Cecilia Short** recommended that the Commissioner should be the head of the office and the CEO be answerable to the Commissioner rather than to the minister.
- 7.4.3 Part of OPSC's role is to assist public service in defining their appropriate roles and responsibilities. OPSC is along with the central agencies would be required to define ministry and sector roles and responsibilities. The obvious role of ministries and sectors are to:
- Identify public service needs and areas that need improvements
 - Collect and process information as part of their planning and development processes
 - Deliver quality and reasonable services to meet the needs of the public
- 7.4.3 Appropriate legislation and policies are required by OPSC to manage their statutory and operational requirements in public service. This review has found that the Commissioner responsibilities need to be clarified and his authority needs to be strengthened. To do this, clear policies are needed and amendments to the PSC Act will be required. **Mike Mitchell**, former Solicitor General emphasised that the only way OPSC and the Commissioner's role can be

clarified will be by amending the legislation, introduce regulations and implement appropriate policies and procedures.

Identify Resource Requirements

- 7.4.5 Personnel needs in OPSC was really evident in this review. Expertise in the areas of management, policy, systems, public administration, and performance is required to allow OPSC to deliver quality services in public sector. The annual budget for the OPSC is insufficient if OPSC's core business is to manage and monitor the "machinery of Government". Key stakeholders have remarked that OPSC needs to be adequately resourced to carry out their work. The Commissioner admitted that the proper policies, legislation, systems, processes and experienced OPSC staff are essential to ensuring that proficient services are delivered by OPSC.
- 7.4.6 Adequate systems are also needed for OPSC to carry out its responsibilities effectively. Information management systems are required to analyse and process public service data to show trends that OPSC should be monitoring. Many of the stakeholders commented that a proper institutional framework required for Government will provide the appropriate structure for OPSC to manage and monitor operational requirements and issues in public service. The most critical system required by OPSC is the monitoring and evaluation systems. This would allow OPSC to monitor the flow of information, resources, and personnel within public service.

Strengthen Management and Leadership

- 7.4.7 Management competencies will need to be clearly defined to allow the appropriate personnel to be appointed to management positions at OPSC. Personnel appointed to senior management positions in OPSC should possess standard qualifications and experience and they are encouraged to be a member of a professional organisation. For specialist positions, personnel should have industry recognised qualifications or certifications. **Cecilia Short** commented that managers in public service should be known administrators and should have strong management, finance and policy experience. Short also commented that leadership is lacking at OPSC.
- 7.4.8 OPSC's core responsibilities should be clearly defined to allow the Commissioner and OPSC to carry out activities and initiatives successfully. The monitoring of HOM's performance needs to be performed responsibly to ensure that HOM's appointed are performing. The performance of the ministries and sectors also need to be monitored to allow OPSC to manage and monitor the operations in public service. The monitor of public service and national performance allows OPSC to understand if public services are meeting the needs and expectations of the people. A change in leadership may be required to restore the confidence of public service in OPSC.

Strengthen Personnel Capacity

- 7.4.9 Specialist personnel are required to allow OPSC to formulate appropriate systems and processes and perform duties as consistent to the core responsibilities. Personnel with skills and experience in public sector administration, performance management, policy development, human resource development and monitoring and evaluation are required to allow OPSC to effectively perform its duties. To recruit competent specialists may be costly, however the role of OPSC in managing and monitoring public sector operations is too important to overlook. The sector based approach may allow OPSC to build capacity with other agencies in the governance sector.

- 7.4.10 The management function needs to be clarified and strengthened to allow OPSC to manage its own operational requirements and coordinate its activities in an orderly manner. Management authority will need to be defined to allow appointed personnel to manage and support OPSC activities in public service. Clear roles and responsibilities are needed in OPSC to allow information and resources to be managed appropriately. Activities carried out by OPSC need to be performed to appropriate standards and guidelines and they need to be followed up regularly by management.
- 7.4.11 To support OPSC operational requirements and improve performance, training requirements need to be outlined and delivered effectively at OPSC. OPSC require training in areas of policies, legislation, operational systems, monitoring and evaluation and performance analysis to allow them to carry out their duties in a reasonable manner. Training can be organised in the governance sector to allow specialists in Crown Law and OPM to interact with and assist OPSC in their training and capacity building requirements.

Minimise Political Interference

- 7.4.12 To minimise political interference, OPSC needs to formulate adequate policies to provide guidelines for operations and decision making. Policies would need to outline what the responsibilities and boundaries are to minimise political interference from ministers. **Theresa Trott** from the Chamber of Commerce commented that a board of 3 or 4 members including the Commissioner as Chairman could be implemented to carry out the Commissioner role. This would allow for better decision making and appropriate action to take place and it could also minimise political pressure.
- 7.4.13 The PSC Act needs to be strengthened to allow the Commissioner to follow clear procedures when performing duties and enforcing policies and legislation. The Commissioner should have the ability to perform his duties independently without fear of retribution from any person. The appointment process for the Commissioner needs to be reviewed to ensure that the position is granted the appropriate authority and independence to act responsibly. **Pae Puna** stated that the Commissioner is accountable to the Queens Representative and not to a minister. This according to Puna reduces political influence.
- 7.4.14 Obtaining political will and support from the leadership in Government is critical to ensuring that the Commissioner performs his duties effectively. Political will is important to the Commissioner because it allows him to execute his responsibilities without political pressure. **Sir Geoffrey Henry** commented that he provided the adequate support to Cecilia Short to allow her to perform her duties in a professional and effective manner. Support is also required from colleagues within the central agencies to allow the Commissioner and OPSC to carry out their duties in a consistent and appropriate manner.

7.5 Improve OPSC Policies, Legislation and Enforcement

Clarify and Document Operational Requirements

- 7.5.1 To ensure that OPSC and the Commissioner perform duties appropriately, clear guidelines need to be stipulated in the PSC Act. The PSC Act in its current form is inadequate because it does not clearly outline the duties and rights of OPSC and the Commissioner. **Mike Mitchell** and **Brian Mason**, legal experts interviewed in this review stated that the PSC Act needs to be amended to

clearly define the purpose and responsibility of OPSC and to outline the appropriate OPSC activities and policies. The Act also needs to empower the Commissioner with the appropriate mandate to act when required.

- 7.5.2 The amendments to the PSC Act should include the implementation of appropriate regulations. **Terry Hagan** commented that regulations need to be implemented in the Act to allow policies to be developed and implemented. **Cecilia Short** also commented about the need for regulations in the PSC Act. Short commented that regulations should have been implemented when the Act was first implemented but this process was not completed. Other stakeholders familiar with legislations commented that regulations are needed for policy and regulatory purposes.
- 7.5.3 With the appropriate Act and regulations in place, OPSC roles and responsibilities can also be defined and confirmed. The appropriate authority required by OPSC will need to be clarified to help determine their operational activities and parameters. The Commissioner and CEO role should also be clarified as part of this process to allow both positions to know exactly where their line of authority is and how they utilise their authority within the OPSC and public service context. Performance and monitoring analysts also need to be briefed on what they are required to do and what is expected from them.

Improve Government Operational Policies and Procedures

- 7.5.4 To improve Government operations, existing operational policies and procedures across public sector need to be reviewed by OPSC to identify the efficiency of such policies and to see how applicable it is within the policy and legislative context. HOM's and key personnel in ministries need to be consulted to understand the history and application of existing policies. A review of the existing systems and processes in ministries is also required to allow issues to be identified and addressed and also to obtain relevant ideas in preparation for change and improvements.
- 7.5.5 Once the operational requirements are determined, practical and applicable policies and processes need to be implemented. A standard Cook Islands Government Operational Policies and Procedures Manual (CIGOPPM) needs to be implemented right across in public sector. A policies and procedures manual is needed and enforced by OPSC to provide standards for all ministries and crown agencies to follow. This would help minimise inconsistencies in operational standards, requirements and activities in public sector.
- 7.5.6 **Geoff Dews**, public administration expert recommended that a Code of Conduct be implemented to guide the activities and responsibilities of all public servants. A Code of Conduct should provide a basis for a robust disciplinary and corrective system to be implemented and managed by OPSC. This would allow the Commissioner and OPSC to address issues of poor behaviour and non-compliance to legislative and contractual requirements.
- 7.5.6 To support the implementation of the CIGOPPM, appropriate and measurable activities need to be identified to allow ministries and government agencies to understand what activities they are required to perform using the provisions in the CIGOPPM as guidelines. Resources also need to be identified and included in the policies and procedures manual to allow ministries and government agencies to know what resources are required to support their activities. To implement the CIGOPPM, adequate consultation is required in public sector to ensure that all activities are covered and policies are applied.
- 7.5.7 The implementation of the CIGOPPM in public sector will need to be supported by appropriate training and workshops. Training and workshops will only strengthen the awareness and

understanding of operational requirements in public sector and it will allow public servants and managers to interact with each other in trying to understand the details of the CIGOPPM. Training and workshops can also be featured as part of a structured review process that is proposed for the CIGOPPM. A review proposal needs to be structured to allow changes and improvements to the policies to take place.

Improve Monitoring Requirements

- 7.5.8 To improve the monitoring requirements in public sector, a review needs to be conducted on all Government wide information systems. This review will help understand what data is currently being collected in public sector and how that data is managed. How the data is processed and reported and what the requirements are for reporting also needs to be understood. The compatibility and connectivity issues also need to be ascertained to determine how these systems can be inter-connected. It is also important to know what data is required to support and complement the monitoring process.
- 7.5.9 Once an understanding is obtained from the review of all information systems in Government, monitoring standards and requirements will need to be defined. Standards for operations need to be determined to allow monitoring requirements to be clearly understood and implemented accordingly. Information standards also need to be determined to allow data collection to be performed adequately. The reporting standards also need to be understood to ensure that data collection and operational standards are consistent and that the right data is collected through the appropriate methods.
- 7.5.10 Once the standards and systems capacity is determined, monitoring systems and processes will need to be connected. Monitoring systems will be more effective if it is integrated into the sector structure and supported by OPSC. This ensures that agencies within the sectors identify and prioritise what data and information they require to support their core activities and decision making. Compatible and incompatible issues need to be identified and managed appropriately. Parameters for access rights and privileges also need to be determined to ensure that the credibility of the data is not compromised.

Improve Operational Awareness and Performance

- 7.5.11 To improve the operational awareness and performance in public service, communication with ministries and HOM's need to be consistent. Former Commissioners, **Pae Puna** and **Cecilia Short** both commented that their role was complemented by the fact that they regularly met with all HOM's. Puna and Short further commented that HOM's need to be informed regularly so they understand what is required of them. Both former Commissioners stated that HOM's meetings need to be held regularly or monthly to allow the Commissioner to know what is going on at the forefront of public service.
- 7.5.12 Communication in public service can also assist OPSC in implementing and following up on policy, monitoring or operational related issues. Part of OPSC's responsibility is to ensure that the CIGOPPM is published and available to all personnel in public service. This process should also be followed up with workshops for HOM's, human resources or operational management personnel in ministries. The provisions in the CIGOPPM need to be clear and precise to allow all public servants to fully understand what they are required to do and what their rights are.

- 7.5.13 OPSC would also be required to communicate their operational requirements to management and personnel in public service. Support and resources need to be rendered when and where necessary to ensure that clarification is sought and received both ways. Buy-in will need to be obtained from management and personnel in public service to ensure that requirements are not only understood but also implemented. Adequate consultation and follow up needs to be consistent to confirm OPSC support and to maintain strong relationships in public service.
- 7.5.14 Strengthening the relationship between OPSC, management and personnel in public service ensures that greater awareness of operational responsibilities is achieved. OPSC need to clarify the operational responsibilities in public service to all HOM's and personnel. The release of the CIGOPPM should assist OPSC in this process but they also need to fully understand the purpose and vision of all ministries and government agencies. This will help OPSC understand if the operational activities of each ministry are consistent with their vision and purpose.
- 7.5.15 Greater awareness of operational responsibilities in public service also allows OPSC to strengthen its monitoring capacity. OPSC is required to connect into ministry and sector systems to ensure that data collected and processed at the ministry level is filtered back to OPSC. Part of this process requires OPSC to improve monitoring systems in public service to ensure that systems and processes are standardised. OPSC will need to interact and consult with sector agencies, central agencies, and line ministries on a regular basis to ensure that the standardisation process is effectively implemented.
- 7.5.16 To complement monitoring systems in public sector, data collection and information analysis capabilities needs to be strengthened. OPSC is required to understand how data is collected and processed and to determine what information is needed. Understanding the purpose and types of information systems in Government helps OPSC understand how systems work and if possible, identify how they can be interconnected. OPSC have key role in the governance framework to assist ministries with their information systems and to strengthen their policies and procedures.
- 7.5.16 Training is a valuable component in ensuring that operational awareness and performance is improved. Specialist training and other performance related initiatives needs to be facilitated by OPSC and other central agencies. A training needs analysis needs to be conducted in public sector to identify what and where the training needs are to strengthen operational performance. Training policies and guidelines will need to be implemented in the CIGOPPM to allow this initiative to get maximum coverage and encouragement in public sector. Training also supports the improvement of performance.

8.0 Recommendations

- 8.1 The following recommendations are addressed to Prime Minister, Deputy Prime Minister and Ministers of Cabinet, Public Service Commissioner, Financial Secretary, and the sector agencies mentioned. Set out below are Audit's key focus recommendations aimed at improving the overall management and performance of the Office of the Public Service Commissioner and public sector as a whole. These recommendations are further explained in detail in Section 7 of the report titled "What is the Best Way Forward".

Set a New Direction

8.1.1 Recommendation No.1

Set a New Direction

The national vision identified in the NSDP needs to be clarified to allow all stakeholders to know where we are as a country,

understand what we want as a people, and to know where we want to go as a nation. Once this is determined, a strategy would need to be defined to enable us to achieve what we want.

8.1.2 Recommendation No.2

Define the Strategy

Defining the strategy would require Government to really understand the needs and expectations of our people. This also includes understanding why our people leave and resettle in countries like New Zealand and Australia and what they look for in these markets that is not available in the Cook Islands.

8.1.3 Recommendation No.3

Implement a Change Management Program

A change management program will set in motion a change process required to implement the appropriate structure for public sector, identify the “right size” of public sector, up skill the management and personnel, strengthen policies, systems, legislation and resources and identify priority areas.

Define the Purpose and Function of the Public Sector

8.1.4 Recommendation No.4

Define the Purpose of Public Sector

This requires understanding the needs of the people and implementing appropriate structures, activities and resources to meeting those needs. The purpose of public sector needs to be focused on the needs of the people and ensuring that services are delivered to the quality and expectation our people desire.

8.1.5 Recommendation No.5

Sectorize Government Approach

The sector based approach needs to be explored when defining the new public sector structure. Setting up public sector into the social, economic, governance and infrastructure sectors allow planning, implementation and monitoring to be streamlined within the policy, legal, and resource parameters.

8.1.6 Recommendation No.6

Centralise Planning and Decision Making

The structure and purpose of central agencies need to be defined and managed appropriately. Central agencies are the key to driving change, identifying opportunities and making decisions in public sector. Their relationship with each other and with Government leadership is critical to ensuring priorities and decisions are made.

8.1.7 Recommendation No.7

Define Government Operations

The purpose and focus of ministries is to implement Government policies and initiatives and deliver appropriate public services. Operational standards will need to be implemented and enforced by OPSC to ensure that quality service is delivered. Data will also need to be collected as the part the monitoring requirements.

8.1.8 Recommendation No.8

Identify Core and Non – Core Activities

Public sector activities should only be focused on regulatory and compliance, policy development and planning, finance and administration, education and awareness and identifying new opportunities. The involvement of private sector and civil society should also be looked at to assist in service delivery.

8.1.9 Recommendation No.9

Identify Resource Needs

The resource requirements identified to support and enhance public sector operations are financial resources, operational systems and processes and policy and legislative requirements. Resources both in the short and long term need to be identified.

8.1.10 Recommendation No.10

Define System Requirements

Systems are needed for monitoring and evaluation, policy development and planning, and finance and administration. Decision making and review processes are also required to ensure that resources are prioritised and allocated based on need. The sector structure is critical to managing these systems.

Institutional Strengthening in Government

8.1.11 Recommendation No.11

Strengthen Leadership and Decision Making

Leadership is critical to effective decision making in public sector. The national vision needs to be simplified to ensure that all stakeholders know their responsibilities. A structure for decision making is important for all of public sector. The independence of key positions is also needed to minimise unnecessary influence.

8.1.12 Recommendation No.12

Strengthen Policies and Legislation

The policy direction in public sector is critical to ensuring that it operates within certain parameters. Policies at the national, sector and ministry level is required and they need to be linked to each other. Appropriate legislation is also required to ensure that policies are enforced effectively.

8.1.13 Recommendation No.13

Improve the Budgeting Framework

The budgeting framework needs to shift from outputs to outcomes. The reason for this is to allow resources to be allocated based on need and priority to ensure that necessary improvements are made. The responsibilities surrounding the outcomes framework also needs to change to allow central agencies to be more involved.

8.1.14 Recommendation No.14

Strengthen Management Capacity

Management capacity in public sector needs to be strengthened to allow competent people to be appointed in key positions. Management will need to be supported by a strong institutional framework, political will and resources. An executive senior managers group needs to be explored for succession planning purposes.

8.1.15 Recommendation No.15

Improve Operational Management Systems

Operational performance will be improved if the appropriate systems and policies are in place. Strong information systems are needed to manage data and report information, to improve public sector communication and to allow information and resources to be shared for planning and development purposes.

8.1.16 Recommendation No.16

Improve Communication in Public Sector

Adequate communication in public sector allows buy-in to be achieved which improves the planning, implementation and monitoring initiatives. Communication between executive and management also need to improve for decision making purposes.

Clarify Role and Function of OPSC

8.1.17 Recommendation No.17

Define OPSC Role and Responsibilities

OPSC's role needs to focus on managing and monitoring operational requirements in public sector. Roles and responsibilities at OPSC need to be clarified and supported by strong systems, policies and legislation. Roles and responsibilities at the ministry and sector level will need to be defined by OPSC.

8.1.18 Recommendation No.18

Identify Resource Requirements

More resources are needed at OPSC to strengthen its personnel and systems capacity. Expertise in the area of management, policy, systems, public administration is required. This will allow OPSC to effectively carry out its responsibilities especially in the areas of monitoring and evaluation and policy and information analysis.

8.1.19 Recommendation No.19

Strengthen Management and Leadership

Management competencies need to be defined for management positions at OPSC. A change in the leadership may be required at OPSC to allow the confidence of public sector and the people to be restored and also to ensure that issues of non-performance and compliance are addressed.

8.1.20 Recommendation No.20

Strengthen Personnel Capacity

Personnel with skills and experience in public sector administration, policy development, monitoring, performance management and human resource development are required at OPSC. People with skills and experience in these areas will allow OPSC to strengthen its capacity to perform its duties.

8.1.21 Recommendation No.21

Minimise Political Interference

Political interference can be minimised if the appropriate policies are in place to guide OPSC in its decision making. The PSC Act will need to clarify the role and responsibility of the Commissioner to act independently when addressing issues in public sector. Political will from the Government leadership is also critical.

Improve OPSC Policies, Legislation and Enforcement

- 8.1.22 Recommendation No.22** Clarify and Document Operational Requirements
Amendments to the PSC Act and the introduction of regulations will be required to clarify the roles and responsibilities at OPSC within the public sector context. The role of Commissioner and CEO at OPSC also needs to be clarified and stipulated in the Act.
- 8.1.23 Recommendation No.23** Improve Government Operational Policies and Procedures
OPSC will need to understand the operational requirements in public sector to allow them to implement standard guidelines. A Cook Islands Government Operational Policies and Procedures Manual need to be introduced and enforced by OPSC. A Code of Conduct for all public servants will also need to be explored.
- 8.1.24 Recommendation No.24** Implement a Robust Disciplinary and Corrective System
Recurrent discrepancies by certain Heads of Ministries have continued with no corrective action or penalties. A robust disciplinary and corrective system is required to allow OPSC and the Commissioner to take action of issues of poor behaviour. The Code of Conduct should provide guidelines for this system.
- 8.1.25 Recommendation No.25** Improve Monitoring Requirements
A review of current information systems in Government would allow OPSC to know what information and systems are available and what is required. Procedures and standards for monitoring and information gathering needs to be set by OPSC before a public sector wide monitoring system is implemented.
- 8.1.26 Recommendation No.26** Improve Operational Awareness and Performance
The communication between OPSC, the Commissioner, HOM's and public servants is critical to ensuring that OPSC requirements are clearly understood and followed. The introduction of standard operational policies and procedures needs to be followed up with appropriate training and workshops.

9.0 **Conclusion**

- 9.0.1 This review has found that the purpose and function of OPSC diminished since the reforms in 1996 and the role, responsibility and authority of the Commissioner was reduced. OPSC was only required to manage and monitor the performance of HOM's and also to act as a "good employer" by implementing appropriate operational policies. The PSC Act did not provide clear instructions on how OPSC and the Commissioner should perform their duties and the lack of regulations in the Act did not allow standard operational policies to be created.
- 9.0.2 The majority of stakeholders consulted in this review commented that leadership within OPSC has been "lacking" since Cecilia Short vacated the Commissioner position back in 2001. The lack of leadership at OPSC and at the central agency level and the absence of an institutional framework allowed personalities and attitudes in public sector to dictate priorities and decision making. Cecilia Short commented that if OPSC and central agencies are weak, then the discipline and productivity in public sector is compromised.

- 9.0.3 Issues of non-performance and non-compliance to policies and legislation among some senior managers in public sector have been allowed to continue without being addressed. The inconsistency in the HOM's appointment, remuneration, disciplinary and termination process managed by OPSC and the influence of politics on priorities and decision making has impacted on the morale in public sector. To restore confidence back in the public sector, a change management process is needed. A change in leadership at OPSC may also be required.
- 9.0.4 The purpose and function of public sector needs to be clearly defined and a new direction needs to be set. Appropriate systems, policies, legislation, resources and personnel needs to be applied to areas of need and managed to allow the public sector focus on meeting the needs and expectations of the people. Identifying the needs of the people will determine how public sector standards and services should be configured and delivered. OPSC and central agencies play a critical role in redefining the purpose of public sector.
- 9.0.5 To ensure that a change management process is successful in public sector, buy-in from all stakeholders in public service, the private sector and the community is required. Political will from the leadership in Government is very important to drive this process forward.

10.0 Appendices

Appendix A: List of Key Stakeholders Group

Key Stakeholders			
OPSC	Name	Role	Int
	Navy Epati	Public Service Commissioner	Ü
	Russell Thomas	CEO	Ü
	Alex Henry	HR Investigator	Ü
	Carmen Temata	Snr Performance Analyst	Ü
	Lydia Framehein	Snr Finance & Admin Officer	Ü
Head of Ministry	Terry Hagan	Secretary of Justice	Ü
	Tamarri Pierre	Secretary of Internal Affairs	Ü
	Mike Mitchell	Secretary of Foreign Affairs	Ü
Former Head of Ministry	Kevin Carr		
	Edwin Pittman		Ü
	Raymond Newham		Ü
Former PSC Commissioners	Pae Puna		Ü
	Joe Caffery		Ü
	Jonah Tisam		Ü
	Cecilia Short		Ü
Ombudsman	Janet Maki		Ü
OPM	Liz Koteka	Senior Policy Analyst	Ü
Donor Agency Representative	Garth Henderson	Manager	Ü
MFEM	Sholan Ivaiti	Financial Secretary	Ü
	Priscilla Maruariki	Treasury Operations Manager	Ü
Chamber of Commerce	Theresa Trott	President	Ü
	Mark Brown	Vice President	Ü
Political Representatives	Sir Geoffrey Henry	Former Prime Minister	Ü
	Tangata V avia	Minister of Public Service	Ü
	Iaveta Short	Policy – Democratic Party	Ü
	George Turia	Policy – Cook Island Party	Ü
Economic Expert	V aine Wichman		Ü
Management Expert	Tata Crocombe		Ü
Public Administration Expert	Geoff Dews	Capacity Building Advisor	Ü
NHRD	Francis Topa	Manager	Ü
Budget Committee	Brian Mason	Chairman	Ü
SOE Representative	Unakea Kauvai	BCI Managing Director	Ü
MSO Representative	Trevor Pitt	CEO – PM Support Office	Ü

Island Admin Representative	Man Unuia	Island Secretary - Atiu	
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Appendix B: Members of the Review Team

1. **William T. Numanga**
Performance Auditor, Special Reviews & Investigations
2. **Charlie Va'ai**
Performance Auditor, Special Reviews & Investigations

Appendix C: Reports & Articles Reviewed

3. **Te Kaveinga Nui – Pathway for Sustainable Development in the Cook Islands**
2007 – 2010
Cook Islands Government
4. **Cook Islands Millennium Development Goals National Report 2005 – Strengthening the Development of the Cook Islands**
March 2006
Cook Islands Government
5. **The Outcomes & Outputs Framework Guidance Document**
November 2000
Department of Finance and Administration – Government of Australia
6. **New Zealand Politics in Perspective – Second Edition**
1989
Edited by Hyam Gold
7. **Benefits of a Sector Based Approach – Volume 2, Issue 3**
August 2004
Centre of Research and Evaluation – Commonwealth Corporation
8. **Organising Successful Change Management – A McKinsey Global Survey**
June 2006
McKinsey & Company

RESPONSE TO THE SPECIAL REVIEW REPORT

A Special Review Report: Review of Management and Operational Performance and Systems at the Office of the Public Service Commissioner was issued on the 6th of August 2008 to the following:

- Hon. Jim Marurai, Prime Minister
 - Trevor Pitt, CEO, Prime Minister
- Hon. Sir Terepai Maoate, KBE, Deputy Prime Minister and Minister of Finance and PERCA
 - Ratu Mato, CEO, Deputy Prime Minister
- Hon. Tangata Vavia, Minister for Public Service
 - Pa Epi Mana, CEO, Minister for Public Service
- Hon. Ngamau Munokoia, Minister of Internal Affairs
 - Arthur Taripo, CEO, Minister of Internal Affairs
- Hon. Wilkie Rasmussen, Minister of Foreign Affairs and Immigration
 - Melina Rawiri, Head of Administration
- Hon. Kete Ioane, Minister of Environment and OMIA
 - Anthony Brown
- Mac Mokoroa, Chief of Staff, OPM
- Sholan Ivaiti, Secretary of Finance
- Tingika Elikana, Acting Solicitor General, Crown Law
- Charles Little, Chairman, PERC
- Navy Epati, Public Service Commissioner

Attached is the copy of the responses from:

- Trevor Pitt, CEO, Prime Minister
- Tingika Elikana, Solicitor General
- Navy Epati, Public Service Commissioner



OFFICE OF THE HON. JIM MARURAI
PRIME MINISTER
GOVERNMENT OF THE COOK ISLANDS

Office of the Prime Minister, and Minister of: Education, National Human Resources Development,
Office of the Head of State, Information & Technology, Police.

3 September 2008

Paul Allsworth
Director of Audit
Audit Office
RAROTONGA

Dear Paul

I am writing on behalf of the Prime Minister to acknowledge receipt of the Report: Special Review of the Office of the Public Service Commissioner.

The Report is received and the recommendations therein have been duly noted. The efforts of the Audit Office in undertaking this review are most appreciated.

Yours sincerely

Trev Pitt
EXECUTIVE ADVISOR

Private Bag, Rarotonga, Cook Islands
Telephone: (682) 29302 Facsimile: (682) 20856 Email: jmarurai@oyster.net.ck

RECEIVED



CROWN LAW OFFICE

Te Akinanga o te Ture

P.O. Box 494
Rarotonga
COOK ISLANDS

Tel: (682) 29-337
Fax: (682) 20-839
Email: tingika@crownlaw.gov.ck

File Ref: 103.27
Letter No: 93/08

2 September 2008

Mr. Paul Allsworth
Director
Cook Islands Audit Office
RAROTONGA

Re: **AUDIT SPECIAL REVIEW OF MANAGEMENT AND OPERATIONAL PERFORMANCE AND SYSTEMS AT THE OFFICE OF THE PUBLIC SERVICE COMMISSIONER**

I refer to the above report and your letter dated 25 August 2008.

In reading the report, I am concerned to note that the issues identified in the report have been ongoing since the departure of Ms. Cecilia Kave. It appears that subsequent Commissioners have failed to provide the proper leadership for such an important office in the public service.

The report is timely to remind us of the need to develop and implement clear policies to provide leadership from the OPSC. It is also timely to remind us of the need for continued review of the operations of the office and its performance.

The recommendations are applauded as a first step in bringing a new approach to the public service. Those recommendations, however at the moment lack details in regards to the substance. I understand that this is something that will be looked at by the OPSC with the help of other stakeholders.

If these recommendations are to be pursued, then legislative input is a necessity to give effect to any accepted changes to policy and legislative provisions.

I apologise for any delay in responding.


Tingika Elikana
Solicitor-General

RECEIVED
19 August 2008.



OFFICE of the PUBLIC SERVICE COMMISSIONER
GOVERNMENT OF THE COOK ISLANDS
PO Box 24 Rarotonga, Cook Islands. Phone (682) 29421 Fax (682) 21321.

19 August 2008

Paul Allsworth
Director of Audit
PERCA.

Re: Response to Special Review Report on OPSC.

Kia orana Paul,

This report was received by my office on 6 August 2008. My staff and I have spent considerable time combing through the comprehensive report, and due to a number of serious inconsistencies and errors of both fact and law, we need more time to prepare a factual and professional reply, free of emotional presumptions, and based on competent elucidations of fact from opinion.

Unfortunately, it is the end of the financial year and we are boxed in between HOMs Annual Reports assessment procession and preparations for the hosting of the **Annual Pacific Public Service Commissioners Conference** in the next week.

As this is a very important matter to OPSC and the future directions of the public service, I endeavour to submit our response to this report by 12 September 2008, one week after the completion of the Commissioners Conference..

Suffice to state for now that I commend the two Audit Officers for a comprehensive coverage of core issues. Unfortunately, some of the conclusions appear to have been interfered with, hence the blatant inconsistencies lending an ugly accusatory tone to an otherwise forward thinking and positive report.

Kia manuia,



Tonumaivao Navy Epati
Public Service Commissioner.

Hon Jim Marurai, *Prime Minister*
Hon Terepai Maoate, *Minister of Finance*
Hon Wilkie Rasmussen, *Minister of Foreign Affairs and Immigration*
Hon Tangata Vavia, *Minister Responsible for the Public Service*
Hon Ngamau Munokoa, *Minister of Works*
Hon Kete Ioane, *Minister of OMIA*
Sholan Ivaiti, *Financial Secretary*
Mac Mokoroa, *Chief of Staff, OPM*
Tingika Elikana, *Solicitor General*
Charles Little, *Chairman PERCA*

RECEIVED
26 August 2008.



OFFICE of the PUBLIC SERVICE COMMISSIONER
GOVERNMENT OF THE COOK ISLANDS
PO Box 24 Rarotonga, Cook Islands. -Phone (682) 29421-Fax (682) 21321.

26 August 2008

Paul Allsworth
Director Audit Office
Rarotonga

Re: Overdue Reply on OPSC Review

Kia orana Paul,

My advice to you of 19 August 2008 was not just an acknowledgement of receipt of your report. I believe that that letter speaks for itself, nevertheless let me explain.

It took your office nearly 10 weeks to undertake this review, with more hours over and above normal working hours. My office has received your report at a very busy crossroads, as already explained, and cannot simply drop everything to attend to your requirement of a response within 10 working days, especially a report containing serious errors and inconsistencies that cast subjective implications on both OPSC and Cabinet, on the basis of opinion and/or misinterpretation of availed information.

As I had advised you on the 19 August, you will receive my full response to your review on 12 September 2008. My response will also form part of my Annual Report to Parliament which will be tabled by the Prime Minister. I look forward to your understanding and cooperation.

Kia manuia,


Tonumaivao Navy Epāti
Public Service Commissioner.

Copy: Hon Jim Marurai, *Prime Minister*
Hon Tangata Vavia, *Minister Responsible for the Public Service*
Hon Sir Terepai Maoate, *Minister of PERCA*
Mr Charles Little, *Chairman of PERCA*