



Technical Assistance Consultant's Report

Project Number: TA 7646 COO
November 2011

Public Finance Management and Public Sector Performance Review

Functional Analysis Report

Prepared by Lyn Yeoman and William Numanga

For Public Service Commission, Cook Islands

This consultant's report does not necessarily reflect the views of ADB or the Government concerned, and ADB and the Government cannot be held liable for its contents.

Asian Development Bank

EXECUTIVE SUMMARY

The Government of the Cook Islands has embarked on a forward thinking review of the 'way it manages the business of government'

The purpose of this review is to assist the Cook Islands Government to improve the performance of government through re-defining its priorities and reviewing its functions. All key legislation including the Constitution has been reviewed in order to extract the functions that government is legally mandated to undertake. In all, 186 separate functions have been identified. These functions have been analyzed and grouped according to whether they should continue to be undertaken by government; established under a public- private partnership; contracted out, or stopped unless market forces determine the need for the function.

There are currently 14 Ministries that fall under the stewardship and performance management of the Public Service Commissioner. These are: Agriculture, Cultural Development, Education, Finance and Economic Management, Foreign Affairs and Immigration, Health, National Human Resources Development, Infrastructure and Planning, Internal Affairs, Justice, Marine Resources, Office of the Prime Minister, Office of the Public Service Commission, and Transport.

Each of these Ministries has a Head of Ministry (HOM) who is appointed by the Public Service Commissioner. The review recommends a change of name to Chief Executive Officer to better reflect the leadership and management roles required to develop and manage the new structures of government and to effectively implement a new business planning and budget cycle.

There are 10 Outer Island Administration Offices that are managed by Island Secretaries who are also appointed by the Public Service Commissioner. An additional stand-alone report recommends changes in outer Island management responsibilities in order to better empower the Mayors and Island Councils to set priorities for development.

There are also 9 crown funded agencies (CAs) which are governed by their own Acts and are not subject to the Public Service Act or performance oversight of the Public Service Commissioner. These are: Business and Trade Investment Board, Financial Intelligence Unit, Financial Services Development Agency, Cook Islands Investment Corporation, Cook Islands Pearl Authority, National Environment Service, National Heritage Trust Agencies, Cook Islands Tourism Corporation; and, Cook Islands National Superannuation Fund. The report recommends separating constitutionally driven CAs that need to retain their independence, and amalgamating many of the others under a new Economic Development sector

The six constitutional agencies which must retain their independence are: Audit Office; Crown Law; Office of the Ombudsman, Public Service Commission, Police, Financial Supervisory Commission.

There are also 6 state owned enterprises (SOEs). These are: Airport Authority, Cook Islands Broadcasting Authority, Bank of Cook Islands, Ports Authority, Te Aponga Uira O Tumu-Te-Varovaro (Electricity Company), Telecom. Each of these falls under the management of the CIIC as the holding company. SOEs are not included in the ToR for the functional review. However CIIC, the holding company for SOEs is a Crown Agency and has been subject to the review procedures since it is a Crown Agency. We recommend that this is replaced by a state owned enterprise unit within the Ministry of Finance and Revenue Management and be empowered by SOE corporate governance legislation.

There are 24 Members of Parliament, led by the Prime Minister, and 14 Members of the House of Ariki. Each Minister and the Leader of the Opposition has a Ministerial Support Office consisting of at least a Chief Executive Officer, Personal Assistant and a Field Officer. There is also a Parliamentary Services office. These Offices are not a key target for the review. However recommendations for refining their roles have been included.

There are currently 26,000 people living in the Cook Islands (June 2011). This includes all 'temporary residents' who have been in the country for more than 10 days. There are 10,800 local residents (2010) according to the Department of Statistics. There are 1736 public sector employees as of June 2011. This represents just under 16% of the overall population.

The report recommends restructuring government activities into 8 distinct sectors.

Sectors

These are:

- Governance
- Finance and Revenue Management
- Environment, Energy and Climate
- Infrastructure, Transport and Communications
- Law and Justice
- Health and Social Services
- Education, Culture and Sports
- Economic Development

These sectors are represented by the following 8 ministries. As seen below, the review recommends the amalgamation of ministries under core and complementary functions.

Ministries

Current	Proposed
1. Agriculture	1. Education, Culture & Sports
2. Culture	2. Economic Development
3. Education	3. Environment, Energy & Climate Change
4. Finance & Economic Management	4. Finance & Revenue Management
5. Foreign Affairs & Immigration	5. Foreign Affairs
6. Health	6. Health & Social Services
7. Internal Affairs	7. Infrastructure, Transport & Communication
8. Infrastructure & Planning	8. Justice
9. Justice	
10. Marine Resources	
11. National Human Resource Development	
12. Transport	
Transferred Functions	To
Internal Affairs	Health & Social Services
National Human Resource Development	Education, Culture & Sports
Immigration	Justice
Marine Resources	Economic Development
Transport	Infrastructure, Transport & Communication
Culture	Education, Culture & Sports
Agriculture	Economic Development

A new sector called Economic Development will provide the impetus for economic growth, an whilst recognizing that government is primarily an enabling and regulatory Body. Economic growth must be driven through the private sector.

Crown Agencies (including Constitutional Agencies)

Current	Proposed
1. Audit	1. Audit
2. Business Trade & Investment Board	2. Crown Law
3. Cook Islands Investment Corporation	3. Head of State
4. Cook Islands National Super Fund	4. Financial Supervisory Commission
5. Cook Islands Pearl Authority	5. Parliamentary Services
6. Cook Islands Tourism Corporation	6. Police
7. Crown Law	7. Office of the Prime Minister
8. Head of State	8. Office of the Public Service Commissioner
9. Financial Intelligence Unit	9. Office of the Leader of Opposition
10. Financial Supervisory Commission	10. Ombudsman
11. Financial Services Development Authority	
12. National Environment Services	
13. National Heritage Trust	
14. Parliamentary Services	
15. Police	
16. Office of the Prime Minister	
17. Office of the Public Service Commissioner	
18. Ombudsman	
19. Office of the Leader of Opposition	
20. Ministerial Support Offices	
Transferred Functions	To
Business Trade & Investment Board	Economic Development
Cook Islands Investment Corporation	SOE Management Output – FRM
Cook Islands National Super Fund	Privatise
Cook Islands Pearl Authority	Economic Development
Cook Islands Tourism Corporation	Economic Development
Financial Intelligence Unit	Financial Supervisory Commission
Financial Services Development Authority	Economic Development
National Environment Services	Environment, Energy & Climate Change
National Heritage Trust	Environment, Energy & Climate Change
Ministerial Support Offices	Parliamentary Services

The Functional Review recommends that:

- Government focuses on core business only. This includes the 8 sectors above.
- Government re- organises crown agencies and ministries to amalgamate the core business of government under a uniform and much more robust and transparent performance management system
- Government needs to focus on its regulatory and enabling roles and form partnerships with the private sector rather than provide services. This includes establishment of a Ministry of Economic Development in the short to medium term with a view to transferring all economic development activities to the private sector in the longer term.
- Crown Agencies are re- defined to include only constitutional agencies and those agencies demanded by international treaties. These include: Ombudsman; Public Service Commission Board; Auditor General; Crown Law; Financial Securities Commission; and Police.

- A full re-organisation of the roles and structure of the Office of the Public Service Commission be undertaken and the office of the public service to establish a PSC Board and a PSC Secretariat. A capacity building technical assistance programme is suggested, in order to better equip this Central .Agency to manage the change process required as a result of the recommendations;
- A job sizing of the public service be undertaken. This will need to include a rewriting of all job descriptions into a common format with clear outputs and salary grading.

Potential Benefits

We believe that implementation of the recommendations should deliver the following benefits:

- Organisation structures more closely aligned to national development objectives and legal mandates;
- All ministries performance managed to focus on results achieved;
- Potential cost savings from shared services, Crown Agencies, outer island empowerment, SOE management and exit strategies amounting to approximately \$8 million

Summary

The Cook Islands government has embarked on a rigorous functional based restructuring to enable it to focus on its core functions of policy and regulation whilst facilitating the growth of the private sector. The Government has led this review at the highest levels. The Prime Minister and Cabinet have been involved throughout the process. The Review team have been guided by a very able Steering Committee who has scrutinised both analysis and recommendations. Once the recommendations are endorsed it is imperative that pressure and resources are applied to maintain the impetus throughout Implementation. The report contains detailed implementation procedures, time frameworks and a process for managing the changes. Unmanaged change is generally more damaging in most than not starting.

The implementation will require strong leadership from government, the appointment of a Project Manager to manage the process and the strengthening of the Public Service Commission and Secretariat (Office of the Public Service Commission) to provide leadership and direction.

This means that technical assistance for both organisation and systems change must be secured as early as possible. There is not sufficient skill or capacity within the public service to implement the functional review without technical assistance.

The Cook Islands is well placed to be a leader in performance-based reform.

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ABBREVIATIONS

ADB	Asian Development Bank
BPS	Budget Policy Statement
CEO	Chief Executive Officer
CIG	Cook Islands Government
CIIC	Cook Islands Investment Corporation
FinSec	Financial Secretary of MFEM
FY	Financial Year
GR	Government Representative
HOM	Head of Ministry
HRM	Human Resource Management
JV	Joint Venture
MFEM	Ministry of Finance and Economic Management
MOIP	Ministry of Infrastructure and Planning
MoU	Memorandum of Understanding
MTBF	Medium Term Budget Framework
MTDG	Medium Term Development Goals
NHRD	National Human Resource Development
NatCon	National Consultant
NSDC	National Sustainable Development Committee
NSDP	National Sustainable Development Plan
O.I.	Outer Islands
OPM	Office of Prime Minister
OPSC	Office of the Public Service Commissioner
PERCA	Public Expenditure Review Committee and Audit Act
POBOC	Payments On Behalf Of Crown
PPP	Public Private Partnership
PSCB	Public Service Commission Board
PSC	Public Service Commissioner
OPSC	Public Service Commission Secretariat
SOE	State Owned Enterprise
TA	Technical Assistance (Functional Review)

NOTES

- (i) The fiscal year (FY) of the Government and its agencies ends on June 30.
- (ii) In this report, "\$" refers to New Zealand dollars, unless otherwise stated.

I. INTRODUCTION

A. Background

1. This document constitutes the final report of the functional review of the Cook Islands public service, including a review of performance management issues for Crown Agencies.

2. The report is responsive to the terms of reference¹ (TOR) and the focus requested by Government. The expected impact of the policy and advisory TA is a government structure that is cost-effective and aligned to national priorities. The expected outcome will be a set of options for priority administration reforms. These are the outcomes required of the review as stated in the ToR.

3. Detailed tasks of the TOR are:

- i. conduct a government-wide functional analysis to redefine Government's size and scope;
- ii. review whether to include Crown Agencies under the performance elements of the Public Service Commissioner (PS) Act, 2009;
- iii. address Outer Island Administration in terms of improving service delivery in an accountable manner;
- iv. recommend mechanisms to improve performance management so there is more collaboration between Ministries and Agencies and a simplified planning and monitoring process in line with the annual budget and eventually the medium term budget framework and linked to the National Sustainable Development Plan;
- v. facilitate the development of a Public Service Policies, Standards, and Guidelines Manual. It will support the adjustments OPSC is making to achieve its mandate and the regulatory framework, processes and procedures in place to advance public sector management and performance.

This report is concerned with tasks (i), (ii) and (iv). Task iii regarding review and options for outer islands administration has been dealt with in a separate report and is summarised within this report. Task v comprises an on-going process of development of policies and standards for public service performance which is being largely undertaken by the Governance Advisor and Governance Analyst at OPSC. These two new positions (established in March 2011 and June 2011 respectively) have been established in association with the ADB TA and the incumbents have been involved part time throughout the project since their appointments.

4. The issues addressed by this report are:

- The 2007-2010 National Strategic Plan has not been updated. This is a key strategic document and a requirement for business planning and budget allocation. It should also have underpinned the direction for government upon which the review of government was based. However this document may only be ready in December 2011.

¹ The full TOR can be found in Annex 1.

- Public sector costs are high. The budget for the FY 1996 was NZ\$ 53 million in 1986, with a staff size of 2585 which represented 14.7% of the adult population. In 1996 prior to the major staff reduction the Public Service peaked at 3002 and 15.5% of the workforce. In 2011 government employed 1736 staff. This constitutes just under 16% of the total workforce and has a budget of NZ\$ 172 million.
- Crown Agencies are not subject to Public Service performance management disciplines. Each Crown Agency is subject to its own Board. Performance of staff is not assessed by the Public Service Commission.
- Lack of separation between policy, regulatory and service provision functions. Government roles have not been identified previously as policy or regulatory. There are still commercial activities embedded in some Ministries and Crown Agencies that are able to be undertaken as PPPs or left to the private sector.
- Outer Island Mayors and Councils disempowered by structures. The current structure whereby the Island Secretary is hired by and responsible to the OPSC does not empower the Mayor and Council. A review of roles has been undertaken with a view to ensuring a Clerk of Council reports to the Mayor and assists the Mayor and Council to set priorities and budget.
- The CIIC structure delivers poor returns from its SOEs. Currently (2010/11) CIIC as the holding Company – and a Crown Agency- delivers 1% return on assets of approximately NZ\$150m. This is less than the interest rate at the local commercial banks

5. The requirement for the review was initiated by the previous government and has been endorsed by the current government. Interviews have indicated a strong and positive interest from the public service, the private sector and the general public. This interest is focused on performance improvement and efficiency.

6. This report consists of the following sections:

- Background
- Functional analysis
- Strategic Framework
- Functions and Organization Structures
- Role of the Public Service Commission and the Office of the Public Service Commission.
- Performance management framework
- Implementation
- Future assistance needs
- Conclusion
- Annexes.

B. Period of implementation

7. The project began in March 2011 and this report was completed as a draft in October 2011; revised with input from the Prime Minister, Minister of Finance and Steering Committee

in November for individual presentations on issues and recommendations to the Prime Minister and Ministers in early November and tabling at Cabinet by the Steering Committee on Nov 22. The Review was completed as scheduled on November 25, 2011.

C. Project Staff and Steering Committee Members

8. ADB Team members for this project include:

Table 1: TA Team

Position	Person
Team Leader	Lyn Yeoman
National Consultant	William Numanga

9. The TA Team were assisted by Heather Webber-Aitu, Governance Advisor, and Counterpart OPSC, and Melinda Pierre, Governance Analyst, OPSC. Additional technical input over 2.5 months was provided by Colin Ward of Yeoman Ward International.

10. Members of the Steering Committee are listed in Table 2 below. The committee met weekly or more frequently when needed. Appreciation is expressed by the TA Team for the excellent input and professional support provided by the Steering Committee.

Table 2: Steering Committee Members

Name	Position
Navy Epati – Chairman	Public Service Commissioner
Richard Neves	Financial Secretary
Mac Mokoroa	Chief of Staff, Office of the Prime Minister
Catherine Evans	Acting Solicitor General
Priscilla Maruariki	CEO, OPSC

II. BACKGROUND

A. Social and Economic Factors

11. The Cook Islands comprises 15 small volcanic islands and coral atolls with a total land area of 240 square kilometres (km²), spread over an ocean area of 1.8 million km². The northern group is separated from the southern group by about 1,200 km. The principal island, Rarotonga, has a ring- road of 32 km, which comprises the circumference of the island.

12. The southern group of islands, which accounts for about 90% of the total land area, is of mainly volcanic formation. The northern group consists of low-lying coral atolls, except for Nassau, a sandy cay. The highest island is Rarotonga, rising to 653m at Te Manga, and surrounded by a coral reef. Most of the larger islands have lagoons surrounded by fertile soil backed by hills. Valuable metals, including significant amounts of manganese nodules, have been discovered on the sea bed and cover almost one-third of the Cook Islands' exclusive economic zone (EEZ).

13. The people of the Cook Islands enjoy a high standard of living and the high human development index² reflects the historically high level of government expenditure on health, education and welfare. The country will achieve most of its Millennium Development Goals (MDGs) by 2015. Life expectancy at birth is 68 years for men and 74.3 years for women. Schools are accessible to the entire population (including residents of the outer islands) and education at primary and secondary levels is free and compulsory at government funded institutions

14. MFEM³ estimate the total population of the Cook Islands to be around 26,000 in June 2011, consisting of residents and temporary visitors (who stay more than 10 days). In the 2006 population census the count of the resident population was approximately 15,000. It is difficult to accurately estimate the current resident population due to the free movement between New Zealand and Cook Islands. Immigration data suggests the resident population has declined by approximately 27 per cent, suggesting the current estimated population of 26,000 is made up of approximately 40 per cent residents and 60 per cent visitors.

15. The population based on the 2006 census (the most recent census) is significantly urbanised.⁴ It is estimated that 72 per cent of the total population resides on Rarotonga. It is expected that the 2011 census will reveal further urbanisation. Depopulation of the entire country is a significant issue. Depopulation of the Outer Islands, through people relocating to Rarotonga or leaving the Cook Islands is also a major concern in terms of continued and sustainable development.

16. The economy has evolved from one where growth was mainly driven by public sector expenditure to one that is now largely private sector driven. In 2010-11 it is estimated that the Cook Islands economy has grown 3.4 per cent in nominal terms (2.9 per cent real terms) over the preceding year despite the instability in the global markets in 2008-09 which impacted on the global tourism market. The key industries underpinning the economy are: tourism, financial services, marine and agriculture.

17. The Nominal Gross Domestic Product (GDP) for 2010/11 is NZD357million. GDP per capita is estimated to be \$13,729 the% change in Consumer price index is 0.5% Visitor arrivals for 2011 are estimated as 106, 000. Trade deficit is estimated to be \$355.9million.

² The Human Development Index is a normalized measure of life expectancy, literacy, education, standard of living and GDP per capita used by the United Nations Human Development Program in its annual Human Development Reports.

³ Budget Statement 2012/13

⁴ Ibid

18. Funding sources are shown below (NZ\$ millions)⁵

Table 3: Funding Sources

Funding Sources	Estimate 2011-12	per cent of total budget
Taxation	90.0	52 per cent
Official Development Assistance	44.0	26 per cent
Loan Proceeds	14.3	8 per cent
Interest and Dividends	5.5	3 per cent
Other Crown Revenue	5.4	3 per cent
Sale of Goods and Services	5.2	3 per cent
Reserve Funds	1.6	1 per cent
Other	6.0	4 per cent
TOTAL	172.1	100 per cent

19. Allocation of funds is as follows⁶:

Table 4: Allocation of Funds

Sector	2011-12 (\$ million)	per cent of total budget
Social	44.0	26 per cent
Education	13.4	8 per cent
Health	13.4	8 per cent
Other	17.2	10 per cent
Economic	20.5	12 per cent
Tourism	14.3	8 per cent
Other	6.2	4 per cent
Infrastructure	32.3	19 per cent
Infrastructure	30.4	18 per cent
Environment	1.9	1 per cent
Law and Order	6.6	4 per cent
Policing	4.1	2 per cent
Justice	2.2	1 per cent
Other	0.3	0 per cent
Outer Islands	11.2	7 per cent
Governance	19.3	11 per cent
Other	38.2	22 per cent
Debt servicing	3.8	2 per cent
Contingency	0.2	0 per cent
Emergency Response	0.2	0 per cent
Other ³	34.0	20 per cent
Grand Total	\$ 172.1	100 per cent

20. According to the Budget Consultation Group current revenue streams are likely to be insufficient to cover improved services going forward, without structured reforms to the public service. This highlights the importance of the Functional Review and the urgency with which government will need to act to implement the recommendations to improve focus and efficiency of all public expenditure.

⁵ Ibid

⁶ Budget Consultative Group Report October 2011

B. Fiscal Strategy

21. Government's fiscal strategy as stated in the Budget Policy Statement 2011-12 October 2011 and reflected in the Fiscal Responsibility Ratios, is summarised as follows:

- **Size of government's pocket:** Maintaining taxation to GDP ratio of 25 per cent to control the size of governments operating expenditures and limiting the withdrawal of resources away from the private sector
- **Expenditure control:** Continuing to maintain recurrent expenditures within operating revenues to keep within affordability. Keeping cost of the public service within 40 per cent of total revenue to ensure that significant sums are flexible for development programs.
- **Prudence:** Undertake new borrowings within the country's debt carrying capacity, within 35 per cent of nominal gross domestic product. Debt servicing costs for new and existing debt levels are kept within 5 per cent of total revenue noting that the value of debt servicing is expected to increase over the medium term. The rate of debt accumulation will be balanced across the country's debt carrying capacity and the cost of debt servicing

C. Overview of the Public Service

22. There are currently 14 Ministries that fall under the stewardship and performance management of the Public Service Commissioner. These are:

Agriculture, Cultural Development, Education, Finance and Economic Management, Foreign Affairs and Immigration, Health, National Human Resources Development, Infrastructure and Planning, Internal Affairs, Justice, Marine Resources, Office of the Prime Minister, Office of the Public Service Commission, and Transport.

23. Each of these Ministries has a Head of Ministry (HOM) who is appointed by the Public Service Commissioner.

24. There are 10 Outer Island Administration Offices that are managed by Island Secretaries who are also appointed by the Public Service Commissioner.

25. All Ministries and Offices (as above) are bound by the Public Service Act 2009 and the Public Service Code of Conduct. Each Head of Ministry and Island Secretary is required to submit an annual business plan and is subject to six monthly performance reviews by the Public Service Commissioner.

26. There are also 9 crown funded agencies (CAs) which are governed by their own Acts and are not subject to the Public Service Act or performance oversight of the Public Service Commissioner These are:

Business and Trade Investment Board, Financial Intelligence Unit, Financial Services Development Agency, Cook Islands Investment Corporation, Cook Islands Pearl Authority, National Environment Service, National Heritage Trust Agencies, Cook Islands Tourism Corporation; and, Cook Islands National Superannuation Fund.

27. The six constitutional agencies are: Audit Office; Crown Law; Office of the Ombudsman, PSC, Police, Financial Securities Commission

28. In addition, there are 7 Ministerial Support Offices, including the Head of State and a number of Offices which do not classify as either a Crown Agency or a Ministry. This includes the House of Ariki, which falls under Parliamentary Services.

29. There are also 6 state owned enterprises (SOEs). These are: Airport Authority, Cook Islands Broadcasting Authority, Bank of Cook Islands, Ports Authority, Te Aponga Uira O Tumu-Te-Varovaro (Electricity Company), Telecom. Each of these falls under the authority of the CIIC. SOEs are not included in the ToR for the functional review. However CIIC, the holding company for SOEs is a Crown Agency and has been subject to the review procedures.

30. There are 24 Members of Parliament, led by the Prime Minister, and 14 Members of the House of Ariki. Each Minister and the Leader of the Opposition has a Ministerial Support Office consisting of at least a Chief Executive Officer, Personal Assistant and a Field Officer. There is also a Parliamentary Services office.

31. Table 5 below provides a summary of employees in ministries and crown agencies during the period 2008-2011. It can be noted that there is little variance in numbers within each ministry over the last four years. The table shows a considerable increase in public sector employment in the Outer Islands during the current financial year, especially in Mangaia, Mitiaro, Palmerston and Pukapuka. This is not a direct increase in positions but more likely to be a result of job sharing. Given that the public sector is the primary source of employment in most Outer Islands job sharing becomes a form of social security to spread income across several families. Staff may then be registered as three separate people for payroll but occupy only one Full Time Equivalent (FTE) position.

32. Data accuracy has been verified against payroll, as part of the Functional Review process, and now comprises the most up to date record of employment.

Table 5: Government Employees

SUMMARY OF EMPLOYEES IN GOVERNMENT MINISTRIES AND CROWN FUNDED AGENCIES					
	Totals as of:				
	30 Sep 08	30 Sep 09	30 Sep 10	30 Dec 10	7 April 2011
Agriculture	39	39	37	31	31
Cultural Development	22	22	22	23	24
Education	330	338	332	312	330
Foreign Affairs & Immigration	25	23	22	22	20
Health	307	300	292	292	315
Internal Affairs	38	38	36	36	38
Justice	68	65	66	65	66
Marine Resources	43	39	40	43	38
MFEM	69	72	76	77	68
National HR Development	19	19	19	19	20
Office of the Prime Minister	31	31	29	30	30
OPSC	8	8	8	8	10
Transport	10	10	10	10	7
Works	67	67	69	74	69
SUB TOTAL	1076	1071	1058	1042	1066
Aitutaki Island Admin	49	52	52	52	48
Atiu Island Admin	49	48	46	46	44
Mangaia Island Admin	64	58	48	64	65
Mauke Island Admin	64	33	30	31	31
Mitiaro Island Admin	47	47	48	49	58
Manihiki Island Admin	27	27	36	37	36

Pukapuka Island Admin	28	28	28	28	38
Penrhyn Island Admin	35	34	29	29	29
Palmerston Island Admin	13	13	12	12	18
Rakahanga Island Admin	23	21	21	19	18
SUB TOTAL	399	361	350	367	385
Audit/PERCA	18	17	20	19	18
CI Investment Corporation	23	21	25	25	23
CI Tourism Corporation	13	14	15	18	19
C.Is Financial Intelligence Unit	5	5	5	5	5
C.Is National Superfund	5	6	7	8	6
Crown Law	5	7	8	9	9
Business Trade & Investment Board	8	9	13	10	11
Head of State	5	5	5	5	4
Ombudsman's Office	4	4	4	4	4
Parliamentary Services (18);including House of Ariki (24)	62	62	43	54	42
Police (including Met. Office)	134	126	126	127	124
Tuanga Taporoporo	23	27	27	26	26
Financial Supervisory Commission	8	10	10	10	10
Cook Islands Pearl Authority	3	4	4	4	4
C.Is Financial Services Dev. Authority (FSDA)		2	2	2	2
SUB TOTAL	316	319	314	326	283
GRAND TOTAL	1791	1751	1722	1735	1752

Note: Culture 53 staff Part-timers during Maire Nui Celebration a one off event.

Data Source: OPSC

33. Table 6 shows the number of Public Servants employed in intermittent years between 1986 and 2011, as well as Public Servants as a percentage of the population.

Table 6: Proportion of Population employed in the Public Service

Year	1986	1991	1996	1998	2001	2006	2008	2010	2011
Population (residents only)	17,614	18,608	19,103	16,601	18027	14800	14,200	11,400	10,800
PS workforce	2585	2885	3002	1741	1708	1866	1806	1735	1736
% of population	14.67	15.50	15.71	10.49	9.47	12.61	12.72	15.22	15.98

Source: MFEM; Statistics; and OPSC

34. Table 6 indicates some very significant trends:

- The resident population has decreased dramatically and generally consistently, since 1986.
- The sudden reduction in numbers during the period 1996-1998 was caused by the widespread downsizing of the public service, and subsequent 'mass' migration.
- Public service numbers peaked in 1996, just before the downsizing, and forced a staff reduction from over 3000 to 1741. This was a significant factor in stabilising the dire financial situation through reducing the 'cost to manage' of the public sector. It was also economically and socially destabilising.
- The ratio of public servants to resident population indicates wide fluctuations. The percentage of public servants to resident population peaked in 1996 prior to the downsizing. However the current percentage to population is higher than at the time of the downsizing, due to the loss of resident population.

- It is clear that with 15.98%, of the working age population being employed by government the cost to government of personnel is high. It is imperative that government does not run the risk of sliding into a similar financial scenario as that of 1996/7. Government is committed to improving performance and efficiency of doing its business *not* to simply reducing the size of the workforce as a cost saving measure. It is essential that the recommendations to improve cohesiveness and efficiency are implemented according to the proposed schedule. Table 7 further reinforces the gradual rise in personnel costs.

Table 7: Public Service Payroll

	% OF TOTAL REVENUE							
PERSONNEL - PUBLIC SERVICE		41.6	39.3	40.0	44.0	43.9	44.2	44.2
PERSONNEL – COSTS \$000	TOTAL	27962	28819	29608	32567	33835	33866	35198

35. Increases in tourist numbers require that more attention is given to infrastructure and maintenance of high standards of service in all downstream activities (Immigration Services; Airport; Police; Health, Culture, Port Authority; Public Transport etc). Planning and budgeting must consider the impact of both residents and tourist on Government services. Whilst the functional review identifies many services that could be undertaken by the private sector, there is a critical minimum size required to maintain the core services of Government and cater to the additional requirements of increases in tourist numbers. Table 8 shows Trends in tourist arrivals: 2006-2010.

Table 8: Trends in Tourist Arrivals

Year	Tourist Arrivals
2006	99,328
2007	97,316
2008	94,776
2009	101,229
2010	102,528

36. Our recommendations reflect the requirement for ongoing improvements in infrastructure planning and implementation

D. Reform in the Cook Islands

37. The Cook Islands has not undertaken any significant review of the public sector functions since the major economic reforms of 1996-to-1998. These reforms were catalysed by a financial crisis that threatened to cripple the economy. The 'drivers' of these reforms were crisis-based financial imperatives. Underlying issues were:

- Weak fiscal management, poor planning and limited mechanisms for accountability;
- Low levels of domestic savings;
- Poor control over public sector growth, though lack of defined outputs, and the practice of using Public Sector employment to provide 'social security' rather than to facilitate economic growth through the private sector;

- Dis-incentives for private sector initiatives resulting, in particular, in a declining agriculture sector largely through insufficient export drive, poor management and marketing;
- A de-moralised public service that was not strategy driven nor capable of responding efficiently or effectively to service delivery requirements; bloated organizational structures; overstaffing; and a lack of clear outputs;
- Heads of Ministries who did not have clear strategic or business plans upon which to deliver; and job descriptions which were vague or non-existent;
- An office of the Public Service Commissioner that functioned as a disciplinary body rather than a provider of leadership and performance management, and was operating under an out-dated Act that did not provide sufficient guidance on what the Public Service 'should' or 'could' do.

38. The financial crisis which ensued required a rapid down-sizing of the public service reducing the number of ministries as at 30 September 1998 from 52 to 22. This period is generally seen as a 'slash and burn period'. Whilst it was referred to as a 'restructuring' it was in effect simply a rapid staff reduction in an effort to re-establish fiscal integrity. The rapidity required did not allow time for Public Sector staffing decisions to be made against key functional requirements. This crisis-driven staff reduction was not aimed at performance improvement; it was aimed at cost reduction. It was followed by a period of grief, social upheaval and migration.

39. Life changing decisions needed to be made by Public Servants whose expectations were that they had a job for life and were now unemployed. Although Transition Funding for redundant staff was provided, via the New Zealand Government, it was generally only for a three month period and was insufficient to see families even through the first wave of shock.

40. What is not always remembered is that there were two distinct stages to the 'reform' process during this period (1996-1998): (i) rapid downsizing followed by; (ii) rapid re-stabilisation of a smaller Government and then slow economic recovery assisted by the ADB Economic Reform Programme. The 'slash and burn' method of staff reduction was not undertaken with any deep analysis of the functional or structural requirements of Government.

41. Because financial imperatives were the driver of the downsizing, the Ministry of Finance and Economic Management became pivotal to the process. Cost saving was driven through this Ministry.

42. The role of the OPSC was minimised during the downsizing. OPSC's role was and is that of leader and steward for Public Sector staff. This role was counterproductive to the aims of the staff reduction exercise at the 'slash and burn' stage, but pivotal at the recovery stage.

43. Following the downsizing, the country commenced a 'path to recovery'. This was the beginning of a new way of thinking about Government and the Government's role in facilitating Private Sector growth. Previously, Government had been considered to be the nurturer, from cradle to the grave and there was very little room for Private Sector initiative – nor recognition of the partnership requirements between the Public Sector as enabler and regulator as well as provider of core services, and the Private Sector as facilitator of economic growth.

44. The Pathway to Recovery 1996 makes the following statement with regard to Public Sector Reforms:⁷

Re-orienting the Public Sector: the role of Government will be reoriented to reflect the need for leadership, strategic direction and in some areas, regulation. The Government will not be a producer of services except where: the Private Sector cannot, will not, or should not produce them efficiently; or, where markets (competition) for socially desirable goods or services are inefficient or do not exist (e.g. education, agricultural research).

45. The recovery stage resulted in a lean Public Sector, focused around an understanding of the core functions agreed as required of government.

46. Financial services began to emerge as those made redundant (and their extended families) realised that to stay 'on Island' they needed to find an alternative to public sector employment. Many capable people left the country. But many stayed and rose to the challenge of creating a more robust and innovative private sector.

47. The previous 'cradle to the grave' concept of Government meant that public servants remaining in service were now required to re-think their role and functions, including the requirement for establishing 'enabling mechanisms', finance and export incentives, and the development of regulatory mechanisms. Significant milestones occurred during this period. These included:

- Introduction of the MFEM Act (1996) and an output budgeting basis for financial management;
- Increased emphasis on development and not just recurrent budgeting.
- Review of organizational structures across and within Ministries to support outputs rather than processes;
- Review of the Public Service Act ⁸ to enable OPSC to better manage the relationships with Heads of Ministries toward agreed outputs and to provide the OPSC with the legal framework to effectively manage the Public Service;
- Development of the role of the OPSC, from a hiring and disciplinary body to a pro-active agent in performance management, monitoring and improvement;
- Implementation of a performance assessment system and regular performance reviews of achievements against a defined set of outputs, jointly by OPSC and MFEM;
- Introduction of a contracting process between the HOM and the Public Service Commissioner, whereby the HOM's performance assessment was linked to the outputs of the Ministry and non- delivery against contracted outputs could, and did, result in disciplinary action.
- Introduction of the requirement for each Ministry, under direction from the HOMs to prepare a business plan according to a defined format; to review the plan with OPSC and MFEM and agree a budget, based on output not just annual appropriation.

⁷ Pathway to Recovery – Reform Agenda: the Cook Islands Public Sector and Economic Reform Programme. Cook Islands Consultative Group Meeting (Forum Secretariat, Suva, 1996).

⁸ It should be noted that the Public Service Act appears to be the only Act which has been reviewed over the last decade. The Public Service Act 2009 is now the governing Act.

- A growing awareness of the concept of 'core' and 'non-core' activities and understanding of the cost to government of servicing activities that government does not need to undertake
- Acute awareness that Government must be run on business principles.
- The introduction of the concept of Community Service obligations, whereby a supplier of non- commercially viable services in the interest of public well-being would be reimbursed by Government.

48. These achievements were significant. They 'fast tracked' a process of thinking about Government and what it should do. Fifteen years later Government is overdue for a functional review. What must government do – what should it do and what should it not do?

49. The Economic Development Task Force⁹ has called for a restructuring of Government with the aim to achieve a 10 percent reduction in public service costs, increase productivity by 10 percent and legislate the number of public servants to a maximum of 1,000

50. There has not been a review of government functions since 1998. The cost of the public sector has continued to creep upwards with very little critiquing. It is time that government reviewed what services government must provide.

E. Summary

51. Government currently employs almost 16% of the workforce. This is the highest percentage since 1996. Government needs a clear strategy as to whether it is fulfilling a social welfare function in terms of employment or whether it intends to focus on doing 'only what government can do' and leaving the rest to the private sector.

⁹ A Government appointed task force consisting of private sector representatives appointed by Cabinet.

III. FUNCTIONAL ANALYSIS

A. Approach and Methodology

52. A functional review is an analytic tool that provides the information required for restructuring an organisation, or in this case, the whole of the Cook Islands Government. There are a number of different methodological tools that can be used in undertaking a functional review. This review has been based on methodologies developed by Bannock (1999) and later DAI Europe.

53. The methodology has been modified by Yeoman Ward International and used to undertake functional reviews for whole governments or ministries in countries as diverse as: Jordan; Serbia; Singapore; Malaysia; Mozambique; and Yemen. It has formed the basis for this review but has been further modified to best suit the scale and outcomes required in the Cook Islands, particularly the emphasis on improved performance and efficiency.

54. There are many reasons to conduct a functional review. These may include: change in overall focus of the government; reduction or enhancement of specific roles; performance improvement; staff and cost reduction; or efficiency gains.

55. The outcomes of the current functional review as defined in the ToR for the review¹⁰ and confirmed by the Prime Minister are: a re-defining of scope of government; which will enable better alignment of functions to national priorities as well as to new sectors as required; improved performance; and ultimately, a more cost-effective government. These outcomes cannot all be achieved simultaneously. They must be undertaken sequentially.

56. The outcome requirement will impact on the time frame. For example the previous restructuring during the late 1990's had to be done extremely quickly to reduce the cost of running the public service at a time when government was on the verge of financial disaster.

57. A review of what government must do, and the positioning of government to best manage the functions it chooses to undertake, whilst empowering the private sector is timely. However the implementation focus and pace must be maintained if government is to reap the quality of performance driven change and ensure financial issues are not the key drivers for change.

58. There are three main types of functional review. These are:

- **Horizontal Review:** review of the broad functions of government. This is the key task of the current review and must always be undertaken first in a whole of government review;
- **Vertical Review:** this type of review analyses what happens within an organization and is used to introduce new functions to an existing organization; to improve efficiency or to reduce staff and costs. A vertical review will need to be undertaken as a separate stage to better align a sector, where new combinations of functions are going to be amalgamated. It will also be required in sectors such as health which are likely to remain in some form irrespective of other changes in alignment, but which need significant functional and process changes to improve efficiency and to better align the sector to meet its core functions.
- **Shared or Common Functions:** this type of review identifies common functions that are embedded in more than one organization and that could be extracted and amalgamated to improve quality of delivery and cost savings. This type of review

¹⁰ Appendix 1

has been included at a broad level to identify services which could be shared across several sectors.

59. These three types of review are discussed further under Guiding Principles (Section B.).

B. Approach

60. The approach we have used is based on addressing three key questions:

- What *must* government do?
- What *should* government do?
- What should government *not* do?

61. In order to have a base line upon which to answer the above questions an analysis of what functions government is *currently performing* must be conducted.

62. In order to be classified as a Function, a function must have met at least one of the following criteria:

- It is regulated by legal act of government (regardless of the fact that it might not be actually performed);
- It is identified directly or indirectly by policy of government (e.g. economic development activities that are mandated through policy and later empowered through legislation);
- It is not regulated and is not derived from policy but is actually performed (e.g. Government Representatives on Outer Islands);
- It is performed due to clearly identified public interest or demand (regardless of the fact whether it is regulated or not e.g. Culture);
- It is not performed but should be performed due to clearly identified public interest (e.g. early childhood education; management of hazardous waste; organisation of shipping services functions)
- It is a meaningful group of tasks with the same purpose/aim and with similar basic characteristics (e.g. Border Patrol).

What government must do?

63. What government *must* do is largely determined by the Constitution and key legislation. It also includes analysis of functions which are required in order to fulfil international, regional or bi-lateral Treaties.¹¹

64. An analysis of the Constitution was undertaken to determine what functions government must perform and what roles it must constitutionally fulfil. This is contained in section IV. Strategic Framework.

65. A review of all key legislation applying to existing ministries and agencies was then undertaken and all functions extracted. This review analysed all legislation that was applicable to a ministry or crown agency; whether or not it was applied according to the Business Plans. The initial analysis identified 186 separate functions which were legislated to be carried out within the existing Ministries and Crown Agencies (see Appendix 3).

¹¹ See Appendix 2 for Treaties that have reporting functions

66. Business Plans for all ministries and crown agencies were then also analysed; functions extracted; and functions compared with the legislative requirements.

67. This then enabled a review of:

- What functions were legally required of government;
- What functions were being undertaken by ministries and agencies (as indicated by their Business Plans);
- What was being undertaken without a clear legal mandate;
- What was mandated but did not appear to be currently undertaken.

68. Functions were then categorized as core or non- core through the application of three levels of decision- making trees. The decision making trees form part of the guiding principles and are described in section B below. The decision making trees assist to determine: whether a function should be performed; whether it should be performed by government; and, options for exit if the function need not be performed by government but there was a valid requirement for the function. Exit strategies may include: integration with another function elsewhere; transfer to another sector; privatise; contract out; establish as a public- private partnership; stop!

What government *should* do?

69. What government *should* do is contained in the key strategic documents of government. This component of the analysis proved problematic. The key strategic direction of government should be the National Strategic Development Plan (NSDP). However the existing NSDP covers the period 2007-2010. It was written in 2007 under different economic circumstances and under a different political party manifesto. Although a new NSDP was due to be prepared before the commencement of the review the time frame has continued to slip and we are now advised this will not be finished until the end of 2011- after completion of the review.

70. A very preliminary first draft has then been prepared and this, together with the Medium Term Goals and the Cook Islands Party Manifesto has formed the strategic basis for the review. It has also been supported to the degree possible by Sector Plans. However there are only three sector plans that have been prepared. These are for the education, infrastructure and tourism sectors.

71. Two other sources of information have been used. These are: the key findings of the Economic Task Force review, with regard to implications for government, and the 2010/11 Budget Support Group recommendations. The key strategic framework for government is summarised in Section IV. The strategic framework, together with core constitutional and legal functions of government has been used to determine new sectors. The allocation of functions and structures to sectors is based on the results of the core/ non-core base analysis described above.

C. Application of Guiding Principles

72. The next stage of the analysis involved applying the Guiding Principles to identify functions which are to be retained, transferred within government, disposed of, or transferred out. The guiding principles used for decision making, together with the decision- tree frameworks are described below in section B.

73. The application of the guiding principles and the decision tree framework to the initial classification described above then enables:

- confirmation of functions classified as 'core/ stay' or 'non- core/stay', for transfer to the new sectors and structures;
- identification and elimination of redundant or duplicated functions ('core/go' or 'non-core/go');
- introduction of new functions if they are core to legislation or core to government business and must be done by government according to the decision- tree analysis;
- rationalization of the overall scope and distribution of functions.

74. The results of the classification above, together with the application of the Guiding Principles also, of course, leads to identification of what government should *not* do which is one of the three questions that form the basis of the approach to the functional review.

D. Guiding Principles for New Sectors and Functions

75. The finalisation of new sectors and the allocation of functions to sectors requires the establishment of a set of Guiding Principles (GP) that underlie not only the Functional Review decision- making process but that can be used to determine the validity of proposed new functions or undertake review of existing functions, well beyond the time- span of the Functional Review. The guiding principles outlined below have been agreed with the Steering Committee and discussed at a Workshop for current Heads of Ministries.

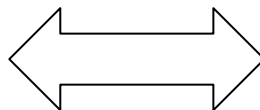
76. The CIG comprises three distinct branches of 'government'. These are:

- The Judiciary
- The Legislative
- The Executive

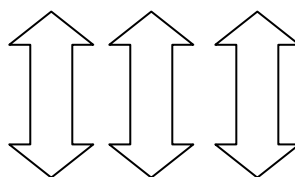
77. The Executive Branch of the CIG is the Public Sector. This includes the Public Service and Crown Agencies. It also includes State Owned Enterprises (SOEs). The functional review focuses on the Public Service and to a lesser degree on Crown Agencies. It does not include SOEs. (See Appendix 1. ToR). For the purpose of the Functional Review the definition of government refers to the public sector excluding SOEs.

78. In reviewing the role of government two different dimensions need to be considered:

- The 'scope' of government: this is the breadth of government; is usually referred to as the 'horizontal dimension', and relates to the overall functions of government.



- The depth of government. This is referred to as the 'vertical dimension' and relates to the functions that are performed within individual organizations in government.



79. Defining the role and scope of government (horizontal functions) requires addressing the three critical questions which underlie the approach to the conducting of the functional review.

- What *must* government do?
- What government '*should*' do?
- What should government not do?

80. These questions were introduced in Section 3.1: Approach and Methodology, and are discussed in more detail below with reference to decision making principles and tools.

81. The Guiding Principles below provide the framework for determining the functions that CIG **must** undertake; **should** undertake and should **not** undertake.

82. Where it is decided, through use of the Decision Tree tools below, that Government should not undertake a function that it is currently doing, a decision then needs to be made as to where that function could be relocated, who is best placed to do it (e.g. contract it out; a PPP arrangement; privatise); or simply stop doing it. If Government just stops doing it, the market or civil society will determine whether it needs doing or becomes an individual's responsibility, if required.

Diagram 1: What must, should, and should not government do?



83. Diagram 1 above, shows that the core of government business-its constitutional and legal requirements - is the machinery upon which the more discretionary components of government (the 'shoulds') are based. Both discretionary components and what government 'should not' do are depicted at the outside of the diagram; they can be disposed of to the private sector; changed or stopped at the will of government with relative ease. Each of these dimensions is discussed below.

E. Scope of Government

What Government *must* do

Guiding Principle 1: Government must do what *only* Government can do; based on the overarching Constitutional directive that ‘The role of parliament (government) is to make laws for peace, order and good governance’ (Cook Islands Constitution: Part3.39.80). Only government can make laws for peace, order and good governance and commission the functions that are derived from such laws.

80. A core role for government therefore is performing legal and regulatory functions for the good of its people. This is defined through:

- the constitution
- government legislation
- regional and International treaties

81. What Government **must** do is generally characterised by long term, indefinite responsibility for the function. Unless a significant and unexpected situation requires more rapid change, what Government must do is also relatively immune from political changes in Government leadership.

What ‘*should*’ Government do?

Guiding Principle 2: Government ‘should’ *perform or facilitate the provision of* services required for planned development, whether economic, social or environmental.

82. Time frames regarding what government ‘should’ do are generally of shorter duration than for what government **must** do, and are linked to the National Strategic Development Plan period of 4 years or to the term of the electoral cycle. Determining the priorities for what government should do is also linked to the Party Manifesto, but must be bound by what government must do (Guiding Principle1).

83. The National Strategic Development Plan (NSDP) should set out the priorities for economic, social and environmental development and the overarching planning frameworks to achieve the priorities. The functions required in order to achieve the priorities for development must be extracted from the NSDP. These functions will have a bearing on both the scope (breadth) of government and also how functions are grouped to form organisations (generally Ministries). Sector Plans will also be based on the NSDP, to guide detailed development at sector level.

84. Recommendations passed by Cabinet from recent reviews such as Economic Task Force (ETF) and Budget Support Group (BSG) also provide sources of functions that Government ‘should’ now undertake, having committed to them. In some cases government will elect to perform these functions itself. In other cases it may facilitate the services but not perform

Guiding Principle 3: Government ‘should’, in the interests of human rights and equality of access to services, finance Social Obligations which enable equitable or essential delivery of services and which the private sector and NGOs choose not to undertake.

them (e.g. establishing a Hospitality Training school, which is of economic value but which the private sector choose not to fund); or to regulate the function but not deliver it (e.g. private health or education facilities).

F. Social Obligations

85. Social Obligations' (S.O.s) are the provision of finance or services by government, where the potential revenue is outstripped by cost of service provision. That is: government's obligation to take up unprofitable services that the private sector (or NGOs) will not undertake, or will only undertake if financed by Government. These are generally undertaken for social or law and order reasons (such as unprofitable street lighting; inter-island shipping services; and telecommunications to the Outer Islands), in the interests of 'public good'.

What should Government *not* do?

Guiding Principle 4: Government should **not** compete with the private sector or undertake functions that can be done by a well-functioning market, to service standards determined by Government

86. Guiding Principle 4 addresses the requirement for 'best practises' of government. These are summarised as:

- Reduce service delivery role
- Strengthen regulatory role to improve service delivery
- Eliminate duplication both within government and between government and the private and NGO sectors
- Consolidate services; especially of common functions and outsource where effective and commercially viable
- Strengthen partnerships
- Encourage innovation

87. The functions emanating from the application of the above Guiding Principles: 1,2,3,4 underlie the **scope** of Government.

88. The framework¹² for grouping government functions is elaborated upon below. This framework can be applied to grouping at both the horizontal level and the vertical level. The horizontal (scope) will contain: policy, regulatory, coordination, service delivery and support functions. The vertical layers will also contain these functions at greater levels of detail. The grouping of functions under the headings below will help to eliminate duplication and improve efficiencies.

- **Policy functions:** such as strategic planning, legal drafting, development of performance contracts, minimum standards, norms, policy analysis and evaluation, forecasting. These functions tend to be regarded as 'inherently governmental' requiring specialist skills, and are usually provided by core ministries within central government.

¹² Methodology for Functional Review DAI 2006, Bannock 1999

- **Regulatory functions:** such as licensing, certification, market sector regulation, permissions, accreditation, inspection, compliance and financial audit. These functions are also often regarded as ‘inherently governmental’ and provided by statutory commissions and other arms-length bodies within central government. It is widely maintained that regulatory functions should be separated from those policy functions that determine the regulations, and service delivery functions that provide services to customers.
- **Co-ordination, supervision and performance monitoring functions:** such as coordination relationships between different bodies, monitoring the performance of subsidiary bodies, facilitating and enabling subsidiary bodies to reach their performance targets. These functions also tend to be regarded as ‘inherently governmental’ and undertaken by core ministries.
- **Service delivery functions:** such as the provision of products or services to internal (other public bodies) or external (farmers, school children, fishermen) customers. Service delivery is often provided outside of central government through contracting arrangements or by sub-national government. When undertaken by central government this is normally performed by supervised bodies or executing agencies.
- **Support functions:** such as financial management, human resources management, information systems, infrastructure, staff training, efficiency review and management audit; and secretarial services. These are increasingly contracted out except when regarded as inherently governmental for security or other reasons.

89. The purpose of analysing according to *type* of function is three-fold: first, it enables clear identification of policy and regulatory functions that are core to government business and must be transferred to new sectors; secondly, it enables clearer analysis of service delivery functions that are currently being undertaken and scrutiny of whether government must undertake such services. It also recognises that government’s clients may be other ministries or agencies within government and that there are internal service delivery functions that also need to be examined. Thirdly, and related to the concept of internal service delivery, the above analysis identifies support services (or ‘corporate services’) that may be able to be combined into shared services across government, or to be contracted out.

90. Guiding Principles 5, 6 and 7 below are aimed at consolidating linkages between and within the above groups, and improving efficiencies of delivery of the function.

91. Vertical functions (what the ministry ‘does’ to achieve its sector goals) must be clearly linked to the sector goals. This is why in a ‘whole of government’ review the sector goals or scope of government must be identified first. The functions - how it is done can then be allocated to the appropriate sector and clearly aligned.

Guiding Principle 5: Ensure vertical functions are clearly aligned to scope (horizontal)

92. As a general principle for organising vertical layers of government, core and non- core functions must be identified.

Guiding Principle 6: Ensure Sector Ministry reviews focus on identification of:

- Core functions, linked to agreed scope
- Non-core functions that must 'stay' since they are essential; or cannot be better placed anywhere else

93. In some cases a function may be core to government but located in an inappropriate sector (non- core to the sector). In other cases a non- core function may have to stay, because it is essential and there is no better option for its location.

94. In some cases a function may be core to government but located in an inappropriate sector (non- core to the sector). In other cases a non- core function may have to stay, because it is essential and there is no better option for its location.

Guiding Principle 7: Assessment of non- core functions which are 'non-essential' and could be placed somewhere else to determine whether to:

- do nothing; but 'ring-fence' for further action at a later stage (e.g. during next budget round);
- integrate and consolidate within another internal function;
- split the function to retain the core component;
- transfer out;
- contract out;
- privatise;
- stop.

95. The assessment of non- essential functions must be rigorous. There are very often functions in this category that are 'pets' of a Minister but do not have a legitimate place under the core and essential functions of government.

Use of Decision-Trees to validate selection of functions identified as 'what Government should do'

96. Functions identified as what Government 'should' do, above must be confirmed as valid. There must be a reason behind a decision to retain and to group a function in a certain way. This also makes it clear when political or personal motives underlie retention or placement of a function. It may be that political or personal reasons override functional principles, but the use of a decision tree clarifies the decision basis and highlights the application of 'non-functional' justification for decisions.

97. A decision tree process requires the function to be run through a series of forced choice questions (Yes or No).

- If a function is identified above as something government 'must' or 'should do' it can be confirmed as such through simple analysis against a decision tree. See Decision Tree 1, below.
- If a function is confirmed as valid, then a decision must be made as to whether it is best done within Government or could be undertaken by the private sector (including NGOs who are technically part of the private sector). See Decision Tree 2.
- If a function is determined as best undertaken within Government a decision must be made as to whether it is a 'unique' stand-alone function or whether it can be merged with other common functions to improve technical breadth and depth of the combined functional group and improve efficiency of delivery. See Decision Tree 3.

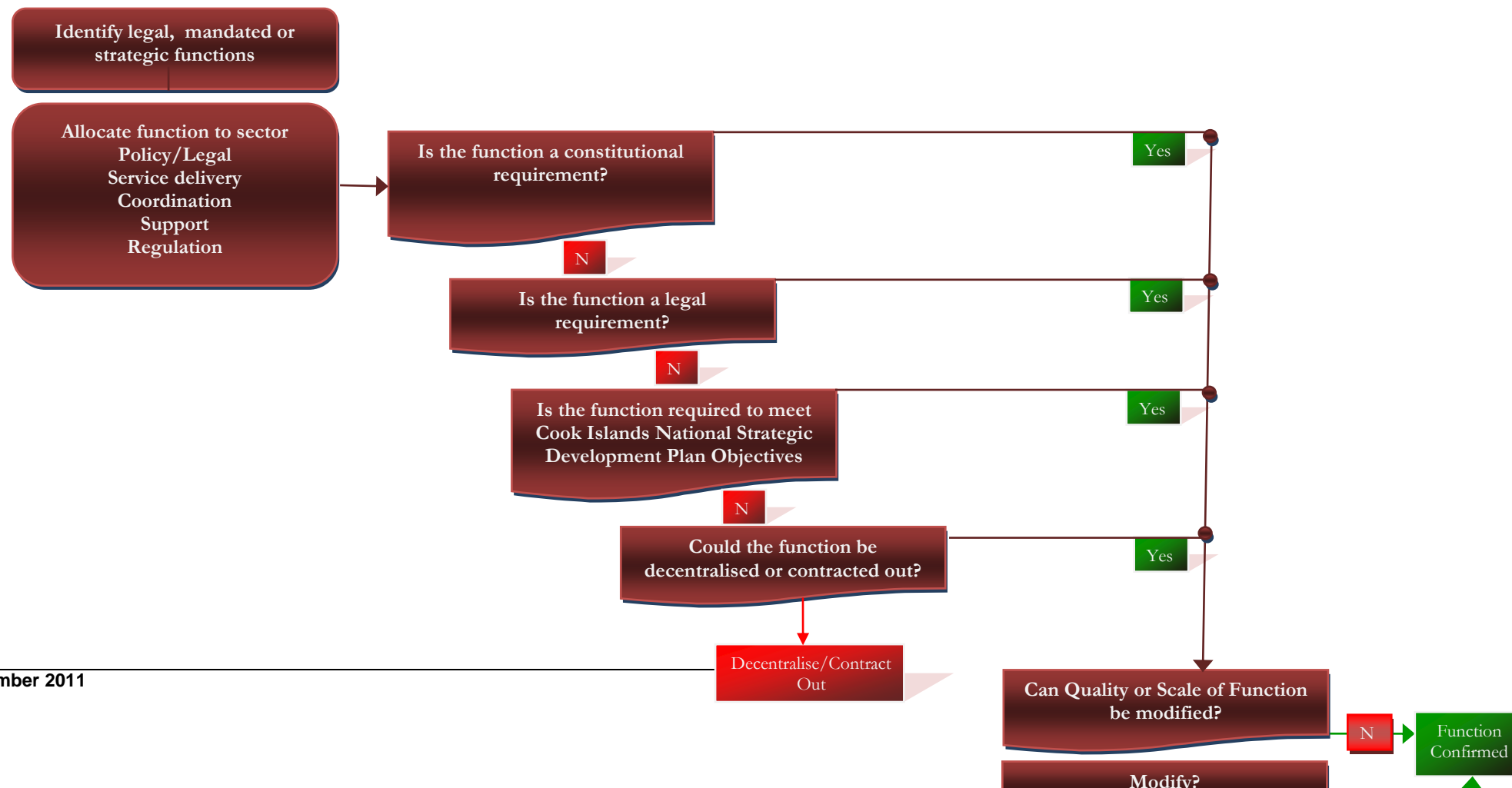
98. These decision trees are shown overleaf. They have been applied to all functions identified through either Business Plans or legislation and included analysis of proposed 'new' functions.

99. Not all stages of analysis can be depicted on a decision tree. This will clutter the tree to the point of the pathway becoming meaningless. The decision tree will prompt further questions from the user, such as: if the private sector are not currently capable of undertaking a function what are the requirements/options to prepare them to undertake the function? The Decision trees are therefore a prompt. The user must provide the initiative to come up with the second tier 'what if'.... questions, appropriate to the decision tree component.

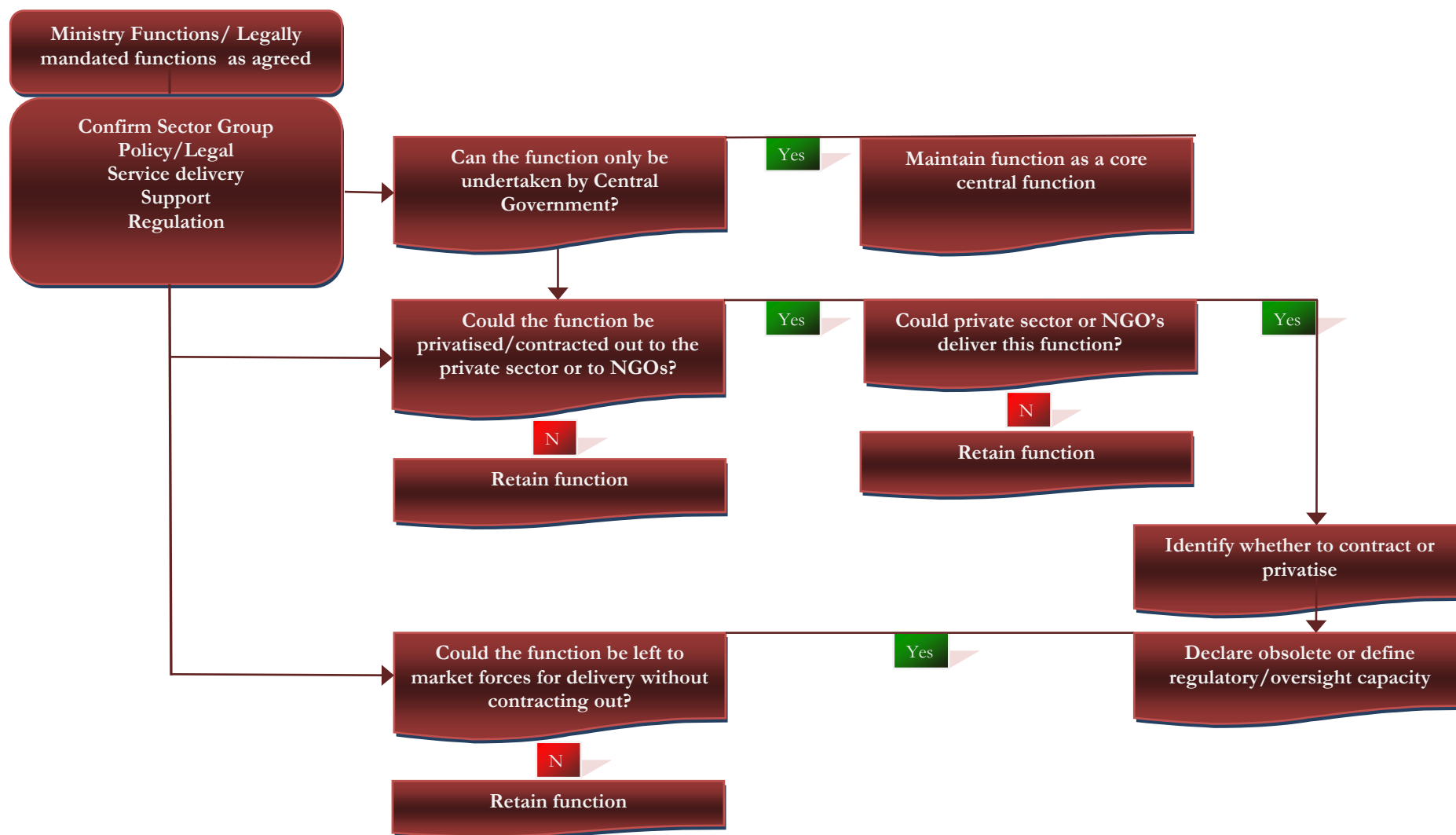
Diagram 2: Decision Trees

DEFINING FUNCTIONS**STAGE 1: DECISION TREE PROCESS: IDENTIFY ALL FUNCTIONS DERIVED FROM CONSTITUTION, KEY LEGISLATION AND KEY STRATEGIC DIRECTION STATEMENTS APPLYING TO CURRENT OR PROPOSED FUNCTIONS**

- Process for confirming core functions from Ministries' and Crown Agencies' business plans;
- Process for review of functions derived from constitution, legislation or key treaties.
- Basis for 'gap analysis' and matching of core and essential functions undertaken by Ministries/C.A.s, as stated in their business plans

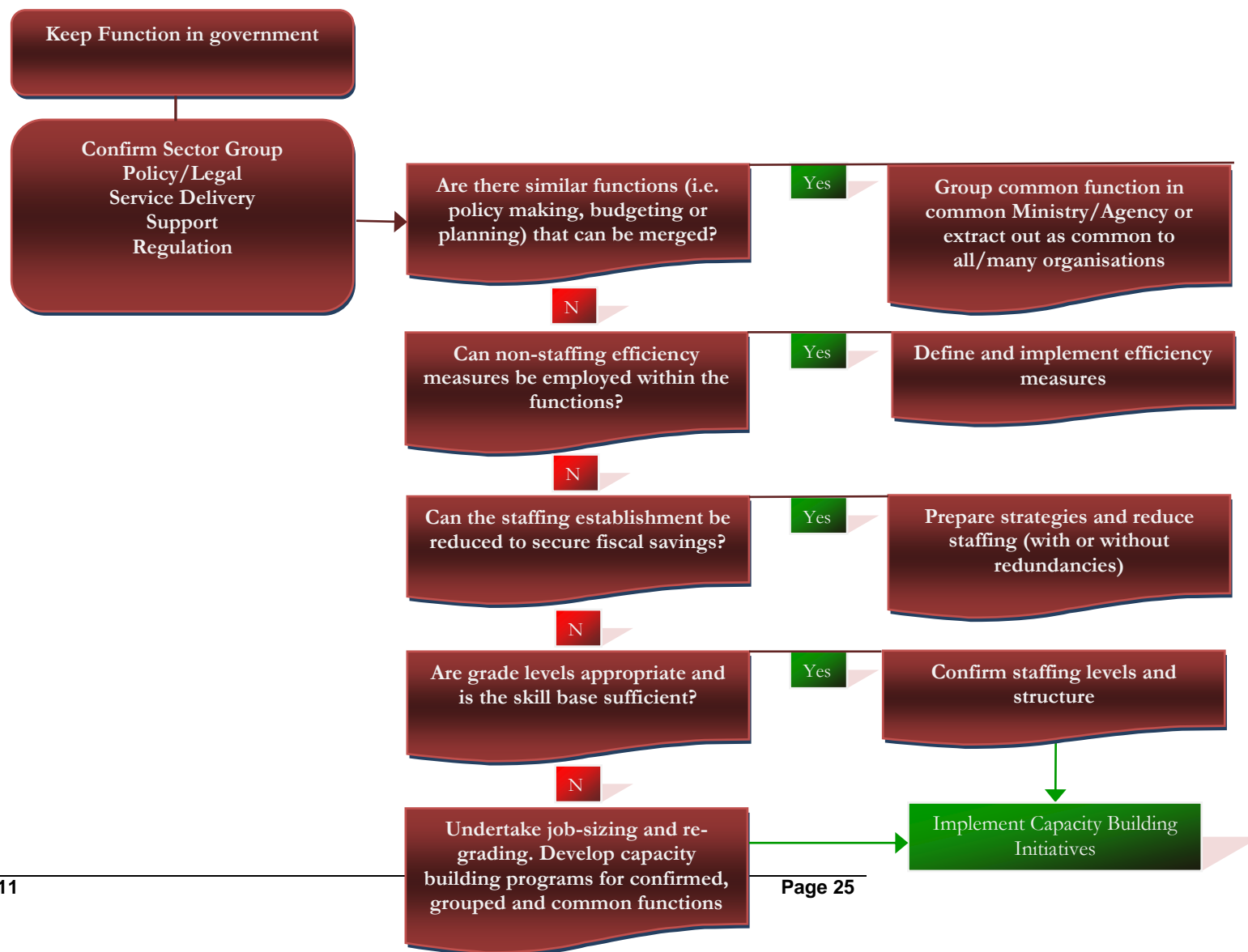


STAGE 2: DECISION TREE PROCESS – PROCESS FOR DETERMINING WHETHER FUNCTIONS SHOULD BE RETAINED OR CONTRACTED OUT ONCE CONFIRMED IT IS REQUIRED (STAGE 1)



STAGE 3: DECISION TREE – PROCESS FOR MERGING AND GROUPING COMMON FUNCTIONS AGREED AS ESSENTIAL TO GOVERNMENT

NB Not all activities are to be conducted as part of TA 7646



100. Use of the decision trees has assisted with determining what functions government should perform (Annex 3)

101. They then need to be grouped into function- based Sectors and then function based organisation structures that will facilitate coordination with minimal or no duplication of tasks and lead to the development of position-based structures that are lean and function based; without unnecessary 'messenger' positions to clutter up decision making paths and add unnecessary costs. Sectors and structures are described in Section 5.

G. Core Principles of Organisational Restructuring

102. Much research has been undertaken to determine principles upon which to base the restructuring of organisations. However, several guiding principles are at the fore of effectively determining new structures for new organisations. These have been applied successfully by many different types of organisations over many years. This includes national governments (USA, NZ, Canada), Government bodies (US Army) and commercial enterprises (Glacier Metals). The basis for these 'guiding principles' was developed from research undertaken by Elliott Jaques¹³ and later modified by many different practitioners. The original premises still apply and have been used in many different contexts by the Functional Review team.¹⁴

103. Key premises are:¹⁵

- Nearly all organizational dysfunction can be traced to poor structure and systems, not deficient employees.
- Restructuring should focus upon fixing the organization rather than fixing employees. Fixing the organization (e.g. structure, roles and relationships, policies, systems of work, managerial practices) frees employees to work at their full potential; creating increased efficiency, effectiveness, and employee satisfaction.

104. The Span of control and the layers of management are fundamental concepts in determining scope and layers of management:

- **Span of control- Horizontal scope across the whole of government;** the minimum number of sectors required to fulfil the required functions of Government as specified through determining what Government must and should do, as above. There is no 'right' number of sectors (however a sector is defined). However, each sector should be able to be identified as unique and grouped according to a common theme. The rule of thumb is that the *minimum* number of sectors necessary to group common functions for efficient operations and delivery should be used.
- **Span of Control- horizontal scope within each sector or organisation:** 'rule of thumb'- strive for a *maximum* of 6-7 distinct sector groups across an organisation, unless the 'sector' contains only one common function (for example, a licence issuing office where one supervisor can control up to 20

¹³ **Elliott Jaques** *Requisite Organization: Total System for Effective Managerial Organization and Managerial Leadership for the 21st Century* (London: Gower, 1997) [ISBN 0566079402](https://www.isbn-international.org/view/title/10566079402)

¹⁴ For example, Yeoman Ward International have used these principles for more than 50 successful organisational restructuring exercises across 31 different countries and within Ministries, SoEs and commercial organisations and International Aid Agencies.

¹⁵ Ibid

people successfully because all staff are performing the same or very similar tasks).

- **Layers of Management:** principle- strive for a maximum of 6-7 layers of management from the top boss to the bottom layer of the organisation.

H. Summary

105. The Guiding Principles have formed the underlying basis for the review of scope to date and, together with the decision trees, will now provide the rationale for selection of sectors and grouping of vertical functions. As noted on the charts, not all levels of decision making against decision trees is applicable during this stage of the review. Many components of the vertical review, particularly the development of position- based organisation charts and details for merging of functions and organisations is to be undertaken during the following ADB TA. The Guiding Principles in summary are:

106. **Guiding Principle 1:** Government must do what *only* Government can do; based on the overarching directive that 'The role of Parliament (Government) is to make laws for peace, order and good governance' (Part3.39.80).

107. **Guiding Principle 2:** Government 'should' *perform or facilitate the provision of* services required for planned development, whether economic, social or environmental.

108. **Guiding Principle 3:** Government 'should', in the interests of human rights and equality of access to services, finance agreed Social Obligations which enable equitable or essential delivery of services and which the private sector and NGOs choose not to undertake.

109. **Guiding Principle 4:** Government should not compete with the private sector or undertake functions that can be done by a functioning market, to service standards determined by Government.

110. **Guiding Principle 5:** Ensure vertical layers and functions are clearly linked to scope of government (horizontal).

111. **Guiding Principle 6:** Ensure Sector Ministry reviews focus on identification of:

- Core functions, linked to agreed scope
- Non-core functions that must 'stay' since they are: essential; or cannot be better placed anywhere else.

112. **Guiding Principle 7:** Assessment of non- core functions which are 'non-essential' and could be placed somewhere else to determine whether to:

- do nothing; but 'ring-fence' for further action;
- integrate and consolidate within another internal function;
- split the function to retain the core component;
- transfer out;
- contract out;
- privatize;
- stop.

IV. STRATEGIC FRAMEWORK

113. A functional review should be based on a clear strategic framework derived from national policy which is presented from and managed by the Office of the Prime Minister. At present there is no cohesive strategic framework of government.

114. The National Strategic Development Plan should present the broad strategic framework and the specific objectives for government's strategic direction. This statement should guide both the business plans and outputs of the public sector and provided the strategic direction against which a functional review is based. Unfortunately it has not been prepared, almost a year into the term of the new government.

115. Business plans for 2011 have not been prepared against a clear government strategy and priority statement, because this has not yet been prepared.

116. The functional review has derived a strategic direction from the following documents and analyses:

- The Constitution of the Cook Islands
- Cook Island Party Manifesto and Democratic Party Manifesto
- The 2007 National Strategic Development Plan (NSDP) and the first draft 2011 NSDP
- Sector plans for Education; Infrastructure and Health- the only sectors that have produced plans.
- Economic Taskforce Report

A. What 'must' government do: Constitutionally derived positions?

117. The positions below must be established under the Constitution.

- The position of Queens Representative (Part 1.3) Staff of Queens Representative and Members of Cabinet) (Part 2.22/23)
- Parliament (Part 3.27.1) Consisting of 24 members (Part 3.27.2) (Part 75)
- Deputy Queens Representative (from time to time)- functions to be performed by Chief Justice (Part 1.7)
- House of Ariki (Part 1.8)
- Cabinet of Ministers comprising Prime Minister and not more than 6 other Ministers (Part 2.13.1)
- Prime Minister shall be appointed (procedures listed) (Part 2.13.2)
- One Minister other than the Prime Minister may be appointed by the Queens Representative on behalf of the Prime Minister (position unclear) (Part 2.13.3A)
- Secretary to Cabinet (Part 2 .20)
- Executive Council (Queens Representative and Members of Cabinet (Part 2.22/23)
- Island Representatives(Part 3.27.2)
- Speaker of Parliament (Part 3.31)
- Deputy Speaker- optional (Part 3.33)
- Clerk of Parliament (Part 3.38)
- Judges of the High Court (Part 4.49.1)/Tribunal to Remove a Judge of the High Court(Part4.54.2) Master of the High Court(Part4.55a)
- Solicitor General (*by implication*) (Part 55 a)
- Court of Appeal (Part 4.56.1)
- Judges of the Court of Appeal (Part 4.56.2a/b)
- Registrar of the High Court/ Registrar of the Court of Appeal (Part 4.61)

- Justices of the Peace (Part 4.62)
- Auditor General (*by implication*) Part 5.70(3a)
- Public Expenditure Review Committee (Part 5.71.3)
- CI Public Service (Part 6.72.1)
- Public Service Commissioner (Part 6.73.1)
- Ombudsman (*by implication*) (Part 6.76.4)

B. Constitutionally Required Functions

118. The Constitution also indicates functions that must be fulfilled. These are listed below.

- Parliament may make Laws (Acts) for the peace, order and good Government of the Cook Islands (Part 3.39, 80)
- 'Any specified Act of the Parliament of NZ or any Regulations, Rules or order under any Act of that Parliament should extend to the Cook Islands as part of the Law of the Cook Islands' (Part 3.39.5) *Implications?*
- Existence of 'Fundamental Human Rights.' (Enforcement not noted) (Part 4a.64)
- Make laws recognizing or giving effect to Custom and usage (Part 4b.66a(1))
- Maintain a CI Government Account (5. 67) and taxation *by implication*
- Establish/ maintain an Audit Office (Part 5. 70.3a)
- Establish /maintain a Public Service (Part 72.1)
- Establish/ maintain a Board of Appeal (Part 76)
- Establish the High Court: Civil; Criminal; Land (Part 4.47.1; 3a; 3b; 3c)
- Establish/maintain a Land Court (Part 83)

C. Draft National Strategic Development Plan 2011 (NSDP)

119. The draft NSDP identifies 6 priority sectors: (P 1-6)

- P1: Economic Development
- P2: Social Development
- P3: Ecological Sustainability
- P4: Infrastructure
- P5: Governance
- P6: Law and Justice

120. A summary of the draft (prepared by the Functional Review Team and submitted as a working document to the Steering Committee is provided in Annex 4. The draft NSDP is incomplete and has not been approved by the Prime Minister or Cabinet as of October 31, 2011.

121. The preparation of the NSDP is the task of the OPM. The Functional Review Team has offered to assist with this document in the interests of providing a current and clear base for the review. The Steering Committee and the OPM have advised that this task is underway through the OPM, although a final document will not be completed until December 2011. This document should have provided the base for the strategic review.

122. In the absence of the final and approved NSDP the draft has been used to determine what government 'should' do based on the 6 priority sectors above together with results of the legislative review and review of Business Plans.

D. Outer Islands Administration

123. A high priority for Government is the reform of Outer Islands administration. This is reflected in the TOR for ADB 7646 Technical Assistance to include a review of the Outer Islands to:

- (i) address Outer Island Administration in terms of improving service delivery in an accountable manner;
- (ii) review Outer Island Administration, functions, and roles. With OPSC, identify a more responsive management and accountability approach. A separate report covers this topic in detail¹⁶. A summary of key recommendations is shown below.

124. The Report reflects discussions with the Honourable Prime Minister, the OPM, OPSC and MFEM which indicated four key outcomes of importance:

- achieving greater empowerment of Island Mayors and Councils;
- strengthening partnerships between local and central government;
- a shift to a medium term budgeting and regional development framework;
- recommendations on more effective roles and responsibilities, to improve partnerships and governance.

125. The overarching principle emerging from discussions was:

Overarching Principle: ‘Local Solutions for Local Problems’: empowerment of Mayors and Councillors to take on leadership and ownership of issues and solutions.

E. Key Recommendations

126. Provide for greater empowerment and autonomy for the Mayor and Island Councils to make decisions on *core issues relevant to each island*. That is: recognition of the unique nature and requirements of each island.

127. Each Mayor and Island Council will eventually be responsible and accountable for all monies appropriated, collected, and expended by each island in the administration of its affairs. This transfer of accountabilities must be accompanied by capacity building and phased in according to the skills and confidence of the Mayors and Councils as well as the confidence of MFEM, OPM and OPSC that the budget and financial management process can be managed in a fiscally responsible manner.

128. A new position of Clerk of Council is recommended to replace the existing Island Secretaries. The Clerk of Council will report directly to the Mayor (not to OPSC as is currently the case) and undertake budget preparation in consultation with the Mayor and Council and according to the requests of the Mayor and Council.

129. A phased implementation approach is recommended to allow each island administration the time to build capacity while being guided (not managed) by central agencies (OPSC and MFEM in particular).

¹⁶ ADB Consultants Report Review of Outer Island Government Roles and Accountability September 2011

130. This summary outlines only the major changes recommended. Further details are available in a separate report. The summary is provided here since it forms part of the overall strategic framework.

Economic Task Force - 2011 and Budget Support Group - 2011

131. The Economic Task Force presented its recommendations to Cabinet in June 2011. This extensive list of recommendations has been discussed between the Task Force Chairmen and the Functional Review Team and condensed. Key recommendations of the Budget Support Group have been incorporated into the following key directives of most relevance to the Functional Review. These have guided the proposed sectors and functions recommended in the report. Key directives for government as summarised from the Economic Task Force report and the Budget Support Group report:

- Identify core functions and simplify structures around core functions
- Eliminate duplication of functions through clearer linkages across Ministries
- Better align functions and simplify the Public Service
- Reduce reporting (layers of management)
- Separate regulatory from commercial
- Do not compete with the private sector
- Focusing on the core functions and leaving business to the private sector
- Nimbleness and flexibility within government
- Coordination and efficiencies around clear outputs

132. The Budget Consultative Process 2011/12 is now underway and for the first time in the Cook Islands, has established a web site outlining the budget and has also requested submissions on the process and priorities.

133. In summary each of the documents below has been analysed in order to establish the core functions (and sectors) of government.

- The Constitution
- The NSDP 2007-2010
- The draft NSDP 2011-2014
- The recommendations of the Economic Task Force
- The recommendation of the 2010 Budget Support Group
- The Budget Support Statement 2011, which also confirms the work and direction of the Functional Review

134. This has resulted after considerable consultation and agreement with the Steering Committee to the following eight recommended sectors for the Cook Islands Government.

- Governance
- Finance and Revenue Management
- Health and Social services
- Education, Culture and Sports
- Economic Development
- Infrastructure, Transport and Communications
- Environment, Energy and Climate Change
- Law and Justice

135. It is also recommended that Shared Services function be established, which will combine corporate services functions which are now embedded in many ministries.

136. The functions of each of the proposed sectors are described in section V.

V. FUNCTIONS AND ORGANISATION STRUCTURES

A. Sectors and Grouping of Functions

137. **Grouping Common Functions:** When extracting functions from legislation, business plans, treaties, policy documents and sector plans, it was clear that there were similar functions or activities conducted by more than one agency within public service. The common functions identified were mostly found in the areas of finance, administration, policy development and regulatory services. It was also clear that common or linked functions were scattered throughout public service and had very little connection to each other in terms of information and resource sharing. Organising structures and standardising outputs in sectors allows common functions to be consolidated to strengthen the functions by having more resources and information available. It also allows non-active functions especially in policy development and regulatory services to be created and or enhanced to support other required activities and functions within ministries and sectors.

138. **Standardising Functions:** Organising functions into three standard outputs also allows the grouping and aligning of scattered functions into relevant outputs to support and enhance ministry and sector objectives. Some functions such as “policy and projects” were a combination of two or more core activities which needed to be separated and realigned to appropriate outputs. Some functions such as “Learning and Teaching” in Education also needed to be redefined to better describe the activities and objectives linked to the function. During this process, it was identified that single functions such as “Head Office” in Tourism has other sub-functions that were either service delivery or regulatory. Standardising functions were required to better describe the activities involved, to better performance manage and cost the functions and to link functions to ministry and sector objectives.

139. **Aligning Functions to Sectors:** The shift to sectors was naturally and informally occurring within public service. Agencies involved in the economic development sector were meeting regularly to discuss and share ideas, activities and resources to better deliver services and to meet objectives. Aid allocation was harmonised into sectors such as law and order, social services, governance, economic development and infrastructure. Key strategic policy documents such as the NSDP organised priorities and objectives into respective sectors. When functions were extracted, grouped and standardised, aligning the new or redefined functions was easily achieved because the sectors were in place and the structures and outputs were standardised. Aligning functions into relevant sectors allows the grouping of complementary functions into a single sector framework. This creates positive synergies within sectors and ministries, channelled to achieve clear national objectives.

B. Standardising Outputs within Structures

140. **Policy & Development:** Having a standard output for policy and development allows for policies, programs and initiatives to be consolidated, organised and standardised to support development, service delivery and regulatory activities. It allows the output to strengthen existing policies and or create new ones to complement ministry and sector activities. This also allows each sector and ministry to have a dedicated output that has a direct link to the National Policy and Planning Unit based within OPM. This ensures that policies and development initiatives established at the national level is incorporated at the ministry and sector level to support the implementation of such policies. The policy direction is set by the OPM and it draws policies from documents such as the NSDP, Manifestos, and Regional Plans and also from applicable legislation, treaties and memberships.

141. **Service Delivery:** The service delivery output captures all the services, programs and other ministry and sector related core functions and organises it into one output. This allows the ministry and sector to organise the delivery of services to meet objectives both at

the ministry, sector and national level. This also allows the ministry and sector to standardise and strengthen the quality of service delivery to meet demand and achieve set objectives. The scope of services delivered within a ministry and sector will be guided by the policies in place while development initiatives explore ways to complement, strengthen and enhance the way the services are delivered and or outcomes are achieved. Service delivery can be organised into services or programs.

142. **Regulatory:** The regulatory output enforces the policies and legislation that a ministry and sector is required to administer. Once legislation and policy direction is established, regulations and measurable standards are derived and organised to support enforcement activities. The regulatory and compliance output is in place to support development and service delivery initiatives to ensure that activities are conducted within the law while meeting prescribed standards as outlined in policies and regulations. Regulatory functions are the core functions of government while most of the service delivery functions especially those with potential to generate revenue are shared to develop efficiencies and to enhance partnership opportunities with the private sector.

C. Focus on Performance

143. Improvement in productivity and performance in public sector will be achieved if the policy direction, priorities, structures, outputs, and functions are defined, organised and supported by relevant systems, policies, resources, personnel and aligned to specific outcomes.

144. Standardising outputs and structures will allow the development and implementation of a structured performance management framework to not only measure performance but also to manage and strengthen it.

145. Standardising structures and functions within ministries and sectors reduces duplication and wastage of resources, improves the coordination of government services and ensures that government receives value for money from assets and resources.

146. Job sizing, performance assessments, and other performance related activities will be better organised and managed if the structures and outputs are organised, standardised and aligned to sector and national objectives.

147. Senior management will be able to achieve objectives, improve productivity and the quality of services within ministries and sectors and if roles, responsibilities, tasks and activities are clearly defined and linked to a performance management framework.

148. Ministers will be in a better position to monitor and drive performance within their respective ministries and sectors if the structures and outputs are in place, aligned to clear outcomes and objectives and supported by robust systems and relevant human resources.

149. The quality of services and or program delivery will improve if the appropriate structures, outputs and personnel are organised and standardised, aligned to clear ministry and sector objectives and supported by efficient systems and sufficient resources.

150. Shifting the budgeting framework to outcomes based budgeting will support the focus on performance by making sure that resources are allocated to support and sustain core functions within sectors and ministries that are aligned to national and sector priorities.

151. A regional development framework with links to the national development and budgeting framework is required to consolidate the development and implementation of priorities in the Outer Islands and supported by resources.

Governance

A. Sector Priorities & Objectives

- Clear policy framework and direction
- Foreign policy achieving effective results
- Efficient public service directed toward models of excellence
- **Absolute Accountability**

B. Current Status of the Sector

152. **Management and Decision Making:** OPM is a central agency that establishes the policy direction at the national level while OPSC manages performance and human resource requirements to ensure that national priorities and objectives are implemented and achieved. Foreign Affairs is responsible for engaging in regional and international agencies to advance the affairs of the nation while coordinating partnership arrangements between national and international agencies. Coordinating and strengthening the leadership within this sector will ensure that the strategic direction is established at the national level. Coordinated services in this sector with links to other sectors will need to be managed appropriately to ensure that resources are available to strengthen the quality and delivery of the services.

153. **Budget Requirements:** Adequate resources are required to strengthen the capacity of OPM and OPSC to organise and implement a robust policy and performance management framework. This will require an increase in the resources of OPSC. Apportioning a percentage of the budget from the Governance sector along with other sectors may be required to support the operations of coordinated services.

154. **Personnel Requirements:** Institutional strengthening and capacity building within this sector will have to be reflected in personnel requirements supported by robust administration systems, policies and procedures within public sector. Personnel will be required to support policy and performance requirements at all levels.

155. **Performance Requirements:** Policy and performance requirements will have to be structured into a framework with links to all public sector agencies. Roles and responsibilities at all levels in public sector need to be defined with clear links back to the national policy and performance objectives.

Table 9: List of Governance Core Functions

Policy & Development	Service Delivery	Regulatory	Coordination
<u>OPM</u>			
National Policy & Plan			Emergency Response
Local Government			National Statistics
Cabinet Services			National Archives
<u>OPSC</u>			
PSC Operations Policy	Strategic HRM		
<u>Foreign Affairs</u>			
Donor Relations			Protocol Services
Diplomatic Relations			
Treaties & Memberships			

C. Functions Coming In

- GR function within OPM to change to Local Government
- Foreign Relations will include, diplomatic, consular and an negotiations
- Donor Relations is currently part of the AMD in MFEM
- Local Government is currently part of MOIP

D. Functions Going Out

- ICT function within OPM to be renamed E-Governance
- Climate Change from OPM transferred to EEC
- Energy from OPM transferred to EEC
- Attorney General portfolio to be reallocated to minimise conflict of interest
- Public Service Superannuation Compliance from OPSC to Shared Services
- VIP Transport Services to be privatised

E. Coordinated Functions

- National Statistics is currently positioned within MFEM but needs to be a coordinated function right across public service and especially with National Policy and Planning
- National Archives is currently housed in the Ministry of Culture but needs to be a coordinated function right across public service
- Emergency Management is currently positioned within OPM but will change from full time to part time with most of its policy and planning requirements shifting to the Infrastructure, Transport and Communications sector.
- Protocol Services currently positioned within Foreign Affairs will need to be coordinated within the Governance sector and with OPM.

F. Standardisation of Functions

- Current Function
 - Performance Management at OPSC
 - Human Resource Management at OPSC
- Proposed Function
 - Both functions are amalgamated as Strategic Human Resource Management to be positioned within the Public Service Commission Secretariat

G. Rationale for Sector and Functions**Governance**

156. The Governance sector has been formalised to provide a robust planning and decision making framework and to manage the separation between executive and judiciary powers and processes. This sector has clear references to the Constitution of the Cook Islands. The sector is made up of three key agencies and they are OPM, Foreign Affairs and PSC. There are coordinated services which allows for the interaction between agencies or functions within the Governance sector and other sectors.

OPM

157. National Policy and Planning is to remain in its current form but will be supported with much needed data from National Statistics. The NSDP has lacked baseline data to establish benchmarks. Data collected and processed by National Statistics will enhance the national planning and decision making process. Standardising policy and development as an output in each sector and ministry allows policy and planning information to flow from the national policy and planning unit into the implementation ministries and agencies and vice versa.

158. The Government Representative on each island currently report to the Chief of Staff within the OPM. With the proposed abolishment of the GR position, a Local Government function is recommended to maintain the reporting and communication links to the Prime Minister and the function will now be managed by a Director.

159. Cabinet Services is to remain in its current form but will be supported by relevant and coordinated information between National Policy and Planning and National Statistics. This will allow Cabinet and Executive Council to make informed and sound national decisions.

160. Emergency Management, National Statistics and National Archives are coordinated services involving OPM and other ministries. Other functions such as National Youth Council and the National Council of Women should be considered a coordinated service between Governance and Health & Social Services to enable Youth and Gender issues to be profiled and supported at the national level.

Foreign Affairs

161. Treaties & Memberships will remain with Foreign Affairs but will have to include all international negotiations such as airline and shipping negotiations which are currently performed outside of Foreign Affairs. Negotiations can involve specialist expertise from different industries but will need to be coordinated through Foreign Affairs. All negotiations will need to factor all regulatory, service delivery and development aspects to ensure Government maximise the benefit and minimises risk from future agreements. This function will work closely with Crown Law to ensure all legal obligations are factored into relevant legislation and captured in the development process.

162. Foreign Relations is a core function of Foreign Affairs that includes in-bound and out-bound relations, consular and donor relations. This function must review the relevance and management of all current diplomatic posts and explores potential diplomatic representation especially in key markets like Europe, Asia Pacific, and USA. Donor Relations is currently managed by the Aid Management Division within the current MFEM. Foreign Affairs are already managing donor relations as part of negotiations with countries and organisations so this function just needs to be formalised and strengthened while the reporting requirements should be coordinated with the proposed Ministry of Finance and Revenue Management.

163. Protocol Services is a coordinated function involving Foreign Affairs but will need to coordinate with OPM to improve service delivery.

Public Service Commission

164. Governance and leadership are key roles of the PSC. The Commission and Commissioners must provide and emulate the model of excellence in public service.

165. It is recommended that a three person Commission be established. This will provide a level of impartiality that is not possible with a single Commissioner, and will also enable a broader skill base.

166. A key role of the Commissioner(s) is to review the machinery of government and review the performance of its Chief Executive Officers to ensure CEOs present and deliver against robust Business Plans.

Public Service Secretariat

167. It is recommended that the Office of the Public Service Commission be renamed the Public Service Commission Secretariat. There is a requirement to separate the role of the Public Service Commission from that of the Secretariat. Strategic Human Resource Management is the key role of the Secretariat. This role is the management of the public service personnel to best meet the strategic directions of government.

168. The Public Service Secretariat must have a key role in refocusing the public service and in driving performance management toward defined and achievable objectives. It is not presently equipped to do this and will require substantial skill development if it is to be a 'leader of excellence'.

Diagram 3: Proposed Governance Sector Structure

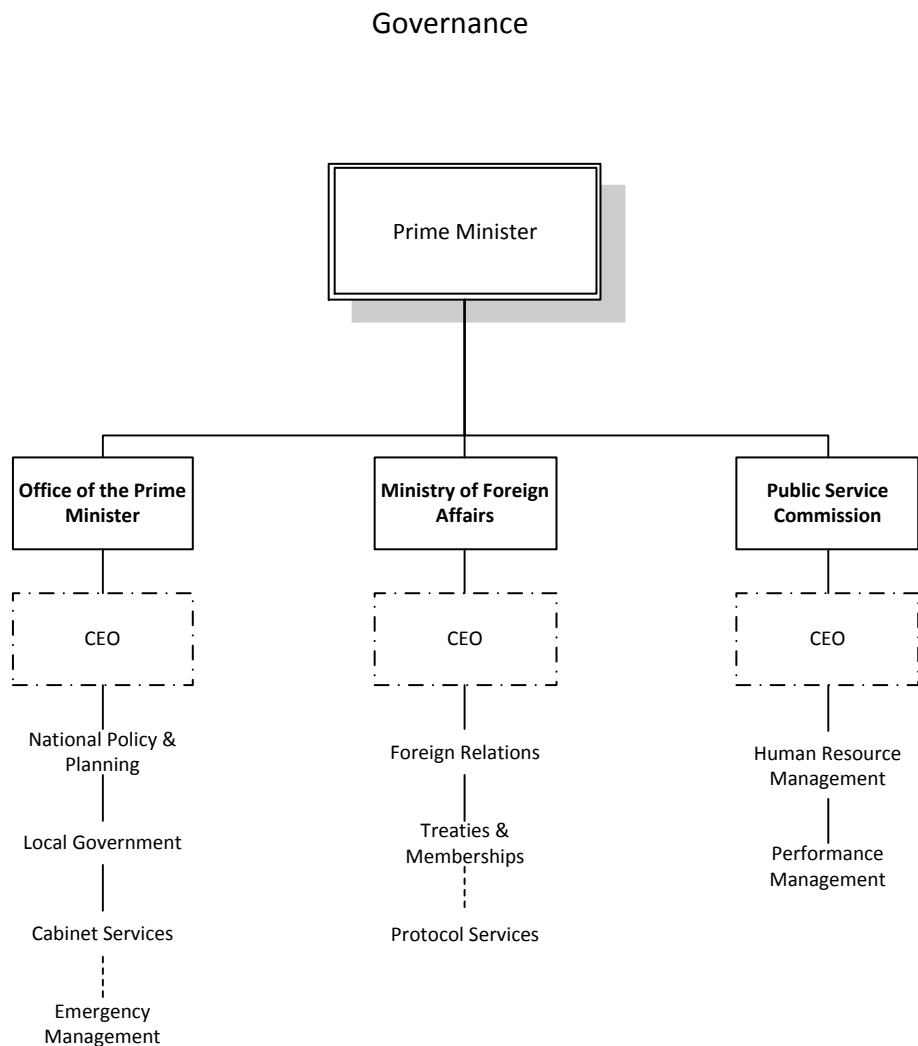


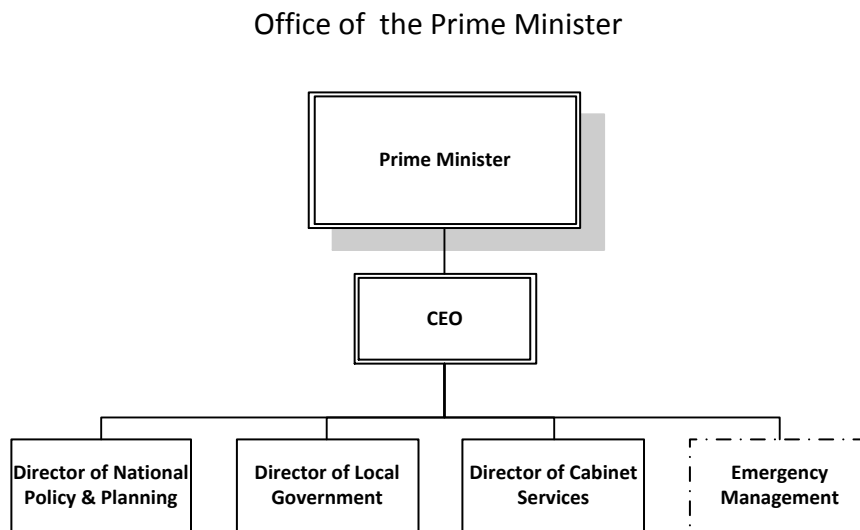
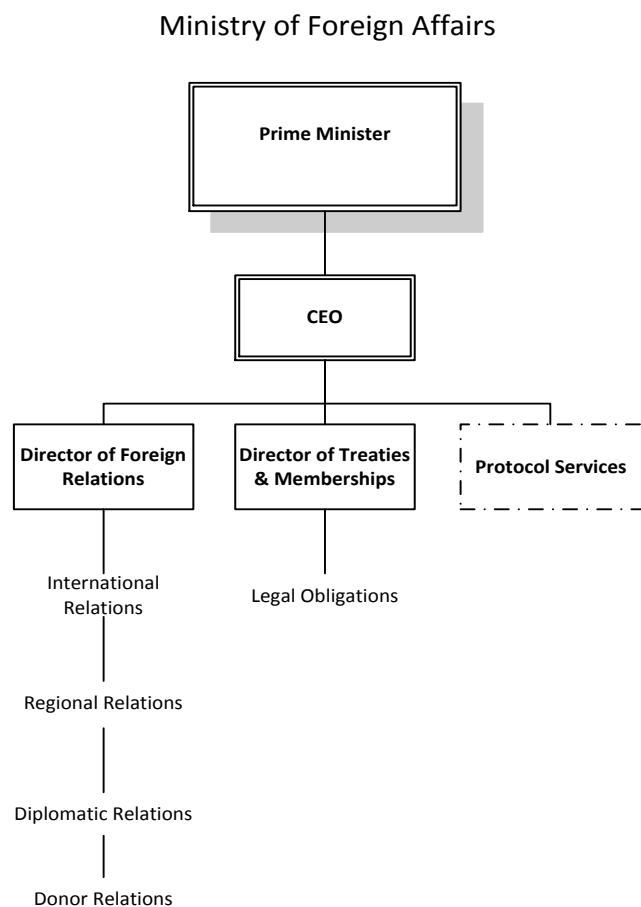
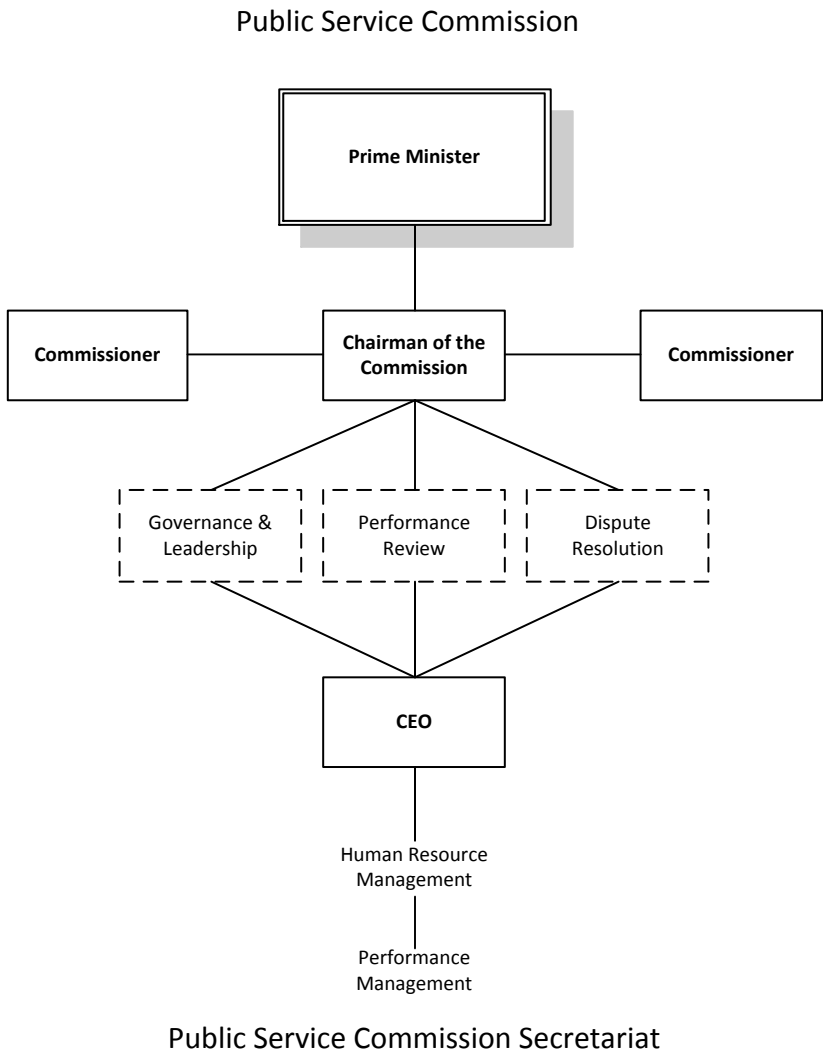
Diagram 4: Proposed OPM Structure**Diagram 5: Proposed Foreign Affairs Structure**

Diagram 6: Proposed Public Service Commission Structure



Law & Justice

A. Sector Priorities

- Robust judiciary and law
- Pro-active policing and defence
- Equitable access to justice
- Relevant corrective services
- **Effective law and order**

B. Current Status of the Sector

169. **Management and Decision Making:** The coordination of information, resources and expertise within Justice, Police and Crown Law is important to strengthen legal processes and to complement advisory and litigation services. These agencies will maintain its independence but will coordinate planning and decision making within the sector framework to ensure that resources are allocated to areas of need to meet sector outcomes. It is proposed that Justice will take on addition functions of immigration and censorship.

170. **Budget Requirements:** Functions moving into the sector will need to be resourced to complement the services currently offered within the sector. Capacity building in the area of policy and development and registries within Justice will require resources along with the drafting and litigation function in Crown Law. Assistance from non-government organisations especially within the rehabilitation and reintegration function will need to be coordinated to complement Corrective services. Funding for an all-inclusive border management system will be needed to link (but not merge) Police, Customs, Immigration and Quarantine information systems and processes.

171. **Personnel Requirements:** Capacity building within Crown Law is essential. It will require the recruitment of personnel to strengthen drafting, advisory and litigation services. Centralising all legal services from other ministries to Crown Law will complement the requirement for more personnel. Personnel with a background in policy development and analysis will be required especially within Justice and this need to be coordinated with the national policy and planning unit. Systems development, training and capacity building will be required to strengthen the border management function.

172. **Performance Requirements:** The Law and Justice sector needs capable staff and is under-resourced. The Review recommends 6-8 months of technical assistance to help Crown Law catch up on the backlog of work. It is recommended that a more unified approach to business planning is required in this sector, especially to integrate services that have common functions.

Table 10: List of Law & Justice Core Functions

Policy & Development	Service Delivery	Regulatory	Coordination
Justice			
Land Policy	Courts & Tribunal	Censorship	Border Management
Immigration Policy	Land Facilitation	Liquor Licensing	<i>Customs – FRM</i>
Electoral Policy	Registries		<i>Immigration – MFAI</i>
	Electoral Services		<i>Bio Security – MOA</i>
	Land Survey		<i>Police</i>
	Prison Services		
	Probation Services		

	Rehab & Reintegrate		
<u>Police</u>			
Crime & Crash Reduction	Investigate & Prosecute		
Community Relations	Maritime Policing		
Traffic Policing			
<u>Crown Law</u>			
Legal Obligation	Legal Advisory		
	Litigation		
	Legislative Drafting		

C. Functions Coming In

Justice

- Land Policy (or Commission) is a new function proposed to review the current land tenure system
- Immigration Policy and Permits has moved from Foreign Affairs
- Electoral Policy (or Commission) and Services is an existing function within Justice
- Policies for traditional knowledge and intellectual property will be required
- Censorship is a function that was transferred from Internal Affairs
- Liquor Licensing function is currently enforcement by Police, managed by Transport and will be transferred to the Registries function under Justice
- Land Survey is a function transferred from MOIP
- Rehabilitation & Reintegration is a proposed function to support Correction Services. This function is currently supported and resourced by NGO groups but in an ad-hoc manner.

Crown Law

- Legal Obligation function is linked to Treaties and Memberships function in Foreign Affairs to ensure that commitments made by Government are incorporated into the legal and development process.
- Legal Services function transferred from MMR and CIIC ensures that the Crown Law office builds capacity to deliver and or offer legal services while making sure that all legal services are consolidated and consistent to government requirements.

D. Functions Going Out

- Driver's License from Police to Transport Management Corporation
- Liquor License from Police to Justice
- Corporate Services from Police to Shared Services

- ICT function from Justice to Shared Services

E. Coordinated Function

- Border Management is a proposed coordinated function that involves Police, Customs, Quarantine and Immigration. This function will manage all the ports of entry requirements of all people, goods, plants, animals, and chemicals.

F. Standardisation of Functions

- Current Function
 - Justice
 - Land Policy
 - Electoral Policy
 - Immigration Policy
 - Censorship
 - Liquor Licensing
 - Crown Law
 - Legal Advisory
 - Litigation
- Proposed Function
 - Advisory Services: All advisory and obligation requirements will be managed under the advisory services function. This will include the amalgamation of other legal services offered by other agencies.

G. Rationale for Sector and Functions

Law and Justice

173. Coordinating Justice, Crown Law and Police functions into the Law and Justice Sector strengthens the coordination and sharing of legal resources and advisory services. Police, Justice, and Crown Law will remain independent agencies but will coordinate and link some of their systems and processes to improve the flow of information and to strengthen areas such as prosecution and enforcement.

Justice

174. The Courts function will remain as normal without any changes.

175. The Registries function will include transferred functions such as Electoral Services, Immigration Services, Liquor Licensing, and Censorship. These functions require the issuing of permits and these permits will require the verification of information from birth, death and marriage registries.

176. The Land Administration function will include the Land Survey function transferred from the Ministry of Infrastructure and Planning. Housing the Land Survey function within Justice will ensure that land decisions made in court are updated and are consistent to paper records.

177. Corrections include both Prison and Probation Services and will be supported by a proposed function called Rehabilitation and Reintegration. This function looks at providing

resources, support and counselling services to offenders and inmates to better prepare them to re-enter society after serving time.

178. Policy & Development requires the review and development of policies to support the service delivery and regulatory functions within Justice. With the inclusion of immigration, electoral services and censorship, this function will need to be strengthened and supported to ensure that it provides robust, effective and practical policies.

179. The Ministry of Justice in Samoa has the following outputs which were similar to the outputs recommended for the Ministry of Justice:

1. Courts
2. Mediation & Registration
3. Corrections
4. Legal, Policy & Censorship

Crown Law

180. It is recommended that all legal services within public service be consolidated and managed by Crown Law. This will ensure that all government legal advice and services are consistent and comprehensive. It will also provide legal personnel with greater depth of experience because of exposure and involvement in all areas of law.

181. Legal Drafting is an area that will need to be strengthened and resourced because of the proposed changes recommended by the Functional Review. There is a large volume of out-dated legislation that requires repealing in the interests of legal clarity. Recommended changes to the roles of the PSC as well as amalgamations of Ministries and functions will require legal review.

182. Litigation is an area that needs strengthening and coordination between Police, Justice and Crown Law. Some decisions made in the past involving Crown Law were questionable because of the impact it has had on the economy. Crown Law is expected to protect and maintain the integrity and reputation of Government at all times.

183. Legal Obligation as an additional function within Advisory Services that has direct links to the treaties and memberships function within Foreign Affairs. This ensures that all legal commitments negotiated and agreed to by Foreign Affairs are factored into the developmental processes within Government.

Police

184. Some Police functions such as the issuing of driver's license and liquor license will be transferred to relevant agencies. Police will still be responsible for enforcement because of the authority they have to enforce the law but will now be required to focus on core functions rather than utilise resources to manage non-core functions.

185. Prevention Programs is the coordination of all programs to reduce and or prevent crime, crashes and other illegal and unsafe activities. Awareness is a major function that needs to be resourced and coordinated with other law enforcement, service delivery and community organisations.

186. Intelligence & Legal Services is a function that is coordinated with Crown Law and Justice. This ensures that investigation and prosecution requirements are communicated across the three agencies to minimise duplication and rework and to maximise the effectiveness of legal services and law enforcement.

187. All Law Enforcement activities are managed under one function and will require the coordination of law enforcement requirements from other government agencies. This function will also be involved in the coordinating border management activities and sharing information involving Customs, Immigration, and Quarantine.

Diagram 7: Proposed Law & Justice Structure

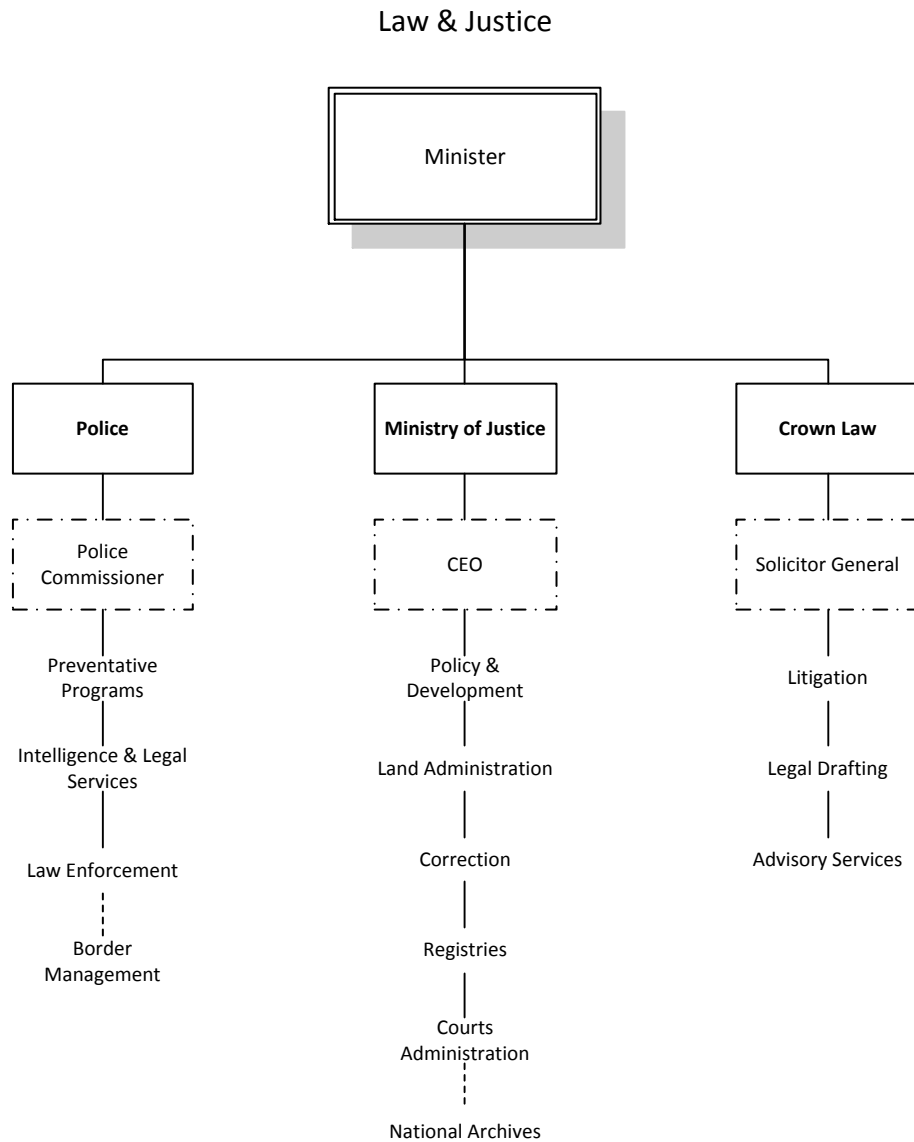


Diagram 8: Proposed Police Structure

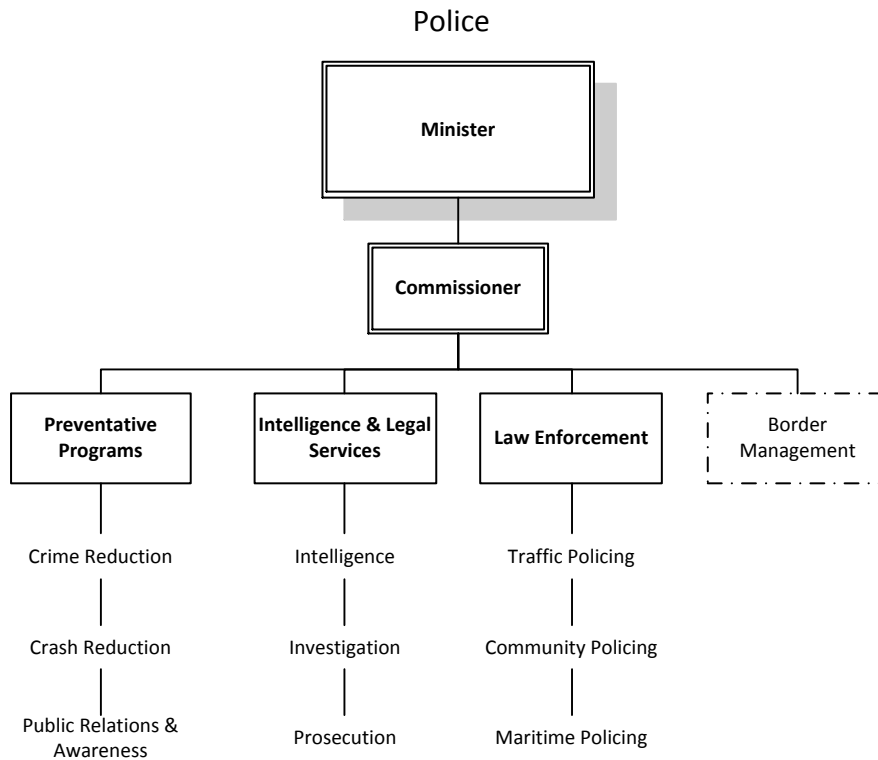


Diagram 9: Proposed Crown Law Structure

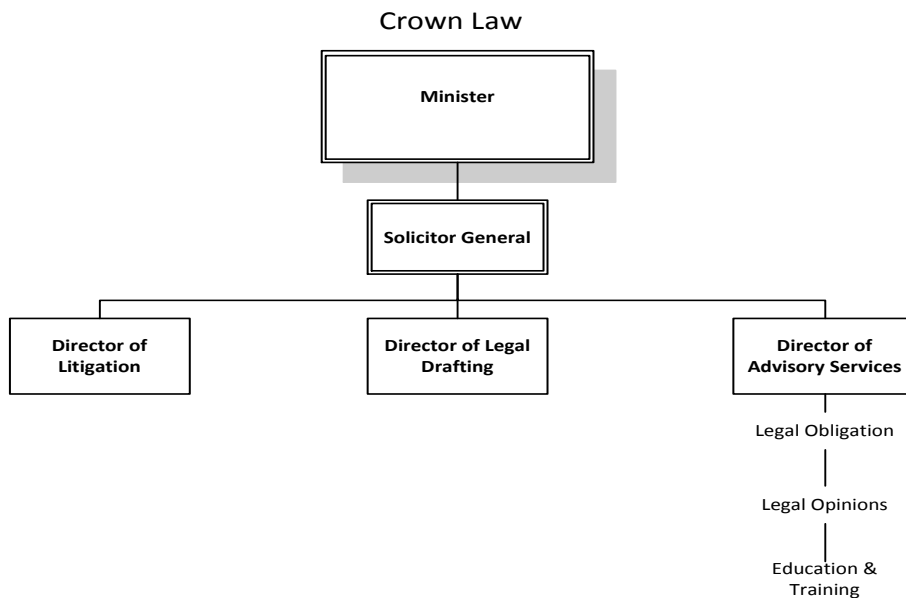
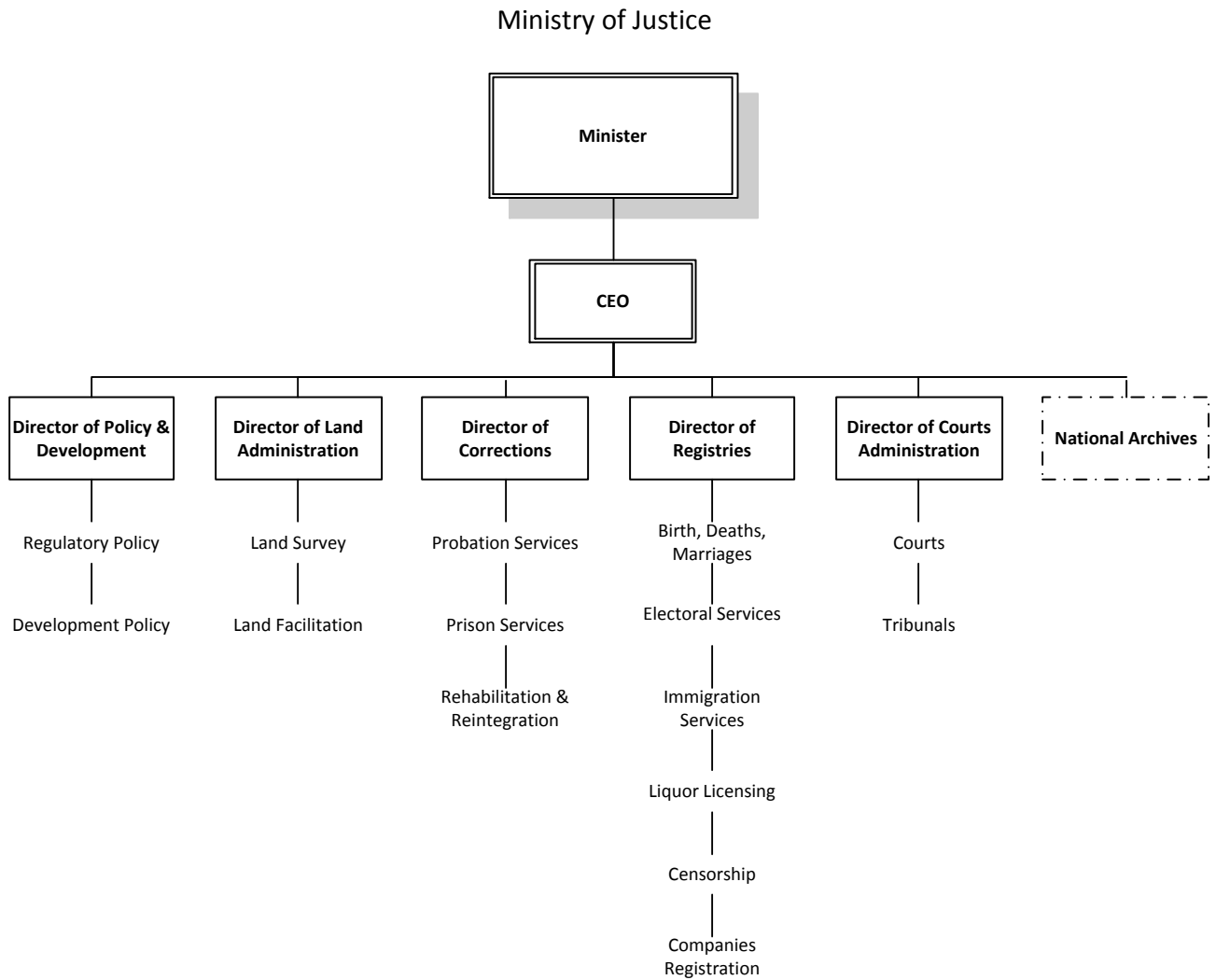


Diagram 10: Proposed Justice Structure



Health & Social Services

A. Sector Priorities

- Quality and accessible healthcare
- Appropriate social services
- **Healthy communities**

B. Current Status of the Sector

188. **Management and Decision Making:** Consolidating health and social services into one ministry will better prepare them to deliver quality and reliable services to meet the needs of vulnerable as well the sick. Management and decision making within this ministry will need to pay more attention to preventative programs because this will reduce the cost and burden on the health system. Preventative programs will need to be shared with the Ministry of Education, Culture and Sports to ensure that information; resources and initiatives are coordinated and focused on target areas such as early childhood and youth.

189. **Budget Requirements:** Merging health and social services under one ministry will allow resources focused on preventative concepts and programs to be shared across health and social services to ensure that those in need have access to the services and resources they require. Health administration and services have high costs while prevention programs have been ineffective and under-resourced. Functions within Internal Affairs will be transferred out to other relevant agencies and sectors which will reduce the overall budget for Social Services. The setup of Shared Services and the movement of functions from Internal Affairs will mean that the future budget requirements may need to be reprioritised to frontline services.

190. **Personnel Requirements:** Functions such as corporate services, finance, and information technology are to be transferred to Shared Services and will require some transfers and up-skilling of personnel. Merging the two ministries will not require major changes in personnel especially with the core functions required for the ministry but will allow preventative functions to build capacity, deliver quality services and improve access to information and resources. Combining skills and expertise from both ministries into a single ministry will complement prevention and service delivery efforts.

191. **Performance Requirements:** The focus of this ministry will be to improve the quality of services and access to information especially in the area of prevention. Moving finance and administration to Share Services will allow personnel requirements, systems and processes to be standardised while allowing the ministry to focus on core functions. This will improve the access to information to support preventative programs and will improve efficiencies in service delivery. There are associated costs especially if the focus is on prevention but those costs will be reduced if the people and community take heed of the preventative messages and take ownership of their health and wellbeing.

Table 11: List of Health & Social Services Core Functions

Policy & Development	Service Delivery	Regulatory	Coordination
MOH Funding & Planning	Disability Support	Food Safety	
Social Policy	Youth & Gender	Health & Safety	
Infection & Injury	Welfare & Benefits	Medical Registry	
	Outer Islands Health		
	Hospital Health		
	Community Health		

C. Functions Coming In

- a. Medical Registry is a newly defined function with legislative requirements

D. Functions Going Out

- a. Systems Compliance to Regulatory & Compliance function within ITC Ministry
- b. Consumer Relations to Commerce and Consumer Affairs function within the FRM Ministry
- c. Beautification to Transport Management Corporation PPP
- d. Censorship to Registries function within Justice
- e. Employment Relations to Ombudsman
- f. Outer Islands Health to be amalgamated into all health services
- g. Infection and Injury to be amalgamated into all health services
- h. Sports and Recreation to Education, Culture & Sports

E. Standardisation of Functions

- a. Current Function & Proposed Functions
 - i. Vulnerability Support: to include disabled, elderly and victims of abuse, domestic violence.
 - ii. Outer Islands Health requirements will be standardised in the Health Services function.

F. Rationale for Functions

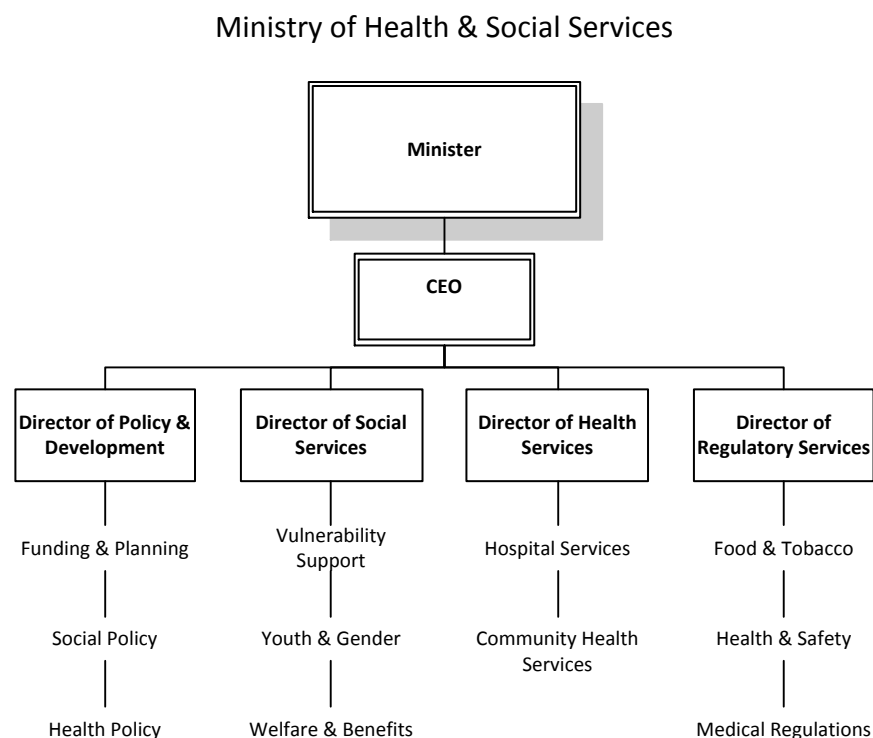
192. The Policy & Development function will be responsible for creating all relevant and required policies to support regulatory and development requirements in this proposed ministry. This ensures that policies are developed and consistent to legal requirements and are implemented and enforced effectively. Consolidating policy related activities into one function also allows the Ministry to link their policy development activities to the national policy and planning function in OPM.

193. All Social Services will be managed under one function. This allows the function to concentrate efforts and resources to support the needy and vulnerable in society. Consolidating health and social services into one ministry also allows information and resources shared by the two agencies to better support those that are in need. Prevention programs will be better coordinated to support awareness campaigns.

194. All Health Services will be managed and coordinated under one function. This function will work closely with Social Services to make sure that the sick and vulnerable in society are reached and supported. The Outer Islands Health function will be standardised into Health Services to make sure that hospital and community health services provide resources and support not only to Rarotonga but also to all Outer Islands.

195. Regulatory Services will involve the regulating of all food and tobacco selling vendors, health and safety requirements and medical requirements like drugs, medicines and health practitioners. This function will work closely with Police to ensure that all enforcement requirements are fully comprehended and activated while keeping a registry of all drugs, medicines and practitioners.

Diagram 11: Proposed Health & Social Services Structure



Education, Culture & Sports

A. Sector Priorities

- Quality education and training
- Appreciation for our arts, culture and heritage
- Sports and recreational enjoyment
- **Informed communities**

B. Current Status of the Sector

196. **Management and Decision Making:** Functions are already being consolidated within this sector because of the current merger of Education and NHRD. Bringing Culture and Sports into the ministry structure will only complement and strengthen the focus on education and extend the scope to support the cradle to grave concept. Sports academies are also in place and will be complemented by the consolidation of education, culture and sports into one structure. The emphasis for this ministry will be education and this is necessary to ensure that the preservation of language and culture is enhanced and sustained while improving the education and awareness component of sports. The entertainment component of sports and culture will complement tourism promotion initiatives and will be supported and maintained over time if adequate resources are in place to strengthen development programs.

197. **Budget Requirements:** Consolidating education, culture, and sports into a single ministry allows resources to be organised and prioritised to strengthen the ‘cradle to grave’ and life- long commitment to learning focus. The amalgamation of education with the function called National HRD will strengthen the focus of learning throughout one’s lifetime. This ensures that the development and implementation of this concept is organised, structured and supported with the appropriate resources. There are high “infrastructure and support” costs within education which takes up a large portion of its budget however this is required to strengthen the program delivery function. Moving HRD culture and sports into the education ministry with an existing “infrastructure and support” framework will strengthen cultural preservation initiatives, sports development and reinforce the concept and practice of life- long education.

198. **Personnel Requirements:** The personnel requirements in this sector may require some adjustments especially in the area of administration. With the introduction of Shared Services, some personnel affiliated to administration may have to be repositioned and up-skilled to better serve the administrative needs of this ministry and public sector overall. Additional emphasis also needs to be placed on involving experts and specialists in culture, sports and health to ensure they strengthen the overall learning and teaching focus within the ministry.

199. **Performance Requirements:** The focus of this ministry is to strengthen the quality, scope and access to education and to ensure that applicable programs, facilities and resources are available to strengthen the cradle to grave concept. This will ensure that relevant educational programs are available to support the development of but to ensure that human resources are available to supplement development in industries such as tourism, trades and services. Combining complementary functions from education, culture and sports especially in the areas of development and program delivery will allow the ministry to focus on achieving outcomes at all levels.

Table 12: List of Education, Culture & Sports Core Functions

Policy & Development	Service Delivery	Regulatory	Coordination
Cultural Development	Culture Activity & Events	Education Standards	
Qualified Teachers	Sufficient Schools	Reo Maori Commission	
Education Programs	Learning & Teaching		
Language & Cultural Develop	Learning & Community		
Sports & Recreation			
Financial Aid			

C. Functions Coming In

- a. Sports and Recreation from Internal Affairs

D. Functions Going Out

- a. Cultural Heritage to PPP National Facilities
- b. National Records to Governance as a Coordinated Service
- c. Audio Visual Unit to be privatised
- d. Infrastructure & Support to Shared Services
- e. Early Childhood Education to PPP Early Childhood Learning Centres

E. Standardisation of Functions

- a. Current and Proposed Functions
 - i. Cultural Development linked to Language and Cultural Standards
 - ii. Qualified Teachers linked to Resource Management
 - iii. Sufficient Schools linked to Facilities Management
 - iv. Learning and Teaching linked to Facilities and Resource Management
 - v. Learning and Community linked to Education Programs and Community Education
 - vi. Financial Aid linked to Funding and Planning
 - vii. Reo Maori Commission linked to Language and Cultural Standards
 - viii. Sports and Recreation linked to Program Delivery

F. Rationale for Functions

200. Policy & Standards requires the development of all policies to support service delivery, regulatory and development initiatives. The function is also responsible for creating new policy requirements like sports policy or other policies related to culture. Language and Cultural Standards will ensure that the language and culture is embedded in the delivery of education programs right from the early childhood to secondary education. This function has links to the national policy and planning function with OPM to make sure that national priorities are linked to sector activities.

201. Program Delivery requires the management all program delivery requirements such as education programs, training and vocational programs under community education, sports and cultural programs and activities. This function works closely with Trade and Marketing function in Economic Development to ensure that sports and cultural activities are captured and promoted in the calendar of activities.

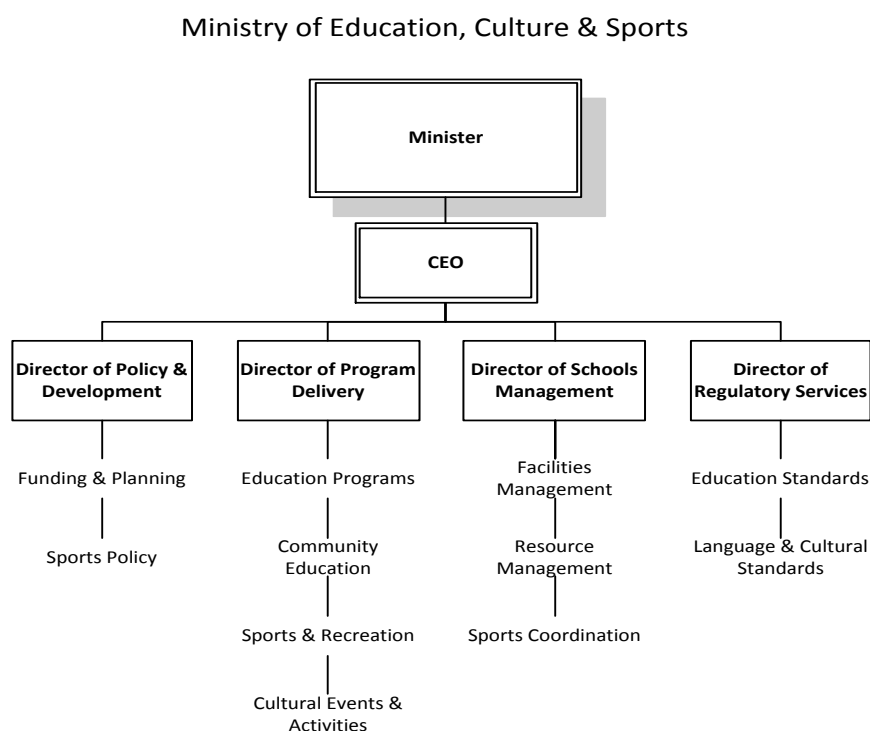
202. Schools Management is responsible for making sure that schools, facilities, teachers and teaching resources are acquired and managed to meet program delivery requirements. The facilities and resource management functions coordinate their capital expenditure requirements with Shared Services to make sure that ICT, human resources and procurement requirements are sourced adequately. Sports Coordination links with the community to make sure that events are organised with community involvement.

203. Development is a function that will grow as the Ministry demands more resources and expands program delivery. This function is responsible for sourcing and coordinating financial aid to support training and scholarship needs. This function also coordinates aid funded initiatives to build capacity when and where required and to support program delivery requirements.

204. Ministry of Education, Sports & Culture in Samoa has the following outputs which were similar to the recommended for the Ministry of Education, Culture and Sport:

1. Culture
2. Sports
3. Policy, Planning & Research
4. School Operations
5. Curriculum, Material & Standards

Diagram 12: Proposed Education, Culture & Sports Structure



Finance & Revenue Management

A. Sector Priorities

- Effective revenue management
- Well managed and profitable assets
- Regulated commerce and consumer protection
- **Clear fiscal position**

B. Current Status of the Sector

205. **Management and Decision Making:** The introduction of commerce and consumer affairs allows this ministry to better monitor and regulates private sector activities, minimise predatory pricing while ensuring the consumers are guaranteed quality products and services. The recommended shift of SOE Management from CIIC to the Ministry of Finance and Revenue Management (FRM) will give FRM the mandate to manage and monitor the performance of all SOE's to ensure that they meet their obligations and achieve a satisfactory return on investment for Government.

206. CIIC is a layer of bureaucracy that is not required. Shared Services is a proposed function that will coordinate all administrative and or corporate services into a single management structure. This gives FRM and Government the opportunity to achieve an economy of scale and acquire cost effective and professional administrative services. SOEs are potentially better facilitated under FRM than under a Crown Agency and Board.

207. **Budget Requirements:** The reallocation of resources for Commerce and Consumer Affairs, SOE Management, and Shared Services will need to be factored into the new business plans and budgets when implementing the new sectors and ministries. Shared Services is a function that is linked to all sectors so the existing corporate service and administration function will need to be clearly defined, costed and reprioritised into the Shared Services function. Once the role and cost is determined, this function can then be transferred under the management of Shared Services.

208. **Personnel Requirements:** The personnel requirements for Shared Services will need to be defined to ensure that they are part of the public service performance management framework. There will need to be a scoping exercise undertaken to assess the range type and volume of service required. There is potential for Shared Services to become a PPP and move out from the Ministry of Finance and Revenue Management, once it is established as a commercially viable operation.

209. The consolidating of CIIC functions into the SOE Management output under the Ministry of Finance and Revenue Management will eliminate this organisation as well as doing away with a Board for CIIC under which there are Boards to manage the 6 SOEs (Airport Authority; Cook Islands Broadcasting Authority; Bank of Cook Islands; Ports Authority; Te Aponga Uira and Telecom)

210. **Performance Requirements:** A key performance indicator will be the savings and improved productivity achieved from consolidating, finance, information technology, human resources and procurement into Shared Services. With standardised systems in place, information will be better managed to support functions and outputs within ministries and sectors and can be better utilised for analysis and planning. The return on investment for Government from SOE's will improve if SOE legislation is in place and is supported by active performance management from FRM. There is potential to grow the SOE portfolio if some of the PPP and commercialisation recommendation are followed. This could potentially

increase the tax take because of the increased involvement of the private sector into service delivery functions outsourced from public service.

Table 13: List of Finance & Revenue Management Core Functions

Policy & Development	Service Delivery	Regulatory	Coordination
Fiscal & Economic Advice	Fiscal & Economic Management	Customs	
Consumer Relations	SOE Management	Taxation	
Price Control	Aid Management		
	Budget Management		
	Treasury Management		

C. Functions Coming In

- Price Control from Internal Affairs
- Consumer Relations from Internal Affairs

D. Functions Going Out

- Numismatic : already privatised
- Government Payroll to Shared Services as part of Finance Function
- Procurement to Shared Services as part of Procurement Function
- Funds Management – Cook Islands National Superannuation Fund to be privatised
- Client Services – Cook Islands National Superannuation Fund to be privatised
- Risk & Compliance – Cook Islands National Superannuation Fund to be privatised
- Property Management to be with National Facilities PPP
- Repair & Maintenance to be with National Facilities PPP
- Venue Management to be with National Facilities PPP
- Punanga Nui (Market) Management to be privatised

E. Shared and Coordinated Functions

- Shared Services is a proposed function that will consolidate all corporate service requirements for all government agencies. This will ensure that Government has a stronger buying power to negotiate, acquire, standardise and manage quality administrative services to better support all regulatory and service delivery functions.
- National Statistics is currently positioned within the current MFEM but is recommended to be a coordinated function (not a shared service- which is a different concept) involving other sectors and government agencies. This will ensure that all data collection, processing and analysis is managed and data is supplied to all relevant agencies; particularly National Policy and Planning in OPM and Economic and Fiscal Policy in the proposed MFRM.

F. Standardisation of Functions

- Current Function
 - Revenue Management is currently responsible for all tax and Customs responsibilities
- Proposed Function
 - Taxation and Customs will continue to manage all Taxation and Customs requirements and activities

G. Rationale for Functions

211. Economic and Fiscal Policy is a core function for the proposed Ministry of Finance and Revenue Management that provides economic and fiscal forecasting information on behalf of Government. This function will continue to operate as normal but will coordinate its policies and data with the National Policy and Planning in OPM and the National Statistics function.

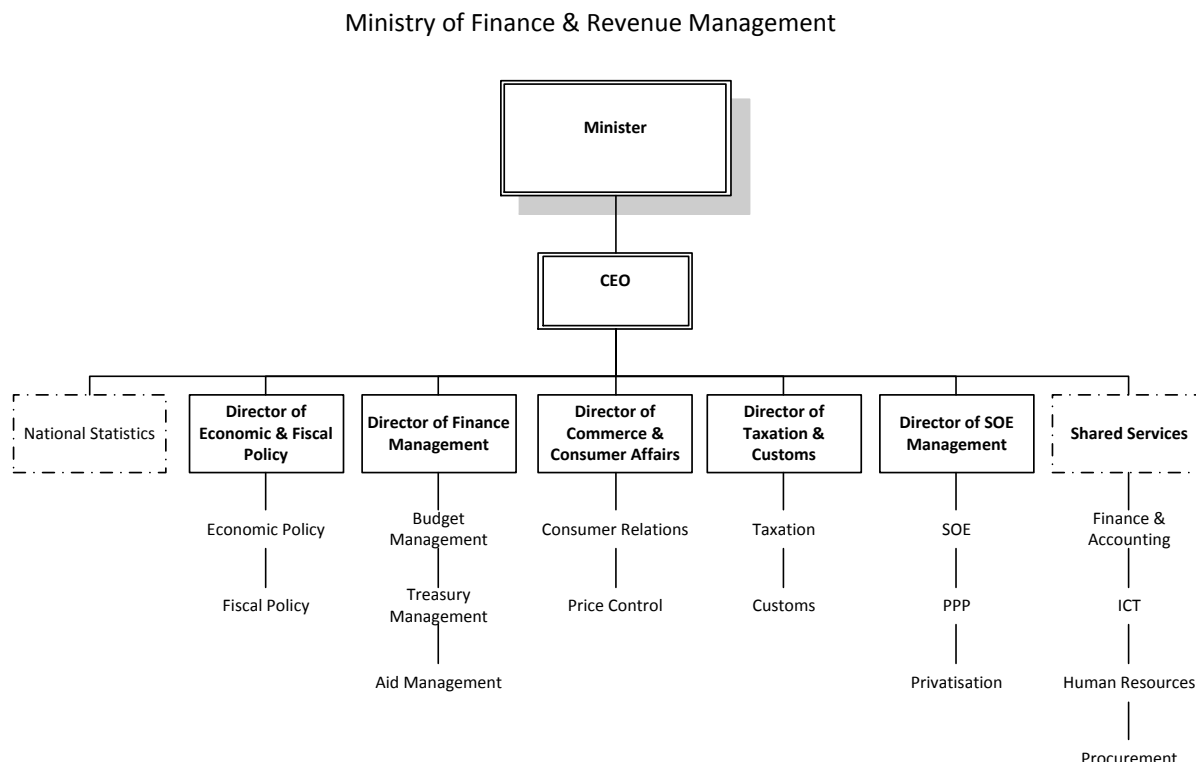
212. Finance Management is the management of all budgetary, treasury and aid functions within the Ministry. This function will be responsible for reporting and making sure that all government revenue is organised and prioritised to support all government activities and initiatives

213. Commerce and Consumer Affairs is a new function acquired from the current Internal Affairs. This function involves the managing of all consumer relations, commerce commission, and price control. All companies registered in the Cook Islands will be required to provide relevant information to allow MFRM to regulate all products and services bought and sold to provide a level playing field in our small economy.

214. Tax and Customs will continue to provide services as normal and will also be involved in the Border Management function along with Police, Immigration, and Quarantine. This will enable MFRM to strengthen enforcement to minimise tax avoidance from people and companies operating in the Cook Islands.

215. SOE Management is a function that has acquired most of the CIIC functions and responsibilities. This function is responsible for managing all SOE requirements to make sure that all SOE's meets their dividend obligations to Government. This function will also be responsible for reviewing current and future services provided by Government to see if there is potential for private sector involvement and greater revenue generating capacity.

216. A robust policy and legislation for SOE management is required to realign the activities of the SOE's to focus on performance. A clear criterion for board appointments and management is required to ensure that the priority and direction of the SOE's are consistent to performance requirements. Social obligations need to be separated and accounted and clearly reflected as such in the Profit and Loss statements for the SOE's. Currently, the return on equity is 1% for SOE's.

Diagram 13: Proposed Finance & Revenue Management Structure

Economic Development

A. Sector Priorities

- Active trading and marketing
- Robust development and investment
- Reputable financial services
- Opportunities for innovation
- **Sustainable Growth**

B. Current Status of the Sector

217. **Management and Decision Making:** Currently, there are three ministers driving different initiatives in this sector. There are high management overheads with over six HOM's or CEO's in place. There are also four advisory boards involved in setting the direction for their individual agency. This makes it difficult to standardise a strategic direction for the sector. Planning and development initiatives at the sector level are unstructured and informal. There are options to consolidate the sector into either two ministries or a single ministry supported by a single advisory board. There are positives if all agencies are organised into a single management structure but it will need the support and involvement of the private sector especially at the board level. This is the only ministry that is recommended to have an advisory board and this is because of the enormity of the task involved in managing the country's economic drivers under a single structure.

218. **Budget Requirements:** Allocation of resources are mainly into tourism related initiatives but resources are required to develop initiatives in agriculture, the creative

industries and the exploration of commercial fishing and seabed mining. The total budget allocation for the sector is estimated to be over \$10 million but the potential return on investment is substantial if strategies; planning and activities and are better coordinated and driven in a single direction through a Ministry of Economic Development.

219. **Personnel Requirements:** There will be minimal disruption to personnel if resources are merged as proposed and this may only be at the senior management level. There is a requirement for capacity building especially in the area of policy and development, and regulation and compliance. This is likely to be covered through amalgamations and up-skilling of existing personnel.

220. **Performance Requirements:** The increase in visitor numbers reflects the growth and potential in tourism especially with the introduction of new airline routes. Sports and cultural events have complemented the marketability of the Cook Islands along with the political problems in the Pacific especially Fiji, which have favoured the Cook Islands. The condition of infrastructure (water and roads) and the cost of services (energy and food) may have an impact on tourism volumes. There are several large current or pipeline infrastructure projects funded by donors.

221. There are minimal returns in marine resources but has potential for more if links to markets in, especially, Asia are developed. There are exploratory opportunities in fishing, minerals and a stable pearl industry has now been developed. Domestic demand for agriculture products is not being met and there is a high reliance on imported fruit and vegetables- many of which used to be exported, not imported. Import substitution has significant potential and allows money to remain in the economy while providing employment.

222. The number of trustee companies has remained stagnant over the last four years but there is potential to grow if the range of products increases. The stability of the global economy especially in the US is needed to enhance growth in the financial services industry.

Table 14: List of Economic Development Core Functions

Policy & Development	Service Delivery	Regulatory	Coordinate , Supervise
Fisheries Man & Development	Trade & Marketing	Offshore Fisheries	
Seabed & Minerals Development	Produce & Value Added Products	Inshore Fisheries & Aquaculture	
FSDA Development	Culture & Creative Products	Regulation & Compliance	
CIPA Industry Reform & Development	FSDA Marketing	CIPA Quality Control & Standards	
Destination Development	CIPA Marketing	CITC Accreditation	
MOA Policy & Projects	Destination Marketing		
Airline Negotiations	E-Commerce		
Pearl Industry Support			
MMR Policy			
Business Development			
Foreign Investment			
Sponsorship			
CIPA Farming Support			

Crop Research & Development			
Livestock Management			
Medical Tourism			

C. Functions Coming In

- Medical Tourism is a new initiative that will work closely with Health and Social Services and also explore greater private sector involvement. This is a long term initiative and only viable once the quality of medical service delivery and the hospital improve to 'world class' standards.

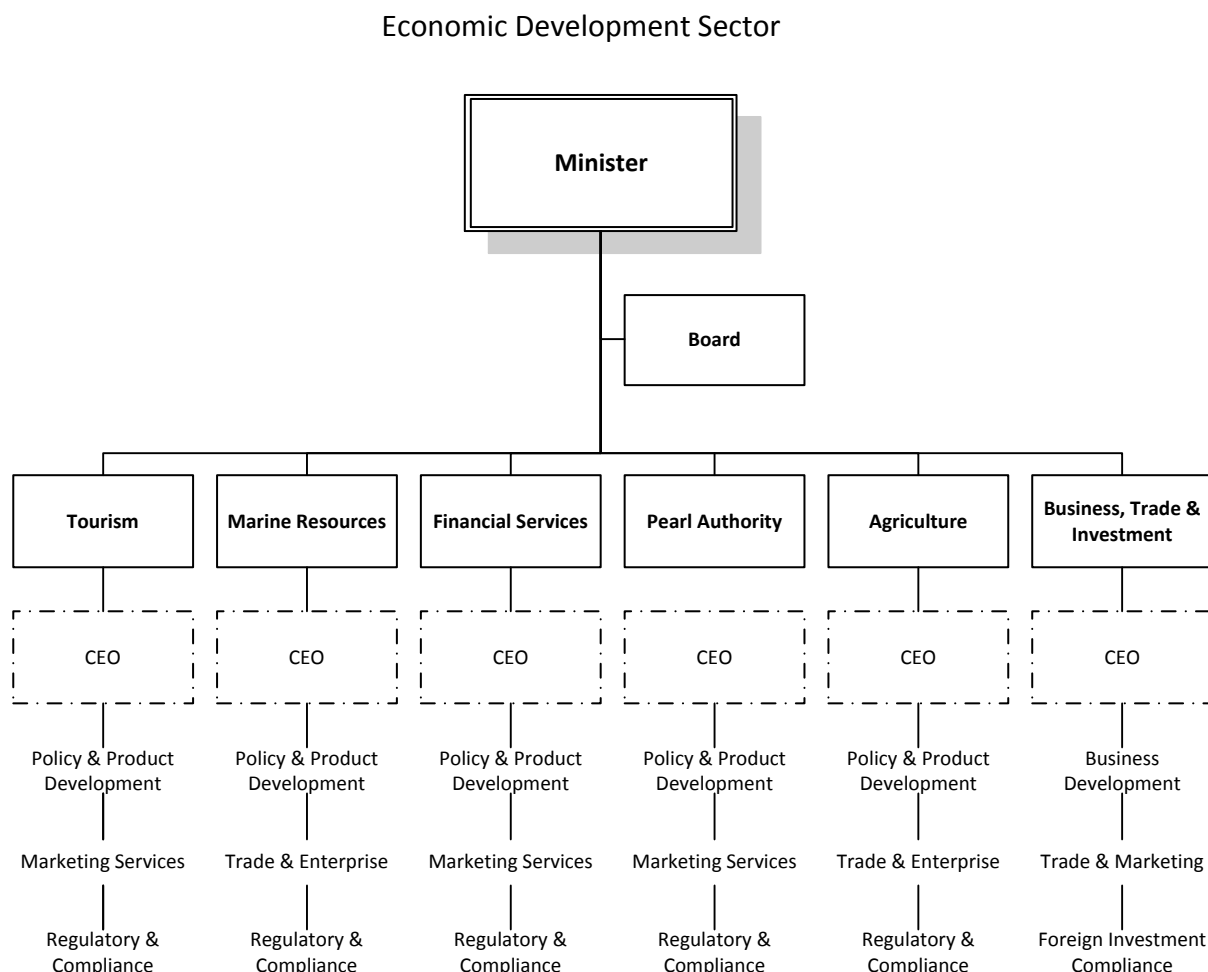
D. Functions Going Out

- Privatised Nursery, Tractor Services; coordinated with all Growers Associations
- MOA Administration & Finance to be transferred to Shared Services
- MMR Legal Services to be transferred to Crown Law
- MMR Corporate Services to be transferred to Shared Services
- BTIB Finance & Administration to be transferred to Shared Services
- FSDA Corporate Services to be transferred to Shared Services
- Tourism Head Office: Finance & Administration function transferred to Shared Services; functions like accreditation is linked to regulatory and compliance
- CIPA Management Support will be transferred to Shared Services
- Airline Negotiations will be transferred and or coordinated with Foreign Affairs

E. Standardisation of Functions

- Current and Proposed Function
 - Transfer Policy and Projects in Agriculture to the Policy and Product Development function.
 - Crop and Research Development and Livestock Management will be consolidated into one function called Crop and Livestock Research and Development
 - All Policy, Development, Industry Support and Reforms functions will be linked to one function called Policy and Product Development.
 - All trade and marketing functions currently offered by Tourism, Agriculture, BTIB, FSDA and MMR will be linked under one function called Trade and Marketing.

223. There has been diverse reaction from the Steering Committee to the concept of an Economic Development Sector and Ministry. This is largely due to the wide scope of such a sector. As will be seen from the Implementation Plan it is proposed that this sector is the last of the sectors to be established. Further debate is required on the merits of the three proposed structures and underlying rationale.

Diagram 14: Proposed Economic Development Structure – Option 1

F. Rationale for Proposed Sector Structure Option 1

224. Managing key economic drivers cohesively and standardising shared functions will allow greater cohesion within the economic development sector which is currently only informally cooperating and without shared structures.

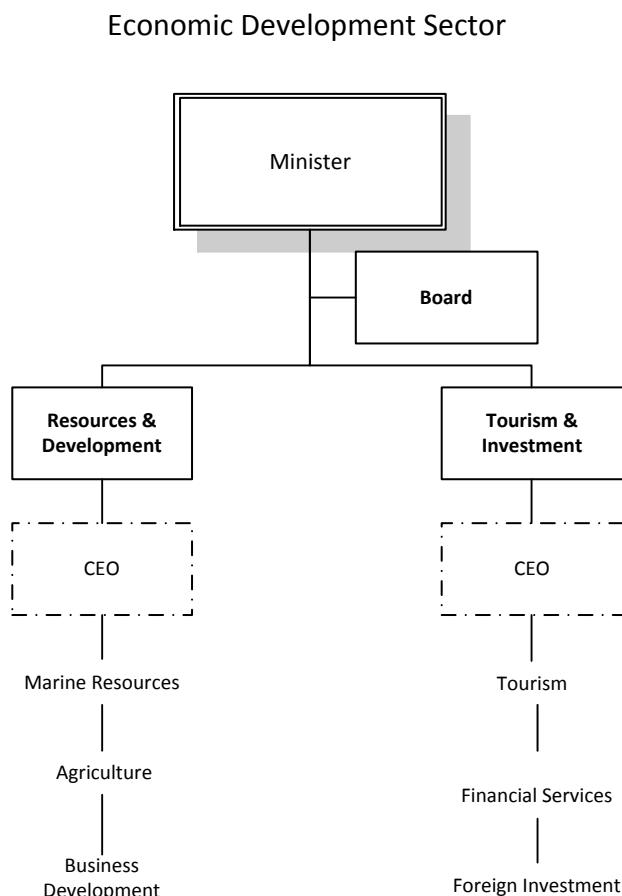
225. Agriculture and Marine Resources will need to strengthen their technical assistance to farmers to ensure that the products harvested are of a defined quality and quantity to meet demand and to sustain local and export markets.

226. The Tourism sector needs to strengthen: accreditation schemes, the coordination of activities and events and the marketing of eco-tourism opportunities in the Outer Islands while supporting infrastructure development initiatives to improve the quality of services.

227. Financial Services will need to review its legislation to improve the range and marketability of financial products while strengthen the image of the Cook Islands as a credible financial services market.

228. It is recommended that one minister is allocated responsibility for all economic development portfolios to maintain cohesion within the sector and to standardise development initiatives and decision making processes.

Diagram 15: Proposed Economic Development Structure – Option 2



G. Rationale for Proposed Structure Option 2

229. Combining all natural resource functions under one ministry structure while adding the Business Development function from BTIB allows for the consolidation of the product development functions within the economic development sector into one unit.

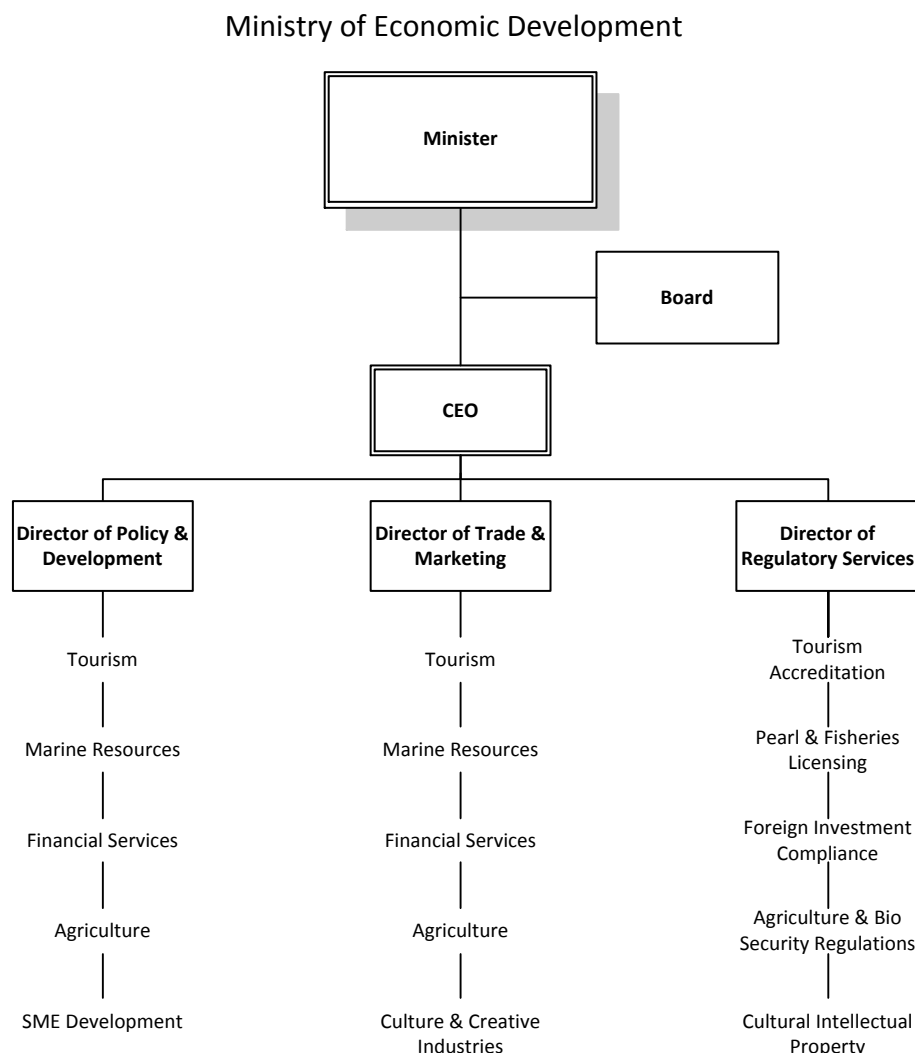
230. Consolidating these functions is possible because of the natural linkages especially with Agriculture and Marine Resources. Adding the business development function to the structure provides much needed business support and mentoring services to farmers to strengthen their operations and to prepare their products for the export market.

231. Organising Tourism, Financial Services and Foreign Investment from BTIB into one ministry structure allows for the consolidation of the service functions within the economic development sector into one unit.

232. Consolidating the service functions complements the marketing approach within this ministry. It allows tourism and financial services to develop marketing strategies especially for high yield markets like China, Europe and the USA while promoting foreign investment opportunities.

233. Consolidating economic development into two ministries; two CEO's needed.

Diagram 16: Proposed Economic Development Structure – Option 3



H. Rationale for Proposed Structure

234. All Policy, Development, Industry Support and Reforms functions will be linked to one common function called Policy and Product Development. This function will consolidate all economic drivers into one management structure and will also involve the standardising of all policy and product development initiatives. Organising policy and product development under one structure will allow resources and expertise to be shared among the economic drivers to improve the way that products incubated, processed, developed and prepared for trade and marketing purposes. This also strengthens the development of weaker economic drivers like agriculture and culture and creative products to make sure they have a more proactive development role and to minimise the concentration of resources into single industries.

235. Consolidating Trade and Marketing functions under one structure will allow resources and expertise to be shared to make sure that products and services are marketed

appropriately and consistently. This function will explore and recognise all trade and marketing approaches because products like financial services, agriculture and marine resources are marketed differently compared to tourism however, the use of multimedia products and resources to strengthen marketing can be organised together by this function to complement all marketing efforts. Consolidating this function also strengthens negotiations in transport services to make sure that products are aligned to appropriate markets.

236. Regulatory and Compliance amalgamates all the licensing, registration, accreditation and regulation functions of all economic products and services. Managing all regulatory and compliance requirements under one structure will improve the regulation and protection of these economic development industries from external influences. This allows Government to support initiatives like import substitution and strengthen “Go Local” initiatives. This also allows the function to consolidate, analyse and organise the data collected to improve and support decision making and to organise resources to strengthen areas that need capacity building.

237. Organising this sector into a single ministry reduces high management overheads while functions are organised and standardised to support development initiatives. Development within this sector has been fragmented and needs to be consolidated to ensure that resources are allocated to areas where strengthening and capacity building is required. Risk of economic meltdown is also minimised if resources are allocated to strengthen the potential of other economic drivers.

I. Examples of Economic Development Ministry Models

- **New Zealand**
 - **Outputs**
 - improving incentives for innovation
 - improving access to capital for business growth
 - supporting the efforts of business to connect internationally
 - developing our high-value manufacturing, services industries
 - expanding the high-value food sector
 - developing minerals and petroleum industries
 - increasing the returns from tourism
- **Canada**
 - **Outputs**
 - Building and strong and sustainable economy
 - Attracting investment and jobs
 - Starting and growing small and medium sized businesses
- **Brunei and Maldives**
 - **Outputs**
 - Starting and growing small and medium sized businesses
 - Marketing the unusual destination
 - Ecotourism

Infrastructure, Transport & Communication

A. Sector Priorities

- Effective planning and standards
- Appropriate infrastructure services
- Quality infrastructure
- **Access and Affordability**

B. Current Status of the Sector

238. **Management and Decision Making:** Organising infrastructure, transport and communications into a single ministry will improve the planning and regulating of infrastructure services. The development of infrastructure projects will have to be conducted by the proposed SOE's in partnership with the private sector.

239. **Budget Requirements:** With service delivery functions moving out into a PPP setup, the focus of the ministry will be to strengthen its policy and development output along with regulatory and compliance. There will be resources required to strengthen these functions but it can be phased over time or when required.

240. **Personnel Requirements:** This shifting of service delivery functions into a PPP or Commercialisation model will provide ample employment opportunities for personnel within the ministry especially those with technical expertise. This will provide career pathways for technical personnel and will also allow them to apply their technical expertise in required areas both within a PPP or Ministry setup. Private sector companies are in place and will require additional staff if they are able to secure PPP arrangements with Government.

241. **Performance Requirements:** The focus of this ministry is regulatory and compliance which has been lacking over the years. Most of the service delivery functions within the ministry like waterworks, road works and waste management are recommended to be shifted into a PPP and or Commercialisation model. When service delivery is shifted, the ministry will need to focus on strengthening regulatory and compliance to ensure that service levels, standards and quality are achieved. This will allow the involvement of the private sector, the development of efficiencies and the future implementation of a user pays system to supplement the services. User pays will not be required until the quality of services is at acceptable level. This will also complement Government's drive to improve the performance of SOE's and generate an acceptable return on investment.

Table 15: List of Infrastructure, Transport & Communications Core Functions

Policy Development &	Service Delivery	Regulatory	Coordinate , Supervise
Policy & Planning	Technical Services	Regulatory Services & Standards	
	Emergency Alert Systems	Aviation Compliance	
	Met Services	Maritime Compliance	
		Accreditation & Auditing	
		Road, Auto, Traffic Safety	

C. Functions Coming In

- Telecommunications & Broadcasting is a proposed regulatory function
- System Compliance from Health linked to Building and Construction
- Emergency Alert Systems from EMCI transferred to Technical Services

D. Functions Going Out

- Water & Sanitation to PPP
- Road Works to PPP
- Plant & Equipment to PPP
- Project Planning to PPP
- Transport Rego & License to PPP
- Beautification PPP
- Liquor License to Justice under the Registries Function
- Management Support to Shared Services
- Corporate Services to Shared Services

E. Standardisation of Functions

- Current and Proposed Function
 - Technical Services to be renamed Technical Systems & Testing
 - Aviation and Maritime Compliance to be called Transport Safety and Compliance

F. Rationale for Functions

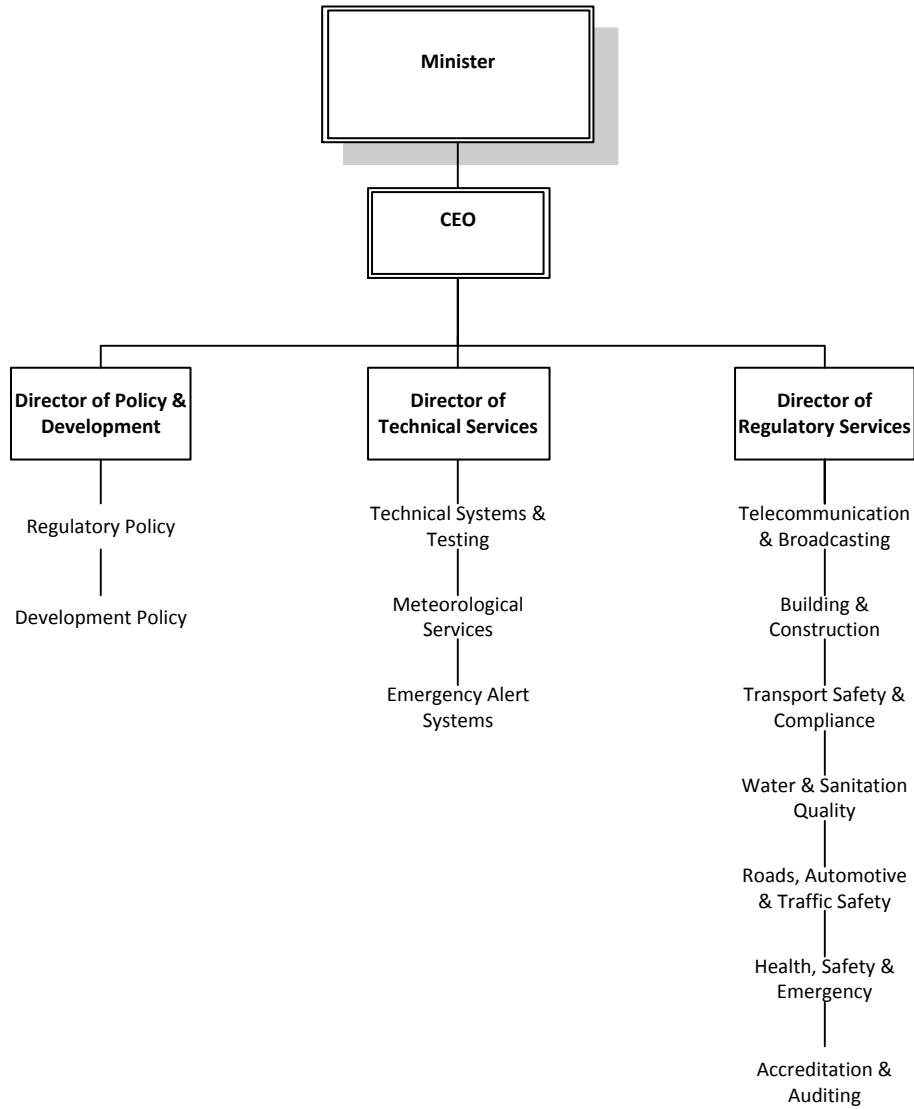
242. Policy and Planning will involve the creation and implementation of regulatory and development policies and standards to support service delivery and regulatory activities. These policy initiatives will also link to the National Planning and Development function within OPM to ensure that policies are consistent and supportive of development initiatives. There are existing policies in place but will have to be consolidated and standardised to complement regulatory activities and to inform people and companies about the infrastructure, transport and communication requirements.

243. Technical Services is a function that will manage all technical testing required to support regulatory requirements especially regarding water and health safety. This function can coordinate its efforts with the hospital laboratory, environment testing and other testing institutions in the region. This function will also be responsible to emergency alert and weather broadcasting systems which will also require regular testing.

244. Regulatory and Compliance is the core function of this Ministry because most of the infrastructure service delivery functions will be shifted into a PPP or Commercialisation setup. The infrastructure, transport and communication services will need to be regulated to ensure that it meets industry and technical standards. Shifting infrastructure service delivery out of the Ministry into a PPP arrangement allows the Ministry to independently enforce regulations to ensure quality services and standards are offered and met and safety requirements are adhered to.

Diagram 17: Proposed Infrastructure, Transport & Communication Structure

Ministry of Infrastructure, Transport & Communications



Environment, Energy & Climate Change

A. Sector Priorities

- a. Managing our waste
- b. Nurtured environment and natural resources
- c. Observance of climate change obligations
- d. Energy independence and sustainability
- e. **Clean, Green Image**

B. Current Status of the Sector

245. **Management and Decision Making:** Renewable energy and climate change is currently positioned with OPM and is recommended to shift into this ministry to complement activities in policy development, planning awareness and projects. The functions of the Natural Heritage Trust can easily fit into this ministry and complement existing and proposed functions. The focus of this ministry is education and awareness and it will need to coordinate its efforts especially when dealing with regional and international organisations.

246. **Budget Requirements:** The sourcing of donor funds to support capacity building, projects and development initiatives can be complemented if the structure and functions are coordinated and strengthened within this ministry. Renewable energy and climate change is the current global phenomenon and international governments are investing huge resources in the development of new technology to mitigate the effects of climate change and dependency on fossil fuel.

247. **Personnel Requirements:** Minimal disruptions are anticipated with the proposed merger of National Environment Services, Natural Heritage Trust and the two outputs within OPM. With better coordination, this sector has the potential to source funding and expand personnel for development and compliance purposes. Expertise can also be shared when these agencies are merged under one management structure. It will need to strengthen regulatory and compliance activities and coordinate planning and regulatory services with the ITC ministry.

248. **Performance Requirements:** The performance of this ministry can be measured by the level of the acceptance of renewable energy and climate change initiatives in the planning and development process. This ministry will need to strengthen monitoring and regulatory activities but will better perform this function in coordination with the ITC Ministry. Education and awareness will also need to be strengthened to maintain the “pristine” image that is currently promoted in the tourism industry.

Table 16: List of Environment, Energy, & Climate Change Core Functions

Policy & Development	Service Delivery	Regulatory	Coordinate , Supervise
NES Policy & Planning	NES Advisory	NES Compliance	
NHT Publications	NHT Database		
	NHT Advisory		
	NES Educate & Awareness		
	NES & NHT Projects		

C. Functions Coming In

- Climate Change from OPM
- Energy from OPM

D. Functions Going Out

- a. Corporate Services to Shared Services

E. Standardisation of Functions

- a. Current & Proposed Function
 - i. NHT Database to be part of Publications function
 - ii. NES & NHT Advisory to be consolidated as one Advisory function.
 - iii. NES & NHT Projects to be consolidated under Projects. This will also involve other projects initiated or required by the Ministry.

F. Rationale for Functions

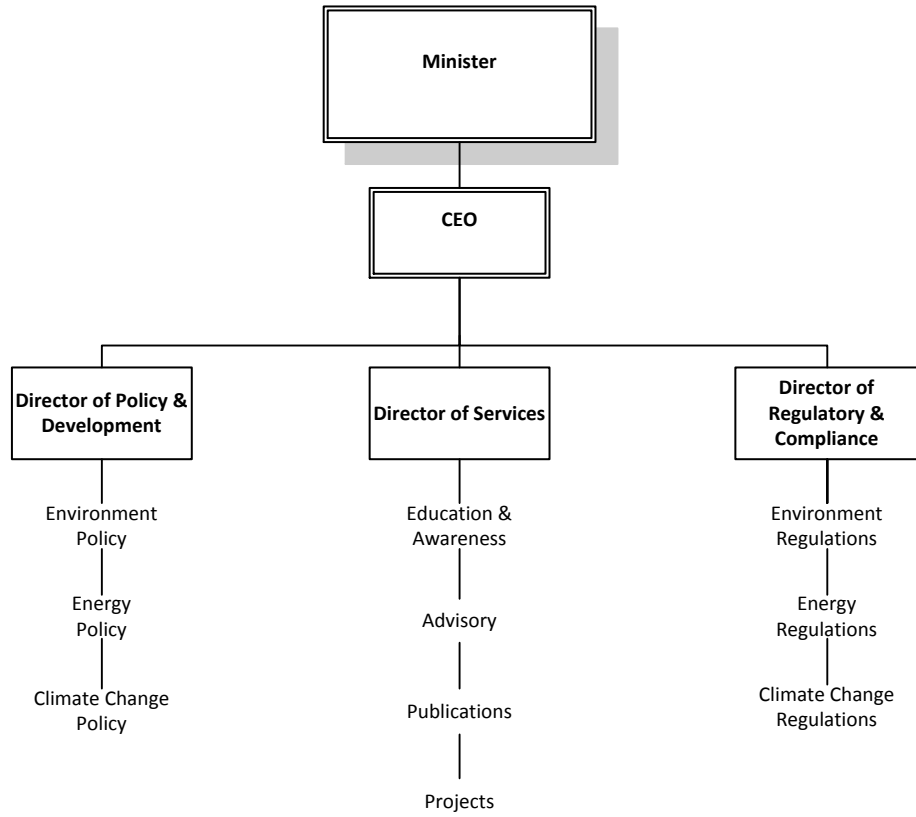
249. Policy & Planning is a function that will require the amalgamation of environmental, natural heritage and resources, energy, climate change and waste management policies under one structure. This function is responsible for negotiating with and obtaining resources from regional and international organisation to support the country's response and preparation for climate change. This function ensures that policies are in place to support and strengthen regulatory activities. This function will be complemented by the awareness initiatives to ensure that people and organisations under their responsibilities.

250. The Services function is responsible for managing all awareness, advisory, publications and project initiatives. This function is also responsible for public consultations, workshops, exhibitions, media activities and other awareness and education initiatives. This function is important to ensure that people and communities are informed about their responsibilities to better prepare them for changes in climate and weather conditions.

251. Regulatory & Compliance is a function that will work closely with regulatory functions within the Ministry of Infrastructure, Transport and Communications to enforce activities, development initiatives and projects that will have an impact on the environment. This function also considers mitigating responses required for emergencies while making sure that the building code incorporates renewable energy requirements. This function is separated from the ITC Ministry to preserve and strengthen the independence of environmental, energy and climate change regulations.

Diagram 18: Proposed Environment, Energy & Climate Change Structure

Ministry of Environment, Energy & Climate Change



Coordinated Services

A. Service Priorities

- a. Improve the coordination of functions across relevant agencies
- b. Improve the sharing of resources, information and data to complement services
- c. Coordinate the collection, processing, analysis and storage of data and artefacts
- d. Make data and information available to support planning and decision making

B. Current Status of the Sector

252. **Management and Decision Making:** Organising functions within coordinated services portrays these required and cross-cutting functions in a more formal manner and also shows the relationships that exist to manage and perform these functions. Currently some of these functions are housed in ministries but the role of these functions are more overarching which will require the interaction of the function with other ministries across public sector. The rationale for organising these functions within the coordinated services framework allows:

- Complementary relationships to exist and strengthen services
- The sharing of expertise and information to improve performance
- The cross-cutting nature of functions to enable linkages
- interests of different agencies to be recognised
- relationships that already exists to be formalised

253. **Budget Requirements:** Resourcing these functions will be different depending on the coordinated service and the agencies involved. For border management, the ideal way to manage the budget is firstly determine the cost of the service, determine the contribution of each of the relevant agencies, and apportion a percentage of the budget as a POBOC to fund the service while allowing the relevant agencies involved reporting activities to their respective CEO's. National Statistics and Archives are cross cutting functions that may need a percentage of the budget from each ministry and or agency to fund their activities because the data collected and stored will be of use to all ministries. A fund for emergency management is required and formalised in the total government budget. The emergency management requirements will be housed within the ITC ministry and will be part of the policy, development and regulatory functions. Protocol Services can be housed within Foreign Affairs but will need to coordinate its function across the Governance sector involving OPM. The VIP vehicles housed at OPM can be managed by Protocol Services or outsourced to the private sector.

254. **Personnel Requirements:** The existing personnel performing the border management functions will most likely remain however, their role may change over time as the coordinated service becomes formalised as such. For National Statistics and Archives, personnel may be needed for capacity building especially in setting up systems and conducting training within public sector. With the standardising of administration systems managed by Shared Services, statistics and archive requirements can be built-in to the Shared Service function. Emergency management personnel will be part of the policy, development and technical services output within the ITC ministry to make sure that emergency management requirements are part of the infrastructure development process.

255. **Performance Requirements:** Because the services performed are coordinated involving more than one agency, performance will only be measured by the outcomes prescribed and achieved by performing the services and agencies involved.

C. Rationale for Functions

256. **Border Management** is a coordinated service involving agencies such as Police, Immigration, Customs, and Quarantine. This coordinated service strengthens border patrol activities by sharing resources, information and expertise to better protect our borders. Centralising Border Management as a coordinated service ensures that systems are in place to monitor the movement of people, goods, plants, animals, hazardous wastes and other objects that may be harmful to the environment, to the livelihood of the people and the safety and security of the country. Strengthening Border Management will also require the linking of data and information to regional and international law enforcement agencies. Involving Police in Border Management strengthens enforcement requirements when it is required.

257. **National Statistics** is currently positioned within MFEM but has an overarching role right across public service hence the reason for it being proposed as a Coordinated Service between Governance and Finance & Revenue Management sector. National Statistics also needs to link to all Ministries and Government Agencies to standardise all data collection systems and consolidate all data into a central point for analysis and publishing purposes to support national planning and decision making within Government. National Statistics may be required to expand the range of data it collects and processes to better support all requirements and requests for data, analysis and information. It is in Government's best interest to strengthen the National Statistics function right across public service because this will complement and support service delivery, development, regulatory and especially planning and decision making at all levels.

258. **National Archives** is currently housed in the Ministry of Culture but it is under-resourced and barely functioning. Converting National Archives into a Coordinated Service positioned within the Governance sector strengthens the archiving and records management function to right across public service. The archiving requirements are similar to the statistics requirement because it will also need to be implemented and strengthened at all levels to ensure that all government agencies and services understand their responsibility when it comes to archiving reports and other information. A proper storage facility with state of the art technology is also required to ensure that everything collected is stored and accessible for current and future usage.

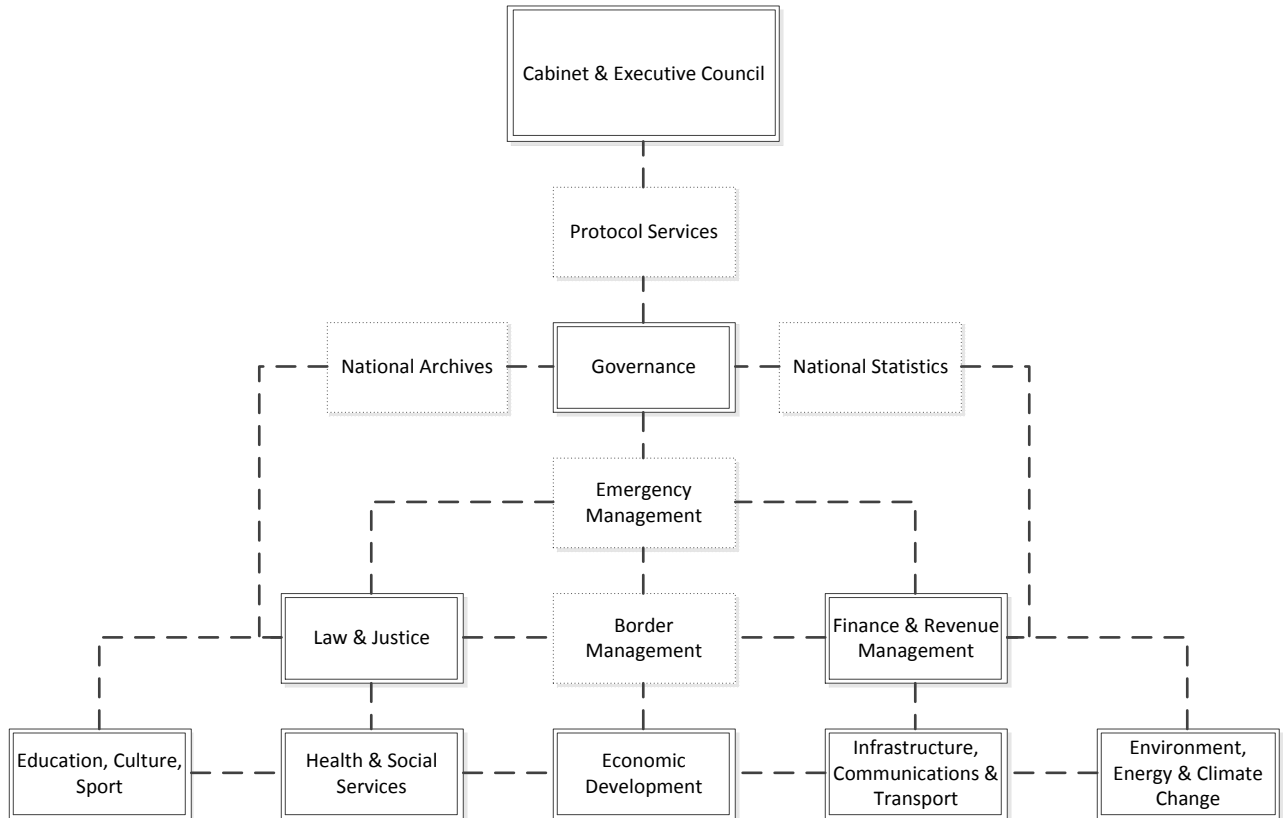
259. **Emergency Management** is currently positioned within the OPM office and will need to remain there however the function will change from full time to part time. It is recommended that most of its policy, preparation and awareness responsibilities are shifted to the Ministry of Infrastructure, Transport & Communications and amalgamated into the regulatory, development and services function. When a state of emergency is declared by the PM, the function will then be activated and coordinated within OPM and will require the involvement of other relevant agencies such as:

- Police
- Infrastructure, Transport and Communication
- Health & Social Services
- Finance & Revenue Management

260. **Protocol Services** is currently managed by Foreign Affairs but is better placed as a coordinated service aligned to the Governance sector. Governance agencies such as OPM, PSC and Foreign Affairs along with Parliament can then standardise and utilise Protocol

Services to manage the movement of dignitaries in and out of the country. The management and usage of VIP Transport Services is recommended to be commercialised or privatised to ensure that Government doesn't have to manage vehicles that are expensive to acquire and maintain.

Diagram 19: Proposed Coordinated Services Structure



Shared Services

A. Service Priorities

- a. Improve the Administration of Government Services
- b. Standardise Administration Services
- c. Better Value for Money
- d. Reduce Administration Cost

B. Current Status of the Sector

261. **Management and Decision Making:** Shared Service is a proposed output under Finance and Revenue Management. This will require the consolidation of all finance, ICT, procurement and recruitment functions. This allows Government to standardise all administrative functions throughout public sector to strengthen information and resource sharing while reducing cost. Government will also strengthen its purchasing power especially when purchasing services and equipment. There is potential for private sector involvement once the service is fully established.

262. **Budget Requirements:** Costs for all administration services within public sector will need to be determined and eventually transferred into Shared Services. Thirty percent (30%) of the total annual budget is estimated to be corporate services or administration. Standardising this under Shared Services will reduce the cost over time and will improve Government's ability to purchase goods and services at a more wholesale cost because of the volume involved in the purchase.

263. **Personnel Requirements:** Personnel involved in administration services may be transferred to Shared Services but will have to meet required standards to ensure that services performed are to an acceptable level of quality. There will be training and capacity building required for the initial stages of the setup of Shared Services to ensure that services offered are standardised.

264. **Performance Requirements:** The standardising of all administration services, systems supported by adequate personnel will allow Government to better process and manage information and operations. It will allow the ministries and agencies to focus on core business while paying for administrative services without the worry of high overhead costs. Because arrangements between ministries and Shared Services will be commercial in nature, there will be an expectation that administration services will be performed in a timely, cost-effective and acceptable manner.

C. Core Functions

- a. Finance & Accounting
- b. Information, Communication & Technology
- c. Human Resource Management
- d. Procurement

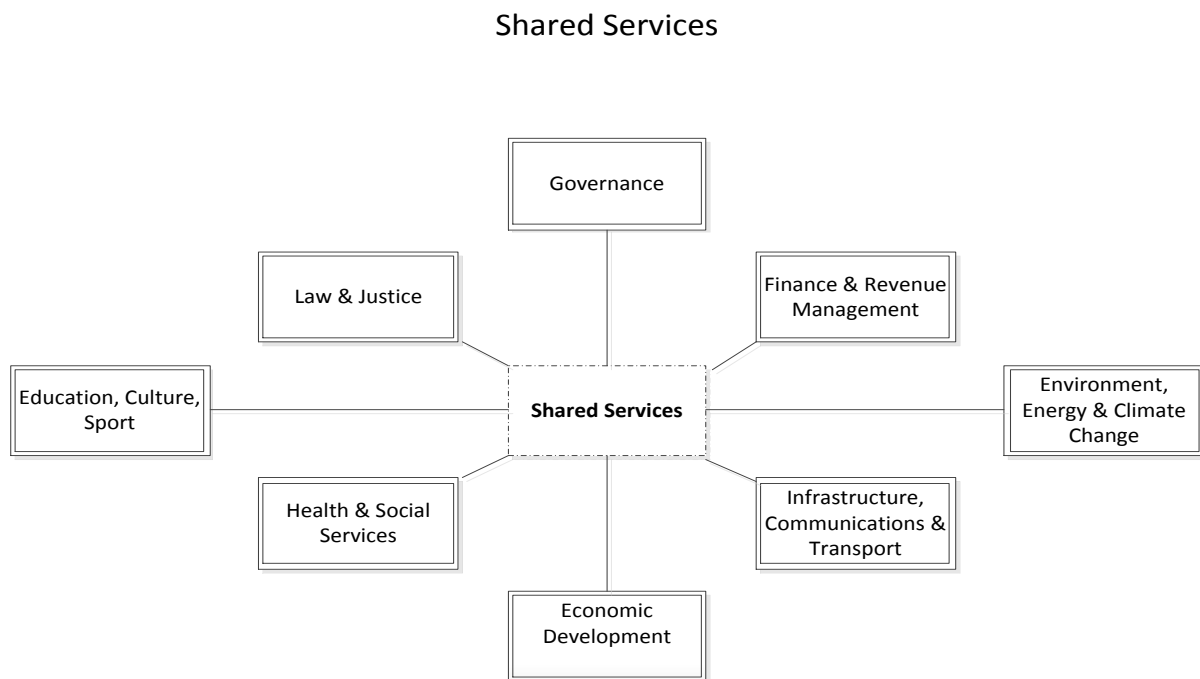
D. Rationale for Functions

265. Transferring Corporate Services, Finance and Administration and other administrative functions from government agencies and organising Finance, Information Communication & Technology, Human Resources and Procurement under one management structure allows Government to consolidate, organise and standardise all of its administrative functions and manage it in a private sector manner.

266. This will allow the proposed Shared Services Corporation to negotiate, source, and offer professional, cost-effective and efficient administrative services to all of government. This increases their buying power to negotiate with all service providers both here and in the region to provide services at required quality and cost.

267. This also gives Shared Services the ability to consolidate all technical licensing requirements for software and hardware and make sure that all ICT requirements are standardised to support data collection, processing and storage requirements. Data warehousing will be made possible under Shared Services and this will complement National Statistics processes.

Diagram 20: Proposed Shared Services Structure



Constitutional Agencies

A. Statutory Priorities

- a. Coordinated Governance and Oversight
- b. Credible Monitoring of Public Services
- c. Consistent Decision Making and Priorities

B. Current Status of the Sector

268. **Management and Decision Making:** Constitutional agencies are stand-alone agencies required to monitor crown agencies and ministries. They are independent and do not come under the performance management framework managed by OPSC. OPSC is also a constitutional agency and has specific monitoring requirements within public services. Other constitutional agencies involved also have a monitoring role within public service. These agencies subscribe to regional and or international treaties which allow them to utilise their membership for performance monitoring and evaluation purposes.

269. **Budget Requirements:** The budgeting requirements for constitutional agencies will reflect the need to carry out their core functions. These functions will need to be clearly defined and costed to ensure that the service level is not compromised. The role of the constitutional agencies is to monitor the performance of public sector and these agencies will need adequate resources to fulfil this requirement.

270. **Personnel Requirements:** The personnel requirements can be aligned to OPSC personnel guidelines and requirements for public service but they will be accountable to their respective managers instead of OPSC.

271. **Performance Requirements:** Performance management can be conducted by regional and international agencies if the constitutional agencies subscribe to or are a member of these regional and international agencies.

C. Core Functions

- a. Head of State
- b. Parliament
 - i. Independent Advisory Bodies
 - 1. House of Ariki and Koutu Nui
 - 2. Law Society
 - 3. Religious Advisory Council
 - ii. Opposition
 - iii. Ombudsman
 - iv. Audit
 - v. Crown Law
 - vi. Police
 - vii. Public Service Commission
- c. Financial Supervisory Commission

D. Functions Coming In

- a. Labour and Employment Relations from Internal Affairs to Ombudsman
- b. Ministerial Support Services to be an Output under Parliament

- c. Financial Supervisory Commission to be given independent status to strengthen regulatory functions.

E. Functions Going Out

F. Rationale for Functions

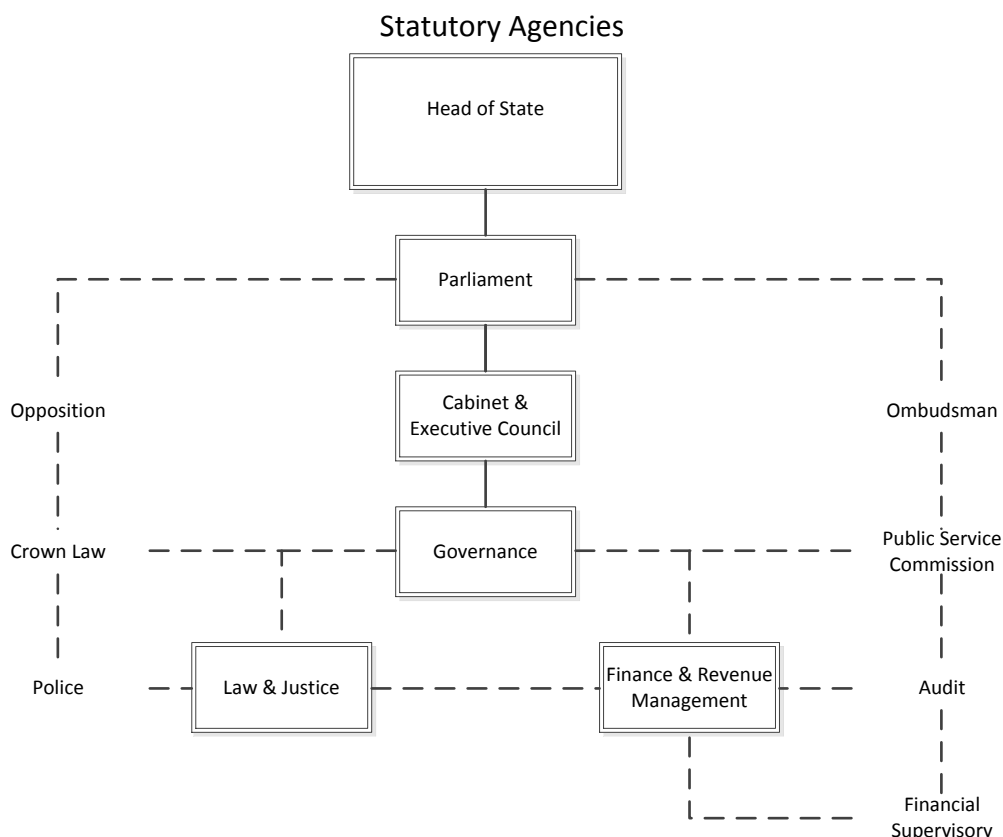
272. Organising all Statutory Agencies and defining their role and responsibility is important to allow agencies to monitor and provide independent advice to Government. Preserving their independence is critical to ensuring that their monitoring activities are not compromised. It also allows them to address and or resolve issues such as poor management, breaches in legislation, conflicts of interest and other questionable activities in public service without compromising their independence.

273. Recognising and strengthening independent advisory bodies raises their profile while giving them the required status to be involved in the consultation process. The current role and involvement of advisory bodies is ad-hoc hence the reason for their reduced status in Government decision making processes. Recognising and involving the pillars of society such as the legislative, judiciary, traditional leaders, and religious bodies ensures that collective leadership and decision making is part of Government processes.

274. The positioning of the Financial Supervisory Commission as a statutory agency ensures that it maintains its independence when regulating the banking and financial services industry. This requirement is part of the international monetary treaty requirements and is in place to make sure that there is prudent fiscal and monetary management systems in place to safeguard of parties involved. Financial Supervisory Commission is a statutory agency and has linkages with Police and agencies within the Law and Justice sector. It has treaty obligations which require it to be independent and defined as a constitutional agency.

275. The Ombudsman Office will be required to take on additional responsibilities especially the Labour and Employment Relations function from Internal Affairs. Positioning this function in the Ombudsman is the preferred option because the Ombudsman role is not limited to public sector only but also involves the private sector and other stakeholders. There are other regulatory requirements like appeal boards, compliant boards that are currently positioned within public service that may need to be transferred to the Ombudsman. Ombudsman currently manages the dispute resolution function which is part of the labour and employment regulations but there are health and safety requirements which will need to be captured within the regulatory and compliance output within the Ministry of Infrastructure, Transport and Communications.

276. The Ministerial Support function currently does not have a legal standing to function and is scattered throughout public service. Shifting this function and creating it as an output under Parliament not only gives ministerial support a legal standing but it will allow them to coordinate their activities to be consistent with Civil List requirements currently housed within Parliament. Ministers will still be entitled to support personnel but will be housed within Parliament. This reduces the need to have separate ministerial support offices staffed by political appointments, absorbing high cost due to unmanaged remuneration and transport requirements. This also minimises the high turnover of personnel once there is a change of government. Like all constitutional agencies, ministerial support services will be able to use OPSC performance and personnel guidelines but will align its reporting and accountability requirements to Parliamentary Services.

Diagram 21: Proposed Statutory Agencies Structure

Crown Agencies

277. There are 14 crown funded agencies (CAs) which are governed by their own Acts (Statutory Bodies) and are not subject to the Public Service Act or performance oversight of the Public Service Commissioner. These are:

Audit Office, Business and Trade Investment Board, Crown Law, Financial Intelligence Unit, Financial Securities Commission, Financial Services Development Agency, Cook Islands Investment Corporation, Cook Islands Pearl Authority, National Environment Service, National Heritage Trust Agencies, Office of the Ombudsman; Police Department; Cook Islands Tourism Corporation; and, Cook Islands National Superannuation Fund.

278. The PS Commissioner does not have any authority over either the performance of the outputs of the above entities or the quality of the Business Plans. When assessed, the quality of the business plans for 2011 were in many cases poorer in quality than those of most these of the ministries, against the following measures: clarity of outputs; inclusion of clear time bound measures for outputs; specification of priorities and resource requirements.

279. A component of the ToR for the review is to:

ToR (ii) review whether to include crown agencies under the performance elements of the Public Service Commission.

280. This component was included in the ToR due to concerns regarding the incapacity to impose performance and reporting standards or performance reviews across this group of

government- owned agencies, since they are all bound under separate acts and are not in fact a cohesive unit

281. The group called 'crown agencies' in fact comprises two different types of entities:

- 'Constitutionally' determined entities¹⁷ and
- Statutory Agencies

282. Constitutionally determined entities include: Audit Office; Crown Law; Office of the Ombudsman; Police; Financial Securities Commission. Each of these entities has a regulatory role and it is suggested, must each retain an independent status. Recommendations concerning functions of these agencies are shown below.

283. Statutory Agencies include: Business and Trade Investment Board, Financial Intelligence Unit, Financial Services Development Agency, Cook Islands Investment Corporation, Cook Islands Pearl Authority, National Environment Service, National Heritage Trust Agencies, Cook Islands Tourism Corporation; and, Cook Islands National Superannuation Fund.

284. The Statutory Agencies generally fall into two categories: trade and revenue generation (whose functions have been included under a new sector called Economic Development, as above) or agencies whose functions, as a result of a decision tree analysis (Section V) have been dispersed across other sectors. The amalgamations and their rationale have earlier been described in this section of the report under the appropriate sector.

285. The issues of performance management of amalgamated functions are now absorbed under performance management requirements of the sector to which the function has been allocated. With the exception of the National Superannuation Fund, which is a managed fund and therefore differs from other functions, all functions absorbed in to new sectors will be subject to the Public Service Act 2009. This Act will need substantial revision to accommodate the recommendations of the Review.¹⁸

286. Constitutional entities, as above, have not previously been subject to formal performance appraisal. The Review suggests this situation should be changed and that mechanisms for peer review through professional Bodies should be established. See section VII.

287. The overall rationalisation of organizational units is shown in Table 17 overleaf.

¹⁷ Which are also bound by statutes? These five entities are not all named within the Constitution. However each is required for the 'peace, order and good governance' of the Cook Islands (Part 3.39,80); the existence of fundamental human rights (Part4a.64); or establish and maintain an Audit Office (Part5.70.3a and 71)

¹⁸ This is noted in ToR detailed task (v) 'review the PSC Act 2009 to determine approaches to crown agencies; advise on ways to adjust the Act as appropriate'. However the requirement for review of the Act is so substantial as a result of the recommendations of the Review, including changes to the role of the Commissioner and the OPSC, that the entire Act will need to be subject to legal review as part of the following TA, once the recommendations of the current TA are accepted.

Table 17: Rationalisation of Organizational Units**Ministries**

Current	Proposed
13. Agriculture	9. Education, Culture & Sports
14. Culture	10. Economic Development
15. Education	11. Environment, Energy & Climate Change
16. Finance & Economic Management	12. Finance & Revenue Management
17. Foreign Affairs & Immigration	13. Foreign Affairs
18. Health	14. Health & Social Services
19. Internal Affairs	15. Infrastructure, Transport & Communication
20. Infrastructure & Planning	16. Justice
21. Justice	
22. Marine Resources	
23. National Human Resource Development	
24. Transport	
Transferred Functions	To
Internal Affairs	Health & Social Services
National Human Resource Development	Education, Culture & Sports
Immigration	Justice
Marine Resources	Economic Development
Transport	Infrastructure, Transport & Communication
Culture	Education, Culture & Sports
Agriculture	Economic Development

Crown Agencies (including Constitutional Agencies)

Current	Proposed
21. Audit	11. Audit
22. Business Trade & Investment Board	12. Crown Law
23. Cook Islands Investment Corporation	13. Head of State
24. Cook Islands National Super Fund	14. Financial Supervisory Commission
25. Cook Islands Pearl Authority	15. Parliamentary Services
26. Cook Islands Tourism Corporation	16. Police
27. Crown Law	17. Office of the Prime Minister
28. Head of State	18. Office of the Public Service Commissioner
29. Financial Intelligence Unit	19. Office of the Leader of Opposition
30. Financial Supervisory Commission	20. Ombudsman
31. Financial Services Development Authority	
32. National Environment Services	
33. National Heritage Trust	
34. Parliamentary Services	
35. Police	
36. Office of the Prime Minister	
37. Office of the Public Service Commissioner	
38. Ombudsman	
39. Office of the Leader of Opposition	
40. Ministerial Support Offices	
Transferred Functions	To
Business Trade & Investment Board	Economic Development
Cook Islands Investment Corporation	SOE Management Output – FRM
Cook Islands National Super Fund	Privatise
Cook Islands Pearl Authority	Economic Development

Cook Islands Tourism Corporation	Economic Development
Financial Intelligence Unit	Financial Supervisory Commission
Financial Services Development Authority	Economic Development
National Environment Services	Environment, Energy & Climate Change
National Heritage Trust	Environment, Energy & Climate Change
Ministerial Support Offices	Parliamentary Services

VI. Exit Strategies: Public Private Partnerships & Commercialization

288. As part of the scoping and realignment of the functions currently managed by ministries and crown agencies in public service, the review has found that some functions particularly in the infrastructure, transport and communications sector are better placed outside of the existing Ministry of Infrastructure and Planning and into a SOE, PPP and or commercialisation setup involving the private sector.

289. Functions especially in the transport sector are being offered by a range of ministries and crown agencies which makes it difficult to consolidate for control and enforcement purposes. Facilities managed and/or maintained by CIIC generate very little revenue to cover the maintenance cost and are underutilised. Initiatives in early childhood education are rare while a “nanny” industry thrives and provides care for young children and families.

290. Shifting certain functions into a PPP and or Commercialisation arrangement is long overdue and is naturally the next step to enable the function to develop and better serve its purpose while being supported by revenue generating initiatives. Government was only required to provide the initial support and resourcing to “kick start” the function which will transit to a point where the function needs to be a stand-alone, self-reliant and self-supporting function.

291. The two key reasons why there needs to be a shift of some functions to a PPP and or commercialisation structure are:

- To maintain the control and obligation of government while developing partnerships with the private sector in the service delivery component of the function
- To explore and enhance the revenue generating capacity of the function to further develop and sustain its existence and to improve the quality of the services provided.

292. Shifting to a PPP and commercialisation structure is more realistic than a shift to full privatisation because of the:

- Size of the economy and population
- Size and Capacity of the private sector
- Isolation of the Outer Islands

Maintaining the Social Obligation of Government

293. The lack of population growth and the isolation of the Outer Islands make it difficult to increase tax revenue to provide, standardise and operate functions and services in a sustainable manner. Because the Cook Islands and especially the Outer Islands do not have a growing population, the size of the market, economy and population will never really sustain, support and grow the private sector. At some point, services provided to the Outer

Islands and to the vulnerable will have to be covered or subsidized by Government to ensure the existence of small island communities are maintained.

294. Shifting functions to a PPP or commercialisation arrangement does not necessarily mean that Government will require all people to pay for services. It allows the functions to develop and enhance their revenue generating potential, to improve the quality of services, sustain operations over time and fund social obligations. It also gives government the opportunity to work with the private sector and provide access to more affordable capital through the donor agencies to support development programs and projects.

295. Below we detail the Current Status, Service and Regulatory Requirements, Ownership, Management and Rationale for change relating to the candidates for this exit strategy.

National Facilities (National Auditorium, National Library and Museum, BCI Stadium, Telecom Sports Arena)

A. Current Status:

- The national facilities are expensive for Government to maintain because the revenue generated is not reinvested for maintenance and improvement purposes.
- These national facilities will fall into a state of disrepair and will not be usable if maintenance and improvements are not carried out adequately and if revenue is not generated from usage.
- The country's event hosting ability will be compromised if the national facilities are not adequate and the events management industry will not be able to provide quality events to support economic and social initiatives

B. Service and Regulatory Requirements:

- Policy development and regulatory requirements will be established and managed by the Education, Culture and Sports Ministry.
- Management services for the facilities will be outsourced to private sector companies and will not be limited to local companies only
- Private sector management companies will be required to provide a business plan to demonstrate how they intend to manage the facility, generate and sustain revenue to meet dividend requirements.

C. Ownership:

296. *Current:* All national facilities are owned by Government via CIIC. The National Auditorium, Library and Museum are managed by the Ministry of Cultural Development while the BCI Stadium and Telecom Sports Arena are managed by CIIC. The use of the national facilities is not being maximised to provide a return on investment and the quality and condition of the facilities will deteriorate if not maintained over time.

297. *Proposed:* The ownership of the national facilities will remain with Government and will be managed by the Director of SOE Management within the Ministry of Finance and Revenue Management. The Director will prepare the facilities for a SOE or PPP setup or privatise the management of it. This will give private sector the opportunity to form a partnership or joint venture with Government or offer management services for the facilities.

D. Management:

298. *Current:* The current management service provided by the Ministry of Cultural Development for the National Auditorium, Library and Museum is reflected in the services that are provided and the range of activities and events that are hosted at these facilities. There is potential to host more services and events at the facilities but the expertise to develop and deliver quality services and events may lie outside of the ministry. The BCI Stadium and Telecom Sports Arena are currently managed by CIIC and events and activities are coordinated with various sporting codes for access and usage.

299. *Proposed:* Local events management companies will be given the chance to bid to manage the assets individually or together but will need to demonstrate how they intend to manage the asset(s) in a sustainable manner. Partnership arrangements with regional and international events management organisations will be encouraged to provide links to regional events. Local artists are encouraged to form partnership arrangements with the private sector to deliver art and cultural exhibitions at the Auditorium, Library and Museum. Sports Codes are encouraged to commercialise their operations and bid for the rights to manage the BCI Stadium and Telecom Sports Arena.

E. Rationale:

300. The quality and condition of these facilities will improve and be sustained over time if revenue is generated and reinvested into the facility for maintenance and management requirements. This will also ensure that the asset is in an acceptable condition in preparation for hosting and events management purposes.

301. Those responsible for managing the assets will find creative ways to make the asset more attractive and viable for multi-purpose events and not limited to sporting and cultural events only. Events management companies can explore the possibility of hosting and or organising regional and international events and can use the facility to anchor major events.

302. The Cook Islands can become a regional hub for a range of events and activities if the national facilities are managed and promoted professionally. The events management industry can grow to assist tourism, cultural, commercial, government and conference initiatives by making sure that facilities are adequately equipped to host regional events.

303. Initiatives in the arts, music and creative industries allow for a range of events like musical concerts, arts festivals, and other related activities to be organised and hosted locally. This will not only provide quality entertainment for visitors and locals, but it will provide opportunities for food, accommodation, rental and retail vendors to sell their products or services.

304. A vibrant musical, artistic and creative industry will also provide opportunities for local and/or regional artists to display their work and talent and introduce it to a mainstream audience. This provides a clear avenue for local artists to promote their work and talent and engage with other artists in a professional and business manner and be able to earn a living as well.

305. Technical and support services will also benefit from a thriving events management industry. Service providers for lighting and sound equipment, multimedia products, party equipment, and other related services will benefit if there are more events hosted in-country. Technical training will also be required to support the delivery of quality events.

Water & Sanitation

A. Current Status:

- The biggest problem with water supply in the Cook Islands is the inconsistency of supply and the lack of catchment and storage.
- Rainfall is adequate but the water network and current storage facilities are only holding on to a small percentage of rainfall for supply purposes.
- The water infrastructure is timeworn and costly to maintain and or improve and the demand for consistent water supply to support economic activities and urban growth has increased over time.
- Funding agencies have advised Government to implement a user pays system to sustain water services and storage initiatives over time and to generate a return on investment.
- There are no policies in place to manage all water resources and requirements.

B. Service and Regulatory Requirements

- Policy development and regulatory requirements will be established and managed by the Infrastructure, Transport and Communications Ministry.
- Planning, Design and Project Implementation will be managed by the proposed Water and Sanitation Corporation, a SOE.
- ITC Ministry is responsibility for regulatory activities to make sure that standards and quality requirements are met when services are delivered.

C. Ownership:

306. *Current:* The Water Works division within the Ministry of Infrastructure and Planning is responsible for providing all water and sanitation services and regulatory requirements on behalf of Government. Water mains are provided by Government while the costs for connections are covered by the owner. Water Works has been responsible for planning and implementing water projects while regional agencies like SOPAC provide technical and policy expertise. The supply and quality of water is inconsistent Rarotonga, while in the Outer Islands, the issue with water is access and storage.

307. *Proposed:* Government in partnership with landowners will own the assets, equipment and the land where the main water network, catchment and storage facilities are located. Partnerships with landowners are encouraged to ensure that the services provided are adequate and any adjustments to plant and equipment facilities are accommodated within the respective agreements. Water storage for residential, government and commercial needs will have to be owned and managed by the respective owners and supported by a rebate policy. Water initiatives for the Outer Islands will have to be reflected as social obligations by government because of population and size of the economy.

D. Management

308. *Current:* The water network is currently managed by the Ministry of Infrastructure and Planning with some input from the private sector. Installation of water connections to households, water tanks and filtration systems are usually provided by the private sector.

The private sector has also started selling bottled water in a range of quantities. Currently, there is no user pays system in place to cover the operational cost of water and the supply and quality of water is inconsistent.

309. *Proposed:* A SOE setup is preferred because of the size of the economy and the lack of private sector capacity to fully manage the water resource. The separation between implementation and regulatory activities is also important hence the reason for the proposed SOE outside of the Ministry. Major investment in upgrades to the water network and the installation of adequate catchment and storage facilities at the residential, government and commercial level is required before a user pays system is implemented. User pays is required to allow the Water & Sanitation Authority to better manage and maintain the water resource and provide quality and reliable supply.

E. Rationale

310. Investment in the water infrastructure is needed not only to capture and store rainfall but also to explore other water sources to complement supply. Water tanks can be implemented through a development loan scheme and/or a rebate initiative to improve the storage capacity for residential, commercial and government properties. Once the water storage and supply capacity reaches an adequate level, user pays can then be implemented and water storage facilities will then become mandatory in the building code.

311. A user pays system transfers the responsibility onto the user of the water resource. This will encourage the user to be more careful and prudent when using the water resource. This gives the Corporation much needed financial resources to maintain the quality and consistency of water supply and to meet financial obligations with funding agencies. The Corporation will also be in a stronger position to explore new initiatives and invest in new technology.

312. Quality water resources and consistent supply will support economic development initiatives. Accommodation providers will be able to strengthen service delivery and satisfy consumer demand while providing services in a more sustainable manner. Development in agriculture will also flourish if the water supply is consistent. Support services in the food and beverage industry will be able to provide quality products and services.

313. Social obligations and requirements will be better met by Government if the water infrastructure is in place and is supported by sufficient financial resources. Government along with donors will be able to offer and meet social obligations for water in the Outer Islands if the service delivery component in Rarotonga is adequate to meet maintenance requirements and sustain operations over time.

Roads, Automotive & Traffic

A. Current Status:

- Road Works are managed by the Ministry of Infrastructure and Planning and the conditions of our roads are substandard.
- There are no policies in place to manage roads, automotive and traffic management requirements.
- The private sector has built up their capacity to deliver roading projects and have the necessary equipment and aggregate supply.

- There is no standard for road signs, footpaths, driveways, water ways and other road related initiatives
- Automotive testing is managed by automotive service providers and the service is inconsistent and unregulated.
- Police handles traffic licensing and enforcement while BCI manages the automotive registration requirements.

B. Service and Regulatory Requirements

- Policy development and regulatory requirements will be established and managed by the Infrastructure, Transport and Communications Ministry.
- Planning and Project Design Requirements for all road works will be managed by the Ministry while project implementation will be outsourced to service providers.
- The Ministry of Infrastructure Transport and Communications is responsible for regulatory activities to make sure that standards and quality requirements are met when services are delivered.
- All service providers especially in the automotive industry need to be registered with the Authority to ensure that services are rendered to acceptable industry standards.
- Technical testing, industry training and compliance will need to be organised and managed by the Ministry of Infrastructure Transport and Communications.

C. Ownership & Management

314. *Current:* All road works are managed by the Ministry of Infrastructure and Planning and some of the work is outsourced to the private sector. The responsibility to maintain all roads is managed by the Ministry. Police enforce traffic regulation and provide drivers licenses. Service providers in the automotive industry provide vehicle testing services.

315. *Proposed:* The responsibility to manage all roads should be retained by the Ministry while service delivery requirements like beautification, road construction, road sealing, road maintenance, road signage, roading equipment, automotive testing, licensing and registration can be outsourced to the private sector.

316. *Joint Venture:* A central testing station can be setup and all automotive testing, licensing and registration can be organised under one management structure. This testing facility can be managed in a joint venture setup between Government and the private sector. Revenue generated from the automotive testing, licensing and registration facility can be organised in service contracts as dividend payments back to the shareholders.

317. **Standardisation of All Roding, Automotive, and Traffic Initiatives:**

- Road Design, Pathways, Driveways and Waterways Specifications
- Road and Traffic Signage
- Automotive, Service Provider, and Driver Testing and Registration
- Beautification

318. Organise Revenue Generating Initiatives:

- Managed by Ministry
 - Road transport Fees
 - Road worthiness Fines
 - Traffic Fines
- Managed by Joint Venture
 - Drivers Licensing
 - Automotive Testing and Registration
 - Service Provider Testing and Registration

D. Rationale

319. Retaining the management of all Roads, Automotive and Traffic requirements within the Ministry and involving the service providers in the automotive industry will allow for improvements in the management and monitoring of roads, automotive and traffic policy, regulations and service delivery. This allows services to be rendered more consistently especially in the automotive industry. This also gives the Ministry more effective control to manage all roading, automotive and traffic requirements.

320. The involvement of the automotive industry as a joint venture partner in testing, licensing and registration strengthens the partnership approach between government and the private sector. It allows for more effective regulation of the automotive industry to better safeguard the consumer and the service providers. It also improves the management of revenue generating initiatives within the automotive industry.

321. The automotive industry has been allowed to operate without strong regulatory and enforcement of safety standards and requirements. Service providers have been allowed to issue warrants for vehicles without adequate testing done. Substandard vehicles have been allowed to operate on our roads compromising the safety of the general public. Regulating the automotive industry ensures that quality services are provided by those that are adequately trained to do so.

322. Organising the automotive industry as a joint venture partner allows for proper and industry standard testing and training to be carried out. The involvement of the automotive industry is seen as positive especially if they are given the responsibility to self-regulate their industry. This will enable the industry to set quality benchmarks for services, provide quality services and be equipped with quality trained personnel.

Airline and Shipping Services

A. Current Status

- The air and shipping service provided by the private sector is inconsistent, expensive and unsustainable because of the lack of growth in population and economic activity in the Outer Islands.
- Goods and services are therefore more costly and expensive and are less likely to be transported and/or made available in the Outer Islands because of the high transport and fuel costs.
- Development projects are difficult to plan and organise for the Outer Islands because of delays and inconsistencies in shipping services.

- Economic growth opportunities are limited in the Outer Islands because goods and services are not readily available to supplement business development and repopulation initiatives
- Export of produce and other resources from the Outer Islands is very costly and unsustainable because of the high cost of air transport and irregular shipping services.
- Population growth in the Outer Islands is limited because it has become undesirable to live and difficult to survive. Employment and revenue generating potential is limited and basic services are substandard.

B. Service and Regulatory Requirements

- Planning and Service Design Requirements for airline and shipping services will be managed by the proposed Ministry of Infrastructure, Transport and Communications and Transport. This fulfils Government's responsibility to provide safe, dependable and regular transport links to Outer Island communities.
- Dependent on a full feasibility study, separate SOEs will be established for Airport and Ports.
- The Ministry of Infrastructure Transport and Communications is responsibility for policy requirements and regulatory activities to make sure that standards, compliance and quality requirements are met when services are delivered.
- Technical testing, industry training and compliance will need to be organised and managed by the Ministry of Infrastructure Transport and Communications.

C. Ownership & Management

323. *Current:* Domestic airlines and shipping services are currently owned by the private sector. Support and subsidies are not in place to supplement transport services. Airline and shipping services operate within a depressed market where there is very little potential for growth or profitability. Sustaining operations is very difficult because of the high fuel costs and the lack of critical mass to fully maximise services.

324. *Proposed:* A joint venture partnership between Government and the private sector is required to sustain transport services to all islands in the Cook Islands. Government has access to more affordable capital and can utilise this to finance or support transport services.

D. Rationale

325. The current size of the market, economy and population in the Outer Islands does pose a challenge to the private sector companies offering transport services. With the high cost of fuel, the vast distance between the Outer Islands and Rarotonga and the small population, transport services will be difficult to sustain over time, hence the reason for a proposed joint venture between the private sector and Government. This allows transport services to continue and improve while Government meets its social obligation for all islands in the Cook Islands.

326. Having a reliable and sustainable transport service to the Outer Islands will not only enhance economic and social development initiatives in small island communities but it could potentially reverse depopulation that has been affecting the Outer Islands for many years.

Making the Outer Islands more accessible and having adequate transport services makes the lifestyle more attractive and affordable.

327. With reliable and efficient transport services in place for the Outer Islands, the cost of goods and services are reduced and the business development potential grows. This strengthens the development and or revival of the agriculture, fishing, creative and cultural industries resulting in employment opportunities for the Outer Island residences. This revival will also require the support of professional services to manage business development requirements.

328. Development in tourism in the Outer Islands will naturally take place if access to the islands is improved and the services are available. Accompanying the development of tourism will be the development of support services such as transport, retail, food and beverage, entertainment, and cultural and creative products. The development of tourism and support services because of improved transport services will result in employment and business opportunities for small island communities.

Waste Management Services

A. Current Status

- Waste management and recycling collection services are currently provided by the private sector while the cost to provide these services is covered by the Ministry of Infrastructure and Planning.
- The management and operations at the waste management facilities are currently managed by the Ministry of Infrastructure and Planning and the facility is under resourced with minimal links to logistical service providers.
- Waste management and recycling at the residential, commercial and public sector level is not regulated and is done only on a volunteer basis with no support from Government and/or ownership from the users.
- Waste management storage is inadequate especially within public places, national facilities, retail outlets, food and beverage outlets and other vendors providing services to the public.
- Aged commercial and technical equipment and hazardous wastes are not being disposed of or managed adequately and has become an environment and social concern.
- Regulatory and enforcement is inadequate and weak and is currently managed by the National Environment Services.

B. Service and Regulatory Requirements

- Policy development and regulatory requirements will be established and managed by the Environment, Energy and Climate Ministry to make sure that technical and environmental standards are met.
- Planning and Service Delivery Requirements for waste management services will be managed by the Ministry with service contracted out to the private sector along with the collection, storage and disposal of all waste, hazardous and recyclable materials. A joint venture SOE will become responsible for management of the waste management facilities.

- All service providers in the food, beverage, retail, importers and service providers will need to be registered with the Ministry to ensure that waste management systems and processes are in place to manage all waste products
- All testing, awareness, training and compliance requirements will need to be organised and managed by the Ministry of Infrastructure Transport and Communications and the Ministry of Environment, Energy and Climate.

C. Ownership

329. *Current:* The waste management facilities are owned by Government and managed by the Ministry of Infrastructure and Planning. For the Outer Islands, the Ministry coordinates waste management services with the Island Council. The collection of waste has been outsourced by the Ministry of Infrastructure and Planning to the private sector. Residential, commercial and government vendors are encouraged to recycle and disposed of their waste but there are no regulations in place and enforcement is inadequate.

330. *Proposed:* The waste management and recycling plant, equipment, collection and storage can be commercialised and supported by a user pays system along with a tax on imported equipment, materials and packaging. Users and providers of imported goods are required pay for the management and disposal of their waste. Individuals and households are required to dispose of waste in an acceptable and or prescribed manner. The SOE Corporation will need to provide adequate storage facilities for households, commercial vendors and public services to maintain control and to regulate the way waste is collected, stored and disposed.

D. Rationale

331. Waste management and recycling has become a growing problem because it contradicts the image that is promoted by tourism that the Cook Islands are an unspoilt paradise. Urbanisation and the growth in tourism have had a negative impact on the environment because it has been allowed to expand without proper policies, systems and infrastructure to cater for the influx and demand from tourists and people for imported products. Because of the lack of land and systems to manage waste, by products have been disposed of in an ad-hoc manner.

332. There is no ownership and responsibility on the user, importer and service provider to properly manage and dispose of their waste by products and recyclable materials. Regulation and enforcement has been weakness hence the reason for the lack of ownership and responsibility. Enforcement and responsibility will be enhanced if and when users, importers and service providers are required to pay for the disposal of their waste. Paying for waste management will be more accepted if the systems are in place to properly collect, store and dispose of all waste.

333. Education and awareness efforts will be complemented and supported when proper waste management facilities and systems are in place along with effective policies and enforcement. Irresponsible waste disposal will be reduced and or eliminated and people will become more responsible with their waste. It will become easier for tourism to promote the Cook Islands as a clean, green destination. A waste free and energy efficient country will further complement Government's push to convert the country into a world renowned and clean green country by 2020.

Early Childhood Learning Centres

A. Current Status

- Early childhood learning and services are ad-hoc, almost non-existent and unregulated in the Cook Islands.
- There has been a huge influx of nannies or carers sourced from Fiji and the Philippines to take care of young children while parents continue on in their careers.
- Official pre-school learning starts at age three and this service is provided by the schools only.
- Language and cultural preservation initiatives are not fully enforced and or encouraged at the early childhood learning age.
- Foreign nannies and care givers are not familiar with language and cultural preservation techniques that are unique to the Cook Islands.
- The child-minding services available for those with no nanny or carer are ad-hoc and unregulated while some facilities are substandard.
- Child-minding service providers are not trained in early childhood education and their facilities are in poor condition.
- The cost of living is high in the Cook Islands and this is the reason why young parents are forced to go back to work and earn a living.

B. Service and Regulatory Requirements

- Policy development and regulatory requirements will be established and managed by the Education, Culture and Sports Ministry to make sure that learning practices and education standards are followed and adhered to.
- Service Delivery Requirements for early childhood education services will be outsourced to the private sector while Government in partnership with the communities provide facilities to house the proposed learning centres.
- All service providers in early childhood education will need to be registered with the Ministry to ensure that service delivery requirements and standards are in place to manage all learning outcomes.
- All testing, training and compliance requirements will need to be organised and managed by the Ministry of Education, Culture and Sports.

C. Ownership & Management

334. *Current:* There are no early childhood learning centres established in-country and services are more for child-minding and or baby-sitting. The schools operate pre-school classes and the enrolment age for pre-school for a child is three years old. Children from six months to three years are cared for by family members, nanny's, and or parents and learning is done in an ad-hoc basis.

335. *Proposed:* A joint venture partnership between Government, the community and service providers is recommended to establish early childhood learning centres. Support and

oversight will need to be provided by the Ministry of Education, Culture and Sports to ensure that education standards and methods are in place and followed by the service providers. The community involvement allows for traditional language and cultural practices to be filtered into the learning process.

D. Rationale

336. Early childhood learning centres are in demand, are well overdue but have not really been a priority area for Government. The absence of the learning centres has created the “nanny” industry currently employing Fijian and Filipino nannies. The increased cost of living has also forced young parents and in some cases, a single parent to either engage in more study and or employment. The learning needs of the child especially from six months to three years of age are overlooked and the child has a harder time adjusting to learning at an older age and to new environments because of minimal stimulus from the earlier age.

337. The child-minding services currently on offer are inadequate to cater for a larger number of children and their range of needs. Specific care and learning techniques are not managed appropriately and language and cultural requirements are not part of the service that is being offered. Some of the facilities where child-minding services are offered are substandard, unhygienic and a health and safety risk. For those that can afford it, a nanny sourced from overseas is employed to care for the children while parents return back to the workforce.

338. A proper early childhood learning centre is required and needs to be supported by Government and potentially managed by the private sector and/or community groups. Teachers and care-givers need to be properly trained and certified in early childhood learning. Facilities need to be of an acceptable standard and support services like a community doctor and/or nurse need to be positioned nearby. The curriculum should reflect language and cultural learning initiatives to ensure that the Maori language and culture is not lost or absorbed into mainstream learning.

339. Having an early childhood learning centre in place provides much needed learning, proper care and assurance especially for young families and single parents. This allows parents to continue working and to provide for their families or engage in studies to enhance their career development aspirations. This may reduce the need for foreign nannies which also means that the revenue currently generated by foreign nannies will remain in the economy. This also ensures that young children learn the Maori language and culture in a controlled and encouraging environment.

VII. THE ROLE OF PSC

340. The Public Service Commission (PSC) and the Office of the Commissioner (OPSC) are central to the effective implementation of the recommendations of the Functional Review. The PSC will need to lead the recommended changes and through the current Office of the Public Service Commission, oversee the management of the Public Service.

341. The Public Service Commission must be able to provide impartial advice to the Prime Minister on the progress and issues in the implementation of the performance-based reform; to provide guidance to the proposed Project Manager who will manage reform implementation; set and monitor implementation of the guiding principles for the management and performance of the public service; report to the Prime Minister on any issues of concern with Project implementation or broader performance issues within the Public Service.

342. This position must 'champion' the change process and provide wise counsel, without day to day involvement in the operations of the Public Service.

343. In the longer term this position must take a lead in developing and consolidating the governance functions of the Governance sector; together with Office of the Prime Minister, the Ministry of Finance and Revenue Management and Foreign Affairs. This should include development of a macro-strategic planning and management framework and oversight to ensure the macro strategic frame work and definition of government outcomes can be translated into outputs and performance measures. Without clear linkages between the strategic framework, outcomes, defined outputs and clear performance measure CIG will not reap the high levels of performance and efficiency gains it is committed to.

344. At present this is neither a role of the Public Service Commission nor the Office of the Public Service Commission.

345. Progress toward the completion of a 2011- 2014 NSDP is still unclear. However, review of the draft NSDP indicates that there will be a requirement to translate aspirations into strategies, outcomes and human resource requirements. This role at oversight level should be undertaken by the new Public Service Commission.

A. The Office of the Public Service Commission

346. Considerable discussion between the FRT, the PSC and the CEO, has occurred with regard to mechanisms for the delivery of the functions of this Office, in order to strengthen its capacity to facilitate and monitor performance.

347. Two key and major changes are required:

- greater separation of the role of the Public Service Commission from that of the Office of the Public Service Commission, and
- introduction of a robust strategic human resource management (SHRM) system throughout government by first introducing it in OPSC; using this tool to enhance the credibility and capability of OPSC; then equipping OPSC to train and build capacity within all ministries. It will be the OPSC (or its equivalent title) that ultimately manages the links between the strategic direction of the CIG; the sectors and the ministries with regard to personnel and performance linkages.

348. In many small (as well as some larger) countries the role of the Public Service Commissioner has become intertwined with that of the Office of the Commissioner and often, also intertwined with the role of Advisor to the Prime Minister. This tends to result in a loss of sharpness across all roles. The FRT consider that a clear separation of the roles of the PSC and the OPSC is essential if significant changes to the way government does its business and manages performance are to be achieved. The oversight requirement must be separate from the implementation component.

B. Key Current Roles of the Public Service Commissioner

349. The requirement for the role of the Commissioner is specified in the Cook Islands Constitution (VI. 73(1)). The functions of the Commissioner are prescribed by the Public Service Act, 2009 (2. 6. (1) as:

- a) review the machinery of government
 - (i) Allocation of functions to and between departments
 - (ii) Assess need for creation of new departments, amalgamation or abolition of existing departments
 - (iii) Co-ordination of activities of departments
- b) ensure compliance with the code of conduct and values
- c) issue written instructions to Head of Departments (HoDs) regarding implementation of government policy
- d) carry out inquiries or any other matters in accordance with Section 11 (Commissioner's powers of inquiry)
- e) investigate any dispute between employer and employee
- f) ensure Head of Departments (HoDs) discharge their responsibilities as specified in Section 16
- g) review the performance of Head of Departments (HoDs) including... compliance with their performance agreements
- h) ensure HoDs are not subject to unlawful or improper pressure from Ministers
- i) act as an intermediary between Ministers and HoDs
- j) appoint HoDs
- k) develop and promote personnel policies and standards including performance management systems for HoDs and the Public Service
- l) provide advice and training on career development of staff of the Public Service
- m) determine salary ranges
- n) tender advice to the Minister and other Ministers

350. These functions are more far reaching than the FRT have encountered in many other countries in Asia- Pacific. Particularly (a) i, ii, (k) and (l).

351. The only task of the OPSC (under the leadership of its CEO) as specified in the Act is to assist the Commissioner with the general administration of the Act.

352. This makes the roles of the Commissioner and that of the OPSC, under a CEO interchangeable, at least across most tasks, but thereby reduces the impartiality of the Commissioner. It also elevates the status of the CEO beyond that of other HoMs, through being responsible for many of the functions allocated under the Act to the Commissioner.

C. Proposed New Structure and Roles

353. The proposed new structures separate the role of the Commissioner from that of the CEO to ensure the Commissioner has capacity for impartial oversight of the whole of the Public Service; both scope of services and quality of service delivery; and can provide performance management review for HoMs without engagement in the day to day running of the Office.

354. It is recommended that:

- a three person Public Service Commission Board (PSCB) be established comprising a Chair person (full time initially) and two part time Commissioners.¹⁹ The legal opinion on the requirement for changes to the Constitution to enable the establishment of a three person Commission has been sought and presented to the FRT and the Commissioner²⁰.
- the role of the Board is reviewed and amendments to the Act made accordingly to identify the primary roles of the Board as, to:
 - (i) Provide leadership and emulate standards and practices consistent with the Code of Conduct and Good Employer requirements;
 - (ii) appoint and employ CEOs against clear output requirements;
 - (iii) review the performance of CEOs against their job description and performance against the Business Plan of their ministry;
 - (iv) undertake dispute resolution;
 - (v) investigate matters relating to departmental non-performance;
 - (vi) promote and develop senior leadership and management capability;

¹⁹ There are several precedents for establishing a 3 person Commission. Samoa has a 3 person Commission which can be full or part time. The roles of the SPSC however are not aligned to those being recommended of the CIPSC. Tonga employs a 5 person Commission, appointed by the Prime Minister They have also recently incorporated a fairly robust set of Principle Functions of the Commission- although these are also broader than those recommended (Tonga Public Service Act 2010 Section 5. 6.34). Niue also has 3 person Commission which is appointed by Cabinet.

²⁰ Advice from the Crown Law Office on November 21, 2011 (Letter 694-11 to Chair PSC) indicates that 'in the circumstances of the present case, all the textual and contextual indications in Articles 73 and 74 of the Constitution are that there should be **one** Public Services Commissioner... The whole scheme of the regime in Articles 73 and 74 presupposes a single office holder. There is a clause under Article 41 (1) which the Crown Law office indicates may validly increase the number of Commissioners. However this would need to be tested.

- (vii) advise the Government on the structure, functions and management of the Public sector.
- The selection of the Chair and each of the Commissioners will be according to specified ToR. It is suggested that the expertise requirements of the two part time Commissioners be defined so as to ensure a balance of skills.

D. Senior Executive Service

355. The concept of a Senior Executive Service (SES) to promote and develop senior leadership and management (vi) above, does not yet appear to have been developed in the Pacific. Generally a SES is a special cadre of 'high- flying' executives who are 'outside' the public service structure and pay role. This is *not* what is envisaged in the Cook Islands.

356. There is a requirement to develop the second tier of the public service management structure. This is generally the Director level. At present Directors operate in isolation from other Directors- except through informal relationships. This cadre of senior staff provide the potential for a quality succession plan for HoMs. Rather than ad hoc training, this group can be offered leadership and management skills training as a 'cadre', together with the opportunity for forums and focused discussion groups, facilitated by the many innovative locals or through the Chamber of Commerce or other vehicles. The leadership role of the Commissioner will be to foster both cohesion and innovation at this level. Consideration should be given to introducing at least an annual performance interview with the Commissioner. At present the Commissioner only undertakes performance reviews for HoMs. This interview should be more focused on succession planning and development than formal performance review, with Director's coached to understand the importance of the interview in terms of their career development.

357. The development of the concept of a senior executive service at this level will not only enable a commonality across this layer of management and a forum for discussions and problem solving; it will also make it clear that the Commissioner is actively observing performance with a view to future prospects.

E. The Role of the OPSC

358. The OPSC is the Secretariat to the Commissioner and undertakes the day to day management of the office. However the CEO is of the same rank as any other HoM and it is suggested that the clause specified in the Act: 'to assist the Commissioner with the general administration of the Act' is amended as part of the review under the implementation stage of the TA, to specify in more detail the core functions of the CEO. This will also promote greater role definition between these offices. In keeping with these proposed changes we suggest that the name of OPSC is changed to the PSC Secretariat (PSCS) to more accurately reflect these functions.

359. As described in the functional structure relating to the OPSC the primary role of the PSCS is the development and implementation of a Strategic Human Resource Management System (SHRM). This comprises a clear and linked system of all key human resource management and development activities, which incorporate the human resource management requirements of all ministries. At present some ministries have their own Human Resource Management Officer, but the role and requirements are not standardised. Many ministries do not have this function. The SHRM framework is generic to all ministries. However, activities within the framework must be clearly tailored to the strategic and business plan and requirements of each ministry. This enables organisation structure and staffing to be aligned with Strategic Plans and outputs as a matter of standard practise, 'institutionalised' by the PSCS.

360. The role of the CEO is to ensure all activities of the SHRM can be fully covered by staff, and seamlessly undertaken. The Strategic Human Resource Management function- and all associated services will then become a centralised service.

361. The PSCS will have to be strengthened extensively, both in skills and in size to implement a SHRM. However without substantial strengthening the PSCS will also not be able to implement the new performance management system designed under this review.

362. A key target for the next stage of the TA is a restructuring of PSCS and extensive training and capacity building. Unless this is undertaken as a priority and undertaken thoroughly, PSCS will not be capable of acting as a 'trainer of trainers' in the implementation of the new performance management system; nor to manage an effective SHRM; nor to be a leader in and model of change. The image and skills of PSCS must be radically changed to equip it for its pivotal role in whole of government performance and efficiency improvement.

363. The broad concepts and framework of SHRM have been the topics for several Working Group and Steering Committee meeting as well as a mini- workshop for OPSC staff and have been well received. These are outlined below.

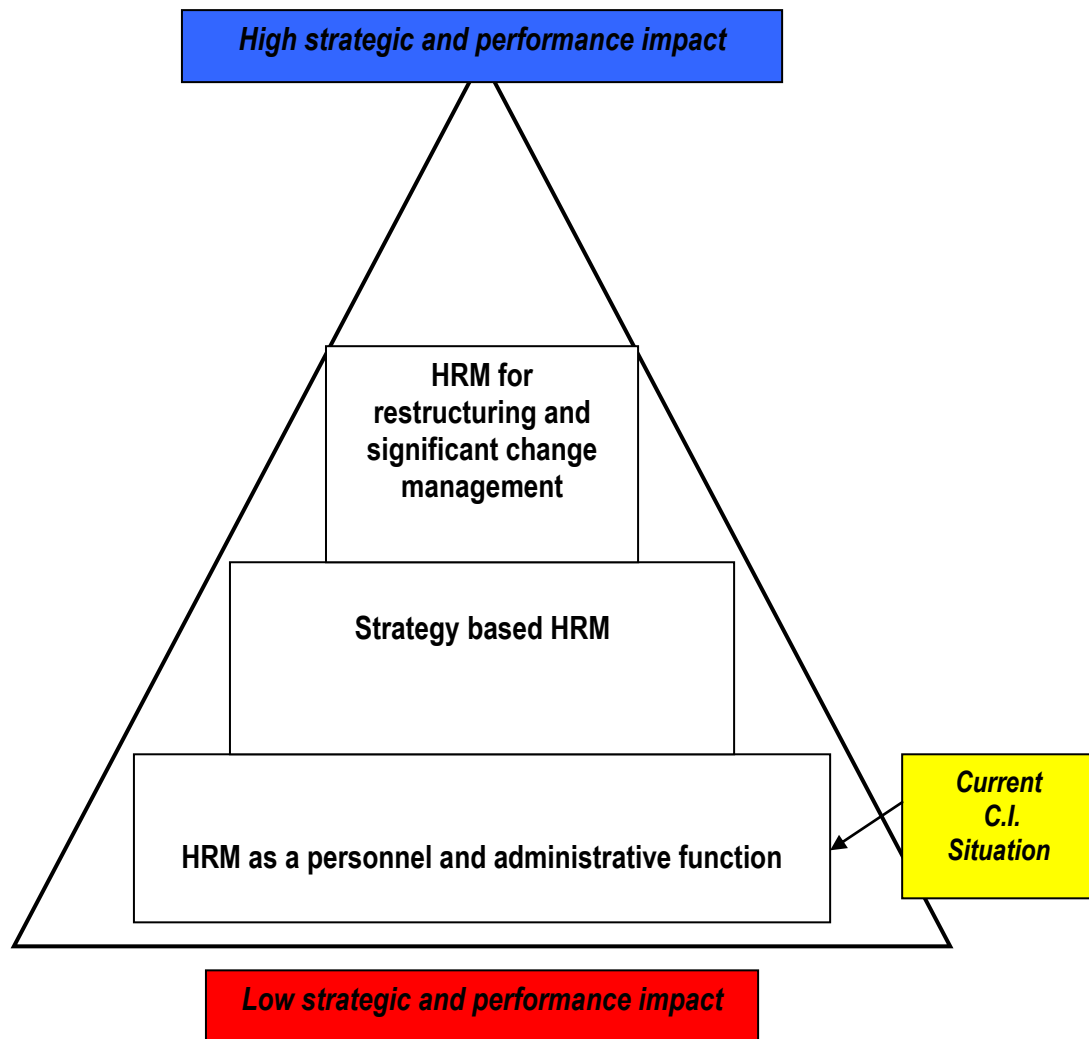
F. Strategic Human Resource Management: Why is it a critical component of a dynamic organization?

364. Strategic HR Management is the process of aligning human resources to best meet the strategic objectives of the organisation. It sounds simple but is rarely achieved.

365. There are three distinct levels of HR Management which can and should be integrated, but frequently are not. They form a hierarchy in terms of the impact of the HR function on the organisation. These are (Low to High):

- **Low:** HR Management as a personnel, administrative and disciplinary function – the current state of HR Management in the Cook Islands
- **Medium:** Strategic HR Management- using the Strategic Plan of the organisation to develop a cycle of interrelated HR activities- the recommended 'next step' for HR development in the Cook Islands.
- **High:** Strategic HR Management for reform and restructuring the organisation and the management of human resources across the whole of government. This is the most complex form of HR Management and requires a sound knowledge of and experience in developing and integrating HR activities within a stable organisation, first. (Medium level). It requires the HR Manager to be the facilitator of widespread- and often unwelcome- change, as well as to be capable of merging or separating Ministries; upsizing or downsizing Ministries; or devolving current activities to Local Government (decentralisation) - within an overall Plan, and not as random activities.
- These levels are shown in Diagram 22 below.

Diagram 22: Levels of SHRM and Impact on 'Professionalism' and Change Potential



G. The Importance of the Relationship between Directors, and the HR Manager

366. The development of an effective, respectful and trusting relationship between Directors and HR Managers is fundamental to the successful integration of the HR manager position into the top Management team.

367. Many HR Managers considered that their presence at Management meetings (if indeed they are invited) is a token gesture. They generally did not consider they were perceived by Management as the 'guardian' and 'facilitator' of the most important component of the Ministry- *its people!* *This concept holds both for ministries with HR management functions, currently, as well as for the perception of the role of OPSC. It is under- valued.*

368. HR Managers throughout the Pacific – and beyond - have cited many instances where their Director has forcibly blocked HR initiatives or attempts by the HR Manager to develop and integrate this role more effectively within the organisation. This is generally because Directors do not visualise the scope and the potential for the HR role. Nor do they necessarily see the merit and strength in the HR Manager being their closest partner within the organisation.

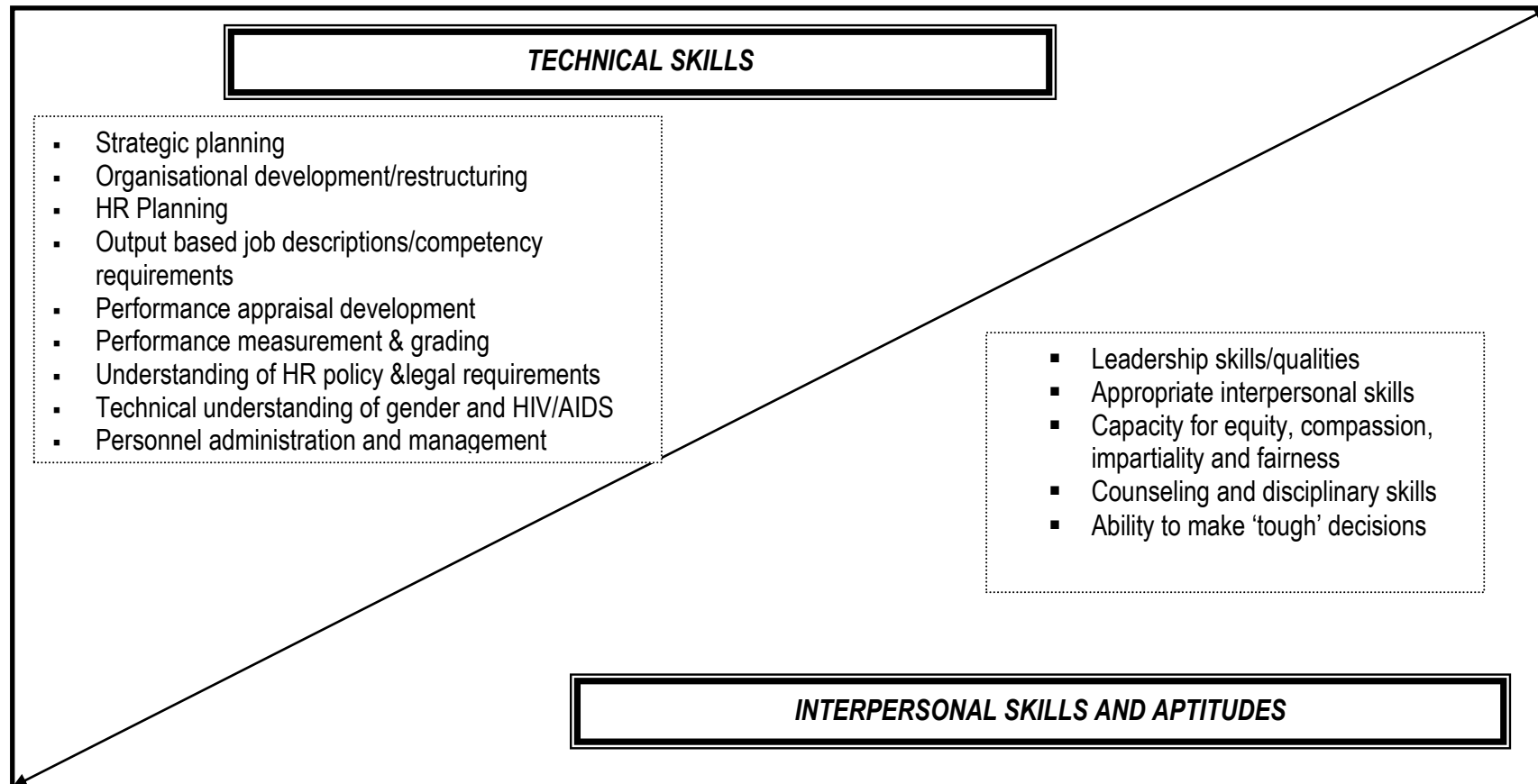
369. The HR Manager has a 'change management' role to fulfil with regard to the Director and Managers within their Ministry. That is, the HR Manager must assist Management to

value the HR position and role. This requires that the HR Manager first understands his or her position, and has the credibility to be taken seriously. Again, HR Management training is essential if the credibility of the role is to be enhanced. The OPSC will have to develop credibility as a SHR Manager through application of these principles to OPSC before starting to performance manages other ministries.

370. In essence:

- Unless there is a strong professional relationship between the Director and the HR Manager, the HR position will remain 'buried' within the organisation, and will not be able to function strategically;
- The HR Manager must first understand the principles and practices of Strategic Human Resource Management before she or he can expect to be involved with senior management in a planning capacity. HR Managers cannot expect to 'raise the bar' of the HR position unless they first do their own homework, and have the potential to operate credibly at a senior Management level.
- The HR position is unlikely to be raised within the organisation structure until a clear strategic planning base is established. The strategic planning base of the organisation should 'drive' the structure of the organisation.
- Training in Strategy-based Management, is essential for both Directors and HR Managers. Unless Directors are part of this training process there remains potential that some may resist change as a 'threat' to their position, rather than as an opportunity for enhancing performance of their organisation. Directors, Senior Managers and the HR Manager must all understand the process necessary to bring about organisational change. There must be opportunities for them to undertake such learning, together so that they 'grow' and can apply these new principles and practices as a team.
- Under the proposed introduction of SHRM as a key function, OPSC, once capacity building, systems development and training has been undertaken, will fulfil the role of Strategic HR Managers for the entire public service. In the case of the larger Ministries (Health, Education and Economic Development this role will need to be supplemented through SHRM in-house staff.
- Staff selection for these roles will require a careful balancing of technical skills and interpersonal skills as shown in Diagram 23 below.

Diagram 23: Human Resource Management: key technical and interpersonal skill/aptitude requirements



H. The Strategic Human Resource Management Cycle of Activities

371. This section describes the cycle of activities, based on the diagram below, which are required to be developed and linked, to form the basis of a Strategic Human Resource Management Function in any organisation. This is what is being recommended for PSCS.

I. The Importance of a Strategic Plan

372. As has been clearly stated, the development of a Strategic Human Resource Management function requires a Strategic Plan as a starting point. If there is no strategic plan, there is no capacity to define what the organisation *should* do, in relation to the National Strategy.

373. The lack of a robust strategic Plan = inability to implement a Strategic Human Resource Management system. This is because there is no way to justify the existence of the organisation. It is the strategy which determines what an organisation should do; how it should do it and what resources are required. Restructuring an organisation is all about defining where we want to go, and how to get there. Strategic Human Resource Management is about determining the skills needed to get there, aligning staff in a way which is effective, and maximises use of their skills.

374. If our objective is to get to Hawaii, we need to know the direction and the resources required. If we choose to take passengers, we make a deliberate decision to do so. So it is with an organisation. If we do not know where we want to go or why, or what resources it takes, we may not even know if we are carrying passengers (excess staff)! This is why so many organisations are directionless, produce little, are bloated with staff and are costly to operate. *There is no direction!*

375. Strategic Planning is a straight forward exercise. If it is unnecessarily complicated it will be unlikely to be used on a regular basis to plan or to check performance. It involves defining:

- Where you want to go- vision
- Why you want to go there- mission
- What you want to achieve- strategic objectives
- How you will get there- roadmap, operations and systems
- What human resources you will require- strategic human resource management
- How much will it cost- output based budgeting
- How you will know when you get there- strategy based measurement
- Could it have been done more effectively or efficiently- performance based measurement
- Finally: was it where we wanted to go after all? - review of the vision and mission.

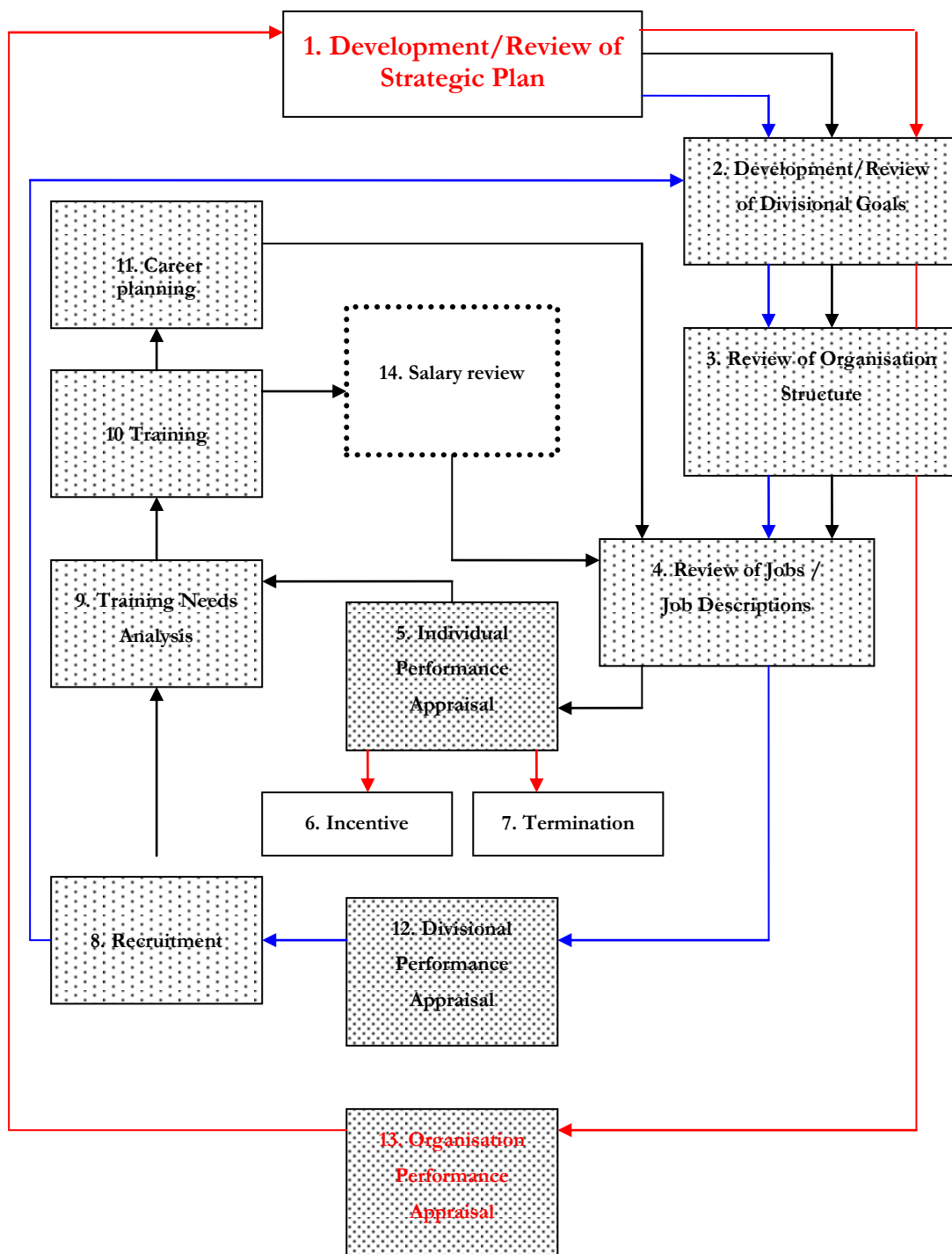
376. Effective Strategic Human Resource Management requires the disciplined development of a cycle of activities. Diagram 5 below shows all key activities which a HR *Manager (OPSC)* should be performing. The Cycle shows clearly the link required between development of the Strategic Plan for the organisation (1) and performance review of the organisation's achievements against the plan (13). All other steps are subcomponents of planning or 'operationalising' the plan and ensuring Divisional plans and individual Job descriptions are developed to meet the Divisional Objectives and contribute to the overall Plan. Recruitment, training, individual Performance Appraisal, salary review and promotions must all be linked to the overall Strategic Plan. The first step in developing and implementing this cycle of activities is analysis of the current status of the activity and how it is (or is not) linked to other activities.

377. The linkages are intricate and many activities are interlinked at different phases of the cycle for different purposes and at levels of detail which cannot be depicted on a single page. However the major flow of activities should be clear.

378. Effective Strategic Human Resource *Managers* require specific training in all the activities which are contained in each step of the cycle. They also need to know how to assess performance within each step of the cycle, and use the assessment to continuously improve their own and the performance of their organisation toward the agreed strategic objectives.

379. Needs Assessment for Human Resource Managers therefore require assessment of the current situation, against the cycle of activities which HR Managers must perform, if they are to be managers!

Diagram 24: Cycle of Strategic Human Resource Activities



380. Alignment of Core Ministries to strengthen complementary functions

381. Because the Strategic Planning process is still very new in the Cook Islands, most Ministries have not yet considered the requirement for alignment towards common outcomes. Alignments may be based upon:

- the requirement for different but complementary activities, in the interests of meeting common objectives, or
- common objectives which can be combined to reduce costs and improve efficiency (such as the 'Shared Services' model proposed under this TA). Strategic Plans will therefore indicate other Ministries and Agencies which support the objectives of the 'core' Ministry. It is essential that strategic Plans and also budgets are developed in co-operation within alliances so that gaps and overlaps of function are eliminated, staffs are used to best effect within and across alliances and that the achievement of Strategic Objectives is assessed across the core Ministries and Agencies responsible for the objectives.

382. The strategic planning process is a powerful tool in identifying gaps and overlaps within organisations and therefore providing the opportunity to amalgamate or eliminate activities. In the absence of strategic Plans this activity cannot yet be undertaken. It is essential that it occurs at an early stage of the development of strategic plans.

383. Finally, the implementation of a dynamic Strategic Human Resource Management system, clearly based on strategic objectives which are effectively filtered to each level of the organisation is the surest way to achieve the outcomes of the organisation!

VIII. PERFORMANCE MANAGEMENT FRAMEWORK

A. Background

384. As noted in section VI of this report, for an organisation to achieve its strategic objectives there must be a very strong link between its strategic plan and the various elements of human resource management.

B. Performance Management Approaches

385. The issue of performance measurement is one that has occupied many management thinkers since 1900. Early approaches to performance measurement were shaped by industrial engineering theory and focused strongly on measurement of quantity produced within defined time frames. Later involvement of the service industries led to the development of approaches to measure customer satisfaction using surveys.

386. As public service reform began in the 1980s attention was drawn to the difference between **outcomes** and **outputs**. Outcomes were defined as strategic/policy objectives. Outputs were defined as quantifiable activities. The following example illustrates this: a Ministry of Transport may have the strategic objective of reducing the number of traffic accidents – this is the strategic **outcome**. This objective can be achieved by any one or more of the following: reducing the speed limit, increasing the number of traffic tickets issued by the traffic police or by making the driving test tougher – these are **outputs**.

387. This distinction becomes critical when considering performance measurement in the public service. Any public service exists to achieve strategic outcomes rather than outputs, which the private sector tends to focus on in terms of profit and sales. Performance management approaches therefore need to be appropriate to the public service. These are aligned to outcomes and outputs:

- **Outcomes** are measured using **programmatic** measures. These are simply a more detailed version of objectives within the strategic plan with deadlines. They link directly to the strategic plan.
- **Outputs** are measured using **volumetric** measures. These are numerical expressions of volume.

388. Programmatic measures are appropriate for many public service activities, including all senior management positions. Volumetric performance measures are more appropriate at lower levels. However, even at lower levels within the public service programmatic measures are often required. For example, a research analyst's performance can be measured only against a program of work rather than in absolute volume terms.²¹

389. This difference in measures relates directly to the difference between managing for strategic performance results (outcomes) and managing for operational results (outputs). In the context of the Cook Islands it is critical that any performance management system fixes its focus primarily on strategic results.

C. Present Business Planning Practice and Basic Requirements

²¹ ²¹ Sources: Handbook for Measuring Employee Performance, US Office of Personnel Management, 2001; Managing for Outcomes, New Zealand Treasury, 2002; Public Administration Reform Practice Note, UNDP, 2004; Administrative Reform, Zverev, Centre for Strategic Studies, Moscow, 2004.

390. The starting point for any performance management process for line Ministries is the Business Plan. The Inception Report noted the following aspects of the current business planning cycle in use:

- The Business Plan template is very broad and lacks a business approach to planning. This leads to imprecision in both presentation and planning. It also favours a 'cut and paste' approach to the plans; with most showing repetition of the same components from year to year.
- Many HOMs with whom the planning process was discussed see business plan development as a necessary chore, largely unrelated to the management of their ministry, and some indicate they seldom consulted the plans after their completion, except prior to performance reviews.
- There is no clear process and format by which plans are assessed.
- It is OPSC who measure the performance of the HOMs, but their minimal involvement in the planning process does not equip them well to assess performance. Without the ability to compare actual performance against plan there can be no objective measure of performance.
- There appears to be no training for HOMs in business plan preparation

391. These aspects indicate that any future business planning process should contain the following elements:

- A clear, unambiguous business plan template linked to budget and strategic priorities as well as legally mandated functions.
- A rigorous process for the assessment of plans.
- Mentoring and formal training for all senior staff in strategic business planning.
- A clear performance management process with formal reports to interested parties.
- A performance assessment interview for CEOs that relates directly to results achieved against business plan.

D. Proposed Business Planning and Performance Management Process

392. A Business Planning Guide was completed by the TA. A copy of these guidelines is contained in Annex 5. Using this MFEM, OPSC and OPM collaborated to develop a new template for use of HOMs. This template is contained in Annex 6. The guide and template form the first step in the performance management process.

393. In practical terms, there is a need to examine how this process might be applied within the Cook Islands public service. This is given below:

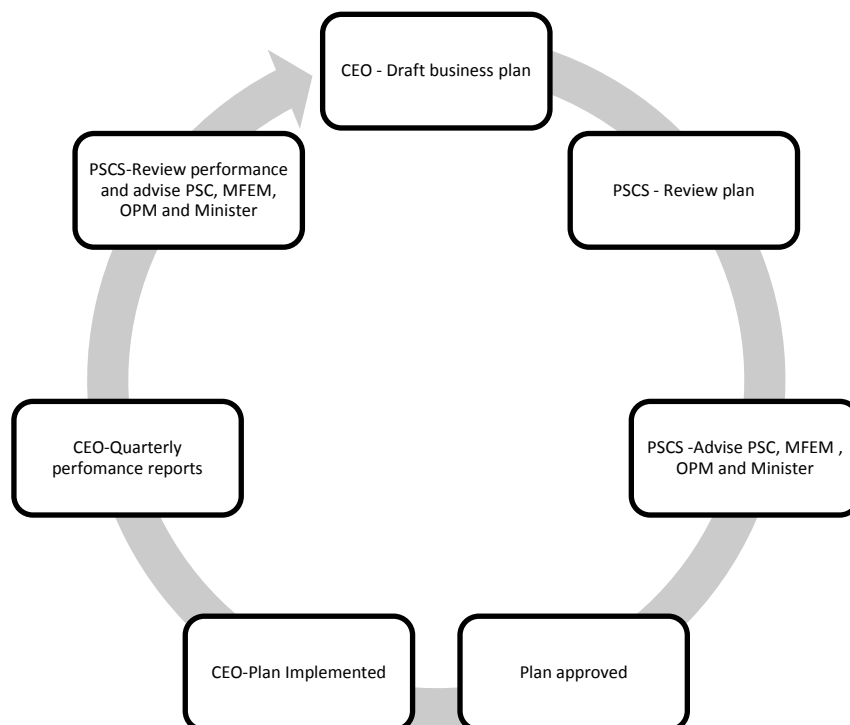
- Business plan is prepared by Ministry CEO
- Business plan reviewed by OPM, MFEM, and OPSC. OPSC co-ordinate this review and advise CEO of any required changes.
- CEO incorporates changes.
- OPSC advise PSC, MFEM, OPM, and responsible Minister of plan and recommend approval or approval subject to further change.
- Plan approved by the responsible Minister.
- CEO implements plan.
- CEO provides quarterly report of progress against plan to OPSC. This quarterly report is a simple adaptation of the original business plan. The

primary focus of performance reporting is on outcomes set by the NSDP. Guidelines for the quarterly report are shown in Annex 7.

- OPSC advise PSC, MFEM, OPM and responsible Minister of progress and the need for remedial action, if any.
- These progress reports will form the basis for the twice yearly assessment of CEO performance to be conducted by PSC.

394. This planning and performance management cycle is summarised in Diagram 25.

Diagram 25: Business Planning and Performance Management Cycle



395. Annex 5 identifies links between this planning process and the annual budget process.

E. APPLICATION

396. The functional analysis has identified weaknesses in current state owned enterprise management arrangements. Section V of this report has recommended that a division be established in MFEM which will be responsible for managing SOE performance.

397. Constitutional agencies require a different approach. These agencies consist of:

- Auditor general
- Public Service Commission
- Police
- Crown Law
- Ombudsman
- Financial Supervisory Commission

398. Each of these agencies has a reporting responsibility to Parliament and the head of each agency is a parliamentary appointment. In these circumstances it is inappropriate that

OPSC becomes involved in performance management of them. We suggest that each of these agencies be subject to annual review by international peers.

Table 18: Peer Reviews

Agency	Review by
Auditor General	Pacific Association of Supreme Audit Institutions
Public Service Commission	Discussion with Commonwealth Pacific Governance Centre in progress
Police	NZ Police
Crown Law	Crown Law New Zealand
Ombudsman	International Ombudsman Institute
Financial Services Commission	PFTAC

F. Assessing CEO Performance

399. The present procedure calls for Ministry CEOs to be formally interviewed twice a year to assess performance. As noted previously these interviews take place with very little data available and without any formal comparison of actual results against plan. Under the proposed system, quarterly performance reports will form the cornerstone of CEO performance assessment. Each interview will be built around a detailed comparison of actual with planned results for the immediately preceding two quarters. CEOs will be asked to explain any failure to achieve planned strategic performance targets. It is expected that other agencies will comment on quarterly reports so that prior to any interview OPSC will be able to advise the Public service Commissioners.

G. Capacity Building Requirements

400. The introduction of the proposed performance management process will require significant capacity building inputs. These include:

- Basic training for OPSC, OPM, MFEM staff in the proposed performance management system.
- Training for all CEOs and their senior staff in the development of business plans with a strategic focus.
- Extended training and mentoring for OPSC performance management staff
- Training for PS Commissioners in interview techniques.
- Assistance to OPSC with introduction of the performance management system including the establishment of a performance monitoring unit.

H. Summary

401. The proposed performance management framework links assessment of Ministry and CEO performance directly to planned strategic results.

IX. IMPLEMENTATION

A. Options

402. Conventionally there are two extremes when considering implementation of change programmes: radical reformation (the big bang) or incremental change. In practical terms these two extremes are often mixed to deliver the optimal change programme.

403. In deciding on an option questions of time scale also require consideration: some changes can be introduced quickly others may take many months (sometimes years) to introduce.

404. The Steering Committee and Consulting Team met with the Prime Minister and Minister of Finance on November 2. Subsequently another meeting with the Minister of Finance was held November 7. These meetings were extremely valuable and gave the Committee and Team the opportunity to gain a view of Government priorities at first hand. These priorities were articulated as:

- The need to protect peoples' livelihoods.
- The requirement to clearly identify benefits from the change.
- A change process that is measured and managed ('sure and steadfast') with a defined communications strategy to ensure the engagement of all stakeholders.
- Initial focus should be on changes that are easier to introduce, with more difficult changes left for consideration until later in the overall process.
- The initial sectors for focus during the 2012-13 financial year are: Governance (including Outer Islands); Environment, Energy and Climate Change; Education Culture and Sport; Law and Justice; and Infrastructure, Transport and Communications.

405. The remaining sectors of Health and Social Services, Finance and Revenue, Shared Services and Economic Development will be scheduled after a review of actual achievements from these initial sectors. This allows management of risk and the opportunity to learn from experience. These remaining sectors will continue business as usual.

B. Managed Process

406. A managed process will consist of three distinct stages:

- Stage 1: Make Ready
- Stage 2: Introduce Changes
- Stage 3: Review and Resolve Outstanding Aspects.

C. Communications

407. It is impossible to overemphasise the importance of having a defined communication strategy for a change program of this nature. In the absence of formal communications people interpret events and develop reasons for them that may have no relation to reality or intentions. We outline below a communications strategy for the program. We also note that Government will need to consult its communications specialists in OPM and MOIP to add

detail. Such detail should include regular broadcasts by Government of progress with the change programme and acknowledgement of any difficulties.

Table 19: Communications Strategy Outline

AUDIENCE	MESSAGE	WHEN	COMMENTS
Briefing PM and MoF	Full scope of proposed changes	Complete November 2/4 Follow up scheduled November 21 by PSC	
Ministers briefing	Outline of proposed changes	In progress complete by November 16	
Cabinet	Scope of change for decision	Scheduled November 22	Decision may take more than one meeting
HOMs	Outline of proposed changes	After Cabinet decision on scope	Cannot occur before Cabinet decision
Public and Media	Outline of proposed changes	Simultaneous with HOMs communication	Timing must preclude unofficial comments from HOMs who will inevitably have a vested interest in maintaining their positions.
Public and Media	Ongoing progress report	Fortnightly	Must include acknowledgement of any difficulties

D. Stage 1: Make Ready

408. Irrespective of the scale of the change there is a level of preparation required. This preparation is required whether 4 sectors are changed or 10 sectors. Principal tasks include:

- Decide scope of changes required. The Government priorities identified above reflect the preliminary decision which is subject to further consideration by Cabinet.
- Allocate Ministerial portfolios for the new structure. This locks in the agreed changes to the structure of cabinet responsibility.
- Confirm allocation of Ministerial responsibility for the change programme. The Prime Minister has presently allocated responsibility to the Minister of Finance.
- Appoint an overall Project Manager. Regardless of the Ministerial portfolio there is a need to appoint an overall Project Manager reporting directly to the responsible Minister. This position assumes overall responsibility for implementation and co-ordination. In addition s/he will be responsible for developing a public communications strategy for approval by the nominated Minister. Ideal candidates will be professionally qualified and resilient. They must be able to make tough decisions under pressure.
- Ensure that a legislative review of accepted recommendations gets under way. Many of the recommendations contained in this report have a legislative aspect. In most cases some existing Acts will require amendment or repeal. In a few cases new Acts may be required to enable change to take place. Given the pressures on parliamentary calendars this legal review should take place as soon as possible.
- Both the proposed PSCB and OPSC have a critical role to play in the introduction of change. PSCB is responsible for the appointment of the new CEOs and OPSC will undertake the development of job descriptions and

performance measures for the new sector organisations. To achieve these objectives will require the Appointment of the PSCB and the CEO – OPSC.

- Obtain funding and TA including project management, legal review, OPSC, SOE management and Outer Islands. More details on this assistance are provided in the next section of this report and also Annex 8. The proposed assistance is not a comment on the skills of current staff within Government. In the case of the legal review it will be necessary to supplement existing resources within the Crown Law Office. In the other identified areas it is intended to provide specialist knowledge and experience.
- All Make Ready Tasks should be complete no later than **May 31**.

E. Stage 2: Introduce Change

409. This major component of the overall programme will be under the control and management of the Project Manager. Principal tasks will include:

- Once appointed the new CEOs will identify required Divisional Directors. After approval of the positions by the Project Manager these appointments will be completed.
- Within each Ministry the CEO and the Directors will, with technical assistance, develop a detailed plan identifying:
 - Staff requirement by function and grading – the grading will be based on current grading structures and subject to change once job evaluation is completed.
 - Premises and equipment requirements.
 - Funding requirements – drawn from approved 2012/13 budget. As an interim measure Ministry for Finance and Economic Management (MFEM) will issue funding allocations for the new ministries based on approved budget allocations for 2012/13. Further detail may be added at a supplementary budget stage midway through the financial year.
- The detailed plan will require approval by the Project Manager before implementation and staff appointments will then be finalised.

F. Stage 3: Review and Resolve Outstanding Aspects

410. There is one aspect of the proposed programme based on Government priorities which will require attention after the principal changes. The reallocation of responsibilities within Outer Island communities will require the appointment of Council Managers in each island. Additionally, financial management systems and accountabilities will require development. The proposed local government structure proposed within OPM must be in place before these developments occur. Once appointed it will be the responsibility of the Director Local Government to develop a detailed plan for Outer Island empowerment. This plan will be approved by the Project Manager.

G. Timing

411. As noted above present Government priorities include the introduction of changes within Governance, EEC, Education Culture, Law and Justice and Sports and ITC sectors within the 2012-13 financial year. We have interpreted this to mean changes are to be introduced from July 1. This interpretation means all Make Ready tasks must be complete by May 31. This includes all PSC appointments and the arrangement of TA and funding needs.

412. We suggest that to attempt to establish five new sectors in the first year may crowd the calendar too much. We have reduced the sectors to be attempted in the first year to Governance, EEC, Education Culture and Sport and Law and Justice. The Infrastructure Transport and Communications sector will form part of the second tranche of change. The arrangement of TA and funding requirements is likely to occupy some time. We have therefore developed the timetable to provide a clear six month period for the finalisation of TA and funding requirements. The proposed timetable is shown overleaf in table 10. Diagram 7 shows sequencing of tasks.

413. The timetable provides additional time to introduce changes to the Governance sector since it is the first sector undertaken and will be a learning experience. Should any sector be completed in less time than scheduled we suggest that the programme is modified to increase the degree of overlap between sectors and/or bring sectors forward in the change process.

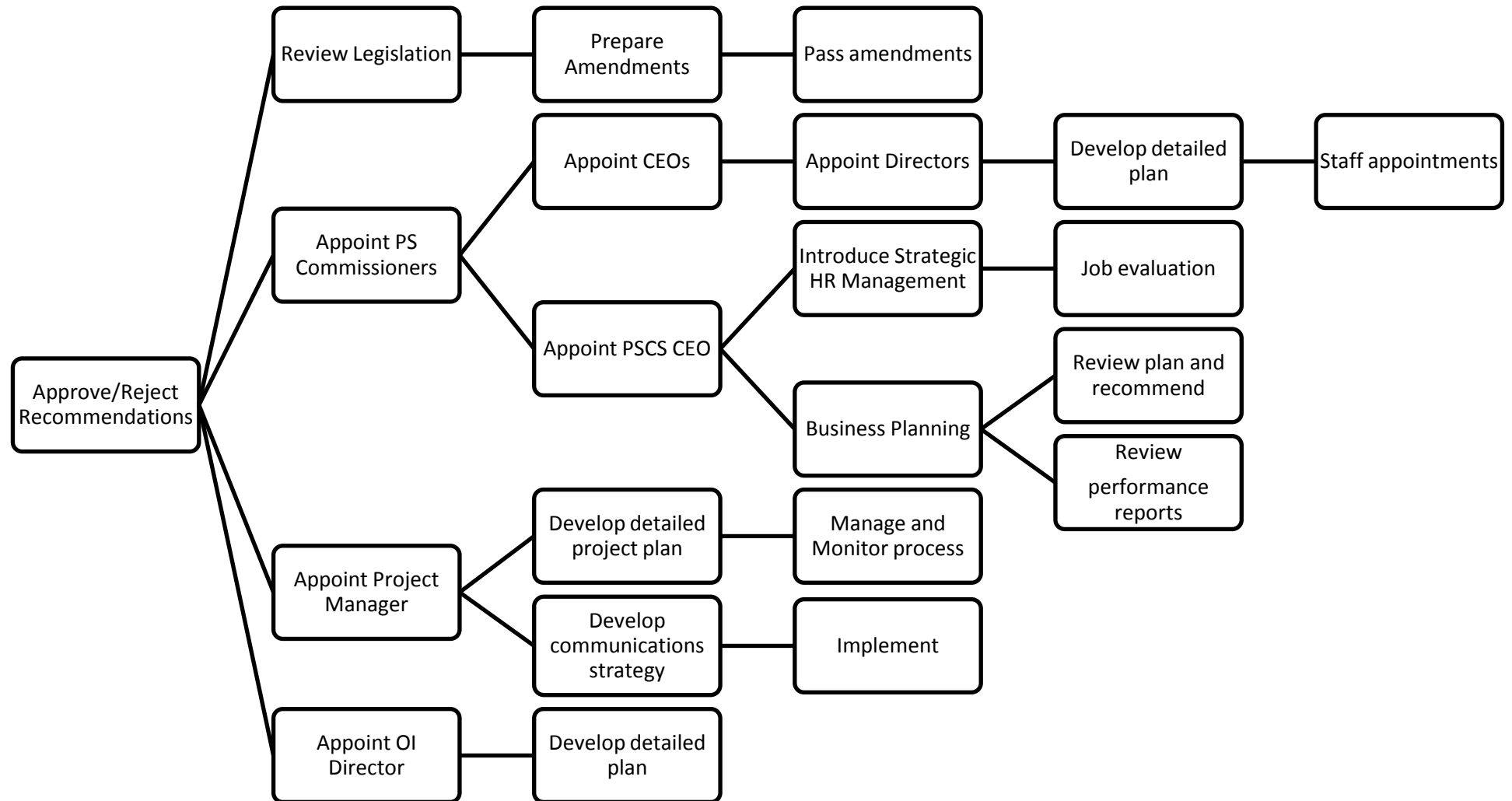
414. The time table is provided below.

Stage	Task	By	Deadline
1. Make Ready	Accept/reject the recommendations	PM And Cabinet	March 31 2012
	Allocate ministerial portfolios for new structure	PM	March 31
	Confirm Ministerial portfolio	PM	March 31
	Appoint an overall Project Manager	PM	April 30
	Legislative review of accepted recommendations	Crown law	May 31
	Appointment of Public Service Commission Board	PM	March 31
	Appointment of the CEO OPSC	PSCB	May 31
	TA and Funding	AMD	June 30
2. Introduce Change Governance	CEO appointments	PSCB	May 31
	Divisional Directors	CEO	August 1
	Develop a detailed plan	CEO/Directors	September 30
	Finalize staff appointments	CEO/Directors	October 31
Environment, Energy and Climate Change	CEO appointments	PSCB	May 31
	Divisional Directors	CEO	October 31
	Develop a detailed plan	CEO/Directors	November 30
	Finalize staff appointments	CEO/Directors	January 31 2013
Education Culture and Sport	CEO appointments	PSCB	May 31,2013
	Divisional Directors	CEO	January 31 2013
	Develop a detailed plan	CEO/Directors	February 28 2013
	Finalize staff appointments	CEO/Directors	March 31, 2013
Law and Justice	CEO appointments	PSCB	February 28 2013
	Divisional Directors	CEO	March 31,2013
	Develop a detailed plan	CEO/Directors	April 30, 2013
	Finalize staff appointments	CEO/Directors	May 31,2013
3. Review and Resolve Outstanding Aspects	Appoint OI Director	OPM	September 1,2013

Table

	Develop detailed OI plan	OI Director	October 31,2013
	Review overall progress	Project Manager	May 31 2013

Diagram 26: CHANGE PROGRAMME TASK SEQUENCING



H. Practicalities

415. Any change programme requires a consistent approach. We set out below some principles of approach distilled from many years of experience in managing change.

Table 21: Change Management Principles

Principle	Comment
Sponsorship - make sure that changes are sponsored by the most senior person. Without the commitment of this person - DON'T START	He or she will have to be the 'salesman'. This role cannot be delegated. He/she must have a clear vision of at least the broad characteristics of the future organisation.
Clear objectives - know what is the top priority for the change programme	There can only be one main objective because this objective determines the change management strategy.
Maintain momentum - once you begin the changes, make sure you maintain momentum	Without speed change withers, and staff become cynical
Make hard decisions.	Any change programme will involve the slaughter of sacred cows and sacrificial lambs. Unless you are prepared to make these hard decisions, your change programme will fail
Change the obvious - and fast. Change must be visible	It is not enough to change boxes on the organization chart. You must send clear signals by changing things like accommodation, office fittings. This reinforces the change message. Change must be visible.
. Involvement is the key - if you do not involve staff in change, you invite reaction	Keep the process as open as possible - but recognise that there may be times when it is prudent not to reveal the entire plan in advance
Systems follow, not lead change. Systems serve the structure, not the other way round	In the overall change process, systems are a lower priority. Technology upgrades should be enablers not dictators.
Personalise the change - ensure that the change has personal impact for everybody at all levels.	This means developing new job descriptions and performance measures for every job and introducing them via the new management structure

416. Current HOM appointments expire June 30. The first new CEO appointments are required for the Governance sector. The deadline for these appointments is May 31. We suggest that any existing HOM contracts are renewed for the short term. A phrase indicating that all HOM appointments (in contrast to CEO appointments) are pending sector restructuring should be inserted as indicated by the Minister of Finance.

417. This report identifies exit strategies for many functions currently performed within the public service. In some cases these include the establishment of PPPs or other form of private sector participation. As noted earlier the SOE management division within MFRM will be charged with managing these PPP or investment activities. The SOE unit will be established as part of the MFRM overall plan which forms part of the second tranche of

change. Until that time functions earmarked for PPP should remain within their appropriate ministry.

418. It is not the purpose of this programme to reduce the number of staff employed. However, there will be a requirement for a clear strategy to deal with such a contingency should it arise. Annex 9 contains such a strategy.

I. Summary

419. The implementation plan above is able to satisfy articulated Government priorities. We recognise that these priorities may change as a result of Cabinet decisions. An overall timetable is shown overleaf. A plan has not been completed for the second tranche of changes. The form of such a plan is dependent on the review of actual events occurring during the first tranche and what worked and what did not work. The Project Manager should, as part of his review process, develop this second tranche plan.

Diagram 27: Timetable 2012-13

Stage	J 12	F	M	A	M	J	J	A	S	O	N	D	J 13	F	M	A	M	J
Make ready																		
Governance																		
EEC																		
Education, Culture and Sport																		
Law and Justice																		
Review and resolve Outstanding Aspects																		

X. FUTURE ASSISTANCE NEEDS

420. The forward programme for public service reform based on this report will consist of the following tasks. Timelines used are those required to meet the Prime Minister's deadline of July 1 2012.

- The overall project management of the change programme. This programme will be over an extended time frame. If implementation begins in June 2012 we estimate that full time resource will be required until at least June 30 2013.
- The strengthening of PSCB and OPSC. This task is required to be started in May 2012 and should be completed by January 2013.
- The establishment of sector based ministries. It is unlikely that this task will be completed before December 2013.
- The restructuring of Outer Island responsibilities for community empowerment. If implementation of the new Outer Island structures begins September 1 we estimate a total period of 12 months is required.
- The reform of SOE management and commercialisation/contracting out of embedded business activities. There are two stages to this work: first, establish the SOE Monitoring Unit including the development of the policy, legislation and performance reporting aspects; second, the contracting out and/or commercialisation of embedded businesses. Whilst both stages can run concurrently the first will have a shorter time frame. We estimate 12 months for the first stage and 18 months for the second. We note that this forms part of the second tranche of change tentatively scheduled for 2013 and subject to confirmation.

421. The tasks identified will require some external technical assistance to be provided to OPM, PSCB/OPSC and MFRM. Draft terms of reference for the potential assistance are shown in Annex 8.

422. Additionally funding may be required for the 'hard' costs of change. We expect that this would include IT systems, equipment, retraining and other factors. Quantifying this funding will be the task of the Project Manager.

XI. SUMMARY OF RECOMMENDATIONS

A. Guiding Principles

423. The project developed a series of guiding principles to assess the current functions within the public service:

424. **Guiding Principle 1:** Government must do what *only* Government can do; based on the overarching directive that 'The role of Parliament (Government) is to make laws for peace, order and good governance' (Part3.39.80).

425. **Guiding Principle 2:** Government 'should' *perform or facilitate the provision of* services required for planned development, whether economic, social or environmental.

426. **Guiding Principle 3:** Government 'should', in the interests of human rights and equality of access to services, finance agreed Social Obligations which enable equitable or essential delivery of services and which the private sector and NGOs choose not to undertake.

427. **Guiding Principle 4:** Government should not compete with the private sector or undertake functions that can be done by a functioning market, to service standards determined by Government.

428. **Guiding Principle 5:** Ensure vertical layers and functions are clearly linked to scope of government (horizontal).

429. **Guiding Principle 6:** Ensure Sector Ministry reviews focus on identification of:

- Core functions, linked to agreed scope
- Non-core functions that must 'stay' since they are: essential; or cannot be better placed anywhere else.

430. **Guiding Principle 7:** Assessment of non- core functions which are 'non-essential' and could be placed somewhere else to determine whether to:

- do nothing; but 'ring-fence' for further action;
- integrate and consolidate within another internal function;
- split the function to retain the core component;
- transfer out;
- contract out;
- privatize;
- stop.

B. Outer Islands

431. Provide for greater empowerment and autonomy for the Mayor and Island Councils to make decisions on *core issues relevant to each island*. That is: recognition of the unique nature and requirements of each island.

432. Each Mayor and Island Council will eventually be responsible and accountable for all monies appropriated, collected, and expended by each island in the administration of its affairs. This transfer of accountabilities must be accompanied by capacity building and phased in according to the skills and confidence of the Mayors and Councils as well as the

confidence of MFEM, OPM and OPSC that the budget and financial management process can be managed in a fiscally responsible manner.

433. A new position of Clerk of Council is recommended to replace the existing Island Secretaries. The Clerk of Council will report directly to the Mayor (not to OPSC as is currently the case) and undertake budget preparation in consultation with the Mayor and Council and according to the requests of the Mayor and Council.

434. A phased implementation approach is recommended to allow each island administration the time to build capacity while being guided (not managed) by central agencies (OPSC and MFEM in particular).

435. This summary outlines only the major changes recommended. Further details are available in a separate report. The summary is provided here since it forms part of the overall strategic framework.

C. Sectors and Organization

436. Recommended sectors for the Government of the Cook Islands

- Governance
- Finance and Revenue Management
- Health and Social services
- Education, Culture and Sports
- Economic Development
- Infrastructure, Transport and Communications
- Environment, Energy and Climate Change
- Law and Justice

437. It is also recommended that a Shared Services function be established, which will combine corporate services functions which are now embedded in many ministries.

438. Recommended Ministries:

- Health and Social Services
- Finance and Revenue Management
- Education, Culture & Sports
- Infrastructure Transport & Communications
- Economic Development
- Environment, Energy and Climate Change
- Justice
- Foreign Affairs

D. Focus on Performance

439. Improvement in productivity and performance in public sector will be achieved if the policy direction, priorities, structures, outputs, and functions are defined, organised and supported by relevant systems, policies, resources, personnel and aligned to specific outcomes.

440. Standardising outputs and structures will allow the development and implementation of a structured performance management framework to not only measure performance but also to manage and strengthen it.

441. Standardising structures and functions within ministries and sectors reduces duplication and wastage of resources, improves the coordination of government services and ensures that government receives value for money from assets and resources.

442. Salary grading, performance assessments, and other performance related activities will be better organised and managed if the structures and outputs are organised, standardised and aligned to sector and national objectives.

443. Senior management will be able to achieve objectives, improve productivity and the quality of services within ministries and sectors and if roles, responsibilities, tasks and activities are clearly defined and linked to a performance management framework.

444. Ministers will be in a better position to monitor and drive performance within their respective ministries and sectors if the structures and outputs are in place, aligned to clear outcomes and objectives and supported by robust systems and relevant human resources.

445. The quality of services and or program delivery will improve if the appropriate structures, outputs and personnel are organised and standardised, aligned to clear ministry and sector objectives and supported by efficient systems and sufficient resources.

446. Shifting the budgeting framework to outcomes based budgeting will support the focus on performance by making sure that resources are allocated to support and sustain core functions within sectors and ministries that are aligned to national and sector priorities.

E. Crown Agencies

447. The Statutory Agencies generally fall into two categories: trade and revenue generation (whose functions have been included under a new sector called Economic Development) or agencies whose functions, as a result of a decision tree analysis have been amalgamated under a variety of other sectors.

448. The issues of performance management of amalgamated functions are now absorbed under performance management requirements of the sector to which the function has been allocated. With the exception of the National Superannuation Fund, which is a managed fund and therefore differs from other functions, all functions absorbed in to new sectors will be subject to the Public Service Act 2009. This Act will need substantial revision to accommodate the recommendations of the Review.

F. Exit Strategies: Public Private Partnerships & Commercialization

449. Candidates for exit using PPP, privatization or contracting mechanisms include:

- National Facilities (National Auditorium, National Library and Museum, BCI Stadium, Telecom Sports Arena)
- Water & Sanitation
- Roads, Automotive & Traffic
- Airline and Shipping Services
- Waste Management Services

- Early Childhood Learning Centres

G. THE ROLE OF PSC

450. It is recommended that:

- a three person Public Service Commission Board (PSCB) be established comprising a Chair person (full time initially) and two part time Commissioners.
- the role of the Board is reviewed and amendments to the Act made accordingly to identify the primary roles of the Board as, to:
 - (i) provide leadership and emulate standards and practices consistent with the Code of Conduct and Good Employer requirements;
 - (ii) appoint and employ CEOs against clear output requirements;
 - (iii) review the performance of CEOs against their job description and performance against the Business Plan of their ministry;
 - (iv) undertake dispute resolution;
 - (v) investigate matters relating to departmental non-performance;
 - (vi) promote and develop senior leadership and management capability;
 - (vii) advise the Government on the structure, functions and management of the Public sector.
- The selection of the Chair and each of the Commissioners will be according to specified ToR. It is suggested that the expertise requirements of the two part time Commissioners be defined so as to ensure a balance of skills.

451. The roles within OPSC will now be based firmly on the requirements of the SHRD model. The role of the CEO is to ensure all activities of the SHRM can be fully covered by staff, and seamlessly undertaken. The Strategic Human Resource Management function and all associated services will then become a centralised service. The OPSC will have to be strengthened extensively, both in skills and in size to implement a SHRM. However without substantial strengthening the OPSC will also not be able to implement the new performance management system designed under this review.

H. Proposed Business Planning and Performance Management Process - Ministries

452. A Business Planning Guide was completed by the TA. A copy of these guidelines is contained in Annex 5. Using this MFEM, OPSC and OPM collaborated to develop a new template for use of HOMs. This template is contained in Annex 6. The guide and template form the first step in the performance management process

453. In practical terms this process should be applied within the Cook Islands public service as follows:

- Business plan is prepared by Ministry CEO
- Business plan reviewed by OPM, MFEM, and OPSC. OPSC co-ordinate this review and advise CEO of any required changes.
- CEO incorporates changes.
- OPSC advise PSC, MFEM, OPM, and responsible Minister of plan and recommend approval or approval subject to further change.
- Plan approved by the responsible Minister.
- CEO implements plan.

- CEO provides quarterly report of progress against plan to OPSC. This quarterly report is a simple adaptation of the original business plan. The primary focus of performance reporting is on outcomes set by the NSDP. Guidelines for the quarterly report are shown in Annex 7.
- OPSC advise PSC, MFEM, OPM and responsible Minister of progress and the need for remedial action, if any.
- These progress reports will form the basis for the twice yearly assessment of CEO performance to be conducted by PSC.
- Under the proposed system, quarterly performance reports will form the cornerstone of CEO performance assessment. Each interview will be built around a detailed comparison of actual with planned results for the immediately preceding two quarters. CEOs will be asked to explain any failure to achieve planned strategic performance targets. It is expected that other agencies will comment on quarterly reports so that prior to any interview OPSC will be able to advise the Public service Commissioners.

I. Performance Management Process – Constitutional Agencies

454. Each of these agencies has a reporting responsibility to Parliament and the head of each agency is a parliamentary appointment. In these circumstances it is inappropriate that OPSC becomes involved in performance management of them. We suggest that each of these agencies be subject to annual review by international peers.

J. Capacity Building Requirements

455. The introduction of the proposed performance management process will require significant capacity building inputs. These include:

- Basic training for OPSC, OPM, MFEM staff in the proposed performance management system.
- Training for all CEOs and their senior staff in the development of business plans with a strategic focus.
- Extended training and mentoring for OPSC performance management staff
- Training for PS Commissioners in interview techniques.
- Assistance to OPSC with introduction of the performance management system including the establishment of a performance monitoring unit.

K. Implementation

456. Government priorities were articulated as:

- The need to protect peoples' livelihoods.
- The requirement to clearly identify benefits from the change.
- A change process that is measured and managed ('sure and steadfast') with a defined communications strategy to ensure the engagement of all stakeholders.
- Initial focus should be on changes that are easier to introduce, with more difficult changes left for consideration until later in the overall process.

- The initial sectors for focus during the 2012-13 financial year are: Governance (including Outer Islands); Environment, Energy and Climate Change; Education Culture and Sport; Law and Justice; and Infrastructure, Transport and Communications.

457. The recommended managed change process will consist of three distinct stages:

- Stage 1: Make Ready
- Stage 2: Introduce Changes
- Stage 3: Review and Resolve Outstanding Aspects.

458. We suggest that the sectors to be attempted in the first year are Governance, EEC, Education Culture and Sport and Law and Justice. We have designed the timetable to provide a clear six month period for the finalisation of TA and funding requirements. .

L. TA and Funding Needs

459. The forward programme for public service reform based on this report will consist of the following tasks. Timelines used are those required to meet the Prime Minister's deadline of July 1 2012.

- The overall project management of the change programme. This programme will be over an extended time frame. If implementation begins in June 2012 we estimate that full time resource will be required until at least June 30 2013.
- The strengthening of PSCB and OPSC. This task is required to be started in May 2012 and should be completed by January 2013.
- The establishment of sector based ministries. It is unlikely that this task will be completed before December 2013.
- The restructuring of Outer Island responsibilities for community empowerment. If implementation of the new Outer Island structures begins September 1 2012 we estimate a total period of 12 months is required.
- The reform of SOE management and commercialisation/contracting out of embedded business activities. There are two stages to this work: first, establish the SOE Monitoring Unit within the Finance Ministry including the development of the policy, legislation and performance reporting aspects; second, the contracting out and/or commercialisation of embedded businesses. Whilst both stages can run concurrently the first will have a shorter time frame. We estimate 12 months for the first stage and 18 months for the second. We note that this forms part of the second tranche of change tentatively scheduled for 2013 and subject to confirmation.

460. The tasks identified will require some external technical assistance to be provided to OPM, PSCB/OPSC and MFRM. Draft terms of reference for the potential assistance are shown in Annex 8.

461. Additionally funding may be required for the 'hard' costs of change. We expect that this would include IT systems, equipment, retraining and other factors. Quantifying this funding will be the task of the Project Manager.

XII. CONCLUSION

462. The Cook Islands government has embarked on a rigorous functional based restructuring to enable it to focus on its core functions of policy and regulation whilst facilitating the growth of the private sector.

463. Benefits arising from implementation include:

- Organisation structures more closely aligned to national development objectives and legal mandates
- All ministries performance managed to focus on results achieved
- Potential cost savings from shared services, Crown Agencies, outer island empowerment, SOE management and exit strategies amounting to approximately \$8 million. This is made up of:
 - Shared services economy \$3-5 million
 - Net savings from Outer Island empowerment \$0.2 million
 - Improvement of SOE performance \$1-2 million
 - Dissolution of Crown Agency Boards \$0.4 million
 - Exit strategies/PPPs \$1-2 million
- We note that the scale of the cost savings achieved is dependent on commitment to change.

464. Once the recommendations are fully endorsed or selectively accepted it is imperative that pressure and resources are applied to maintain the impetus throughout Implementation and review. An elongated process that is not rigorously managed and maintained and not *seen* by the public sector, the private sector and general society to be delivering results will further demoralise the public service. Unmanaged change is more damaging in most instances of organisational 'reform', than not starting.

465. This means that technical assistance for both organisation and systems change must be secured as early as possible. There is not sufficient skill or capacity within the public service to implement the functional review. The implementation of a functional review from within the organisation is seldom very successful since those managing the process are 'part of the problem' as well as part of the solution.

466. Effective change management also requires the preparation of a communications strategy, commencing now, before the report is widely tabled, to enable managed and positive change according to the implementation plan.

ANNEX 1: TERMS OF REFERENCE

Revised TOR agreed as part of Inception Report

Project TA - 7646 (COO): Public Finance Management and Public Sector Performance Review

Expertise Public Sector Reform & Organization Development

Source International **Category** Independent

Objective/Purpose of the Assignment:

The expected impact of the policy and advisory TA will be a government structure that is cost-effective and aligned to national priorities. The expected outcome will be a set of options for priority administration reforms made available to the government.

Scope of Work:

The policy and advisory technical assistance (TA) will

- (iii) conduct a government-wide functional analysis to redefine Government's size and scope;
- (iv) review whether to include Crown Agencies under the performance elements of the Public Service Commissioner (PS) Act, 2009;
- (v) address Outer Island Administration in terms of improving service delivery in an accountable manner;
- (vi) Recommend mechanisms to improve performance management so there is more collaboration between Ministries and Agencies and a simplified planning and monitoring process in line with the annual budget and eventually the medium term budget framework and linked to the National Sustainable Development Plan;
- (vii) Facilitate the development of a Public Service Policies, Standards, and Guidelines Manual. It will support the adjustments OPSC is making to achieve its mandate and the regulatory framework, processes and procedures in place to advance public sector management and performance.

Detailed Tasks:

- (i) Assess the size, cost, and personnel allocations of the various Ministries/departments and Crown Agencies by first determining the necessary functions of respective departments and/or sectors.
- (ii) Identify areas where duplication of effort can be eliminated and consolidation, streamlining and contracting out can occur to achieve cost efficiencies and improve Public Service effectiveness.
- (iii) Review Outer Island Administration, functions, and roles. With OPSC, identify a more responsive management and accountability approach.
- (iv) Realign Government Ministries and Agencies into a more efficient structure and identify organizational structures, functions, personnel, and other needs, at a high level only.
- (v) Review the PS Act 2009 to determine approaches to include crown agencies under the PS Act, especially related to accountability sections. Advise on ways to adjust the PS Act, as deemed appropriate.
- (vi) Present findings and recommendations to the National Sustainable Development Committee.
- (vii) Manage team and liaise with the OPSC and other government stakeholders for the entire project.
- (viii) Conduct information gathering and presentation workshops with Public Service Personnel and other relevant stakeholders.

Output/Reporting Requirements:

The TA outputs include:

- (i) a functional analysis of Government Agencies completed
- (ii) Central Government Agencies (OPSC, OPM and MFEM) endorse a coordinated planning, management and monitoring system for implementation; and
- (iii) A Public Administrative Manual enabling OPSC to enforce regulations submitted for approval. Prepare necessary project related reports to include an inception report with a TA work program, monthly status reports, a draft final report, and final report. In addition, a preliminary findings paper during the first stage of the functional analysis and a final National Sustainable Development Committee accepted public administration rightsizing plan.

ANNEX 2: MULTILATERAL TREATY OBLIGATIONS

MINISTRY OF FOREIGN AFFAIRS AND IMMIGRATION

MULTILATERAL TREATY REPORTING OBLIGATIONS As at 08 August 2011

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AGRICULTURE	
TREATY TITLE	<i>International Plant Protection Convention 1951</i>
REPORTING REQUIRED	Yes
FREQUENCY	Initial notifications (which are either one off or when there are changes for example amendments to legislation) – basic (includes official pest report, description of the national plant protection organization, legislation, emergency actions and list of regulated pests and entry points into the Cook Islands) and optional reporting (includes rationale for phytosanitary requirements, organizational arrangements of plant protection, non-compliance, pest status and pest free area or area of low prevalence).
LEAD MINISTRY FOR COMPILING REPORT	467. Ministry of Agriculture
IMPLEMENTING MINISTRIES	Ministry of Agriculture
STATUS	
TREATY TITLE	International Fund for Agricultural Development 1976 (IFAD)
REPORTING REQUIRED	As to date, there are no existing agreements between IFAD and the Cook Islands. This has been confirmed by our internal Controller and Financial Services (CFS) department. Thus, absent an agreement, it seems that the Cook Islands would have no duty to report.
FREQUENCY	The provisions below provide a reference point for mandatory duties by the borrower in the event an agreement is executed.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Agriculture, MFEM/AMD
IMPLEMENTING MINISTRIES	Ministry of Agriculture, MFEM/AMD
STATUS	<p>If an agreement was present, Cook Islands would have several reporting obligations. These obligations are found in the document entitled, “General Conditions for Agricultural Development Financing.” Most of the “reporting” language contained in this document specifies that the borrower should only need to gather and produce information “upon the request of IFAD.” Therefore, in those instances, the borrower would have no obligation per se. However, there are some mandatory reporting duties, specifically (noted in italics):</p> <p style="text-align: center;">1. Section 8.02. Monitoring of Project Implementation – The Lead Project Agency shall:</p> <p style="text-align: center;">(b) during the Project Implementation Period, gather all data and other relevant information (including any and all information requested by the Fund) necessary to monitor the progress of the implementation of the Project and the</p>

	<p>achievement of its objectives; and (c) during the Project Implementation Period and <i>for at least ten (10) years thereafter, adequately store such information, and, promptly upon request, make such information available to the Fund</i> and its representatives and agents.</p> <p>2. Section 8.04. Completion Report <i>As promptly as possible after the Project Completion Date but in any event no later than the Financing Closing Date, the Borrower/Recipient shall furnish to the Fund a report on the overall implementation of the Project, in such form and substance as may be specified in the Financing Agreement or as the Fund shall reasonably request. At a minimum, such report shall address (i) the costs and benefits of the Project, (ii) the achievement of its objectives, (iii) the performance by the Borrower/Recipient, the Project Parties, the Fund of their respective obligations under the Agreement and (iv) lessons learned from the foregoing.</i></p> <p>3. Section 9.02. Financial Statements The Borrower/Recipient shall deliver to the Fund detailed financial statements of the operations, resources and expenditures related to the Project for each Fiscal Year prepared in accordance with standards and procedures acceptable to the Fund and <i>deliver such financial statements to the Fund within four (4) months of the end of each Fiscal Year.</i></p> <p>4. Section 9.03. Audit of Accounts - The Borrower/Recipient shall: (a) each Fiscal Year, have the accounts relating to the Project audited in accordance with auditing standards acceptable to the Fund and the Fund's Guidelines on Project Audits (for Borrowers' Use) by independent auditors acceptable to the Fund; (b) <i>within six (6) months of the end of each Fiscal Year, furnish to the Fund a certified copy of the audit report. The Borrower/Recipient shall submit to the Fund the reply to the management letter of the auditors within one month of receipt thereof.</i></p>
	CIVIL AVIATION
	<p>NO REPORTING REQUIRED UNDER THE ICAO TREATIES. Although most of the Conventions specify general obligations for States to give effect to the provisions of the Convention through the promulgation of laws, decrees, orders etc and in some cases to provide information on measures it has taken to give effect to the provisions. One component that is always requested is specimens of certificates.</p> <p>The VIMS audit that will be carried out in October should further identify gaps in national measures.</p>
	CULTURAL AND NATURAL HERITAGE
TREATY TITLE	<i>Convention concerning the Protection of the World Cultural and Natural Heritage 1972</i>
REPORTING REQUIRED	Yes
FREQUENC	Every six years. In accordance with Article 29 of the Convention, the

Y	<p>periodic reporting on the application of the <i>World Heritage Convention</i> is intended to serve four main purposes :</p> <ul style="list-style-type: none"> • to provide an assessment of the application of the <i>World Heritage Convention</i> by the State Party; • to provide an assessment as to whether the World Heritage values of the properties inscribed on the World Heritage List are being maintained over time; • to provide up-dated information about the World Heritage properties to record the changing circumstances and state of conservation of the properties; • to provide a mechanism for regional co-operation and exchange of information and experiences between States Parties concerning the implementation of the <i>Convention</i> and World Heritage conservation. <p>The World Heritage Committee has a regional approach to periodic reporting as a means to promote regional collaboration and to be able to respond to the specific characteristics of each region.</p> <p>The Committee examines these regional reports according to a pre-established schedule, which is based on a six-year cycle. For the Asia Pacific region, they reported in 2003 and 2010.</p>
LEAD MINISTRY FOR COMPILING REPORT	468. National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service and Ministry of Culture
STATUS	
	DISARMAMENT
TREATY TITLE	<i>South Pacific Nuclear Free Zone Treaty 1985 (Rarotonga Treaty)</i>
REPORTING REQUIRED	Yes
FREQUENCY	As necessary via the Secretary General of the Pacific Islands Forum Secretariat
LEAD MINISTRY FOR COMPILING REPORT	469. Ministry of Foreign Affairs and Immigration
IMPLEMENTING MINISTRIES	Ministry of Foreign Affairs and Immigration
STATUS	No report filed
TREATY TITLE	<i>Convention on the Prohibition of the Development, Production, Stockpiling and Use of Chemical Weapons and on their Destruction 1993 (Chemical Weapons)</i>

REPORTING REQUIRED	Yes
FREQUENCY	Annual declaration reports are to be filed with the Organization for the Prohibition of Chemical Weapons. Information is sought on the following subjects: Steps taken and progress made in designating or establishing the National Authority; and steps taken and progress made in enacting implementing legislation and/or adopting administrative measures to implement the Convention; identifying need for assistance from the Technical Secretariat, if any with regard to the above two points.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Foreign Affairs and Immigration
IMPLEMENTING MINISTRIES	Ministry of Foreign Affairs and Immigration, Customs
STATUS	Reports for 2006, 2007 and 2008 submitted.
TREATY TITLE	<i>Comprehensive Nuclear-Test-Ban Treaty 1996 (CTBT)</i>
REPORTING REQUIRED	Yes
FREQUENCY	From 2010 to Working Group A and Working Group B
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Foreign Affairs and Immigration
IMPLEMENTING MINISTRIES	Ministry of Foreign Affairs and Immigration
STATUS	No reports submitted.
TREATY TITLE	<i>Convention on the Prohibition of the Use, Stockpiling, Production and Transfer of Antipersonnel Mines and on their Destruction 1997 (Landmines)</i>
REPORTING REQUIRED	Yes
FREQUENCY	Article 7 of the Convention requires States parties to file annual reports with the United Nations Secretary General covering the preceding calendar year. Such reports are to be submitted no later than 30 April of each year. These reports must provide information on a variety of matters, including on all stockpiled anti-personnel mines and their destruction, locations of mined areas, number of mined areas cleared, mines retained for training purposes and measures taken to prevent civilians from entering mined areas. States parties must also report on what implementing measures they have taken to fulfill their obligations under Article 9 of the Convention. For countries like the Cook Islands with no landmines, reporting comprises completing a single page stating 'no change'.
LEAD	Ministry of Foreign Affairs and Immigration

MINISTRY FOR COMPILING REPORT	
IMPLEMENTING MINISTRIES	Ministry of Foreign Affairs and Immigration, Customs
STATUS	Reports up to date as of 30 June 2011. Due 30 April each year.
TREATY TITLE	<i>Convention on Cluster Munitions 2008</i>
REPORTING REQUIRED	Yes
FREQUENCY	States parties are required to report annually to the United Nations Secretary-General on matters related to the implementation of the Convention (Art. 7). These include the types and numbers of cluster munitions destroyed, the size and location of cluster munition contaminated areas, the status and progress of clearance programs, the measures taken to provide risk education and warnings to civilians, the status of victim assistance programmes and the national measures taken to prevent and suppress violations of the Convention.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Foreign Affairs and Immigration
IMPLEMENTING MINISTRIES	Ministry of Foreign Affairs and Immigration
STATUS	Report for 2009 and 2010 submitted.
	ENVIRONMENT
	* A lot of the reporting under some of the multilateral environment agreements require special training as the reports follow set templates and financial assistance to collect and analyze the information as well as produce a report to certain standards.
TREATY TITLE	<i>Convention on the Conservation of Nature in the South Pacific 1976 (Apia Convention)</i>
REPORTING REQUIRED	Yes
FREQUENCY	Every two years, but this Convention is now suspended
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Two reports have been submitted.
TREATY	<i>Convention on the Conservation of Migratory Species of Wild Animals</i>

TITLE	1979 (CMS)
REPORTING REQUIRED	YES
FREQUENCY	Every two years a National Report is required to be submitted to the Conference of the Parties
LEAD MINISTRY FOR COMPILING REPORT	470. National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service, Ministry of Marine Resources
STATUS	No reports filed yet
TREATY TITLE	<i>Vienna Convention for the Protection of the Ozone Layer 1985</i>
REPORTING REQUIRED	Yes
FREQUENCY	Decision VCI/2: Reporting of measures taken by Parties: The <i>Conference of the Parties</i> , in <i>Decision VCI/2 of its First Meeting</i> , decided that each Contracting Party shall submit to the Secretariat of the Convention every two years after the entry into force of the Convention a summary of the measures adopted by the Party for the implementation of the Convention. In accordance with paragraph 5 of Annex II of the Convention, the biennial reporting shall include the socio-economic and commercial information on the substances referred to in Annex I. The Secretariat shall prepare a format for reporting and shall ensure any required confidentiality of the information supplied to it.
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Financial assistance has been sought from UNEP to enable phase out of ODS substances and reporting.
TREATY TITLE	<i>Convention for the Protection of the Natural Resources and Environment of the South Pacific 1986 (Noumea Convention)</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Every two years. Article 19 of the Convention provides: The Parties shall transmit to SPREP information on the measures adopted by them in the implementation of this Convention and of Protocols to which they are Parties, in such form and at such intervals as the Parties may determine.</p> <p>A Report format was endorsed by the Fourth Ordinary Meeting of the Contracting Parties to the Apia and SPREP Conventions, 1998, paragraph 43 of the Report. National Reports to be lodged biennially and deposited with SPREP no less than three months prior to the Ordinary Meeting of the Parties.</p>

LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENT ING MINISTRIES	National Environment Service
STATUS	Two reports have been submitted.
TREATY TITLE	<i>Montreal Protocol on Substances that Deplete the Ozone Layer 1987</i>
REPORTING REQUIRED	Yes
FREQUENC Y	Pursuant to Article 7 of the Montreal Protocol, Parties to the Protocol are required to report annually on production and consumption of ozone depleting substances. In addition, various decisions of the Parties request further information and data to be provided to the Secretariat. This section of the web site attempts to assemble much of the information related to the Parties reporting of data and other information in a usable manner for the Parties as well as the general public. It should be noted that certain chemical specific data reported by the Parties is considered to be confidential. As a consequence, the data contained in the Ozone Secretariat's data access centre is grouped according to the basket of chemicals covered in each annex.
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENT ING MINISTRIES	National Environment Service
STATUS	Import data is required twice annually, once to the Secretariat for consideration of compliance and once to the Multilateral Fund Secretariat for eligibility for further funding. There have been problems with discrepancies with the amounts we have been reporting versus what EU, NZ, AUST are reporting as exporting to us. This is due to non compliance by the importers and inadequate resources for computerized recording systems at Customs. This should be redressed by the introduction of the licensing and import permit requirements commencing January 2012 with ongoing awareness raising and capacity building. We have also in the past been nearly blocked from receiving exports of fridges/air-conditioners from NZ and Australia as we were in non-compliance with the reporting but now have procedures in place and a 2008 regulation under the Environment Act 2003 in place to ensure no repeat of same situation.
TREATY TITLE	<i>Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal 1989 (Basel Convention)</i>
REPORTING REQUIRED	Yes
FREQUENC Y	Pursuant to Article 13 (3), Parties shall transmit, before the end of each calendar year, a report on the previous calendar year containing the

	following information as specified under 13(3)(a) to 13(3)(i). The focal points to the Basel Convention are responsible for receiving and submitting information as provided for in Articles 13 and 16.
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Like most of the Pacific the Cook Islands has yet to report however we are expected to in order to meet our obligations under the Convention but perhaps not unless funding is provided. We have done some exports of batteries and POPS over the years which are covered by the Conventions as transboundary movements of hazardous substances. We are also meant to report in imports. New Zealand and others do report on their exports to us. NES staff have just returned from training (July 2011, Fiji) on reporting writing under the Waigani and Basel Conventions.
TREATY TITLE	<i>United Nations Framework Convention on Climate Change 1992 (UNFCCC)</i>
REPORTING REQUIRED	Yes
FREQUENCY	Pending provision of full agreed costs, every 4 years with possibility of extension to 5. Parties to the Convention must submit national reports on implementation of the Convention to the Conference of the Parties (COP). The required contents of national communications and the timetable for their submission are different for Annex I and non-Annex I Parties. The core elements of the national communications for both Annex I and non-Annex I Parties are information on emissions and removals of greenhouse gases (GHGs) and details of the activities a Party has undertaken to implement the Convention. National communications usually contain information on national circumstances, vulnerability assessment, financial resources and transfer of technology, and education, training and public awareness; but the ones from Annex I Parties additionally contain information on policies and measures.
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Initial National Communication submitted 1995, Second National Communication due end of 2011.
TREATY	<i>Convention on Biological Diversity 1992</i>

TITLE	
REPORTING REQUIRED	Yes
FREQUENCY	<p>Periodically as determined by the Conference Parties, Cook Islands just submitted its initial report serving as its 4th National Report to the CBD.</p> <p>Article 26 of The Convention requires national reporting to provide information on measures taken for the implementation of the Convention and the effectiveness of these measures. In accordance with Article 6, measures to be addressed, in light of specific national circumstances, are reflected in the national biodiversity strategy and action plan (NBSAP)</p>
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	One report submitted but is a combined first, second, third and fourth reports submitted May 2011. Endorsed by CM 11 (0125)
TREATY TITLE	<i>United Nations Convention to Combat Desertification 1994 (UNCCD)</i>
REPORTING REQUIRED	YES
FREQUENCY	<p>Currently every 2 years.</p> <p>In accordance with article 26 of the Convention and the relevant decisions of its Conference of the Parties (COP), particularly decision 11/COP.1, each Party to the Convention is required to report, through the UNCCD secretariat, on measures undertaken to implement the UNCCD.</p> <p>The UNCCD is now implementing a new schedule of reporting based on the 10 Year Strategy (2008-2018) where country parties are now obligated to report against a minimum set of indicators for performance and impact. Rather than overwhelm country parties by requiring reporting on all indicators at once, a staggered approach was taken to report on performance first then slowly integrate impact indicators over the next couple of years.</p> <p>The Cook Islands 4th National Report to the UNCCD was submitted in January 2011 in a new online survey format called PRAIS and reporting only against performance indicators. The understanding is that we will be expected to report against these performance indicators every 2 years, with PRAIS 2 (5th reporting cycle) scheduled to start early 2012. Country Parties will be also be asked to report against 2 selected impact indicators as part of PRAIS 2 with a further 2-3 indicators with each successive reporting cycle.</p> <p>Some of the methodologies for measuring impact as well as definitions are still under discussion by various UNCCD bodies and the staggered approach will allow time for the UNCCD process to resolve these issues before reporting.</p>

LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Next report due: 2012 Reports submitted: The Cook Islands has submitted the 1 st and 2 nd National Report to the UNCCD and the online 4 th National Report but did not submit a 3 rd .
TREATY TITLE	<i>Convention to Ban the Importation into Forum Island Countries of Hazardous and Radioactive Wastes and to Control the Transboundary Movement and Management of Hazardous Wastes within the South Pacific Region 1995 (Waigani Convention)</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Article 7 of the Waigani Convention requires Parties, consistent with their national laws and regulations, to set up information, collection and dissemination mechanisms on hazardous wastes to enable SPREP to fulfill its obligations under article 14. The Second Meeting of the Parties, 2004, adopted Draft <i>Reporting and Transmission of Information</i> forms to be filled out annually by Parties and submitted to the Secretariat. The Parties were requested to meet their reporting obligations under the Waigani Convention beginning from the 2004 calendar year using the forms adopted.</p> <p>Also Art.6.2.f of the Waigani Convention stipulates that Parties are to (f) Submit to the Secretariat such reports as the Conference of the Parties may require regarding the hazardous wastes generated in the area under its jurisdiction in order to enable the Secretariat to produce a regular hazardous wastes report; and under 14.1.c of Waigani to (c) Prepare and transmit reports based upon information received in accordance with Articles 3, 4, 7, and 11 of this Convention.</p>
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	<p>Like most of the Pacific the Cook Islands has yet to report however we are expected to in order to meet our obligations under the Convention but perhaps not unless funding is provided. We have done some exports of batteries and POPS over the years which are covered by the Conventions as transboundary movements of hazardous substances. We are also meant to report in imports. New Zealand and others do report on their exports to us.</p> <p>NES staff have just returned from training (July 2011, Fiji) on reporting writing under the Waigani and Basel Conventions.</p>

	HAZARDOUS CHEMICALS
TREATY TITLE	<i>Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade 1998 (PIC)</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Annual reporting of imports and exports.</p> <p>There is supposed meant to be joint reporting for the three Conventions (PIC, Rotterdam and POPs and there may be a regional pilot coming up to achieve this, especially for non chemical/hazardous substance manufacturing countries like ourselves.</p> <p>Regulations for import, transshipment, handling, disposal, export etc of hazardous substances will have to be developed to ensure compliance with the conventions.</p>
LEAD MINISTRY FOR COMPILING REPORT	471. National Environment Service, Ministry of Agriculture
IMPLEMENTING MINISTRIES	National Environment Service, Ministry of Agriculture, Customs
STATUS	Like most of the Pacific the Cook Islands has yet to report however we are expected to in order to meet our obligations under the Convention but perhaps not unless funding is provided. We have done some exports of batteries and POPs over the years which are covered by the Conventions as transboundary movements of hazardous substances. We are also meant to report in imports. New Zealand and others do report on their exports to us.
TREATY TITLE	<i>Cartagena Protocol on Biosafety to the Convention on Biological Biodiversity 2000</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>National reports on implementation of the Cartagena Protocol called for under Article 33 of the Protocol is a series of questions based on those elements of the Protocol that establish obligations for Contracting Parties. Responses to these questions will help Parties to review the extent to which they are successfully implementing the provisions of the Protocol and will assist the Conference of the Parties serving as the meeting of the Parties to the Protocol to assess the overall status of implementation of the Convention.</p> <p>For subsequent national reports, the format is expected to evolve, as questions that are no longer relevant after the first national report may be deleted, questions that are relevant to ongoing progress in implementation will be retained, and additional questions will be formulated pursuant to future decisions of the Conference of the Parties serving as the meeting of the Parties to the Protocol.</p>
LEAD MINISTRY FOR	National Environment Service

COMPILING REPORT	
IMPLEMENTING MINISTRIES	National Environment Service
STATUS	Report yet to be compiled.
TREATY TITLE	<i>Convention on Persistent Organic Pollutants 2001 (POPs)</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Article 15 of the Convention requires Parties to report to the COP every four years on measures it has taken to implement the provisions of the Convention and the effectiveness of the measures in meeting the objectives of the Convention.</p> <p>The information includes statistical data on the production, import, export of each of the chemicals listed in Annex A and B of the Convention and the list of countries from or to the import or export have taken place.</p>
LEAD MINISTRY FOR COMPILING REPORT	National Environment Service
IMPLEMENTING MINISTRIES	National Environment Service, Agriculture
STATUS	National Implementation Plan submitted March 2011. NIP endorsed by CM 11(098).
	FISHERIES
TREATY TITLE	<i>Treaty on Fisheries between the Governments of Certain Pacific island States and the Government of the United States of America 1987 and subsequent amendments</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Verbal reports are provided at the Annual Consultations held usually in March and MMR officials participate in various discussions about the operation and or implementation of the Treaty.</p> <p>Government is also required to provide quarterly acquittals for the various projects funded under the UST PDF allocation; as well as an annual report of the outcomes of the projects for which funding was sought. An annual declaration to the effect that the UST funding is not being used for military or para-military activities is also required.</p>
LEAD MINISTRY FOR COMPILING REPORT	472. Ministry of Marine Resources
IMPLEMENTING MINISTRIES	Ministry of Marine Resources
STATUS	Verbal report provided at 23 rd Annual Session in Majuro, RMI, 16 -24

	March 2011. Next Annual Session scheduled for March 2012
TREATY TITLE	<i>Niue Treaty on Cooperation in Fisheries Surveillance and Law Enforcement in the South Pacific Region 1992</i>
REPORTING REQUIRED	Yes to Depositary of Convention – Government of Niue
FREQUENCY	Each time a sub-agreement is developed under the Niue Treaty
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Marine Resources
IMPLEMENTING MINISTRIES	Ministry of Marine Resources
STATUS	Two Subsidiary Agreements – Cook Islands v Niue (discussions in progress for new Agreement) and Cook Islands v Samoa (current Agreement has another 2 years to run) Cook Islands currently a core-member of the Niue Treaty Drafting Group, working towards a 'regional' subsidiary Agreement.
TREATY TITLE	<i>Convention on the Conservation and Management of Highly Migratory Fish Stocks in the Western and Central Pacific Ocean 2000</i>
REPORTING REQUIRED	Yes
FREQUENCY	An Annual Report is required by all Parties - Part 1 relates to all matters 'Science' including fisheries data and information - such Report submitted prior to the Annual Science Committee Meeting normally August; and Part 2 relates to all Technical and Compliance matters – is submitted prior to the Annual Technical and Compliance Committee Meeting, normally Sept/Oct. Part 2 reports also contain reporting on implementation and compliance with various conservation and management measures that are adopted at the Annual Sessions, normally December.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Marine Resources
IMPLEMENTING MINISTRIES	Ministry of Marine Resources
STATUS	Part I and Part II have been provided to the WCPFC as required. 2010 Part I has been submitted and will be considered at the 7 th Science Committee Meeting in Pohnpei in August 2011. 2010 Part II Report due in August 2011, however as a Compliance Measure is being trialed, the Executive Director of the WCPFC, has requested that the Reports be submitted by 28 July 2011.
TREATY TITLE	<i>Convention on the Conservation and Management of the High Seas Fishery Resources of the South Pacific Ocean 2009 (SPRFMO)</i>
REPORTING REQUIRED	Yes
FREQUENCY	The 2011 Interim Measures for Pelagic Fisheries and the Data Standards

Y	require monthly reporting.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Marine Resources
IMPLEMENT ING MINISTRIES	Ministry of Marine Resources
STATUS	As the Cook Islands have no vessels active in this fishery, it therefore does not need to report.
	HEALTH
TREATY TITLE	<i>United Nations Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances 1988</i>
REPORTING REQUIRED	Yes
FREQUENC Y	Annually
LEAD MINISTRY FOR COMPILING REPORT	473. Ministry of Foreign Affairs and Immigration
IMPLEMENT ING MINISTRIES	Ministry of Health, Ministry of Police, Customs
STATUS	Annual reports prepared
	TOBACCO CONTROL
TREATY TITLE	<i>Framework Convention on Tobacco Control 2003</i>
REPORTING REQUIRED	Yes
FREQUENC Y	Starting in 2012, Parties are expected to report at intervals of two years and not later than six months before each regular session of the COP. The Convention requires each Party to submit to the Conference of the Parties (COP), through the Convention Secretariat, periodic reports on its implementation of the Convention. The objective of reporting is to enable Parties to learn from each other's' experience in implementing the WHO FCTC. Parties' reports are also the basis for reviews by the COP of progress in implementation of the Convention internationally.
LEAD MINISTRY FOR COMPILING REPORT	474. Ministry of Health
IMPLEMENT ING MINISTRIES	Ministry of Health
STATUS	National Action Plan completed
TREATY TITLE	<i>International Convention against Doping in Sport 2005</i>

REPORTING REQUIRED	Yes
FREQUENCY	Every two years and national reports should include information of development of anti-doping programs
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Internal Affairs
IMPLEMENTING MINISTRIES	Ministry of Internal Affairs, CISNOC
STATUS	No report filed
	HUMAN RIGHTS
Note	<i>*The eight major human rights treaties are each associated with a treaty body of independent experts who have the task of monitoring the implementation of treaty obligations.</i>
TREATY TITLE	<i>Convention on the Elimination of All Forms of Discrimination Against Women 1979 (CEDAW)</i>
REPORTING REQUIRED	Yes
FREQUENCY	Every 4 years on measures taken to comply with treaty obligations. Article 18 of the Convention provides as follows: "1. States Parties undertake to submit to the Secretary-General of the United Nations, for consideration by the Committee [on the Elimination of Discrimination Against Women], a report on the legislative, judicial, administrative or other measures which they have adopted to give effect to the provisions of the present Convention and on the progress made in this respect: (a) Within one year after the entry into force for the State concerned; (b) Thereafter at least every four years and further whenever the Committee so requests. 2. Reports may indicate factors and difficulties affecting the degree of fulfillment of obligations under the present Convention.
LEAD MINISTRY FOR COMPILING REPORT	475. <u>Ministry of Internal Affairs – Lead</u>
IMPLEMENTING MINISTRIES	Ministries of Agriculture, Culture, Education, Finance and Economic Management, Foreign Affairs and Immigration, Health, Internal Affairs, Justice, Police; Crown Law, National Human Resource Development, Office of the Prime Minister, Ombudsman, Public Service Commission.
STATUS	Initial Report submitted 2006, next report due end of 2011
TREATY TITLE	<i>Convention on the Rights of the Child 1989 (CRC)</i>
REPORTING REQUIRED	Yes
FREQUENCY	Every 5 years. Article 44 of the Convention stipulates as follows:

	<ol style="list-style-type: none"> 1. States Parties undertake to submit to the Committee, through the Secretary-General of the United Nations, reports on the measures they have adopted which give effect to the rights recognized herein and on the progress made on the enjoyment of those rights: <ol style="list-style-type: none"> (a) Within two years of the entry into force of the Convention for the State Party concerned; (b) Thereafter every five years. 2. Reports made under the present article shall indicate factors and difficulties, if any, affecting the degree of fulfillment of the obligations under the present Convention. Reports shall also contain sufficient information to provide the Committee with a comprehensive understanding of the implementation of the Convention in the country concerned. 3. A State Party which has submitted a comprehensive initial report to the Committee need not, in its subsequent reports submitted in accordance with paragraph 1 (b) of the present article, repeat basic information previously provided. 4. The Committee may request from States Parties further information relevant to the implementation of the Convention. 5. The Committee shall submit to the General Assembly, through the Economic and Social Council, every two years, reports on its activities. 6. States Parties shall make their reports widely available to the public in their own countries.
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Internal Affairs – Lead
IMPLEMENTING MINISTRIES	Ministries of Agriculture, Culture, Education, Finance and Economic Management, Foreign Affairs and Immigration, Health, Internal Affairs, Justice, Police; Crown Law, National Human Resource Development, Office of the Prime Minister, Ombudsman, Public Service Commission.
STATUS	Initial Report submitted
TREATY TITLE	<i>Convention on the Rights of Persons with Disabilities 2006</i>
REPORTING REQUIRED	Yes
FREQUENCY	<p>Every 4 years.</p> <p>Article 35 of the Convention provides:</p> <ol style="list-style-type: none"> 1. Each State Party shall submit to the Committee, through the Secretary-General of the United Nations, a comprehensive report on measures taken to give effect to its obligations under the present Convention and on the progress made in that regard, within two years after the entry into force of the present Convention for the State Party concerned. 2. Thereafter, States Parties shall submit subsequent reports at least every four years and further whenever the Committee so requests. 3. The Committee shall decide any guidelines applicable to the content of the reports. 4. A State Party which has submitted a comprehensive initial report to the Committee need not, in its subsequent reports, repeat information previously provided. When preparing reports to the Committee, States Parties are invited to consider doing so in an open and transparent

	<p>process and to give due consideration to the provision set out in article 4, paragraph 3, of the present Convention.</p> <p>5. Reports may indicate factors and difficulties affecting the degree of fulfillment of obligations under the present Convention.</p>		
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Internal Affairs – Lead		
IMPLEMENTING MINISTRIES	Ministries of Agriculture, Culture, Education, Finance and Economic Management, Foreign Affairs and Immigration, Health, Internal Affairs, Justice, Police; Crown Law, National Human Resource Development, Office of the Prime Minister, Ombudsman, Public Service Commission.		
STATUS	Soon to report this year 2011. Draft report completed		
TREATY TITLE	<i>Optional Protocol on the Convention on the Rights of Persons with Disabilities 2006</i>		
REPORTING REQUIRED	Yes but only if a communication has been made to the Committee. A communication is a procedure whereby individuals may complain of violations of their rights under the treaty, provided the state concerned has agreed that this procedure applies to it.		
FREQUENCY	Article 7 of the Optional Protocol provides: “The Committee may invite the State Party concerned to include in its report under article 35 of the Convention details of any measures taken in response to an inquiry conducted under article 6 of the present Protocol.”		
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Internal Affairs – Lead		
IMPLEMENTING MINISTRIES	Crown Law, Ministries of Justice and Police		
STATUS	Soon to report this year 2011. Draft report completed		
	MARITIME MATTERS		
TREATY TITLE	<i>International Convention on Load Lines 1966 (Load Lines)</i>		
REPORTING REQUIRED	Yes		
FREQUENCY	Load Lines 1966	Art. 6(3)	Exemptions – particulars and reasons therefore
		Art. 8(2)	Equivalents – particulars thereof, together with a report on any trials made
		Art. 9(2)	Approvals for experimental purposes – particulars thereof
		Art. 23(2)	The pertinent information concerning the findings of such casualty investigations
		Art. 25	Special rules are drawn up by agreement among all or some of the Contracting Governments

		Art. 26(1)(a)	A sufficient number of specimens of their certificates issued under the provisions of the present Convention for circulation to the Contracting Governments
		Art. 26(1)(b)	The text of the laws, decrees, orders, regulations and other instruments which shall have been promulgated on the various matters within the scope of the present Convention
		Art. 26(1)(c)	A list of non-governmental agencies which are authorized to act in their behalf in the administration of load line matters
		Art. 27(2)	Acceptance or accession to the Convention
		Art. 29(7)	Acceptance or declaration to the amendments
		Art. 30(2)	Denunciation to the Convention
		Art. 31(1)	Suspension to the operation of the whole or any part of the present Convention
	Protocol 1988	Art. III(a)	The text of laws, decrees, orders and regulations and other instruments which have been promulgated on the various matters within the scope of the Protocol
		Art. III(b)	A list of nominated surveyors or recognized organizations which are authorized to act on their behalf in the administration of measures for safety of life at sea and the specific responsibilities and conditions of the authority delegated to the nominated surveyors or recognized organizations
		Art. III(c)	A sufficient number of specimens of Certificates issued under the Protocol
		Art. IV(2)	Ratification, acceptance, approval or accession to the Protocol
		Art. VI(6)	Any declaration of acceptance of, or objection to, an amendment to the Protocol
		Art. VII(2)	Denunciation to the Protocol
LEAD MINISTRY FOR COMPILING REPORT	476. Ministry of Transport		
IMPLEMENTING MINISTRIES	Ministry of Transport		
STATUS			

TREATY TITLE	<i>International Convention on the Tonnage Measurement of Ships 1969 (Tonnage)</i>		
REPORTING REQUIRED	Yes under Convention and Annexes		
FREQUENCY	TONNAGE 1969	Art. 15(a)	A sufficient number of specimens of their certificates issued under the provisions of the present Convention for circulation to the Contracting Governments
		Art. 15(b)	The text of the laws, orders, decrees, regulations and other instruments which shall have been promulgated on the various matters within the scope of the present Convention
		Art. 15(c)	A list of non-governmental agencies which are authorized to act in their behalf in matters relating to tonnages for circulation to the Contracting Governments
		Art. 16(2)	Acceptance or accession to the Convention
		Art. 18(6)	Acceptance or declaration to the amendments
		Art. 19(2)	Denunciation to the Convention
	Annex 1	Reg. 1(3)	Novel types of craft – details of the method used for that purpose
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Transport		
IMPLEMENTING MINISTRIES	Ministry of Transport		
STATUS	Although most of the Conventions specify general obligations for States to give effect to the provisions of the Convention through the promulgation of laws, decrees, orders etc and in some cases to provide information on measures it has taken to give effect to the provisions. One component that is always requested is specimens of certificates.		
TREATY TITLE	<i>International Convention for the Safety of Life at Sea 1974 (SOLAS)</i>		
REPORTING REQUIRED	Yes under the Convention and its related Regulations, following is a non-exhaustive list		
FREQUENCY	SOLAS 74	Art. III(a)	A list of non-governmental agencies which are authorized to act in their behalf in the administration of measures for safety of life at sea
		Art. III(b)	The text of laws, decrees, orders and

			regulations
		Art. III(c)	A sufficient number of specimens of Certificates issued
		Art. V(c)	Carriage of persons in emergencies – notice of any such permission, together with a statement of the circumstances
		Art. VII	Special rules drawn up by agreement between all or some of the Contracting Governments
		Art. VIII(f)	Any declaration of acceptance of, or objection to, an amendment
		Art. IX(b)	Ratification, acceptance, approval or accession to the Convention
		Art. XI(b)	Denunciation to the Convention
		Reg. I/4(b)	Exemptions and the reasons therefore
		Reg. I/5(b)	Equivalents – particulars thereof together with a report on any trials
		Reg. I/6(b)	the specific responsibilities and conditions of the authority delegated to nominated surveyors or recognized organizations
		Reg. I/19(d)	Port State control – the facts concerning the intervention
		Reg. 1/21(b)	Pertinent information concerning the findings of casualty investigations
		Reg. II-1/55.5	Pertinent information concerning alternative design and arrangements
		Reg. II-2/17.5	Pertinent information concerning alternative design and arrangements
		Reg. III/20.8.5	Information regarding extension of life-raft service intervals for new and novel inflatable life-raft

		Reg. III/38.5	Pertinent information concerning alternative design and arrangements
		Reg. IV/3.3	A report, as soon as possible after the first of January in each year, showing all exemptions granted under paragraphs 1 and 2 of regulation IV/3 during the previous calendar year and giving the reasons for granting such exemptions
		Reg. IV/5.2	Pertinent information concerning the shore-based facilities in the Maritime Mobile Service, Mobile-Satellite Service and Maritime Mobile-Satellite Service, established for sea areas which it has designated off its coasts
		Reg. V/3.3	A report, as soon as possible after 1 January in each year, summarizing all new exemptions and equivalents granted under paragraph 2 of regulation V/3 during the previous calendar year and giving the reasons for granting such exemptions and equivalents
		Reg. V/7.2	Information concerning its existing search and rescue facilities and the plans for changes therein
		Reg. V/10.2	Proposals for the adoption of ships' routing systems
		Reg. V/11.2	Proposals for the adoption of ship reporting systems
		Reg. V/19-1.8.2	Relevant details to enable long-range identification and tracking information to be made available
		Reg. V/19-1.9.2	The decision on LRIT information not provided

		Reg. XI-2/9.3.1	Information imposing the control measures or steps, as referred to in the regulation
		Reg. XI-2/12.1 and 13.6	Particulars concerning equivalent security arrangements for ships
		Reg. XI-2/12.2 and 13.6	Particulars concerning equivalent security arrangements for port facilities
		Reg. XI-2/13.1	The names and contact details of national authority or authorities responsible for ship and port facility security; the locations within territory covered by the approved port facility security plans; the names and contact details of those who have been designated to be available at all times to receive and act upon the ship-to-shore security alerts; the names and contact details of those who have been designated to be available at all times to receive and act upon any communications from Contracting Governments exercising control and compliance measures; the names and contact details of those who have been designated to be available at all times to provide advice or assistance to ships and to whom ships can report any security concerns and thereafter any changes
		Reg. XI-2/13.2	The names and contact details of any recognized security organizations authorized to act on their behalf together with details of the specific responsibility and conditions of authority

			delegated to such organizations and thereafter any changes
		Reg. XI-2/13.3 and 13.4	A list, not later than 1 July 2004, showing the approved port facility security plans for the port facilities located within their territory together with the location or locations covered by each approved port facility security plan and the corresponding date of approval and thereafter a revised and updated list at five-year intervals after 1 July 2004
		Reg. XI-2/13.5	Information regarding bilateral or multilateral agreement on alternative security arrangements, including the names of the Contracting Governments which have concluded the agreement; the port facilities and the fixed routes covered by the agreement; the periodicity of review of the agreement; the date of entry into force of the agreement; and information on any consultations which have taken place with other Contracting Governments and thereafter when the agreement has been amended or has ended
	Protocol 1978	Art. III	A list of nominated surveyors or recognized organizations which are authorized to act on their behalf in the administration of measures for safety of life at sea and the specific responsibilities and conditions of the

			authority delegated to the nominated surveyors or recognized organizations
		Art. IV(2)	Ratification, acceptance, approval or accession to the Protocol
		Art. VI	Denunciation to the Protocol
	Protocol 1988	Art. III(a)	The text of laws, decrees, orders and regulations and other instruments which have been promulgated on the various matters within the scope of the Protocol
		Art. III(b)	A list of nominated surveyors or recognized organizations which are authorized to act on their behalf in the administration of measures for safety of life at sea and the specific responsibilities and conditions of the authority delegated to the nominated surveyors or recognized organizations
		Art. III(c)	A sufficient number of specimens of Certificates issued under the Protocol
		Art. IV(2)	Ratification, acceptance, approval or accession to the Protocol
		Art. VI	Any declaration of acceptance of, or objection to, an amendment to the Protocol
		Art. VII(2)	Denunciation to the Protocol

	FTP Code	Para. 7.2	Use of equivalents and modern technology, including, in the case of new and unconventional products, a written analysis as to why the existing test method(s) cannot be used to test this specific product; a written analysis showing how the proposed alternative test procedure will prove performance as required by the Convention; and a written analysis comparing the proposed alternative test procedure to the required procedure in the Code
	IMDG Code	Para. 7.9.1.2	A copy of such exemption
		Para. 7.9.3	Updated Contact information for the main designated national competent authorities concerned
	IMSBC Code	Para. 1.3.2	Cargoes not listed in the Code – an application, within one year from the issue of the certificate stating the characteristics of the cargo and the required conditions for carriage and handling of the shipment
		Para. 1.5.2.1	A copy of such exemption
	IBC Code	Para. 1.1.6	Preliminary suitable condition for the carriage of products not listed in chapter 17 or 18
		Para. 1.4.2	Equivalents – the particulars thereof, together with a report on the evidence
	IGC Code	Para. 1.1.6	Preliminary suitable conditions for the carriage of products not at present designated in chapter 19
		Para. 1.4.2	Equivalents – the particulars thereof, together with a report on the evidence

	1994 HSC Code	Para. 1.11.2	Equivalents – the particulars of these substitutions and the reasons therefore
		Para. 1.14.1	A copy of the official accident investigation report
		Para. 8.9.1.3 and 8.9.12	Novel life-saving appliance or arrangements – Extension of life raft service intervals
		Para. 14.3.3	A report, as soon as possible after the first of January in each year, showing all exemptions granted under 14.3.1 and 14.3.2 during the previous calendar year and giving the reasons for granting such exemptions
	2000 HSC Code	Para. 1.11.2	Equivalents – the particulars thereof, together with a report on the evidence
		Para. 1.14.1	A copy of the official accident investigation report
		Para. 8.9.11	Novel life-saving appliance or arrangements – Extension of life raft service intervals
		Para. 14.3.3	A report, as soon as possible after the first of January in each year, showing all exemptions granted under 14.3.1 and 14.3.2 during the previous calendar year and giving the reasons for granting such exemptions
	Casualty Investigation Code	Para. 4.1	Detailed contact information of the marine safety investigation Authority(ies) carrying out marine safety investigations within their State

		Para. 1.14.1	The final version of a marine safety investigation report for every marine safety investigation conducted into a very serious marine casualty	
		Para. 1.14.2	The final version of a marine safety investigation report, other than a very serious marine casualty, containing information which may prevent or lessen the seriousness of marine casualties or marine incidents in the future	
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Transport			
IMPLEMENTING MINISTRIES	Ministry of Transport			
STATUS				
TREATY TITLE	<i>Convention on the International Regulations for Preventing Collisions at Sea 1972 (COLREGS)</i>			
REPORTING REQUIRED	Yes			
FREQUENCY	COLREG 1972	Art. II(3)	Ratification, acceptance, approval or accession	
		Art. VI(4)	Objection to the amendments	
		Art. VII(2)	Denunciation to the Convention	
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Transport			
IMPLEMENTING MINISTRIES	Ministry of Transport			
STATUS	Although most of the Conventions specify general obligations for States to give effect to the provisions of the Convention through the promulgation of laws, decrees, orders etc and in some cases to provide information on measures it has taken to give effect to the provisions. One component that is always requested is specimens of certificates.			
	MARINE POLLUTION			
TREATY	<i>International Convention for the Prevention of Marine Pollution from Ships,</i>			

TITLE	1973 as modified by the Protocol of 1978 relating thereto (MARPOL 73/78)		
REPORTING REQUIRED	Yes, following is a non-exhaustive list		
FREQUENCY	MARPOL 1973	Art. 4(3)	Action taken for the violation
		Art. 6(4)	Action taken for the alleged violation
		Art. 8(2)(b) and (4)	Report on incidents involving harmful substance
		Art. 11(1)(a)	The text of laws, orders, decrees and regulations and other instruments which have been promulgated on the various matters within the scope of the present Convention
		Art. 11(1)(b)	A list of non-governmental agencies which are authorized to act on their behalf in matters relating to the design, construction and equipment of ships carrying harmful substances in accordance with the provisions of the Regulations
		Art. 11(1)(c)	A sufficient number of specimens of their certificates issued under the provisions of the Regulations
		Art. 11(1)(d)	A list of reception facilities including their location, capacity and available facilities and other characteristics
		Art. 11(1)(e)	Official reports or summaries of official reports in so far as they show the results of the application of the present Convention
		Art. 11(1)(f)	An annual statistical report, in a form standardized by the Organization, of penalties actually imposed for infringement of the

			present Convention
		Art. 12(2)	Findings of the casualty investigation, when it judges that such information may assist in determining what changes in the present convention
		Art. 13(2)	Ratification, acceptance, approval or accession to the Convention
		Art. 14(2)	Acceptance to optional Annexes
		Art. 16(9)	Declaration of acceptance or of objection to an amendment
		Art.18(2)	Denunciation to the Convention
	Protocol II	Art. II(2)	Information regarding arbitration
	Protocol 1978	Art. III (Replacement of text of Article 11(1)(b) of the Convention)	A list of nominated surveyors or recognized organizations which are authorized to act on their behalf in the administration of matters relating to the design, construction, equipment and operation of ships carrying harmful substances and the specific responsibilities and conditions of the authority delegated to nominated surveyors or recognized organizations
		Art. IV(2)	Ratification, acceptance, approval or accession to the Protocol
		Art. VI	Declaration of acceptance or of objection to an amendment
		Art. VII(2)	Denunciation to the Protocol

	Protocol 1997	Art. 4	Declaration of acceptance or of objection to an amendment
		Art. 5(2)	Ratification, acceptance, approval or accession to the Protocol
		Art. 7(2)	Denunciation to the Protocol
	Annex I	Reg. 3.3	Exemption – particulars and the reasons thereof – as soon as possible, but not more than 90 days thereafter
		Reg. 5.2	Equivalents – particulars thereof
		Reg. 6.3.2	The specific responsibilities and conditions of the authority delegated to the nominated surveyors or recognized organizations
		Reg. 18.10.3	Segregated ballast tanks – oil tanker delivered on or after 1 June 1982 having special ballast arrangements
		Reg. 20.8.1 and 20.8.2	Application of para. 5 or 7 of the regulation for category 2 or 3 oil tankers
		Reg. 21.8.1	Application of para. 5, 6 or 7 of the regulation for oil tankers carrying heavy grade oil
		Reg. 21.8.2	Application of para. 5 or 6 of the regulation for oil tankers carrying heavy grade oil
		Reg. 25.5	Hypothetical outflow of oil – arrangement regarding an installed cargo transfer system
		Reg. 38.8	All cases where the facilities provided under this regulation are alleged to be inadequate

	Annex II	Reg. 4.1.2	A report giving details of the ship or ships concerned, the cargoes certified to carry, the trade in which each ship is engaged and the justification for the relaxation of the application of an amendment
		Reg. 4.4.5	Particulars of the exemption for a ship whose constructional and operational features are such that ballasting of cargo tanks is not required and cargo tank washing is only required for repair or dry-docking
		Reg. 5.2	Equivalents – particulars thereof
		Reg. 6.3	Details of the substance and the provisional assessment – as soon as possible, but not later than 30 days after the agreement among the Governments for substance not categorized has been reached
		Reg. 8.2.4	The specific responsibilities and conditions of the authority delegated to the nominated surveyors or recognized organizations
		Reg. 18.5	Any case where facilities required under paragraph 1 or arrangements required under paragraph 3 of this regulation are alleged to be inadequate
	Annex IV	Reg. 4.4	The specific responsibilities and conditions of the authority delegated to

			the nominated surveyors or recognized organizations
		Reg. 12.2	All cases where the facilities provided under this regulation are alleged to be inadequate
	Annex V	Reg. 7(2)	All cases where the facilities provided under this Regulation are alleged to be inadequate
	Annex VI	Reg. 4.2	Equivalents – particulars thereof
		Reg. 11.4	The action taken for the alleged violation
		Reg. 15.2	Designated ports or terminals at which VOCs emissions from tankers are regulated
		Reg. 17.2	Ports and terminals where reception facilities are/are not available to manage and process the substances as refer to in this regulation
		Reg. 17.3	All cases where the facilities provided under this regulation are unavailable or alleged to be inadequate
		Reg. 18.1	Availability of compliant-fuel oils in its ports and terminals
		Reg. 18.2.5	Evidence of the non- availability of compliant fuel oil
		Reg. 18.9.6	All cases where fuel oil suppliers have failed to meet the requirements specified in regulation 14 or 18 of the Annex
	Res. MEPC.94(46)	Para. 14	Particulars of the Statements of Compliance issued; details of the suspension or withdrawal of the Statements of Compliance issued; and particulars of the

			ships to which it has declined the issue of a Statement of Compliance and reasons thereof
	BCH Code	Para. 1.5.2	Equivalents – particulars thereof together with a report on the evidence
		Para. 1.8	New products – suitable conditions of carriage
LEAD MINISTRY FOR COMPILING REPORT	477. Ministry of Transport		
IMPLEMENTING MINISTRIES	Ministry of Transport		
STATUS			
TREATY TITLE	<i>International Convention on Maritime Search and Rescue 1979 (STCW)</i>		
REPORTING REQUIRED	Yes, following is a non-exhaustive list		
FREQUENCY	STCW 78	Art. I	General obligations under the Convention
		Art. IV	Communication of Information
		Art. XI(1)	Promotion of technical co-operation
		Reg. I/3	Principles governing near-coastal waters
		Reg. I/5	National provisions
		Reg. I/6	Training and assessment
		Reg. I/7	Communication of information
		Reg. I/8	Quality standards
		Reg. I/9	Medical standards – Issue and registration of certificates
	STCW Code, Part A	Section A-I/6.1	Training and assessment
		Section A-I/6.3	Qualifications of instructors, supervisors and assessors
		Section A-I/6.7	Training and assessment with an institution
		Section A-I/7	Communication of information
		Section A-I/8	Quality standards
		Section A-I/12	Standards governing the use of simulators
		Section A.VIII/2.8	Watchkeeping at sea – direct attention of companies, masters, chief engineer officers and watchkeeping personnel to observe principles in Parts 3-1 and 3-2

LEAD MINISTRY FOR COMPILING REPORT	Ministry of Transport
IMPLEMENT ING MINISTRIES	Ministry of Transport
STATUS	Although most of the Conventions specify general obligations for States to give effect to the provisions of the Convention through the promulgation of laws, decrees, orders etc and in some cases to provide information on measures it has taken to give effect to the provisions. One component that is always requested is specimens of certificates.
TREATY TITLE	<i>Protocol of 1992 to the International Convention on the Establishment of an International Fund for compensation for Oil Pollution Damage 1971 (1992 Fund Protocol)</i>
REPORTING REQUIRED	Yes
FREQUENC Y	Article 15.1 of the Convention requires the submission of an annual declaration indicating whether the Cook Islands or associated persons have received or transported oil (crude oil or heavy fuel oil) of the quantity (150,000 metric tonnes) for the year 2010 to attract contribution to the 1992 Fund
LEAD MINISTRY FOR COMPILING REPORT	Ministry of Transport
IMPLEMENT ING MINISTRIES	<ul style="list-style-type: none"> ○ Ministry of Transport, Maritime Cook Islands
STATUS	Cook Islands have reported 2009, 2010, 2011
	PRIVATE INTERNATIONAL LAW
TREATY TITLE	Convention on the Recognition and Enforcement of Foreign Arbitral Awards 1958 (New York Convention)
REPORTING REQUIRED	No
FREQUENC Y	At its twenty-eighth session (1995), the Commission decided to undertake a survey with the aim of monitoring the implementation in national laws of the Convention and of considering the procedural mechanisms that various States have put in place to make the Convention operative. The Secretariat of UNCITRAL, in cooperation with the Arbitration Committee of the International Bar Association, prepared a questionnaire circulated to States parties to the Convention. The information on the procedural framework in which the Convention operates would enable the Commission to consider any further action it might take to improve the functioning of the Convention and would contribute to increasing awareness of its application.
LEAD MINISTRY FOR COMPILING	478. Ministry of Justice

REPORT	
IMPLEMENTING MINISTRIES	479. Ministry of Justice, Crown Law Office
STATUS	Not reporting undertaken.
	COUNTER-TERRORISM
TREATY TITLE	International Convention for the Suppression of the Financing of Terrorism 1999
REPORTING REQUIRED	Yes, but not directly to the Convention Secretariat
FREQUENCY	Annual
LEAD MINISTRY FOR COMPILING REPORT	480. Financial Intelligence Unit
IMPLEMENTING MINISTRIES	FIU
STATUS	FIU provides annual progress report to the Asia Pacific Group on Money Laundering who then reports to the Financial Action Task Force on any money laundering terrorism financing matters within the Asia Pacific region.

ANNEX 3: FUNCTIONAL MATRIX

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
1	Analysis of Core & Non-Core Functions																													
2			Yes		Yes		Yes		Yes		No		Sectors																	
3			Core	Non-Core	Core - Non Essential	Constitution	Legislation	Treaties	Business Plans	Policy Documents	Regulatory	Development	Service & Support	Deliver	Facilitate	Integrate	Transfer	Privatise	Contract	PPP	Stop	Education & Culture	Health & Social Services	Governance	Finance & Revenue	ITC	EEC	Economic Development	Law & Justice	Statutory Offices
4	Agriculture	Crop Research & Development	✓				✓	✓	✓	✓	✓	✓	✓	✓		✓												✓		
5		Border Control & Bio Security	✓				✓		✓	✓	✓						✓								✓					
6		Policy & Projects			✓		✓	✓	✓	✓	✓	✓					✓							✓				✓		
7		Livestock Management	✓				✓		✓	✓		✓	✓			✓												✓		
8		Administration & Finance		✓					✓				✓			✓												✓		
9		Nursery & Tractor Services		✓					✓			✓	✓				✓													
10	Culture	Cultural Development	✓				✓		✓	✓		✓					✓					✓								
11		Cultural Activities & Events			✓		✓		✓	✓		✓					✓					✓						✓		
12		Cultural Heritage			✓		✓		✓	✓		✓	✓			✓		✓		✓		✓			✓					
13		National Records & Information			✓		✓		✓	✓	✓						✓							✓						
14		Reo Maori Commission	✓				✓		✓	✓	✓	✓			✓							✓								
15		Audio Visual Unit		✓					✓	✓		✓							✓											
16	Education	Education Standards	✓				✓			✓	✓		✓									✓								
17		Qualified Teachers	✓				✓			✓	✓		✓									✓								
18		Sufficient Schools	✓				✓			✓	✓		✓									✓								
19		Formal Education Programs	✓				✓			✓	✓		✓									✓								
20		Language & Cultural Development	✓				✓		✓	✓		✓										✓								
21		Learning and Teaching	✓				✓		✓	✓		✓										✓								
22		Learning & Community			✓		✓		✓	✓		✓	✓		✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
23		Infrastructure & Support			✓				✓	✓		✓	✓		✓	✓						✓								
24		Early Childhood Education	✓				✓		✓	✓		✓	✓		✓					✓		✓			✓					
25	MFEM	Fiscal & Economic Advice	✓				✓		✓	✓	✓		✓												✓					
26		Fiscal & Economic Management	✓				✓	✓	✓	✓	✓		✓											✓						
27		Taxation & Customs	✓				✓	✓	✓	✓	✓		✓											✓						
28		Statistics		✓		✓		✓		✓		✓	✓		✓		✓							✓						
29		Aid Management		✓		✓		✓		✓		✓			✓		✓							✓	✓					
30		Numismatic		✓		✓		✓				✓					✓													
31		Government Payroll		✓		✓		✓				✓					✓							✓						
32		Capital Expenditure		✓		✓		✓				✓					✓							✓						
33		Internal Audit & Support	✓				✓		✓	✓		✓	✓											✓						
34	MFAI	Foreign Relations	✓			✓	✓		✓	✓		✓	✓										✓							
35		International Memberships	✓				✓		✓	✓	✓				✓		✓							✓					✓	
36		Protocols			✓	✓	✓		✓	✓		✓			✓	✓				✓		✓		✓						
37		Immigration			✓	✓	✓		✓	✓	✓						✓							✓						
38		Donor Relations	✓				✓			✓		✓	✓											✓						
39	Health	Infection & Injury Protection	✓				✓					✓	✓										✓							
40		Health & Safety Standards			✓		✓			✓	✓		✓										✓							
41		Food Safety & Security	✓				✓			✓	✓		✓										✓							
42		System Compliance			✓		✓			✓	✓						✓								✓					
43		Medical Registration	✓				✓				✓		✓										✓							
44		Community Health	✓				✓		✓	✓			✓	✓									✓							
45		Hospital Health	✓				✓		✓	✓			✓	✓									✓							
46		Outer Islands Health	✓						✓				✓	✓		✓							✓							

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	
1	Analysis of Core & Non-Core Functions																														
2			Yes		Yes		Yes				Yes		No		Sectors																
3			Core	Non-Core	Core - Non Essential	Constitution	Legislation	Treasures	Business Plans	Policy Documents	Regulatory	Development	Service & Support	Deliver	Facilitate	Integrate	Transfer	Privatise	Contract	PPP	Stop	Education & Culture	Health & Social Services	Governance	Finance & Revenue	ITC	EEC	Economic Development	Law & Justice	Statutory Offices	
47		Funding & Planning			✓				✓			✓			✓								✓								
48		Medical Tourism		✓						✓		✓		✓		✓					✓		✓								
49	NHRD	Learning & Community	✓				✓		✓	✓		✓			✓		✓					✓									
50		Learning & Teaching	✓				✓		✓			✓			✓		✓					✓									
51		Infrastructure & Support			✓				✓			✓				✓						✓									
52		Language & Cultural Development	✓				✓		✓			✓			✓		✓					✓									
53		Financial Aid			✓		✓		✓			✓			✓		✓					✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
54	MOIP	Corporate Services		✓			✓		✓			✓				✓											✓				
55		Land Survey & Management			✓		✓		✓		✓						✓													✓	
56		Regulatory Services & Standards	✓				✓		✓	✓	✓			✓			✓										✓				
57		Policy & Project & Planning			✓		✓		✓	✓		✓			✓	✓	✓							✓	✓	✓					
58		Plant & Equipment			✓		✓		✓	✓		✓	✓					✓		✓					✓						
59		Road Works			✓				✓	✓		✓	✓								✓					✓					
60		Water Works			✓				✓	✓		✓	✓							✓					✓						
61		Technical Services	✓						✓	✓		✓	✓	✓			✓										✓				
62		Waste Management & Recycling			✓				✓	✓		✓	✓							✓						✓					
63	INTAFF	Welfare & Benefits	✓				✓		✓	✓		✓	✓										✓								
64		Juvenile & Truancy Prevention			✓		✓		✓	✓	✓						✓					✓	✓							✓	
65		Youth & Gender Development	✓				✓	✓	✓	✓		✓		✓									✓								
66		Disability Support	✓				✓		✓			✓			✓		✓						✓								
67		Labour & Employment Relations			✓		✓		✓	✓		✓					✓								✓						
68		Consumer Relations			✓		✓		✓	✓		✓					✓								✓						
69		Beautification		✓			✓		✓	✓		✓							✓								✓				
70		Censorship		✓			✓		✓			✓					✓					✓								✓	
71		Sports & Recreation	✓				✓		✓			✓			✓								✓								
72		Workers Compensation			✓		✓		✓		✓						✓							✓							
73		Dangerous Goods			✓		✓		✓		✓						✓										✓				
74	Justice	Courts & Tribunals	✓				✓		✓	✓	✓	✓		✓																✓	
75		Land Facilitation	✓				✓		✓	✓	✓		✓																	✓	
76		Registries	✓				✓		✓		✓			✓																✓	
77		Prison Services			✓		✓		✓	✓		✓					✓													✓	
78		Probation Services			✓		✓		✓	✓		✓					✓													✓	
79		Information Technology		✓					✓	✓		✓		✓		✓								✓							
80		Rehabilitation & Reintegration			✓					✓		✓					✓													✓	
81		Company Registration			✓		✓		✓	✓		✓					✓								✓						
82		Electoral Services			✓		✓		✓	✓		✓					✓							✓							
83		Land Commission	✓							✓		✓		✓																✓	
84	MMR	Fisheries Management & Development	✓				✓		✓	✓		✓		✓															✓		
85		Offshore Fisheries	✓						✓	✓		✓		✓															✓		
86		Pearl Industry Support			✓		✓		✓	✓		✓		✓															✓		
87		Inshore Fisheries & Aquaculture	✓				✓		✓	✓		✓		✓															✓		
88		Policy & Legal Services			✓		✓		✓			✓					✓							✓						✓	
89		Corporate Services		✓					✓			✓				✓													✓		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD		
1	Analysis of Core & Non-Core Functions																															
2			Yes		Yes		Yes				Yes		No		Sectors																	
3			Core	Non-Core	Core - Non Essential	Constitution	Legislation	Treaties	Business Plans	Policy Documents	Regulatory	Development	Service & Support	Deliver	Facilitate	Integrate	Transfer	Privatise	Contract	PPP	Stop	Education & Culture	Health & Social Services	Governance	Finance & Revenue	ITC	EEC	Economic Development	Law & Justice	Statutory Offices		
90		Seabed & Minerals Development	✓			✓		✓	✓	✓	✓	✓		✓														✓				
91	OPM	National Policy & Planning	✓						✓	✓	✓	✓		✓										✓								
92		ICT	✓						✓			✓	✓				✓							✓								
93		Cabinet Services		✓		✓	✓		✓				✓				✓													✓		
94		Government Representatives		✓																	✓											
95		Corporate Services		✓					✓			✓				✓								✓								
96		EMCI	✓				✓		✓		✓	✓			✓	✓	✓							✓		✓						
97		Climate Change			✓			✓		✓		✓					✓															
98		Energy			✓		✓	✓		✓		✓					✓									✓		✓				
99		Local Government	✓				✓			✓		✓		✓										✓								
100		Attorney General			✓	✓	✓				✓						✓													✓		
101	OPSC	Governance Analysis	✓				✓		✓	✓	✓			✓			✓													✓		
102		Dispute Resolution	✓				✓		✓		✓			✓			✓													✓		
103		Human Resource Management	✓				✓		✓	✓		✓		✓										✓								
104		Performance Management	✓				✓		✓	✓		✓		✓										✓								
105		Finance & Administration		✓					✓				✓			✓								✓								
106		Superannuation Compliance		✓							✓						✓									✓						
107	Transport	Aviation Compliance	✓				✓		✓	✓	✓						✓										✓					
108		Maritime Compliance	✓				✓		✓	✓	✓						✓										✓					
109		Liquor License Authority			✓		✓		✓		✓						✓						✓									
110		Transport Registration & Licenses			✓		✓		✓		✓						✓										✓					
111		Met Services			✓								✓				✓										✓					
112		Technical Accreditation & Training	✓				✓			✓	✓		✓				✓									✓						
113		Technical Auditing	✓				✓			✓	✓		✓				✓									✓						
114		Roads, Automotive, Traffic Safety			✓		✓			✓	✓		✓				✓									✓						
115		Emergency Alert Systems			✓					✓		✓	✓				✓									✓						
116		Management, Coordination & Support			✓												✓									✓						
117	Audit	Crown Audits	✓			✓	✓		✓		✓			✓			✓													✓		
118		Ministry, Crown Agency & SOE Audits			✓	✓	✓		✓		✓			✓				✓														
119		Special Reviews & Investigations	✓			✓	✓		✓	✓	✓						✓													✓		
120		Audit Commissioner	✓			✓	✓		✓		✓						✓													✓		
121		Audit Awareness & Training			✓	✓	✓		✓	✓			✓	✓	✓									✓								
122	Crown Law	Legal Advisory	✓				✓		✓		✓		✓																	✓		
123		Litigation	✓				✓		✓		✓			✓																✓		
124		Legislative Drafting	✓				✓		✓	✓	✓		✓																	✓		
125		Legal Obligation	✓					✓			✓					✓														✓		
126		Law Commission	✓				✓			✓						✓														✓		
127	HOS	Administration & Support	✓				✓		✓				✓																	✓		
128	Ombudsman	Investigation - Ombudsman Act	✓				✓		✓		✓		✓																	✓		
129		Investigation - Official Information Act	✓				✓		✓		✓		✓																	✓		
130		Investigation - Disability Act	✓				✓		✓		✓		✓																	✓		
131		Education & Awareness	✓				✓	✓	✓		✓		✓																	✓		
132	Parliament	Inter-Parliamentary Relations	✓				✓	✓	✓			✓	✓																	✓		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD		
1	Analysis of Core & Non-Core Functions																															
2			Yes		Yes		Yes				Yes		No		Sectors																	
3			Core	Non-Core	Core - Non Essential	Constitution	Legislation	Treasures	Business Plans	Policy Documents	Regulatory	Development	Service & Support	Deliver	Facilitate	Integrate	Transfer	Privatise	Contract	PPP	Stop	Education & Culture	Health & Social Services	Governance	Finance & Revenue	ITC	EEC	Economic Development	Law & Justice	Statutory Offices		
133		Legislative Services	✓			✓	✓		✓		✓		✓																	✓		
134		Administration & Support	✓			✓			✓			✓			✓															✓		
135		Privileges & Entitlements	✓			✓	✓		✓		✓		✓																	✓		
136		Advisory	✓							✓	✓		✓																	✓		
137		Governance & Oversight	✓							✓	✓		✓																	✓		
138	Police	Crime & Crash Reduction	✓			✓			✓		✓		✓																✓			
139		Investigations & Prosecutions	✓			✓			✓		✓		✓																✓			
140		Corporate Services		✓					✓			✓			✓														✓			
141		Community Relations	✓			✓			✓		✓		✓																✓			
142		Maritime Policing	✓			✓			✓		✓		✓																✓			
143		Traffic Policing		✓		✓			✓		✓		✓		✓											✓						
144	BTIB	Business Development	✓			✓			✓	✓		✓				✓												✓				
145		Foreign Investment	✓			✓			✓	✓		✓				✓												✓				
146		Trade & Marketing	✓			✓			✓	✓		✓				✓												✓				
147		Regulation & Compliance		✓		✓			✓		✓					✓												✓				
148		Finance & Administration		✓		✓			✓			✓				✓												✓				
149		Produce & Value Added Products	✓						✓	✓		✓			✓													✓				
150		Cultural & Creative Products	✓						✓	✓		✓			✓													✓				
151	FIU	Policy Advisory	✓			✓			✓		✓				✓								✓									
152		Compliance, Examination & Enforcement	✓			✓	✓	✓	✓	✓					✓													✓				
153		Intelligence Services & Products	✓			✓	✓	✓				✓			✓													✓				
154		Investigation & Prosecution	✓			✓	✓	✓		✓					✓													✓				
155	FSDA	Financial Services Marketing	✓			✓		✓	✓		✓				✓													✓				
156		Financial Services Development	✓			✓		✓	✓		✓				✓													✓				
157		Corporate Services		✓								✓			✓													✓				
158	FSC	Regulatory & Compliance	✓			✓			✓		✓		✓															✓				
159		Licensing & Registration	✓			✓			✓		✓		✓															✓				
160		Corporate Services		✓					✓			✓			✓													✓				
161	NES	Advisory & Compliance	✓			✓	✓	✓	✓	✓		✓			✓												✓					
162		Policy Development & Planning	✓			✓	✓	✓	✓	✓		✓			✓								✓				✓					
163		Education & Awareness	✓			✓	✓	✓	✓		✓		✓														✓					
164		Corporate Services		✓		✓			✓			✓			✓												✓					
165	CIIC	Property Management	✓			✓			✓	✓		✓			✓					✓				✓								
166		Repair & Maintenance		✓		✓			✓			✓			✓				✓	✓				✓								
167		Venue Management		✓		✓			✓	✓		✓			✓					✓				✓								
168		SOE Management	✓			✓			✓	✓		✓			✓					✓				✓								
169		Punanga Nui Management		✓		✓			✓	✓		✓			✓					✓				✓			✓					
170	CINSF	Funds Management	✓			✓			✓			✓	✓			✓								✓								
171		Client Services	✓			✓			✓			✓						✓						✓								
172		Risk & Compliance	✓			✓			✓		✓		✓				✓							✓								
173	CINHT	Database Management	✓			✓			✓			✓			✓												✓					
174		Publications & Advice	✓			✓			✓			✓			✓												✓					
175		Conservation Projects		✓		✓			✓			✓			✓		✓									✓						

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD
1	Analysis of Core & Non-Core Functions																													
2			Yes		Yes		Yes		Yes		Yes		No		Sectors															
3			Core	Non-Core	Core - Non Essential	Constitution	Legislation	Treaties	Business Plans	Policy Documents	Regulatory	Development	Service & Support	Deliver	Facilitate	Integrate	Transfer	Privatise	Contract	PPP	Stop	Education & Culture	Health & Social Services	Governance	Finance & Revenue	ITC	EEC	Economic Development	Law & Justice	Statutory Offices
176	CIPA	Farming Support			✓		✓		✓			✓					✓											✓		
177		Quality Control & Standards	✓				✓		✓		✓						✓											✓		
178		Marketing	✓				✓		✓	✓		✓					✓											✓		
179		Industry Reform & Development	✓				✓		✓			✓					✓											✓		
180		Management Support Services		✓					✓			✓					✓											✓		
181	Tourism	Destination Marketing	✓				✓		✓	✓		✓					✓											✓		
182		Destination Development	✓				✓		✓	✓		✓					✓											✓		
183		Head Office			✓		✓		✓		✓	✓					✓											✓		
184		Accreditation	✓						✓	✓	✓						✓											✓		
185		Sponsorship			✓				✓			✓					✓											✓		
186		E Commerce	✓						✓	✓		✓					✓											✓		
187		Airline Negotiations			✓				✓	✓		✓					✓											✓		

ANNEX 4: NATIONAL STRATEGIC DEVELOPMENT PLAN 2011-2014 DRAFT

National Strategic Development Plan. 2011-2014

DRAFT

Summary and Extracted functions from the draft National Strategic Plan.

NATIONAL VISION

**To enjoy the highest quality of life consistent with the aspirations of our people, and
in harmony with our culture and environment.**

**Te oraanga tu rangatira kia tau kit e anoano o te iti tangata, e kia tau ki ta tatou peu
Maori e te aotini taporoporoia o te basileia.**

Please note the Functional Review Team have prepared below, a functional or task based summary (depending on the information in the original document) of the NSDP as Working Document

The NSDP draft document was released as a first draft in August 2011. The complete document is now not expected to be released until the end of 2011. This means that the Functional Review must proceed on the basis of the first draft, rather than an agreed national strategy.

Functions and Tasks have been extracted from the draft document with the intent of maintaining interpretation as drafted by OPM. The purpose of the summary is to enable input from the draft National Strategy Development Plan to assist in determining priority functions.

This is not an official version. It has been used in the absence of a current and official National Strategic Development Plan. It has been circulated for comment to the Steering Committee and the Office of the Prime Minister

COOK ISLANDS NATIONAL STRATEGIC DEVELOPMENT PLAN 2011-2014
DRAFT- SUMMARISED BY THE FUNCTIONAL REVIEW TEAM AUGUST 2011
TURNING THE VISION INTO ACTION

PRIORITY 1: ECONOMIC DEVELOPMENT

KEY OBJECTIVES

1. Expand into a vital economy by backing all key revenue sectors, and driving innovation in areas of potential growth.
2. Establish a commercial environment encouraging growth, and where new businesses may easily start, then thrive.

TO ACHIEVE OBJECTIVES

1. Ensure Tourism Destination Excellence

- Underwrite new airline routes to Los Angeles and Sydney for the next three years.
- Intensify promotion and marketing in target markets.
- Implement our Destination Development Strategy.
- Make tourism 'everybody's business. Encourage other sectors to collaborate and inter-link for self-sustaining growth.
- Develop an alternative port on Rarotonga for cruising and fishing industries.
- Upgrade ports in Pa Enua in the medium term.
- Upgrade airports in Pa Enua.
- Upgrade the Punanga Nui Marketplace.
- Promote our cultural, sports, creative and educational activities.
- Establish 'green' standards for our tourist accreditation programme.

2. Unlocking Marine Resources

- Expand incomes from sustainably managed offshore fisheries.
- Achieve a profitable and sustainable pearl industry.
- Provide technical and scientific income-generating opportunities for the private sector, particularly in the Pa Enua.
- Conserve our natural marine biodiversity, customary practices and knowledge.
- Wisely develop mineral marine resources.

3. Unlocking Agricultural Potential

- Re-ignite a self-sustaining agricultural export industry, as an import substitution strategy to assure food security.
- encourage the consumption of healthy food to promote good health.
- Develop more effective partnerships between government, markets, farmers, exporters, airline and shipping services.
- Adopt principles for biological and organic production.

4. Cook Islands Open for Business with our Financial Services

- Update the law around financial services.
- Develop a competitive advantage with new products and services.
- Increase business through targeted advertising.
- Raise the profile of the Cook Islands and create new client markets.
- Increase our presence in the international marketplace.
- Prove our professional commitment and dispel negative perceptions about the Cook Islands.

5. Cultural and Creative Industries Participate in Prosperity

- Develop the necessary policies and law to recognise and protect our peoples' creativity.
- Assist cultural and creative industries to grow.
- Provide opportunities for financial support.
- Improve research and development in cultural and creative products.
- Integrate culture and creativity into our education system for sustainability.
- Explore such strategies by establishing a Culture and Creative Industries Council.

6. Macro-economic Stability

- Maintain macro-economic stability as an essential prerequisite for sustained growth.
- Demand discipline in all fiscal policies, and thereby provide an attractive investment environment to support economic growth.

7. Proactive Economic Development Policies

- Be more proactive in creating policies to stimulate economic growth.
- Implement a range of policies to create a supportive environment for business.
- Promote workable competition through anti-monopoly and international trade policies.
- Minimise business and regulatory compliance costs, and any other red tape.
- Harmonise local and international best practices and laws,
- Embed sound mechanisms to minimise business failure.

PRIORITY 2: SOCIAL DEVELOPMENT

Key Objectives (not stated in draft)

? Social care and equity

? Equal opportunity

To Achieve Objectives

1. Ensure Confidence in our Education system and support quality learning and development for the very young

- Early Childhood Education (ECE) has been, and will remain a focus through to 2015.
- Focus on increased access to ECE.
- MoE to use parental education programmes, specific media campaigns, and individual community-based responses to highlight ECE.
- Set separate professional standards for ECE teachers.

2. Ensure Child Literacy and Numeracy by the End of Year 8

- Improved literacy and numeracy remains a fundamental target for 2011-2015.
- MoE will enhance its Lead Teacher program.
- Continually develop assessment tools to improve learning.
- Devote greater resourcing towards literacy in the Maori language.
- Address disparity between boys and girls to improve boys' literacy levels.

3. Enable every young person to have the opportunity to develop knowledge and skills and to gain qualifications to contribute to the development of the Cook Islands

- MoE continue its inclusive policy whenever possible of mainstreaming children with particular learning and physical needs into classrooms.
- Increase subject scope to meet the interests of students.
- Equip students with the skills and qualifications needed to contribute to the national workforce.
- Continue programmes like Dual Pathway and Alternative Pathway, towards both school-based and vocational qualifications.
- Increase access for isolated students by online learning programmes, providing quality support, and information on career opportunities and decision-making.

4. Ensure equitable access to quality learning for life

- Check that tertiary award programmes continue to meet the priority training needs of the country
- Ensure training facilities have enough resource to meet the needs of all students.
- Provide second-chance learning opportunities for at-risk young people to improve employment potential.

5. Ensure that Education Collaborates with other Agencies

- Work with key stakeholders to find specific programmes for community needs.
- Develop partnerships to maximise formal and informal education and training.
- Mainstream key sustainable issues by links with environmental agencies.

6. Guarantee a Safe and Healthy Environment

- Ensure water-supply safety and hygiene.
Meet sewage, rubbish and recycling standards.
- Prevent downstream disease from deficiencies in environmental hygiene.
- Effectively address health risks from the above.

7. Ensure the Good health of our Children

- Maintain quality maternal health services.
- Maintain high levels of immunisation for children.
- Pursue low child mortality rates.
- Address teenage pregnancy better.
- Address alcohol, cigarette and drug use in unison with other agencies.

8. Quality Health Services

- Establish telemedicine.
- Retain New Zealand for specialist services.
- Improve capacity to deliver health services.
- Promote healthier lifestyles by physical activity and nutrition.
- Keep men's and women's health clinics for targeting respective health issues.
- Join with the community to care for mental illness, the aged, the disabled, and those requiring palliative care.

9. Gender Equality

- National Vision where all individuals may live with dignity, enjoy their human rights, achieve their full potential and contribute to the well-being of society;
- Women and girls benefit equally from the development of the country.
- Protect women and girls from all forms of discrimination and violence.
- Developing gender responsive programs and policies;
- Equitable participation of women and men in decision-making and governance;
- Ensure full participation of women in economic development;
- Improve men's and women's capacity to contribute to disaster risk management and climate change.
- Improve the capacity of women and men to address health issues;

10 Safety and Care of Others;

- Guarantee to care for, and protect our children.
- Help and allow youth to become members of society in their own right.
- Provide the disabled and the aged care with dignity and respect.
- Co-ordinate such care between government, agencies, and communities.
- Government will develop and implement legislation and policy to enshrine the rights and needs of these groups.
 - Require welfare interventions to focus on results, inclusiveness and respect.

11 Opportunities for leisure, recreation and sports

- Allow people private time, and time for leisure and recreation.
- Have access to natural, arts, sports, or religious environments.
- Government, stakeholders, and communities will comprehensively encourage recreation in the Cook Islands.

12 Preservation of Culture and Heritage

- Use culture as a catalyst for economic growth, environmental protection, and sense of pride and self-worth, achievement, nationhood, and belonging.
- Use cultural and creative industries to complement policies of our Destination Development Strategy.
- The Ministry of Culture shall use various Ministry of Education departments, Maori literacy, institutions and societies, organisations, artists, and communities to promote and preserve the Cook Island culture and heritage.

13 Maintain and Strengthen Spiritual Values.

- Retain the Christian values that our nation was founded on.

- Seek guidance from our religious and community leaders, and various congregations.
- Recognise that Christian values will bond our nation, communities, and families.
- Use Christian values to help achieve development results.

PRIORITY 3: ECOLOGICAL SUSTAINABILITY

KEY OBJECTIVES

- Manage all our natural resources to ensure their sustainability.
- Restore our scarce and degraded natural resources.
- Prevent the pollution of air, water, and land resources, to preserve community and ecosystem health.
- Avoid irreversible loss and degradation of biodiversity (marine, terrestrial, aquatic ecosystems).

TO ACHIEVE OBJECTIVES

1. Integrated Approach to Water Resources' Management

2. Promote the water resource management principle where “water is everybody’s business”.

- Involve all key stakeholders in decision-making, when considering competing claims and allocations.
- Develop a robust national management plan for water resources, embracing catchment, supply, and demand management;
- Pass the necessary law;
- Improve the administrative structures which share information;
- Increase capacity and capability for integrated water management.
- Educate to change behaviours.
- Monitor the quality of stream and lagoon water.
- Improve our data collecting and analysis related to water resource management.

3. Improve water quality through better sanitation measures

- Safeguard lagoons and marine life.
- Install more efficient commercial and domestic sanitation and waste water systems.
- Change farming practices.
- Strengthen our regulations.
- Strengthen inspection and compliance regimes;

4. Implement waste minimisation programmes

- Develop the necessary legal environment.
- Require all waste (including hazardous waste and e-waste) to be minimised.
- Require better management while exploring the costs/benefits of various options.
- Boost education and awareness.
- Examine incentives to encourage recycling.
- Strengthen Public Private Partnerships in waste management.

5. Implement an ecosystem approach to the management of living marine resources

- Align marine resource management with ecosystem management.
- Develop marine resources for in consultation with our communities.

6. Develop and implement interventions to ensure that land use is sustainable

- Require land-users to link their activities on the land to sustainable management.
- Co-ordinate land use between key sectors, stakeholders, and management of other resources.
- Enshrine sustainable land-use practices in law.

7. Renewable Energy

- Achieve 50% of our energy needs by renewable energy sources by the year 2015, and 100% by 2020.
- Implement the Cook Islands Renewable Energy Chart.
- Implement the Chart, use proven technologies like utility scale wind, small scale embedded wind, utility scale solar photovoltaic and embedded solar photovoltaic.
- Initially focus on the North Group, plus Mitiaro.
- Strengthen the law and policy surrounding institutions, to achieve targets.

8. Protect our biodiversity and ecosystems

- Between 2011-2015, collaborate with communities and other sectors to intensify management of our bio-diversity.
- Extend the number and area of protected zones.
- Designate a significant area of our exclusive economic zone as a marine park.
- Enact legislation to protect endangered flora and fauna species.
- Control of invasive species.

PRIORITY 4: INFRASTRUCTURE

KEY OBJECTIVES

- Guarantee economic growth, provide sustainable livelihoods
- Toughen resilience for communities.
- Significantly improve delivery of infrastructure.

TO ACHIEVE OBJECTIVES

1. Improve the access of water to our communities

- Improve the water-supply to communities.
- Rehabilitate water-intakes, upgrade water-galleries.
- Advance work on our ring-main and distribution lines.
- Increase water catchment and storage.
- Use ecological sustainability goal to complement this integrated approach to water resource management.
- Cost recovery for the delivery of water resources expected between 2011-2015.

2. Improve waste management facilities

- Improve waste management to complement plans for ecological sustainability.
- Turn facilities in Rarotonga and Aitutaki into Resource and Recovery Centres
- Investigate best options for waste management in the remaining islands.
- Therefore explore the use of public private partnerships.

3. Improve energy supply

- Set long term goal of 100% renewable energy sources.
- Review institutional arrangements, legislation, regulations, standards.
- Upgrade, replace generators, improve energy efficiency, delivery in Pa Enua.

4. Improve transport infrastructure

- Co-ordinate roading improvements with improvements to telecommunication, water, energy networks.
- Establish public private partnerships in road management.
- Consider road safety in all engineering specifications.
- Continue to improve our airports in Pa Enua.
- Complete port development in Mauke and Mitiaro in 2011-2012.
- Complete upgrading Manihiki, Rakahanga and Aitutaki in 2012-2015.
- Improve transportation to the Pa Enua. All options will be investigated including that of a purpose-built vessel.

5. Improve telecommunications

- Use telecoms to create a more attractive business environment.
- Increase community access to social services.
- Enact legislation in 2011-2015 to provide better services for communities.

6. Strengthen our asset management

- Strengthen the management of our public assets.
- Prioritise asset management planning in 2011-2012.

7. Enable robust construction

- Prioritise reviewing the Building and Standards Act and associated regulations. in 2011-2012.

- Ensure that these reflect aspirations by including standards and compliance to water harvesting, sanitation, energy efficiency, environmental assessments, disaster mitigation, and climate proofing measures.
- Strengthen a capacity in Geographical Information Systems and satellite imagery to better inform our development planning.

PRIORITY 5: GOVERNANCE

KEY OBJECTIVES

- Demand the practice of good governance principles across all levels of Government
- Hold the public as equal partners in our development.

TO ACHIEVE OBJECTIVES

1. Use Parliament to Enforce Managerial Accountability

- Use Standing Orders for the Parliament of the Cook Islands set out the scope and procedures for budget and financial scrutiny by Parliament.
- Require that any reports submitted by the Audit Office (including special reports on performance) to Parliament, to be examined to any necessary extent.
- Employ Rule 316(2)(c) of the Parliament Standing Orders to put any report before the Financial and Expenditure Select Committee.
- Strengthen this Parliamentary oversight by activating the Financial and Expenditure Select Committee.
- Under the auspices of MDG Goal 9, in 2011-2015, establish the most viable option for political reform.
- Implement a Parliamentary Code of Conduct to enforce absolute representation for citizens in Parliament.

2. Ensure Efficiency and Effectiveness of Government Services

- Implement the recommended functional changes in the 2011 review of government.
- Public Service Human Resource Manual to require efficient and effective service.
- Public Service Performance Management Framework to require efficient and effective staff performance.
- The above publications will emphasise strong accountability.
- From 2012, H of M and A contracts will require performance results.
- Strengthen performance auditing, to hold managers and staff to account.
- Improve co-ordination in planning, budgeting, monitoring, and evaluation.
- Seek accurate, up-to-date information and data for decisions & progress measurement. Between 2011-2015, improve data and information collection and analysis.
- Implement a sound framework for statistics.
- Pursue the use of information technology to better deliver public services.
- Improve information technology for services to distant and outlying citizens (Pa Enua).

3. Better Accountability and Transparency of Public Financial Management

- Demand accountability and transparency of public financial management.
- Set up interdependent holistic components in the budget cycle.
- Close the remaining gaps within MFEM legislation related to Audits.
- Close such gaps by improving capacities in financial management, both at MFEM and at Line Ministries.
- Demand quality financial accounts by Line Ministries.
- Ensure audits and reports are timely and accurate.
- Strengthen our procurement processes.
- Provide accurate expenditure information.
- Provide satisfactory economic forecasting.

- Ensure that information is accessible to the public.
- Establish a medium term budgeting framework.

4. Access to Information

- Government must diligently update the public on progress.
- Government must keep and present itself as accountable and transparent.
- Government will fulfil its obligations under the Official Information Act.
- Government to require Ministries keep the public informed on their operations.
- All Ministries and Agencies legally required to regularly maintain and update websites.

5. Cook Islands to Establish Beneficial Foreign Relations

- Develop relationships within the Pacific region.
- Develop international relations beyond the Pacific.
- Develop foreign policy to help attain our sustainable development goals and objectives.
- Implement foreign policy to strengthen the Cook Islands' dealings with the wider world.
- Raise the ability to make external arrangements that support s development objectives. Therefore, reinforce our relationships with our traditional development partners.
- Seek to establish beneficial diplomatic relationships with other countries.
- Long term: work towards full United Nations status.
- Medium term: seek full status in the Commonwealth, while fulfilling regional and international commitments.

6. Partnerships with Community and Private Sector

- Government to charge the National Sustainable Development Commission (NSDC), with implementation of the NSDP.
- NSDC to have broad composition of representatives from the private sector, civil society and communities.
- All Cabinet-appointed Committees to include members from key stakeholders.
- Such Committees to particularly include representation of women and youth.

PRIORITY 6: LAW AND ORDER

KEY OBJECTIVES

- Clear and coherent laws, fair and efficient courts and effective institutions for the administration of justice
- Quality policing services to our communities

TO ACHIEVE OBJECTIVES

1. Ensure that our legislative and regulatory frameworks reflect our sustainable development goals and objectives

- Crown Law Office to strengthen law by amendments or enacting new legislation and regulations between 2011-2015.
- Strengthen the Law Reform Commission to oversee our legislative and regulatory initiatives including conducting public consultations on new legislation or legislative reviews.

2. Improve Access to Justice

- Pursue increased efficiency and effectiveness of the civil, administrative, family justice and criminal justice systems.
- Bring in an accessible justice system with support where needed.
- Raise awareness of legal rights and services available.
- Increase transparency of criminal justice system.
- Provide legal advice to the public.
- Expand Legal Aid to include civil matters.

3. Land Management and Land Information Systems

- Improve land management and land information systems as a priority.
- Collaborate between agencies to ensure accuracy of land information.
- Provide good accessibility to Land Information.

4. Offender Rehabilitation

- Collaborate with other agencies and stakeholders.
- Develop rehabilitation programmes such as training and skill building.
- Ensure that offenders get second chance to be productive members of society.
- Pay particular attention to young offenders.
- Ensure prison system and facilities comply with international standards and best practice.

5. Quality Policing Keeps Communities Safe, Secure and Stable

- Policing services must reflect the needs and expectations of individuals and communities.
- Improve public confidence.
- Raise satisfaction by services increases and public involvement.
- Focus efforts on: crime and crash prevention, intelligence-led detection, increased presence in communities.
- Working with communities and other key stakeholders to reduce crime.

6. Border Security

- Collaboratively ensure the security of the Cook Islands.
- Establish a computer system linked across agencies
- Engage regional and international partners in maritime policing.

PRIORITY 7: RESILIENCE

KEY OBJECTIVES

- Prepare people for disasters and climate change impacts.
- The impacts of disasters and climate change are reduced.

TO ACHIEVE OBJECTIVES

1. Ensure strong governance arrangements for disaster risk management and climate change adaptation.

- Integrate and strengthen all the following:
 - disaster risk management,
 - climate change management,
 - governance,
 - government agencies,
 - island councils and
 - civil society organisations.
- Mainstream disaster risk management and climate change adaptation into the planning process.
- Introduce relevant legislation and regulations.
- Fill current policy gaps for climate change adaptation.
- Establish & maintain perpetual funding to respond to disasters, and to build resilience.

2. Strong Human Capital and Knowledge Base

- Raise awareness and education.
- Strengthen information management systems.
- Improve the monitoring and assessment of disaster and climate change risks.
- Disseminate this information and use it to make informed decision-making.

3. Prepare, Respond, Recover

- Recognise that 'one size fits all' approach may not fulfil strategy.
- Prepare island-specific action-plans.
- Plan and prepare for the care of vulnerable groups.
- Conduct live exercises to test clarity of roles and responses.
- Lift capacity to supply emergency health services, SAR, and manage hazards. mat.
- Central to efforts will be the strengthening of systems for early warning.
- Strengthen our capacity in satellite imagery.

4. Better Cope with Rising Seas, Cyclones

- Strengthen and climate-proof physical infrastructure in coastal zones.
- Promote integrated management of coastal zones, including ecosystem based solutions.
- Incorporate climate-proofing in the relevant legislations and regulations.
- Incorporate structural resilience as a fundamental element of The Building Controls and Standards Act.
- Incorporate building resilience into asset management.

5. Reduce the livelihood impact of hazards and climate change

- Research physical risks, health risks, livelihood risks, and food security.
- Research resilience and solutions to the above risks.
- Recognise the importance of biodiversity to livelihoods (as highlighted in our goal for ecological sustainability),
- Manage biodiversity to reduce impact from hazards and climate change.

- Strengthen the management of hazardous wastes.

6. Reduce Risks to Essential Services

- Reduce risks to the essential services of energy and water.
- Reduce risk to energy supply and reticulation.
- Move away from a fossil-fuel based energy source to renewable energy.
- Ensure water security as detailed in goals for ecological sustainability and infrastructure.
- Investigate groundwater as alternative water source in times of drought.

7. Address Existing and Anticipated Risks in Productive Sectors

- Build resilience into key driver sectors of tourism, marine and agricultural sectors.
- Establish systems to measure the impacts of climate change.
- Continuous research on risks, and
- Test potential solutions.
- Devise ways to link good environmental management to raising resilience.
- Raise confidence of coping.

PART 3 DELIVERING THE PLAN**PRIORITY 1: ECONOMIC DEVELOPMENT****GOAL**

A Cook Islands where all our people can build business and enterprise to contribute to national economic growth while respecting our environment and culture

OBJECTIVES

1. An energised and growing economy by supporting our key economic drivers and advancing innovation in potential areas of growth
2. Enterprise is enabled by establishing an environment conducive for existing businesses to confidentially grow and for new businesses to start, grow and thrive in our communities

STRATEGY	ACTION	LEAD AGENCY	SUPPORTING AGENCIES
Ensure our Tourism Destination Excellence	Underwrite key airline routes to Los Angeles and Sydney	CITC	MFEM
	Improve promotion and marketing in key markets	CITC	CITC Board, Industry members
	Implement the Destination Development Strategy	CITC	MMR, MOA, MOC, MOIP, Island Councils, NES, BTIB, CIIC, NHRD, USP
Unlocking our potential from our Marine Resources	Expand income earning opportunities from sustainably managed offshore fisheries through capacity building, infrastructure and market development	MMR	
	Improve productivity and environmental management for a profitable and sustainable pearl industry	MMR CIPA	Island Council
	Increase the provision of technical and scientific assistance to improve income generating opportunities for the private sector particularly in the Pa Enua	MMR	Island Council, Fishing Associations
	Ensure sustainable fishing and conservation practices	MMR	NES, Island Council
	Utilize our non-living marine resources wisely	Seabed Mining Authority MMR	NES, MFAI, CLO, OPM-CPPO, MFEM

Functional Analysis Report

Unlocking our potential from our agricultural production	Revitalize our agriculture especially in the southern Pa Enea	MOA	NES, NHRD, MOE, Island Council
	Build partnerships	MOA Farmers Associations	NHRD, CITC, NES, MOE, Island Councils
Build our Financial Services	Upgrade legislation	FSDA, FSC	CLO, Financial Services Industry
	Improve marketing and targeted advertising		
	Increase presence in the international marketplace		
Sustain macro-economic stability			
AS PRESENTED IN DRAFT			

PART 4: PRIORITISING AND COSTING THE PLAN

PRIORITY	SECTOR PROGRAMMES	TOTAL COST	TOTAL RECURRENT COST	TOTAL CAPITAL COST	YEAR 1		YEAR 2		YEAR 3		YEAR 4		YEAR 5	
					RCOST	CCOST	RCOST	CCOST	RCOST	CCOST	RCOST	CCOST	RCOST	CCOST

ANNEX 5: BUSINESS PLAN GUIDELINES

ADB 7646: Functional Analysis

Business Plan Template

BUSINESS PLANNING GUIDE

The current Cook Island Business Plan (BP) template has been used for more than ten years.

Analyses of the current Plan format and plans, confirmed through subsequent interviews with HoMs, indicated several key issues which were impeding the quality of Plans: Training in use of format and depth of response requirement had been limited; encouraging the perpetuation of mistakes

The ToR for TA 7646 reflect the Government's requirement to lift performance management across Ministries and Agencies, produce a simple planning and monitoring process tied in to the annual Budget, which evolves into the medium term Budget Framework, with links to the NSDP. Using this medium term approach will encourage longer term planning and budget horizons and enable more meaningful approaches to design and management of larger scale projects especially in infrastructure.

This document contains the annual budget and business planning process in Annex 3 and 4 and the 2011/12 Budget process as articulated by MFEM in Annex 5.

The draft Business Template below is based on a business model, focused on linking output-based planning with output-based budgeting, so that the BP is a more effective management and monitoring tool, and can also form a robust basis for HoMs' output-based performance measurement.

The format is aimed at:

- Simplifying the process – the Business Plan is the prime measurement and management document.
- Tightening definitions, so that all HoMs answer the same questions to ensure consistency between Ministries;
- More clearly linking strategy, policy, operations, outputs, and financial requirements;
- Setting a base-mark, to introduce a medium-term planning framework, and encourage a three-to-five year planning horizon;
- Encourage deeper planning, while maintaining a simple format.

Background

A BP must have an evaluation of the Ministry's current strategic position, including an assessment of the operating environment – general framework within which all Ministries operate and which is subject to change. This environment may include the Public Service Manual or CIGFFM. It may also include new government policies concerning for example, employment. There should be a clear link between:

- the strategic issues confronting the Ministry;
- the objectives for the 3 year planning period;
- strategies developed for achieving these objectives;

- Key actions and outputs related to the issues and strategies.

BPs must be sharp; they must have relevant performance measurements, with targets to serve as benchmarks for review in subsequent periods.

Major past or future events that may affect the Ministry's operation and issues requiring Government decisions must be highlighted in the BP.

The BP must include financial statements covering the two years before the start of the planning period (actual results for the first year and projections for the current year), and pro forma statements for each of the next three years. These statements should include:

- sources and application of funds – including budget and donors;
- assumptions which form the basis of forecasts;
- explanations for amounts in the plan period.

All accounting statements should use international standards as specified by the Auditor General.

GUIDELINES FOR BUSINESS PLANS

A guideline for Business Plans follows.

EXECUTIVE SUMMARY

This must highlight the following:

- ◆ Priorities for the Ministry as identified within NSDP and other relevant documents – for example, sector plans.
- ◆ Strategic and operational issues facing the Ministry, including prior year performance.
- ◆ Strategies developed to address key issues identified above
- ◆ Key objectives of the Ministry;
- ◆ Significant developments anticipated during the period;
- ◆ Financial objectives of the main plan, including potential donor inputs, and any major changes in the financial position that are planned or expected;

BODY OF THE PLAN

1. MANDATE

This must state the Ministry's mandate by legislation; key and supporting legislation and policy documents. The Ministry's public policy role should also be covered.

2. VISION

A statement of the Ministry's vision for the future – for example: *To lead the Pacific in the development and economic contribution of agriculture.*

3. MISSION

The present reason for the Ministry's existence – for example: *to provide advisory services to farmers and safeguard their biosecurity.*

4. MINISTRY PROFILE

The profile must state:

- ◆ Ministry's history and any significant changes;
- ◆ Policy framework, the reporting period, and changes in the reporting period;
- ◆ Current organizational structure;
- ◆ Operations; and
- ◆ Opportunities

5. STRATEGIC ISSUES FOR THE PLANNING PERIOD

Key strategic issues facing the Ministry must be identified, based on assessments of actual performance, the anticipated external environment, and the ministry's strengths and weaknesses. The following assessments must be done:

◆ Assessment of Results

This should include an assessment and an explanation, including quantitative information, of significant differences between recent actual results and planned performance. It should include comparative Financial Statements.

Because Business Plans are prepared before the year ends, it is not possible to show planned results compared with actual. Latest estimates must be based on year-to-date results annualised. The assessment must include any non-financial measures used, and explain differences between planned and latest estimates.

◆ SWOT Analysis

A SWOT analysis can be completed and attached as an appendix to the plan if required. The analysis should refer to the Ministry as a unit – not by output. The body of the report should include especially an assessment of the Ministry's resources. Ministries' resources include funds, staff, real estate, information technology and plant and equipment. An assessment of the Ministry's strength and weaknesses, based for example on actual performance relative to the previously established objectives, should be included.

In addition, analysis of the Ministry's external environment projected over the planning period must focus on the external determinants of success such as: Budget constraints, markets, labour relations, inflation levels, any potential change in the legal framework, Potential Donor inputs. This presentation must clearly explain the strategic issues in the external operating environment (both threats and opportunities) of the Ministry.

6. OUTPUTS, OBJECTIVES, STRATEGIES AND PERFORMANCE MEASURES

This section constitutes the BP's most important aspect, and must clearly indicate intentions over the next three years.

The section must highlight the ministry's outputs, objectives, the proposed strategies for achieving such objectives, and the method of measuring the Ministry's performance towards this goal. The above objectives, strategies and performance assessment as approved by management must be based upon prior analysis of strategic issues and are to include:

◆ The identification of objectives

Objectives for the planning period should be identified. They may be drawn from NSDP, sector plans or other documents. In some cases these should be agreed with the Minister/Sector Advisory Board. For example: *'all departments are appropriately supported to embed workforce planning in their processes'. (OPSC). Gensets effectively overhauled and maintained.'* (MOIP)

◆ The identification of outputs

The Ministry's outputs will normally fall into three classes:

- Legal – those outputs required by legislation. For example, *MFEM's obligation under legislation to collect tax and duty payable on liquor.*
- Strategic development – outputs called for by NSDP or sector plans. For example, *'asset management plans are completed.'* (MOIP)
- Non-Core – outputs delivered but classed as non-core and earmarked for disposal from the Ministry by transfer, privatisation, contracting out, public private partnership or discontinuation. Example: ‘

◆ A Description of Results

The results expected from the output should be clearly defined. It is important that any results can be supported by a verifiable performance measure.

◆ The Establishment of Performance Measures and Targets

There must be specific performance measurements, both operational and financial, for outputs identified above. Operational performance measures and targets may differ with each Ministry depending on sectors in which they operate, and these must be clearly identified. In many instances, international specific performance measures exist and where this is so, they ought to be used. Performance measures must be verifiable either through national statistics or some other means which cannot be manipulated.

Performance measures must be:

- Specific: focus on one outcome for each performance measure
- Measurable: expressed numerically.
- Action Related: specify clear activities
- Related to defined strategic outputs and outcomes
- Time bound: have a deadline by when the result is expected.

Objectives, outputs, results, performance measures and work-plan must be linked. A template for this section of the business plan is shown in Annex 1.

7. WORKPLAN

This should identify the activities required to achieve the results and performance measures.

8. FINANCIAL STATEMENTS

The Business Plan must include financial statements covering the two years before the start of the planning period (actual results for the first year and projections for the current year), and pro forma statements for each of the next three years. Standards to be used within such statements are to be defined by the Auditor General.

◆ Financial Statements

These must include major categories of revenues and expenses for each major functional area or output. A draft format is contained in Annex 2.

The Business Plan must also contain an analysis of the financial statements including:

- A description of the detailed assumptions underlying the Ministry's forecasts.
- A description of planned major capital expenditures and their importance in relation to strategic issues and objectives identified for the planning period.
- Potential donor inputs by functional area. These must be clearly identified as either committed by the donor or anticipated by the Ministry.

◆ Number of Employees

The Business Plan must also set out the number of employees at the end of the financial year immediately preceding the current year, and as projected for the current year and over the planning period. The reporting basis for these data (e.g. person-years, full time equivalent or full –time employees) must be clearly stated.

9. SPECIFIC PROJECTS

Capital budgets or details of specific projects must form part of the ministry's plan submission. On-going operational, loan servicing and depreciation costs should be identified.

10. SUPPORT FOR BROAD GOVERNMENT POLICIES

The Business Plan can also serve as an appropriate vehicle for reporting to the government on implementation of various policies. For example, Wage restraint, gender equity, etc.

Annex 1. Objectives, Outputs, Results, Measures, Work-plan: *EXAMPLE 1 BASED ON OPSC-*

OBJECTIVE	OUTPUTS	RESULTS	MEASURES	WORKPLAN
	LEGAL CORE			
A capable public service workforce	1.Effective management of Ministries	Competent HOMs to lead Ministries	All HOMs meet minimum requirements	Recruitment and selection of HOMs All HOMs appointed by June 2012
	2			
	3			
	4			
	STRATEGIC DEVELOPMENT			
A robust HR integrated framework conducive to a high performing public service.	5. Develop and implement HR Planning framework	Targeted HR inputs to Ministries	HR database installed by July 2012	Develop database design Collect data Data input and database validation
	NON CORE			
Exit	Management of Government Superannuation Fund linked to NZAid Funding	Transfer strategy	GSF transferred by June 2012	Identify candidates to receive GSF Agree transfer and implement

Annex 1. Objectives, Outputs, Results, Measures, Work-plan *EXAMPLE 2 BASED ON HEALTH-*

OBJECTIVE	OUTPUTS	RESULTS	MEASURES	WORKPLAN
	LEGAL CORE			
Improving environmental health	1.Community health	Increased individual responsibility for health	Sewage disposal 100% compliant with regulations	Public education programme Issue certificates of compliance by June 2012
	2			
	3			
	4			
	STRATEGIC DEVELOPMENT			
Hospital health services	5. Preventative Health: reduce incidence of obesity	Reduction in obesity linked disease	Reduce incidence from X to Y <i>per 1000 population</i>	Awareness campaigns Issue diet plans Introduce dietician referral service by June 2012
	NON CORE			
	Geriatric care	Develop exit strategy	Contract out or PPP in place by June 2012	

Annex 2. Financial statements: *EXAMPLE ONLY*

OUTPUT		2010 Actual	2011 estimate	2012 plan	2013 plan	2014 plan
OUTPUT 1:	Revenue/Cost recovery					
	Staff costs					
	Operating costs					
	Net position					
OUTPUT 2:	Revenue/Cost recovery					
	Staff costs					
	Operating costs					
	Net position					

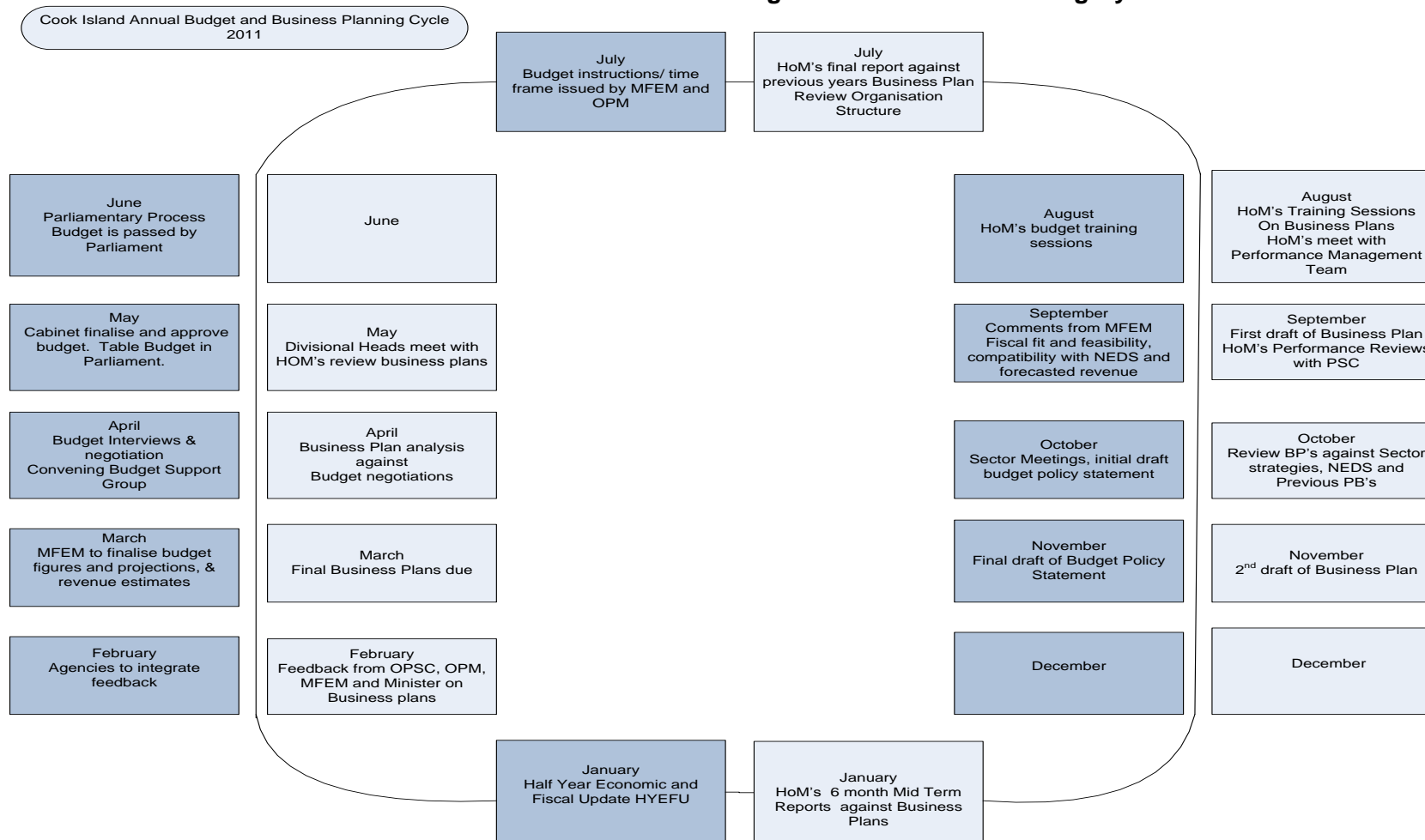
NB. Staff costs include all staff costs – leave, pension, training, etc; Operating costs include power, communications, entertainment, supplies etc. Notes of explanation should be attached separately and cross referenced to this statement if necessary due to estimates, changes or major shifts in expenditure.

1. CAPITAL EXPENDITURE

OUTPUT 1:		2010 Actual	2011 Estimate	2012 Plan	2013 Plan	2014 Plan
PROJECT 1	Feasibility					
	Design					
	Construction					
	Loan servicing					
	Staff costs					
	Operating costs					
	Net position					
OUTPUT 2:						
PROJECT 2	Feasibility					
	Design					
	Construction					
	Loan servicing					
	Staff costs					
	Operating costs					
	Net position					

NB. Staff costs include all staff costs – leave, pension, training, etc; Operating costs include power, communications, entertainment, supplies etc. Notes of explanation should be attached separately and cross referenced to this statement if necessary due to estimates, changes or major shifts in expenditure.

Annex 3: Cook Islands Budget and Business Planning Cycles



ANNEX 7: GUIDELINES FOR ANNUAL REPORTS/QUARTERLY REPORTS

The Public Service Act will require all Ministries and non-constitutional agencies to submit annual and quarterly reports. The Annual Report is required to be submitted to PCSC no later than three months after the end of the financial year, by September 30 each year. It requires:

- Information necessary to enable informed performance assessment of a Ministry, including comparisons with the Business Plan;
- Compliance with matters required under the Ministry's empowering Act, MFEM Act and Public Service Act; and

In view of the above provision OPSC has developed guidelines on the contents of Annual Reports that are to be submitted. Outlined below is our expectation of Annual and Quarterly Reports. The guidelines do not limit information that may be included in the reports.

The purpose of the guidelines is to assist entities to produce informative and user friendly reports. However, it is also expected that entities use their originality to reflect their unique characteristics.

Ministries are expected to use these guidelines for their quarterly reports as well, except for the requirement for audited reports. Ministries are expected to submit their quarterly reports as required under the Public Enterprise Act, no later than one month following the end of a quarter.

Preferred Format

The Report

The report should contain:

1. Introduction
2. CEO's Report
3. Auditors Report (annual report only).
4. Auditors' management letter (to be supplied separately in support of the annual report).
5. Full Financial Statements (audited for annual reports).

Introduction

Introduction to an Annual Report is expected to contain:

- Vision and Mission Statements
- Objectives
- Introduces the Contents

Chief Executive's Report

Chief Executive's Report should link the annual report to the Business Plan and explain whether the targets have been achieved.

It should contain:

- ❑ Commentary on the operations/financial performance of the entity for the period under review;
- ❑ Reconciliation of performance targets and actual results as per annex 3
- ❑ Discussion on capital expenditure and major projects.

1. Operation/Financial Review

A review of operating and financial results should discuss the performance of the main segments and their impact on the company's results. Comments should also be made on anticipated events and forecasts. Matters that may be considered are:

- * Productivity
- * Changes in activity as a result of government, economic, fiscal, monetary or political factors;
- * Significant components of revenue or expenses that should be described in order to appreciate results;
- * Changes in the cost structure;
- * Personnel Training; and
- * Environmental Issues.

The business risks, uncertainties and influence that may affect the future results of the company should also be identified. This explanation may include matters such as:

- * Changes in policies;
- * Possibility of future regulation/deregulation;
- * Growth prospects and opportunities;
- * Fast changing technological environment;
- * Research and development plan;

- * Widening or rationalizing the range of services.

2. See annex 1 for performance reconciliation table

3. Capital Expenditure and Special Projects

Capital expenditure commitments are regarded as a component of strategic objectives and therefore it is important for the ministry to report on it.

Auditors Report

The auditors' report should comply with generally accepted auditing guidelines.

Auditors Management Letter

Auditors usually issue a letter to report their findings and to comment on improvements/resolution of prior years' findings. A copy of this management letter is required for OPSC. It should be a separate document and it will not be circulated.

Financial Statements

Financial Statements are to comply with the MFEM Act and should be prepared in accordance with International Financial Reporting Standards. The Annual report must include audited financial statements.

Quarterly reports must follow the same format as annual reports, the only exception being that the financial statements are not subject to audit.

ANNEX 1: PERFORMANCE RECONCILIATION

OUTPUT 1: 'TITLE'

Legislated (Core) Functions:	1. Hire/Fire HOMs 2. Dispute Resolution 3. Personnel Policy 4. Code of Conduct 5. Job Sizing			
	OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date
	1.1. Compliance with Employment & Good Employer Principles of the PS Act 09	a. Recruitment of HOMs according to established requirements	1. HOMs are recommended for appointment to Cabinet within two months of position becoming vacant	
			2.	
		3.		
1.2.A Remuneration framework that is competitive, fair, and relative to the labour market	b. A robust Remuneration Policy in place	1. Submission of remuneration policy to Commissioner for approval		

Strategic Development Functions:	6. Capacity Building 7. Workforce Planning 8. Strategic HR Framework 9. Training Needs Analysis			
OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date	
1.4. Enhance service delivery through competent Public Servant	d. A Robust HR integrated framework conducive to a high performing public service	1. Targeted HR inputs to ministries		
		2.		
		3.		
1.5.	e.			
		1.		
		2.		
		3.		

Non Discretionary	Core	10. PSTAF			
		OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date
		1.7.	g.		
				1.	
				2.	
				3.	
		1.8.	h.		
				1.	
				2.	
				3.	

OUTPUT 2: 'TITLE'

Legislated (Core) Functions:	11. Hire/Fire HOMs 12. Dispute Resolution 13. Personnel Policy 14. Code of Conduct 15. Job Sizing			
	OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date
	1.1. Compliance with Employment & Good Employer Principles of the PS Act 09	a. Recruitment of HOMs according to established requirements	1. HOMs are recommended for appointment to Cabinet within two months of position becoming vacant	
			2.	
		3.		
1.2.A Remuneration framework that is competitive, fair, and relative to the labor market	b. A robust Remuneration Policy in place	1. Submission of remuneration policy to Commissioner for approval		
		2.		
		3.		

Strategic Development Functions:	16. Capacity Building 17. Workforce Planning 18. Strategic HR Framework 19. Training Needs Analysis			
	OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date
1.4. Enhance service delivery through competent Public Servant	d. A Robust HR integrated framework conducive to a high performing public service	1. Targeted HR inputs to ministries		
		2.		
		3.		
1.5.	e.	FY 12/13		
		1.		
		2.		
		3.		

Non Core Discretionary	20. PSTAF			
	OBJECTIVE	OUTCOME	KEY DELIVERABLES	Progress to date
	1.7.	g.		
			1.	
			2.	
			3.	
	1.8.	h.		
			1.	
			2.	
		3.		

481. Operating Expenditure

OUTPUT		2011 Actual	Actual this quarter	2012 appropriation	2012 year to date	2012 full year estimate
OUTPUT 1:	Revenue/Cost recovery					
	Staff costs					
	Operating costs					
	Net position					
OUTPUT 2:	Revenue/Cost recovery					
	Staff costs					
	Operating costs					
	Net position					

NB. Staff costs include all staff costs – leave, pension, training, etc; Operating costs include power, communications, entertainment, supplies etc. Notes of explanation should be attached separately and cross referenced to this statement if necessary due to estimates, changes or major shifts in expenditure.

Number of employees

Please indicate the number of employees within the Ministry/Agency as per the OPSC signed off structure to be inserted in the table below.

Outputs	Gender		Full-time		Part-Time	Contract	TOTAL THIS QUARTER	PLAN
	F	M	Government	Donor Funded				
Output 1	xx	xx	xx	xx	xx	xx	xx	Xx
Output 2	xx	xx	xx	xx	xx	xx	xx	Xx
Output 3	xx	xx	xx	xx	xx	xx	xx	Xx
Output 4	xx	xx	xx	xx	xx	xx	xx	xx
GRAND TOTAL	xx	xx	xx	xx	xx	xx	xx	xx

Capital Expenditure Table

OUTPUT		2011 Actual	Actual this quarter	2012 appropriation	2012 year to date	2012 full year estimate
OUTPUT 1:						
PROJECT 1	Feasibility					
	Design					
	Construction					
	Loan servicing					
	Staff costs					
	Operating costs					
	Net position					
OUTPUT 2:						
PROJECT 2	Feasibility					
	Design					
	Construction					
	Loan servicing					
	Staff costs					
	Operating costs					
	Net position					

NB. Staff costs include all staff costs – leave, pension, training, etc; Operating costs include power, communications, entertainment, supplies etc. Notes of explanation should be attached separately and cross referenced to this statement if necessary due to estimates, changes or major shifts in expenditure.

ANNEX 8: OUTLINE TERMS OF REFERENCE FOR CONSULTING SERVICES: IMPLEMENTING PUBLIC SECTOR PERFORMANCE REFORM

Project Management and Public Sector Reform Specialist (international, 12 person months)

1. The consultant is required to have a minimum of 10 years of relevant work experience in areas related to public sector reform and the implementation of large scale reform programmes. The consultant must have experience in working and guiding teams, capacity building and good communication skills. Work experience in the Cook Islands, is highly desirable. The consultant will undertake the following specific tasks:
2. With respect to the target sector ministries, the consultant will assist OPM to restructure the ministries by: (i) identifying critical planning and implementation issues to be addressed; (ii) implementing processes to enable change and/or legislation to address such issues; (iii) identifying appropriate strategies for change; and (iv) implementing adequate project management processes to ensure achievement of Government's timetable for reform.
3. The consultant will assist in the establishment of the Shared Services concept. In particular, the consultant should support the separation of common functions from line ministries and their consolidation within a free standing business unit. Provide input as required to support the continued development of the public sector performance initiative and assist OPM to strengthen their monitoring capacity through timely and effective inputs to the change program.
4. The consultant is required to extend particular efforts toward the building of capacity of OPM in relation to all activities to undertaken under this project.

Strategic Human Resource Management Specialist (international, 7 person months)

1. The consultant is required to have a minimum of 10 years of relevant work experience in areas related to strategic human resource management within the public sector. The consultant must have experience in working and guiding teams, capacity building and good communication skills. Work experience in the Cook Islands, is highly desirable. The consultant will undertake the following specific tasks:
2. Develop and implement a strategic human resource management system applicable to all ministries of Government. The consultant will provide formal training and individual mentoring to all staff within both PSCB and OPSC to enable them to implement this system. The consultant will also provide ongoing guidance to OPSC in the linking of HRM concepts and the business plan of each ministry and the introduction of those concepts within the public service.
3. The consultant will design and agree with PSCB the format of a SES program to be introduced within the public sector. He/she will assist PSCB in the introduction of the SES program. Provide input as required to support the continued development of the PSCB/OPSC and assist OPSC to strengthen their HRM capacity through timely and effective inputs to the change program.
4. The consultant is required to extend particular efforts toward the building of capacity of PSCB/OPSC in relation to all activities to undertaken under this project.

Legal Review Specialist (international, 6 person months)

1. The consultant is required to have a minimum of 10 years of relevant work experience in areas related to the legal aspects of public sector reform. The consultant must have experience in working with teams, capacity building and good communication skills. Work experience in the Cook Islands, is highly desirable. The consultant will undertake the following specific tasks:
2. With respect to the public sector reform program, the consultant will assist CLO to review all relevant legislation identifying changes necessary to facilitate the introduction of Government's reform initiative. This will include but not be limited to the Public Service Act, CIIA Act, various Crown Agency Acts and Outer Island legislation.
3. The consultant will assist in the drafting of new legislation whether it is amendments to existing acts or completely new legislation.
4. The consultant is required to extend particular efforts toward the building of capacity of CLO in relation to all activities to be undertaken under this project.

State Owned Enterprise Specialist (international, 12 person months)

1. This person will have extensive experience in public sector reform and enterprise development across a range of geographic, technical and possibly political settings. He or she will be able to span broad technical requirements competently at both the macro level of Government as well as enterprise development.

2. More specifically, the SOE Specialist will undertake the following:

- (i) Facilitate the establishment of a steering committee and define its role and composition;
- (ii) Facilitate the establishment of a SOE unit, including helping the steering committee define the TOR for staff recruitment or reallocation and procedures and mechanisms necessary to establish a working unit;
- (iii) Help the Government review lessons in enterprise ownership and management and facilitate their application;
- (iv) support technical set up of a SOE Unit and provide initial and ongoing training for staff on the role and responsibilities of the SOE Unit;
- (v) facilitate development and implementation of a Strategic Plan and Policy outlining Government's position on ownership of Enterprises, as well as options for divestment;
- (vi) Assist the SOE Unit to draw up and implement a plan for the divestment of earmarked enterprises or activities.
- (vii) with the support of the Solicitor General's Office prepare a State Owned Enterprise Act (after assessment of best practice models), which provides overarching legislation and sets out Government Monitoring requirements and management and reporting requirements of all Enterprises;
- (viii) develop a regulatory framework for monitoring enterprises and a framework for both establishing and divesting enterprises;
- (ix) work with General Managers and Boards to develop and implement a Corporate Plan and an Action Plan for each Enterprise, based on Government's overarching Strategic Policy and Plan and assist them to meet the requirements of the SOE Act;
- (x) Advise the steering committee on any issues within the scope of the TA.
- (xi) Collate and prepare inception, quarterly, annual, draft final and final reports as required by ADB.

Local Government Reform Specialist (national, 12 person months)

1. The consultant is required to have a minimum of 5 years of relevant work experience in areas related to local government reform and the implementation of change in the Cook Islands. The consultant must have experience in working and guiding teams, capacity building and good communication skills in both English and Cook Island Reo Maori. The consultant will undertake the following specific tasks:
2. Working closely with the Director Local Government OPM, assist with development and introduction of a detailed plan to empower local communities in the Outer Islands. This plan will include but not be limited to: (i) appointment of a Clerk of Council in each island; (ii) implementing financial management processes to enable local communities to manage resources; (iii) identifying appropriate services to be provided locally; and (iv) implementing organizational changes required to ensure achievement of local government reform. Extensive travel to all Outer Islands is an intrinsic requirement of this position.
3. The consultant will assist in the establishment of the Directorate of Local Government within OPM. In particular, the consultant should assist with development of regular reporting processes between OPM and Outer Islands. Provide input as required to support the continued development of the local government reform program and assist OPM to strengthen their capacity to manage and provide services to Outer Island communities.
4. The consultant is required to extend particular efforts toward the building of capacity of OPM in relation to all activities to be undertaken under this project.

Public Sector Reform Specialist (national, 12 person months)

The consultant is required to have a minimum of 5 years of relevant work experience in areas related to public sector reform and the implementation of reform programmes. The consultant must have experience in working and guiding teams, capacity building and good communication skills in both English and Cook Islands Reo Maori. Work experience in the Cook Islands, is essential. The consultant will undertake the following specific tasks:

1. Work closely with the International Consultant to assist OPM to restructure the target ministries by: (i) identifying critical planning and implementation issues to be addressed; (ii) implementing processes to enable change and/or legislation to address such issues; (iii) identifying appropriate strategies for change; and (iv) implementing adequate project management processes to ensure the achievement Government's timetable for reform.
2. The consultant will assist in the establishment of the Shared Services concept. In particular, the consultant should support the separation of common functions from line ministries and their consolidation within a free standing business unit. Provide input as required to support the continued development of the public sector performance initiative and assist OPM to strengthen their monitoring capacity through timely and effective inputs to the change program.
3. The consultant is required to extend particular efforts toward the building of capacity of OPM in relation to all activities to undertaken under this project.

ANNEX 9: MANAGING STAFF CHANGES

1.0 INTRODUCTION

The functional review exercise currently in progress recommends changes in the overall structure of the public service. It is not the aim of the review to identify surplus staff. However, during the course of implementation surplus staff may become apparent. A strategy is required for managing such staff. This paper provides such a strategy.

2.0 RESTRUCTURING GUIDELINES

Government has yet to finally approve the implementation of the functional review findings. Should surplus staff be identified we suggest the adoption of the following strategy:

- **Freeze external recruitment:** As soon as surplus workers are identified, the organisation should freeze all external recruitments and look at the option of redeploying surplus staff in other vacant position. The Project Manager and PSC should be informed immediately.
- **Redeployment:** redeployment means the re-assignment of an employee whose position has been identified as surplus into a suitable vacant position.
- **Secondment:** Secondment for surplus employees should also be considered as it widens the experience and knowledge base of an employee. The opportunity for secondment both internally and externally should be encouraged as an opportunity for career development. It is a process of re-deploying a permanent employee from the organisation on a temporary basis to another section within that organisation or any other organisation. Secondment will develop the skills of a promising individual and addresses skills gaps in the organisation. It also becomes an integral part of training, development and succession plans.
- **Job Share:** Actively supporting job sharing which looks to be reasonable and practical will assist in managing restructuring. Two people employed should be allowed to share duties and responsibility of one full- time post on an hourly, daily or weekly basis. The job share partners work under a normal contract of employment and are subject to the provisions of current employment legislation. Job share will widen the recruitment pool, retain the valuable skills of existing employees and enable staff to retain status and career prospects.
- **Reduction in hours:** The identified surplus employees should be allowed to take reduction in hours or time off. The management team may select the job classification and employees and may ask employees to take time off voluntarily. Whenever possible, this process shall be followed so that all employees share on an equal basis in the required reduction in hours.
- **Retraining:** The option to undertake appropriate retraining should also be provided, either internally or externally, to equip potential surplus staff members with suitable skills and knowledge that could be employed in other organisations or within other sections with the same organisation.
- **Natural Staff Turnover:** this is a result of promotions, retirements, deaths and resignations within the organisation.

3.0 OTHER OPTIONS

After considering and exhausting the options above management may wish to consider the following:

- **Voluntary redundancy:** If there are still surplus workers, the organisation then should consider offering a voluntary redundancy package. Temporary employees are not normally eligible for voluntary redundancy. Voluntary redundancy packages are often offered as an incentive for employees to leave. However, such a redundancy package needs to be approved by PSC.
- **Early retirement:** surplus employees can be attracted to leave by offering them early retirement incentives. This type of package pushes retirees closer to full retirement benefits by giving two to five years of added age and service credit. For example, an additional eight weeks pay over and above normal compensation.
- **Enforced redundancy:** this is a last option and should only be used when all other options have been exhausted. Again a compensation package is required.

4.0 MANAGING STAFF IN PPP SITUATIONS

An alternative approach often used by state organizations to limit the social impact of divestment of non-core activities is to contract such activities to staff. This has two principal advantages:

- It ensures that some staff are able to achieve continuity of employment.
- It can provide the basis for stimulating private sector growth.

Government has a significant opportunity to develop the private sector by splitting off small business units that can then contract to Government and others. The activities identified for PPP ventures could form the basis of these business units and could be sold to staff on a preferential basis before tendering them to investors outside. All tenders will need to identify required outputs, not inputs. The majority of these business units are service oriented and therefore will require comparatively small sums of start-up capital. However, each unit will need to be separated from the parent ministry if this approach is used. In addition, staff will need training in small business management practice, including financial management. There will be a need to provide some 'seed' money to staff to enable them to exercise the small business option. An easy way to do this is for Government to offer a holiday from competition for three years within the contract. This then enables the business operator to use the contract as a means to raise working capital with a bank.

In such circumstances it is not uncommon to defer some portion of payment for assets and for the individual to reimburse the cost of assets from profits as they accrue. Alternatively the operator may lease the assets.

Staff tenders are normally advertised for a period of 3 weeks. If after that time there is no interest from staff then a public tender may be announced. This may be necessary if employees are reluctant to own and operate companies. If so, the use of some existing staff might be a condition of tender.

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