

21 November 2023

Section 9(2)(a)

Section 9(2)(a)

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Our ref: OIA 107590

Tēnā koe Section 9(1)

Official Information Act request: Ministry property staff

Thank you for your email of 2 October 2023, requesting, under the Official Information Act 1982 (the Act) information about the Ministry of Justice's (the Ministry) property team. Specifically, you requested:

“RNZ requests release in full and in fully searchable and copyable format, for EACH team or workgroup that has as a core part of its work property/infrastructure maintenance or upgrades or remediation or new builds – and including the capital delivery team/s and linked parts – the following per team (and noting the Ombudsman has said that public sector workers in senior decision-making positions can expect to be named):

1. Total number of people in it including employees, contractors, fixed-terms
 - a. And how many in each category e.g., how many contractors/consultants
2. Number of contractors/consultants in senior decision-making positions including team leaders
3. Pls detail any and all teams that have more than one third of their people who are contractors/consultants
4. Unplanned turnover rate per team
5. A summary of exit interviews from the capital delivery or similar team in the last 12 months
6. Number of personal grievances lodged, and their outcome, per team in the last 12 months
7. For each property-related team, the amount of spending on contractors (within the team – i.e., not external building contractors) in \$ terms and as a proportion of the team budget
8. Comparisons over time for each of the above, per year, for 1, 2, 4, 7 above, for the last 5 years (to see how things were pre-covid)
9. For any team leaders or similar senior position who are a contractor or consultant (bearing in mind that contractor rates are part of select committee annual reviews so are not confidential etc)
 - a. remuneration details including their hourly or daily rate if applicable
 - b. how long they have been in the position as a contractor
 - c. why that position is not filled with an employee instead
10. Re exemptions: pls detail any use of exemptions in order to hire contractors/consultants including how often it has been used per team in the last 12 months

11. OIA 105941 suggests problems with the way infrastructure has been managed e.g. low proportion of spending on it. Pls release a copy of any document of any kind that functioned as any kind of review into any such problems in the last 24 months.”

On 10 October 2023, the Ministry contacted you to advise that in its current form, your request is very broad and would be refused under section 18(f) of the Act on the grounds that it would involve substantial collation. We asked you to clarify the types of documents you were seeking. We also asked you to confirm our interpretation for contractors to include those who are contracted for operational roles within the Ministry, and to exclude consultants and contractors who are contracted for services on specific building projects like consultant architects, engineers, planners, or construction companies.

On the same day, you responded that the scope for documents was intended to cover any document that functioned as a review into the “noted problems” in the last 24 months. You confirmed that contractors were limited to people contracted for operational roles within the Ministry, noting the definition on the Public Service Commission website.

On 8 November 2023 the Ministry contacted you to advise that a response to your request is being prepared. However due to the need for external consultation, it has been extended under section 15A of the Act.

Background information

The Ministry has one property team, and it is responsible for the Ministry’s owned and leased sites (land and improvements). For the owned buildings this covers the full asset lifecycle - from land acquisition and construction, through to renewal projects and maintenance, to demolition and land disposal. The team also provide day to day building management for the National Office and Christchurch Justice and Emergency Services Precinct.

The more recent increase in spending on contractors reflects the increased number of complex large-scale projects that the Ministry’s property team is working on, and the need to build capacity and capability within the property team to complete this work. This includes more than \$500 million of investment into major upgrades at our courthouses including new courthouses being built in Whanganui and Tauranga, and major seismic remediation work at four of our major courts.

The buoyant construction sector has created a high demand for employees with the necessary skills to deliver these types of projects, so the Ministry has had to rely on contractors while the capacity is built within the team.

Response to request

In response to parts 1, 2, 4, 7, 8 and 9, please refer to Tables 1 to 6 appended below.

In response to part 9, please refer to Table 6 appended below.

Please note the contractor employed to fill a senior management position was hired to fill a short-term vacancy which was created following the departure of a senior manager in the property team to build capacity and capability. The contractor brought in specific property skills and expertise that are in high demand due to skill shortages. These skills are difficult to source through the employment market on short notice and for temporary roles. The increased capability in the team is required to deliver the more than \$500 million in investment into major upgrades at our courthouses including new courthouses being built in Whanganui and Tauranga, and seismic remediation work at four of our major courts.

In response to part 3 of your request, as at 30 June 2023, two out of five business units in the Ministry's Property Team had more than a third of their members as contractors. The two teams were our Capital Works Team which is responsible for managing major and minor property projects and a small team which supports the General Manager Property.¹

I am refusing part 5 of your request under section 18(e) of the Act as the information does not exist. Exit interviews are voluntary and anonymised, therefore cannot be attributed to individual teams.

In response to parts 6 and 10 of your request, no personal grievances have been lodged over the last 12 months and no exemptions from the Government Procurement Rules have been sought within the last 12 months to hire contractors/consultants to the property team.

In response to part 11 of your request, please see the attached document, Property Function Review from February 2023, which is released to you with some information withheld under section 9(2)(a) of the Act to protect the privacy of natural persons. We do not consider that the reason for withholding information from the attached document is outweighed by other considerations which would make it desirable in the public interest to make the information available.

The Property Function Review was commissioned to ensure the Ministry's property function was properly positioned to deliver the expanding work programme, including an increased number of more complex large-scale projects. The review concluded that in the past the Ministry's property team was sufficient for a less complex and smaller scale portfolio and was improving to meet the need for increasingly complex projects. The recommendations from the report are being actioned.

Since receiving the report, the Ministry has continued to improve the capability and capacity in the property team as well as improved governance, risk management and reporting.

If you require any further information, please contact Media & Social Media Manager Joe Locke at media@justice.govt.nz.

Please note that this response, with your personal details removed, may be published on the Ministry website at: justice.govt.nz/about/official-information-act-requests/oia-responses/

¹ Please note the proportion of contractors in each team is not directly comparable to the data in tables 2 and 3. The proportion of contractors in each team was calculated as at 30 June 2023 while tables 2 and 3 shows the number of contracts that commenced during each financial year.

If you are not satisfied with this response, you have the right to make a complaint to the Ombudsman under section 28(3) of the Act. The Office of the Ombudsman may be contacted by email to info@ombudsman.parliament.nz or by phone on 0800 802 602.

Nāku noa, nā

A handwritten signature in blue ink, appearing to read 'Kel-Wat', is centered on the page. The signature is written in a cursive style with a horizontal line underneath.

Kelvin Watson
Deputy Secretary, Corporate and Digital Services

Table 1: Number of employees in the property team by financial year

	2018/19	2019/20	2020/21	2021/22	2022/23
Fixed term	2			2	2
Permanent full time	34	40	38	43	46
Total	36	40	38	45	48

Table 2: Total number of contractors and consultants in the property team by financial year

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Contractors			4	6	13	23
Consultants	2	1	3	1	4	11
Total	2	1	7	7	17	34

Notes for Table 2:

- Some contractor and consultants have worked across multiple years
- Data shows the number of contracts that commenced during each financial year.

Table 3: Total number of contractors and consultants in senior decision-making positions in the property team by financial year

	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Contractors					2	2
Consultants						

Notes for Table 3:

- Project managers have not been included as they are not part of the team management structure
- Only one of these contracts is currently active and they are no longer working in a senior decision-making role. They are instead focusing on the delivery of large scale projects. The other contractor took up a role as an employee.

Table 4: Percentage of unplanned turnover

	2018/19	2019/20	2020/21	2021/22	2022/23
Unplanned Turnover	22%	13%	5%	10%	24%

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Table 5: Amount spent on contractors and consultants within the team

	2018/19	2019/20	2020/21	2021/22	2022/23
Consultant	\$57,794.47	\$22,400.00	\$293,107.09	\$11,481.96	\$248,773.60
Contractor			\$592,616.36	\$464,483.03	\$1,684,719.79
Total	\$57,794.47	\$22,400.00	\$885,723.45	\$475,964.99	\$1,933,493.39

Notes for Table 5:

- Data is broken down by financial year
- Data excludes external building contractors.
- Figures are GST exclusive

Table 6: Information for contractors in Team Leader or similar senior positions

Supplier	Details of this specific assignment/project/ consultancy	Contract Rate Amount	Start date
NSIDE Executive Recruitment	Senior Delivery Management Role in the Property Team	\$259.57	20/06/22

Notes for Table 6:

- Costs include recruitment company costs
- Contract is still active

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Property Function Review

Ministry of Justice

February 2023



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Stewart Glynn
 Manager Risk and Assurance
 Ministry of Justice
 SX10088
 Wellington

7 February 2023

Dear Stewart

Property Function Review

Thank you for the opportunity to support you by conducting an efficiency and effectiveness review of the Property Function at the Ministry of Justice ('MoJ' or 'the Ministry'). The property team is undergoing significant organisational change to enhance its function in line with a demanding work pipeline for future years. Therefore it is critical to ensure that the leadership team at the Ministry has confidence that there are good practices in place along with an acceptable level of capability, capacity and funding arrangements that will stand the Property Function in good stead and set it up for success.

We have approached our review with this in mind and have aimed to express our findings in a way that is direct and honest but also provides suggestions for improvement.

Please find attached our draft report summarising our approach and findings, including recommendations for how you could move forward to implement improvements, which will produce greater confidence around the delivery of the Justice property portfolio. We note that the majority of our fieldwork to support our review was completed in November/early December 2022. In the interest of being open and transparent, our findings have been presented and discussed on an ongoing "real-time" basis with Ministry staff, including within the Property Function. As such, some of the findings and recommendations in this report may now be implemented, or in the process of implementation.

We are more than happy to discuss the contents of this report with you in more detail. We would also like to acknowledge the input and support from various personnel across the Ministry in providing access to data and resources and for validating the quantitative analysis in this report.

If you have any further questions, please feel free to contact us.

Ngā mihi nui

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SECTION ONE

**Executive
summary**



Context

Purpose

The Ministry has an extensive property portfolio of 97 buildings across 58 towns and cities throughout Aotearoa, New Zealand (NZ), with a land value of \$235.9 million and a fair value of \$1.202 billion. 61% of the property portfolio is owned by the Ministry, while 39% is leased.¹

Over recent years, assessments of the Ministry of Justice's property portfolio have identified that a third of its buildings are in poor condition², do not meet industry standards, and thereby require significant investment. This has resulted in a high volume of incoming work and demand for the Ministry's Property Function to invest in restoring and modernising the condition of the Justice Portfolio.

KPMG was engaged to provide a review of the efficiency and effectiveness of the Ministry's current organisational arrangements, systems and processes for managing the Justice property portfolio.

Background






Traditionally, the Property Function has primarily focussed on the management of assets and contracts, procurement, and minor capital projects valued at less than \$10 million. However, the environment that the Ministry's Property Function is operating in today is rapidly changing due to business demands, current asset conditions and increased market constraints.


In addition to increased compliance requirements from the Climate Change Response Amendment Act 2019 and the Health and Safety at Work Act 2015, the ongoing impacts of COVID-19 and inflation have caused supply chain disruptions, driven up construction costs, and resulted in significant project delays and resource constraints. Furthermore, additional funding received over the last few years for the property portfolio means there are now requirements that the Property Function must undertake for Investor Confidence Rating (ICR) work with the Treasury and additional work for Cabinet papers, Business Cases and Ministerial briefings.

A recent change in leadership within the Property Function, along with an increased pipeline of more complex, larger-scale projects amid the current infrastructure environment in NZ, has led management to seek an understanding of whether the Property Function has the capability and capacity in place to manage the Justice property portfolio in the most efficient and effective way. The review includes assessing the Property Function's current state and identifying potential opportunities to drive momentum towards a desired future state.

Review Areas

KPMG's Property Function Review for the Ministry takes into consideration the following areas:

-  **Governance** includes assessing whether the current governance arrangements facilitate quality infrastructure outcomes.
-  **Processes** include identifying whether the process for key operational activities, including maintaining and operating properties and identifying and managing risks, are defined and communicated.
-  **Capability** involves reviewing whether roles and responsibilities are clearly defined and whether the Ministry has the appropriate capability levels to support the property programme.
-  **Capacity / Funding** refers to assessing whether the team has the correct number and mix of resources with the right levels of funding aligned to demand and whether the current commercial arrangements provide the scale and flexibility to match capital and operational investment.
-  **Systems** include reviewing whether there is technology used to support the workflow in an efficient and effective manner and provide transparency and traceability. Further, whether the data is used to analyse and support trend analysis and provide predictive insights around performance improvement.

 **Reporting** includes assessing whether the reporting content and structure are adequate to make informed decisions and if a regular cadence for reporting is maintained.

These areas have informed the roadmap of activity we have identified as necessary for the Ministry to continue to deliver quality, optimal property-related outcomes.



Overall rating

Our review has shown that the Ministry's Property Function is improving in maturity. The Property Function's capability and capacity were sufficient for a less complex and smaller-scale portfolio and are currently improving to meet the demands of a larger pipeline of increasingly complex projects. The recent investment in capability is guiding the function towards being more value-adding and enabling of the rest of the business and reflects a positive trajectory toward improvement.

OVERALL RATING	IMPROVING
DESCRIPTION	Historically, the Ministry's Property Function has been reactive, unplanned, and ad hoc rather than proactive, planned and strategic. However, there is increasing recent evidence of good activity underway to enhance the Property Function in line with need, as well as recognition of areas for further enhancement, as outlined in this report.

¹ Emerging Ministry Strategy / Strategy 2022-2025

² Ministry of Justice Annual Report 2019-2020

Key themes

The Ministry's Property Function is improving in line with need. There is activity underway to improve the function, as well as broad recognition within the Property leadership team of the activities which need to take place to enhance it further. Key themes from our review are summarised below:

1 An injection of capability is steering the Property Function positively to an enhanced future state.

KPMG has observed a strong, recent investment of capability into the Ministry's Property Function. This is taking the Function in a positive trajectory towards being a more strategic, proactive and portfolio-driven function. New capability has brought a robust understanding of good practice, an appetite to professionalise the function and we believe it is on track to take the function in the right direction for the future.

2 Whilst good work is underway to strengthen data and insights on asset condition, asset criticality and asset demand, this work can be evolved further into the development of a clear strategy for the Property Function.

Work has commenced to strengthen organisational data on asset, condition, asset criticality and demand. This work needs to evolve further into the development of a broader Property Function strategy, with broad buy-in and engagement, both within the Property Function and across the Ministry as a whole. Judiciary involvement in the development of the strategy is imperative from a stakeholder engagement perspective.

Currently, work is underway to inform the development of a clear strategy for the Property Function in terms of leadership priorities around investment, divestment and optimisation. A property strategy will guide the team towards shared goals and help form a strategic plan for success. The reliance on a relationship-based operating model and the absence of a strategic asset management plan has contributed towards a historic focus on deferred, reactive maintenance over a number of years. As a result, asset conditions do not currently meet building standards, and current investment is insufficient to service the future demands of the property pipeline.

KPMG's perspective is that the development of this strategy is an important prerequisite and foundational requirement to developing the broader operating model for the Property Function. It is currently difficult to estimate the appropriate level of resource, capability and capacity of the Property Function until there is a clear strategy outlining property-related priorities for the coming years.

KPMG has observed evidence of resource constraints. However, strategic clarity is required prior to determining the volume and priorities of additional resources required.

3 There is an opportunity to establish an underpinning asset management information system to support a single source of the truth on assets and asset condition.

The demands on the Ministry's Property Function are likely to increase over time in response to the demands of the business and current asset conditions. There is an opportunity to further strengthen the understanding, data and management information on asset condition, asset criticality and demand across the Ministry and to inform decision-making within Governance Groups with thorough, accurate and timely reporting. Transparency of this information will better enhance leadership's understanding of property portfolio need and inform the development of strategy, as articulated in point one to the left.

There is an opportunity to better document, clarify, and drive simplification and standardisation across core Property Function processes, such as within the delivery of capital projects, where reporting requirements should be standardised and simplified for projects, whether minor, medium, complex or large-scale.

4 Better understanding and forecasting of demand for justice services (and therefore property) is needed more systematically across the network.

Whilst the Auckland Network Strategy was informed by some demand data, there is an opportunity for the Ministry's Property Function to consistently source / leverage better information and insights on justice sector demand and demographics nationally to inform potential future property assets and infrastructure needs. This should be undertaken in a way that is aligned with broader strategies such as innovative courts, digital, and sustainability which may impact or influence how demand is managed.

The current lack of insight into network demand at the national level within the Property Function impairs the Function's ability to make informed investment decisions based on current and forecast demand. This makes it additionally challenging to know what the appropriate resource, capacity, and capability of the Property Function should be relative to the future needs of the business. Good practice property functions are generally informed in more robust ways by data and evidence on system demand.

5 The operating model in terms of services, service level agreements, processes, business partnership arrangements, capability and capacity is defined and clear to those within the Property Function. However, it has not yet been formally articulated and communicated to those external to the Property Function.

It is unclear across the wider Ministry, what the operating model of the Property Function is. The current operating model may overreach in seeking to determine operational property requirements for the rest of the business. However, for Property to be truly an enabling investment management function of the rest of the Ministry, it is imperative that user requirements drive the Property Function's activities rather than the Property Function seeking to define these for the business. The operating model for Court Services therefore needs to be developed initially in order to inform the subsequent development of the Property Function operating model. Refurbishing the Court House Design Standards alongside the future operating model is necessary.

Articulating the Property Function operating model is an opportunity to inform all stakeholders about the function's purpose, strategy, role, services and key "go-to" people from a relationship and stakeholder management perspective. It will also provide clarity on the relative resources needed across the property Function as a whole to enable it to deliver in the most efficient and effective way.

6 The future state operating model of the Property Function should strengthen ways of working between Property and the rest of the business

Whilst there is evidence of some parts of the business (e.g. Finance) working increasingly more collaboratively with Property, there is currently a lack of cohesion between the Property Function and the wider Ministry, which has impacted their ability to work together to solve complex issues. However, there is broad recognition of the value of operating more collaboratively.

In combination with an effective set of aligned strategies, there is an opportunity to facilitate continuous improvement and the sharing of lessons learned among teams. Our discussions with various personnel across the Ministry highlighted a desire to be a more collaborative and dynamic enabling function for the business.

Key recommendations

We identified the following areas where opportunities for improvement exist, and have proposed recommendations:

1

Leverage improved asset data to develop a cohesive and aligned Property strategy

In order for the Property Function to continue its shift towards being more proactive, planned, and strategic, we recommend articulating and implementing a clear Property strategy which aligns with the Ministry's wider strategies, including digital and sustainability.

The full list of strategies we recommend developing is prioritised and listed on page 38 of this report. Of this list, it is strongly recommended that the following strategies be prioritised and developed first:

- Property Function strategy, with clear alignment to all other strategies (We understand that the Property Function strategy has been developed. However, it needs to be operationalised, and cascaded into an articulated operating model).
- Asset management strategy and plan
- Asset condition and performance strategy
- Governance strategy

The strategies should be developed based on robust data and evidence on current asset conditions, asset criticality and demand for justice services. Establishing clear, logical linkages between strategies will ensure portfolio outcomes are optimised. These strategies need to seek Ministry wide buy-in and engagement. The strategies will help contribute to the articulation of the property function operating model described in Recommendation four.

2

Formalise and Articulate the Property Function operating model

We recommend that the Property Function reviews and articulates their current operating model. The operating model should focus on what value-adding services it provides to the business, what the service level agreements are for these services, and how the performance of the Property Function will be measured and assessed on an ongoing basis. This operating model needs to be informed by the Court Services operating model.

Operating model work should commence once the critical strategies outlined in recommendation one are developed.

In addition, we recommend the Property Function looks into implementing a Business Partnership Model (BPM) for the future and, prior to implementation, looking into what the BPM is for the future.

In developing a BPM into the Property Function, it is essential that the following questions are considered:

- What does the Property Function want from the business?
- What does the business need from the Property Function?

3

Build on work to strengthen asset data and further optimise process and data

We recommend that the Function invests in professionalising its systems and processes and ensure that the current processes are scalable and can be automated to match the growth of the property portfolio and be future-proofed. Systems should be an enabler of success and provide individuals with a single source of data.

At present, the Function's systems are underutilised, inefficient, and inadequate to meet the demands of the incoming pipeline. Thus, we recommend investing time in understanding the value of the Function's core processes and how these must fundamentally be aligned and systematised to deliver value.

For example, the Function can gain stronger asset condition and performance oversight through the development and optimisation of an Asset Management System, which will provide the Property Function and wider Ministry with better datasets on asset condition, criticality, and demand to make informed decisions in line with the asset management strategy.

We understand that the Ministry is currently building a data warehouse for all core project data and extracting information from the Downer data warehouse to inform a single source of the truth for property data.

4

Continue the trajectory of taking a more portfolio-level view to proactive property management

For the management of the property portfolio to be more proactive, a portfolio-level view is required. This will provide a clearer direction for all stakeholders and ensure that all parties work together to optimise portfolio outcomes and determine investment, divestment and optimisation opportunities within the portfolio.

To enable portfolio-level decision-making, there needs to be a shared understanding of data and management information on asset condition, asset criticality, spend and demand to assist Governance Groups in making informed decisions.

A portfolio-level view can further be developed through the establishment of frameworks, particularly for investment and business cases (refer to pages 28 and 38), which will drive standardisation, clarity on requirements, and more robust cases for investment.

Currently, the Ministry has a 10-year capital plan. However, the plan is insufficient relative to the current needs of the property portfolio.

SECTION TWO

Introduction



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Introduction

Objective, Scope and Approach

The objective of this review is to provide an independent view on whether the Ministry has the capability and capacity in place to manage the Justice property portfolio in the most efficient and effective way and highlight opportunities for improvement.

KPMG's scope for this review was limited to the Governance, Processes, Capability, Capacity/Funding, Systems and Reporting of the Property Function. Our approach consisted of document analysis, interviews with key stakeholders within and outside the Property Function and a workshop. Refer to Figure 1.

Key Strengths

The recent injection of new capability within the Property Function has resulted in the following key strengths identified in our review:

- **There is a leveraging and understanding of what good practice is in terms of what running a Property Function looks like from other government agencies:** Significant personnel change over the last year within the Property Function, including at the leadership level, has resulted in the injection of new capability and the leveraging of good practice portfolio and project management from other government agencies alongside experiences and insights.
- **The function seeks to professionalise and standardise the management of the portfolio:** Work is being commenced to formalise the processes, documentation and stakeholder relationships within the Property Function³ and ⁴. In addition, there is a desire to improve data sets on asset condition, asset criticality, and demand.
- **Reporting has improved over time:** There is evidence that the content of reporting and quality of information produced within the Property Function has improved over recent months and provided increased visibility on the property portfolio view. For example, there is now a



monthly Major Projects Dashboard⁵ and a Māori Land Court Dashboard⁶. Previously, documented reporting and cadence within the Property Function were lacking.

Other key strengths identified in our review include:

- **The wider team has a strong appetite to enhance the Function:** It has been evident throughout our review that there is passion from various personnel across the Ministry to improve the Property Function for the greater good, including to more proactively manage what has been a reactive portfolio to date. The desire to become a more proactive, planned and strategic function was consistently evident across our review.
- **Strong understanding of where to enhance capability:** The restructure earlier this year was proposed to help improve capability across the function.⁷ Whilst

benefits are still being realised, the function's investment in building capability reflects their desire to close these gaps.

- **Increased collaboration between the Property Function and Finance Team:** Interviews have highlighted that over the past few months, there has been better interaction and collaboration between the Property Function and Finance. The strengthening of the relationship has been reflected in the inclusion of a Finance Business Partner in the Property Function's organisational chart.⁷
- **Issue Management and Crisis Response:** Issue management and crisis response generally operate well within the Ministry's Property Function. This is largely given the reactive focus of the function. However, whilst the desire is to become a more proactive and planned function, the strength of this capability should not be lost.

¹ Functional Diagram 221123 revised layout

² MLC Property Projects Dashboard as at 31 October 2022 FINAL

⁴ 6. Property Strategic Work Plan - 12 months

⁷ Commercial Property - Final Decisions 06/04/2022 FINAL

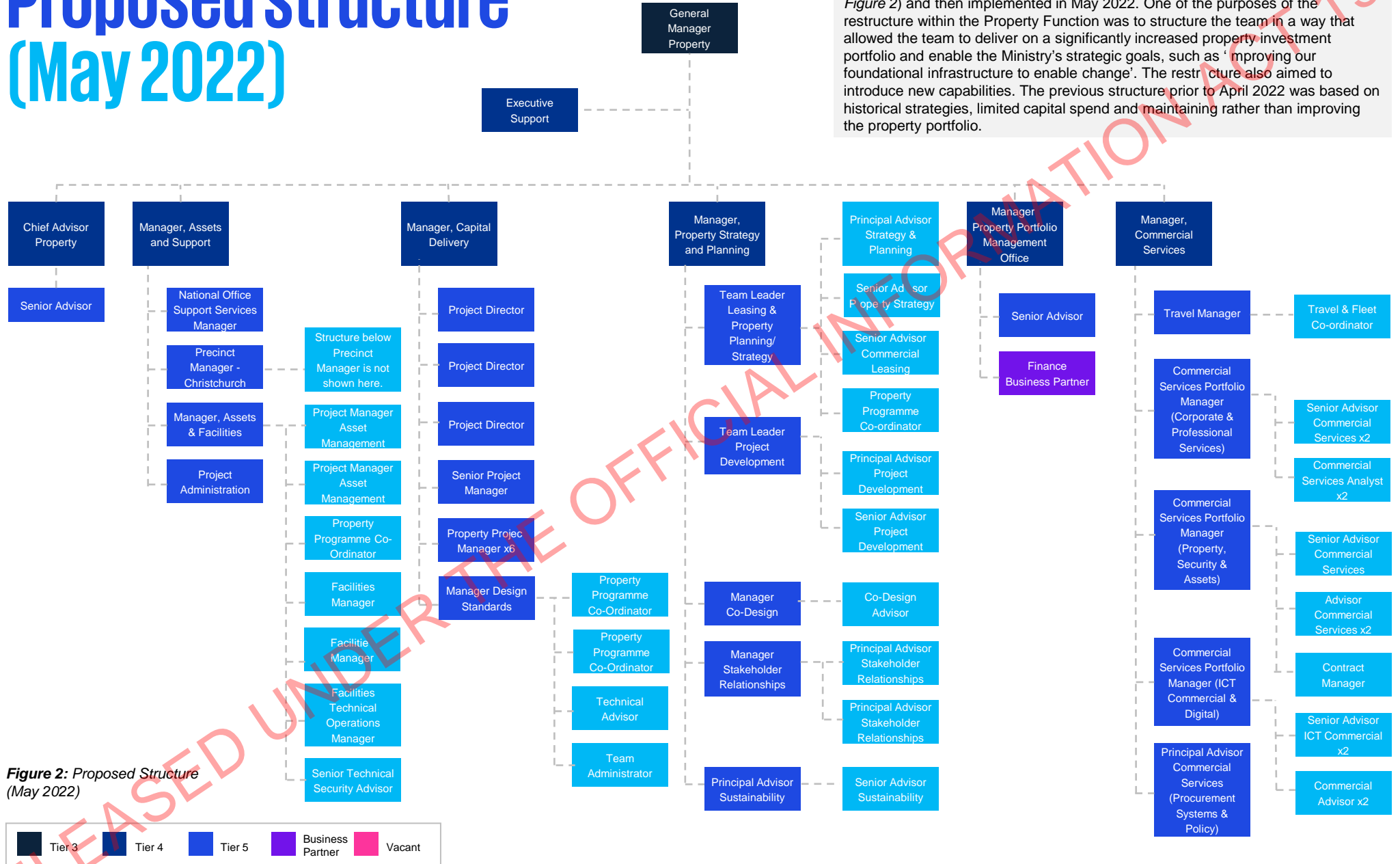
⁵ 03 Major Projects as at 31 OCT 2022 (with financials)

SECTION THREE

Property team structure and value chain



Proposed structure (May 2022)



In April 2022, a restructure within the Property Function was finalised (Refer to Figure 2) and then implemented in May 2022. One of the purposes of the restructure within the Property Function was to structure the team in a way that allowed the team to deliver on a significantly increased property investment portfolio and enable the Ministry's strategic goals, such as 'improving our foundational infrastructure to enable change'. The restructure also aimed to introduce new capabilities. The previous structure prior to April 2022 was based on historical strategies, limited capital spend and maintaining rather than improving the property portfolio.

Figure 2: Proposed Structure (May 2022)



Current structure (October 2022)

Below is the current structure of the Property Function. Since the proposed restructure in May 2022, the 'Property Portfolio Management' has been renamed 'Performance Improvement and Quality, while the Commercial Services team now reports directly to the Deputy Secretary, Corporate & Digital Services. In addition, the Design Standards team no longer exists under the Capital Delivery team. However, an additional Facilities Manager role is presently vacant, which recognises the need and demand for maintenance within the Justice property portfolio. Currently, there are ten vacant roles in the Property, Strategy and Planning team.

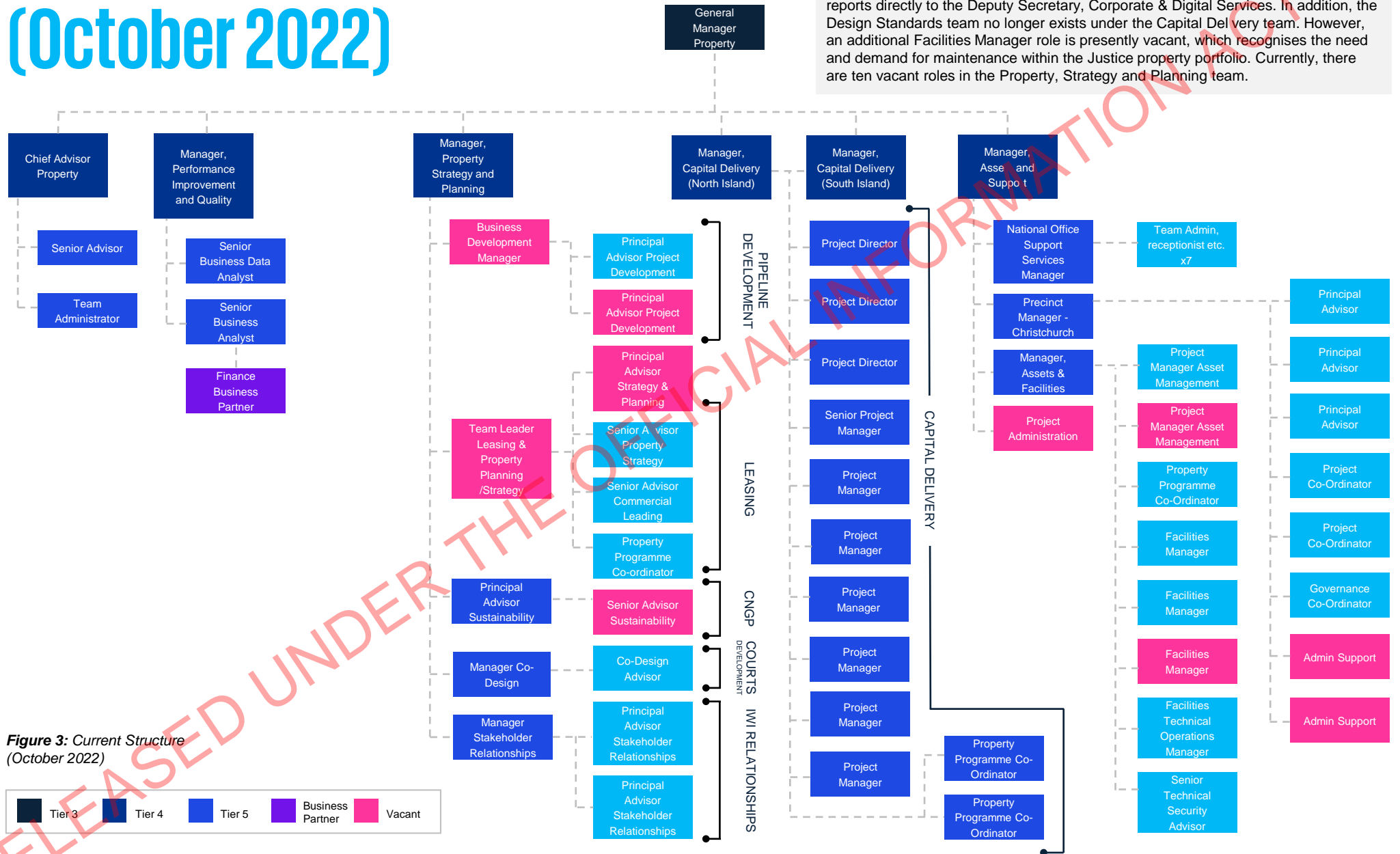


Figure 3: Current Structure (October 2022)



Value chain

KEY
Missing

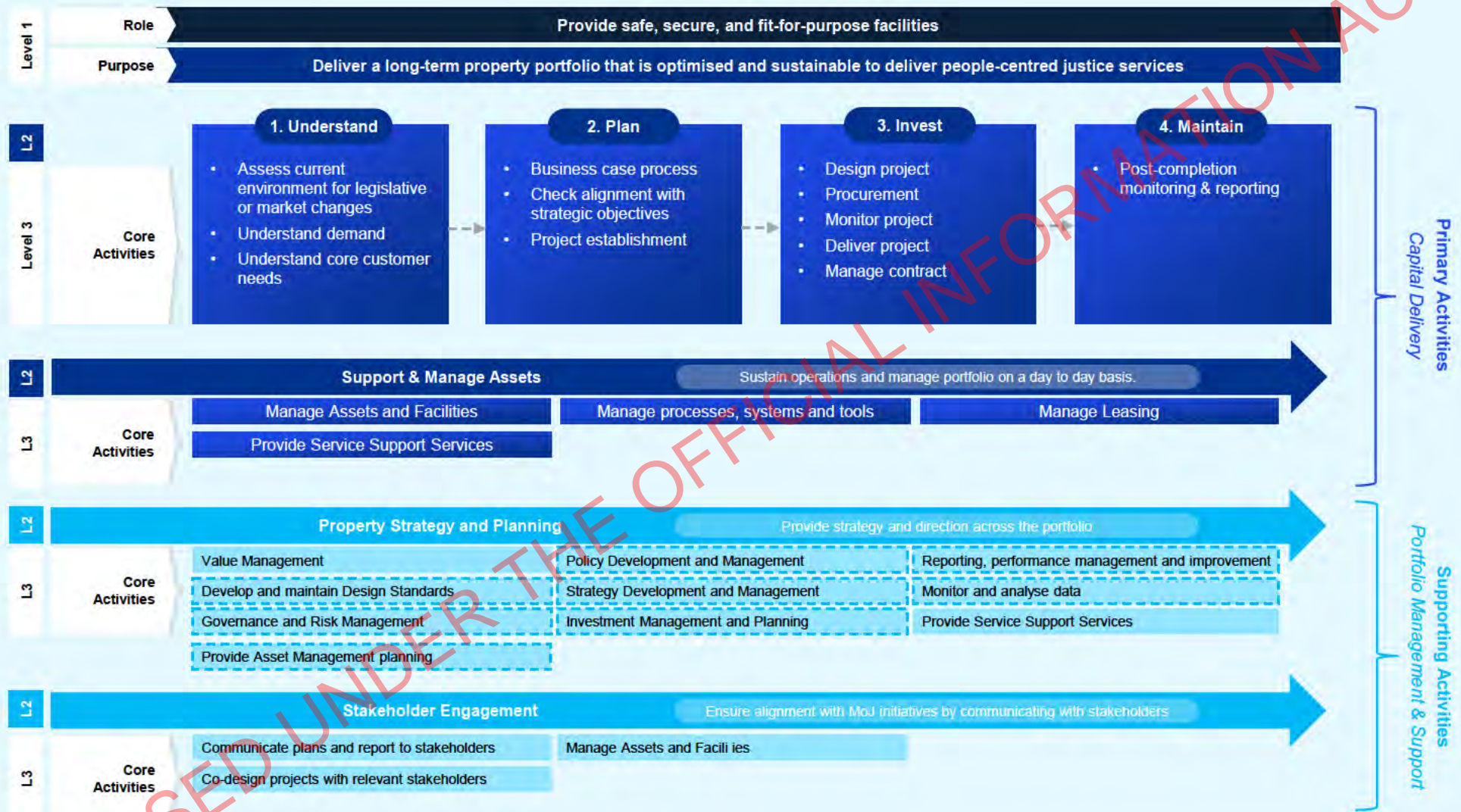


Figure 4: Value Chain

SECTION FOUR

Key Findings & Recommendations



What does good practice look like?

Key:
Risk Status ● Significant Risk ● Moderate Risk ● Low Risk
Trend ↑ Improving → Static ↓ Declining

The below summarises the key areas of good practice focus for a Property Function, and hence the key areas of focus for this review. It is important to note that the majority of our fieldwork to underpin this review was undertaken in November/early December 2022. Therefore our ratings are based on our review at this point in time. In line with our review methodology and in the interest of being open and transparent, our findings were discussed and presented to the Ministry on an ongoing “real-time” basis. As such, some of the findings and recommendations in this report may now be implemented, or in the process of implementation.

Focus Areas	GOVERNANCE	PROCESS	CAPABILITY	CAPACITY/FUNDING	SYSTEMS	REPORTING
Current Rating	Low Risk ↑	Moderate Risk ↑	Moderate Risk ↑	Moderate Risk ↑	Moderate Risk →	Low Risk ↑
Good Practice	<ul style="list-style-type: none"> Set strategy/direction Policy clarity Clear decision-making Working collaboratively Motivate people 	<ul style="list-style-type: none"> Documented Communicated Consistently adhered to Process ownership Assurance Continuously Improved 	<ul style="list-style-type: none"> Clarity of roles and responsibilities Plan, resource and prioritise Shared commitment and sound delivery Innovative delivery 	<ul style="list-style-type: none"> Strategic resource management Investment strategy and planning Investment management 	<ul style="list-style-type: none"> Digital/Automation User friendly Single data capture Training Insights Enabling 	<ul style="list-style-type: none"> Accurate Reliable Timely Relevant Assist with making informed decisions
Key Questions	How do we best govern the organisation of the future to enable agility while still managing risks?	How is value delivered to our core customers and have we optimised our core business processes to achieve this?	How should our people be structured and what capabilities do we need to unlock our full potential?	What are the costs and trade offs of strategic choices to enhance our property portfolio and what capacity do we need to implement these decisions?	How do we best set up our systems to provide system integration and clear outputs to enable effective decision-making?	How do we provide data and insights on our current property portfolio to inform choices and decision making on where best to invest?

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Key findings & recommendations



Governance

New Leadership, Steering Group Committee and Major Project Governance.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
1.1	<p>The following observations were identified as strengths within the current Property Function:</p> <ul style="list-style-type: none"> Appointment of a new Property Leadership team who have the desire and passion to turn the function into a more proactive, planned and strategic function. Work initiated towards being a more strategic function. This has been reflected through the development of an overall goal and strategic objectives for the next twelve months for the Property Function. 	<ul style="list-style-type: none"> Over recent months, the Property Leadership team has produced a Functional Diagram that presents the key business inputs and requirements and a Red, Amber and Green (RAG) status on the current state of these.⁸ A performance improvement activities plan for the next 12 months has been compiled and outlines the following: priority; action/work areas; progress status; RAG status; due date; responsible owner and; comments/next steps.⁹ A recent presentation to the Property Sub-Committee conveyed the overall goal to deliver a "long term property portfolio that is optimised, sustainable with the right capability to deliver people-centred justice services". This presentation outlined the key strategic objectives for the next 12 months: operational performance excellence, customer focus and sustainability.¹⁰ 	<ul style="list-style-type: none"> If an injection of new leadership capability had not undertaken a functional analysis to identify areas for improvement within the Property Function, this may have resulted in a continued reactive, unplanned and ad hoc function. Unclear strategic direction can result in a lack of understanding and guidance on the function's critical focus areas and prioritisation. This has been evident in our interviews with Ministry personnel, who have indicated that a lack of strategy impacts their confidence in the function's ability to improve. 	<ul style="list-style-type: none"> A quarterly review of the Functional Diagram should be considered in terms of whether the appropriate business inputs and requirements are being executed to drive the optimal performance of each core area within the Property Function. Maintaining, reviewing and updating the performance improvement activities regularly is key to improving the maturity of the Property Function. A review could be done through monthly progress meetings with the wider Property Function Leadership team. Ensure that the Property Function's overall goal and strategic objectives align with the Ministry's broader strategy. For example, digital, innovative courts and sustainability. Ensure that the overall goal and strategies are clearly documented and communicated across the organisation, including to the core customer groups. This may be as part of a broader operating model including service catalogue, service level agreements and business partnership arrangements.

⁸ Functional Diagram 221123 revised layout

⁹ Property Strategic Work Plan - 12 months

¹⁰ Property Sub-Committee meeting 27 Oct 22 (F NAL)

Key findings & recommendations



Governance (Cont.)

New Leadership, Steering Group Committee and Major Project Governance.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
1.2	<p>A review of the steering committee groups highlighted some of the challenges in the governance of the property portfolio:</p> <ul style="list-style-type: none"> The Ministry's Property & Physical Infrastructure (PPI) committee was recently disbanded. As such, there is no appropriate and clear governance, assurance, or monitoring of the Ministry's property portfolio. Governance is not currently equipped with the right data and insights on the performance of the property portfolio as a whole to enable them to make informed strategic choices around investment, divestment and optimisation. Some senior leadership felt that the discussions and expertise within the PPI committee were not providing the level of advice and guidance needed to direct the Property Function. Governance processes are improperly followed. This is reflected through the undertaking of activity before acquiring governance sign-off and then undertaking the governance retrospectively. We understand that work has commenced to develop a Terms of Reference (ToR) for a newly created Property Infrastructure Board. In addition, work has started to establish a Capital Projects Board for large capital projects. 	<p>As outlined in the memo titled 'Chair's feedback on first 12 months operation of PPI'¹¹, the PPI committee was disbanded due to the following reasons:</p> <ul style="list-style-type: none"> Structural Issues – PPI's mandate and relationship with the Investment Committee (IC). Queries and confusion around Ministry governance processes evident at PPI governance meetings. Capacity and capability issues in the teams supporting PPI. The lack of accurate and quality information being provided to Governance to support informed decision-making. There is a lack of clear and meaningful mandate that enables PPI to govern. For example, approval for the drawdown of funding or an extension of time to reflect a contract or lease already entered into has been actioned retrospectively. 	<ul style="list-style-type: none"> Lack of governance groups equipped with the correct management information and data impacts the successful delivery and rigour of governance objectives, such as organisational and investment decision-making. Without a mandate, or decision-making abilities, there is limited value to be gained from the governance process. Instead, this provides a foundation for conflict between team members and diminishes the importance of governance's role. 	<ul style="list-style-type: none"> Through lessons learnt from PPI, consider re-establishing a new governance committee for the property portfolio. The committee should have the appropriate seniority, subject matter experts, composition and authority to allow clear and timely decision-making and communication. Further, ensure the following is established: <ul style="list-style-type: none"> ToR for the portfolio that is clearly defined and communicated. Adequate visibility and transparency of the programme of works within the property portfolio. External governance training and capability building should be considered for committee members to maximise the benefits of their position in enabling productive discussions, participation and how to best make informed choices on how to optimise the property portfolio as a whole.

Key findings & recommendations



Governance (Cont.)

New Leadership, Steering Group Committee and Major Project Governance.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
1.3	<p>Observations of major project governance highlighted opportunities for improvement within the Property Function:</p> <ul style="list-style-type: none"> There are gaps in the robustness of governance for large-scale capital projects. Design meetings have replaced Innovative Courts Portfolio Board meetings resulting in a loss of rigour around project performance and delivery. Removing the Innovative Courts Portfolio Board meetings has meant that the link between the Project Director and Senior Responsible Owner (SRO) is now lost. Refer to Figure 6 for the current project governance structure. <p>Improvements being considered and implemented for property portfolio and major project governance are outlined below:</p> <ul style="list-style-type: none"> A Property Infrastructure Board is in the process of being established with the Deputy Secretary, Corporate & Digital Services (SRO) as Chair. The purpose of the new board is to provide assurance that the Property Function and its services are meeting expectations and being appropriately managed. The board will be responsible for providing oversight and assurance on the work and progress within the property portfolio, including decisions. 	<ul style="list-style-type: none"> Minutes from an Innovative Courts Portfolio Board meeting note the members that attended the meetings. Members included: Deputy Secretary, Corporate and Digital Services, General Manager Property, Programme Manager, Programme Coordinator and Project Directors.¹² A draft copy of the Terms of Reference for the Property Infrastructure Board provides information on the context, purpose, responsibility, accountabilities, membership, meetings, reporting and review.¹³ 	<ul style="list-style-type: none"> Removal of Innovative Courts Portfolio Board meetings removes the direct link between SRO and Project Director leading to a loss in transparency, and direct risk escalation. 	<ul style="list-style-type: none"> Consider re-establishing monthly PCG meetings in line with the New Zealand Infrastructure Commission Major Infrastructure Project Governance Guidance. The PCG should have the appropriate personnel, including an SRO, who has the authority to make decisions across the project lifecycle and on the programme of works around maintenance to mitigate issues before they arise. Refer to Figure 5 for a recommended project governance structure. We have been informed that work has started to establish a Capital Projects Board for large capital projects, replacing the Innovative Courts Portfolio Board meetings.

¹² FC001076E 101_211213 IC Portfolio Board Minutes from 13 December 2021

¹³ Property Infrastructure Board Terms of Reference final draft

Key findings & recommendations



Governance (Cont.)

New Leadership, Steering Group Committee and PCGs.

RATING ●

Key: ● Significant Risk ● Moderate Risk ● Low Risk

The best practice for major project governance promotes a single point of accountability for the success of a project: a SRO. A SRO is typically a Tier 2 manager and reports directly to a Chief Executive.

The SRO is empowered to focus on the project, its objectives and its benefits and makes the 'best for project' decisions, backed by the support from the project governance board and project leadership team led by the Project Director.

Figure 5 illustrates the New Zealand Infrastructure Commission's suggested project governance structure. It is essential that there are clear roles and responsibilities that separate governance and management.

For minor projects, the governance needs to be based on a tiered scale and align to the value and risk of the project. The SRO should be aligned to the delegation policy within the Property Function.

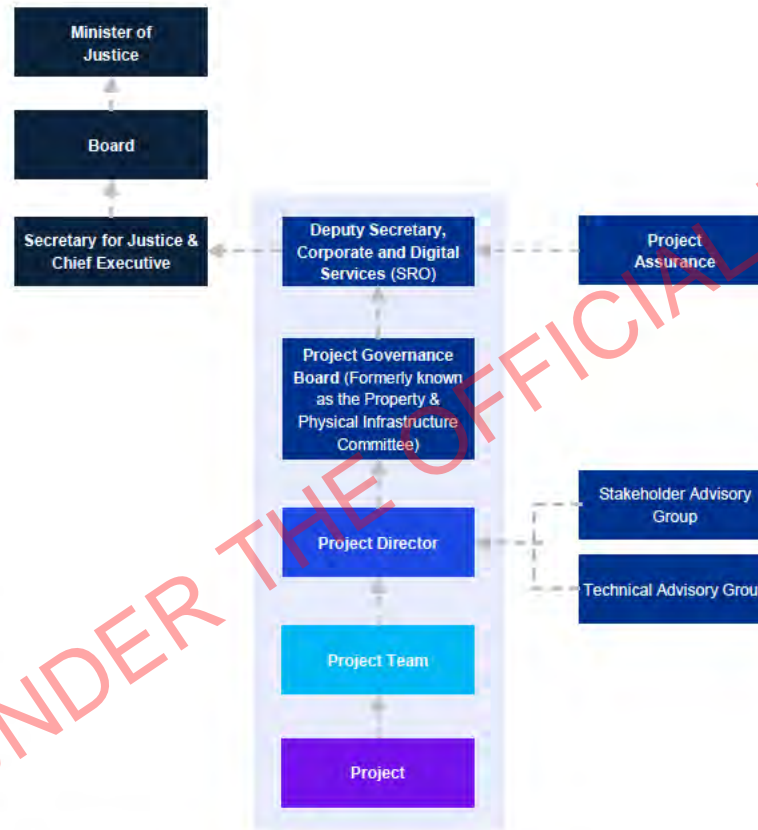


Figure 5: New Zealand Infrastructure Commission Indicative Project Governance Structure (tailored to the Ministry)

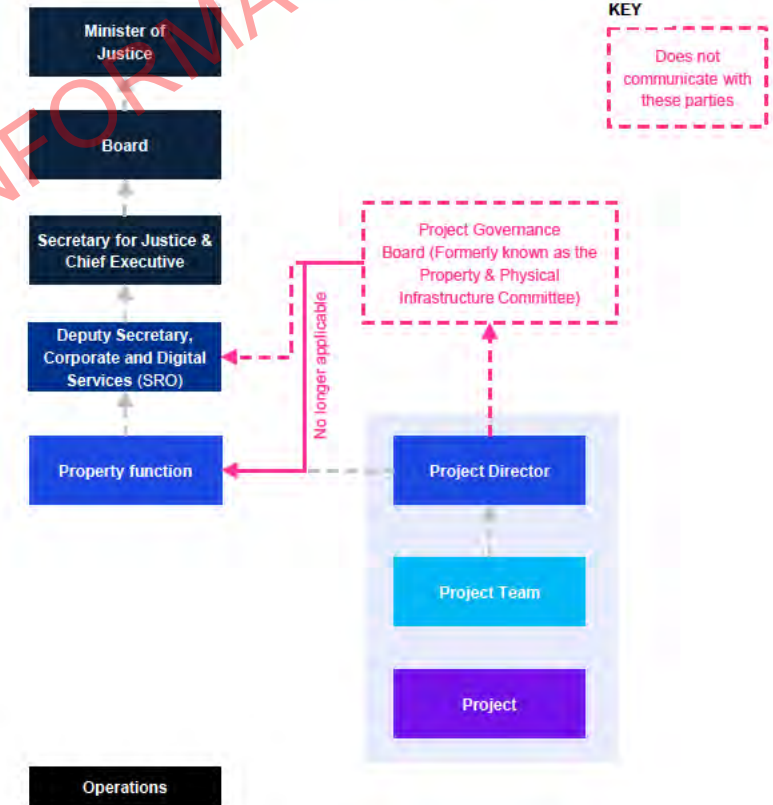


Figure 6: The Ministry's Current Property Function Project Governance Structure as at November 2022

Key findings & recommendations



Processes

Documentation, Procurement, Risk Management, Internal Ministry Relationships and Management of Downer Contract

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
2.1	<p>Our review has identified the following opportunity linked to documentation processes for improvement:</p> <ul style="list-style-type: none"> Limited guidance and process documentation is available or shared across the Property Function, which creates inconsistent application of processes and adherence to processes within the Function, creating inefficiency. Work to develop standard reporting templates has commenced in recent months and is a work in progress. 	<ul style="list-style-type: none"> Ministry personnel highlighted a significant lack of process documentation, measurement, management and ownership. It was indicated that the lack of mapped processes means they often have to repeat instructions to colleagues on locating and producing information. In the Capital Delivery team, each individual has their own templates for managing projects, regardless of scale. This is reflected in the inconsistency across Project Initiation Documents (PID).¹⁴ 	<ul style="list-style-type: none"> Inconsistent processes can result in inefficient use of time, including repeated and inconsistent training of staff. The lack of documented, mapped, measured, and owned core processes reduces adherence to core ways of working and, thus, the value produced from these processes. Failure to document and share institutional knowledge results in inconsistent application across the Ministry and loss of visibility of ways of working. 	<ul style="list-style-type: none"> It would be beneficial for the Property Function to document and map current processes to increase efficiency. During this exercise, it would also be advantageous to review if the current processes are scalable and can be automated to match the growth of the property portfolio and be future-proofed. Embedding more rigorous business process management would ensure that core processes are mapped, measured, managed, owned and continuously improved, including automation where appropriate. Consider developing standard reporting templates that can be consistently applied and used across the Property Function.
2.2	<p>Our review has identified the following opportunity linked to procurement processes for improvement:</p> <ul style="list-style-type: none"> There is a need to optimise the procurement process so it is commensurate with the value and risk of what is being procured. Current perceptions within the Property Function are that procurement support is currently perceived as low-value, compliance-driven and highly transactional. 	<ul style="list-style-type: none"> Interviews highlighted customer frustration with the administrative and bureaucratic requirements of low-value, low-risk procurement activity. For example, our interviews revealed that a minor refurbishment, such as replacing a carpet, requires adherence to the same procurement process as a significant court refurbishment. 	<ul style="list-style-type: none"> Same application of procurement rules and delegations across all scale of works results in deferred achievements of benefits, and significant inefficiencies and barriers to the property portfolio progressing effectively. Under-appreciating the risks of a major project in the procurement process, may have knock on effects for a successful project delivery. 	<ul style="list-style-type: none"> Review procurement process segmentation and approvals in line with the cost and risk of what is being procured. Evaluate whether there is an opportunity for Court Site Managers to hold a certain amount of budget to manage low-level maintenance projects rather than all minor projects needing to be triaged and prioritised centrally.

Key findings & recommendations



Processes (Cont.)

Documentation, Procurement, Risk Management, Internal Ministry Relationships and Management of Downer Contract

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
2.3	<p>Observations of the risk management process highlighted opportunities for improvement within the Property Function:</p> <ul style="list-style-type: none"> There is a need for team members to more routinely record, classify and escalate project risks appropriately and identify mitigation plans. Oversight of project risks is low and insufficient. Not all risks for projects at each site are captured within the risk register. 	<ul style="list-style-type: none"> Our interviews indicated that project risks for all sites are not captured. As a result, management receive incomplete and insufficient information to make informed decisions. The Property Function have a document outlining the Risks for Site Service Levels, Strategic and Operational Planning, Safety Systems Failures, Construction Site Safety, Capacity, Capability and Supply Constraint, Coordination and Internal Alignment and Resilience.¹⁵ 	<ul style="list-style-type: none"> If all risks are not captured, the Function will operate in an environment of uncertainty, further reinforcing its status of being reactive, unplanned and ad hoc. 	<ul style="list-style-type: none"> Consider defining, documenting and implementing the standard risk management process for the Property Function in alignment with the wider Ministry, which includes project risk classification process and project risk ratings. Establish support and training for the team to appropriately identify and classify project risks to facilitate consistency among individuals and projects.
2.4	<p>Through our review, the following observation of internal Ministry relationships was identified as an area of improvement:</p> <ul style="list-style-type: none"> Communication between the Property Function and Operations has historically been informal, currently on an as-required basis, and irregular and inconsistent. <p>There is an opportunity to maximise cross-collaboration and cohesion between teams within the Property Function and the wider Ministry.</p> <ul style="list-style-type: none"> We have found that the Ministry is in the process of implementing formal meetings and attendance at leadership levels across the operational side of the business. 	<ul style="list-style-type: none"> Our interviews revealed that there is a need to better collaborate within the Property Function across all phases of the value chain and the wider Ministry operations. 	<ul style="list-style-type: none"> It is difficult for the wider business to understand the challenges and requirements of the Property Function, which impacts their ability to work together to solve complex issues. 	<ul style="list-style-type: none"> A business partner model is recommended to strengthen the relationship between the Property Function and the wider operations side of the business. Consider setting up Lessons Learned workshops with relevant personnel across the Ministry (or externally) at the end of each Business Case, each stage of large-scale projects and quarterly for asset management and facilities management. The Lessons Learned workshops can be a platform to share knowledge, experiences and learnings.

FOOTNOTES ¹⁵ Property Business Unit Risk Control

Key findings & recommendations



Processes (Cont.)

Documentation, Procurement, Risk Management, Internal Ministry Relationships and Management of Downer Contract.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
				<ul style="list-style-type: none"> Consideration should be given more broadly to the role of the Enterprise Project Management Office (EPMO). The property portfolio is a subset of the ministry's investments, and SLT needs to be presented with an enterprise view. It is crucial that the property portfolio aligns with enterprise-level portfolio processes, tools and standards. In addition, EPMO needs to work together with the Property Function and take into consideration the requirements of the property portfolio to develop the specific processes, tools and standards.

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Key findings & recommendations



Processes (Cont.)

Documentation, Procurement, Risk Management, Internal Ministry Relationships and Management of Downer Contract

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
2.5	<p>It was clear through our review that there is a need to address and develop ways to improve the strategic supplier relationship management and performance management of the Downer contract.</p> <ul style="list-style-type: none"> There is an opportunity to strengthen strategic supplier relationship management and ongoing contract management capability in the Property Function. Current management of the Downer contract is reactive and has provided the function with insufficient oversight of its asset condition. This impairs the function's ability to make informed investment decisions. Downer presently holds Ministry data on assets and facilities management. It presents a business continuity risk to the Ministry that the Ministry does not currently have the systems in place to be able to store this data independently of Downer. There is inconsistency around the processes between how the Ministry and Downer report, manage and prioritise facilities-related incidents. Refer to Figure 7. There is a misalignment in the perception of risk between the Property Function and Downer. 	<ul style="list-style-type: none"> Several interviews noted the concern regarding the performance of the Downer contract and the need for improved strategic supplier relationship management, service management and proactivity. Downer provides the Ministry of Justice with a monthly Performance Report on the Asset Management and Facilities Management for the asset portfolio.¹⁶ There is misalignments on what the Property Function considers a risk compared to Downer's perception, even though the perception of risk is clearly documented and communicated between both parties.¹⁷ Refer to Figure 7. 	<ul style="list-style-type: none"> The function's ability to make informed investment decisions and propose informed investment cases is significantly limited when there is low oversight of the portfolio's current state. Insufficient oversight will reduce investor confidence. Inconsistencies around the processes between the Ministry and Downer, may result in in confusion, a lack of a single consistent source of information on risks and how they have been managed as well as misaligned expectations. 	<ul style="list-style-type: none"> There is an opportunity to enhance strategic supplier relationship management and contract management capability in relation to the operation of the Downer contract. This could involve clarifying respective priorities, ways of working, expectations and ongoing contract performance management. Confirming performance expectations around data management and governance, asset management plan and strategy, collection of information and formats. Consider reviewing the current processes and business continuity for managing facilities and asset management risks in the Downer contract. Process improvement could include: <ul style="list-style-type: none"> Working collaboratively together with Downer to define and confirm mutual perceptions of risk. Establishing a regular assurance process to ensure the performance of the contract is best managed. For example, consider requiring photographic evidence of risks being addressed in the system prior to close-off.

Key findings & recommendations



Processes (Cont.)

Documentation, Procurement, Risk Management, Internal Ministry Relationships and Management of Downer Contract

RATING

There is an opportunity for a single source of truth around incident management data and information to ensure a single, cohesive response model and to mitigate risk.

Below is the current process of the management of assets and facilities under the Downer contract:

Staff report incidents to the Property Function's incident reporting system: "Haumaru".

Incidents related to buildings or maintenance of the buildings go through the Downer portal, where Downer conducts a risk assessment and decides the priority of risk. Based on the risk classification determined by Downer, Downer either closes the incident, fixes it, or prioritises it.

The buildings or maintenance-related incidents do not routinely go through the Haumaru portal and therefore do not provide the Ministry with complete oversight. However, where there is a Health & Safety aspect, they are required to be logged into Haumaru as well as the Downer portal.

There have been situations where incidents that the Ministry's Health, Safety and Security team deem necessary for prioritisation are managed by Downer and may not necessarily be prioritised by Downer. This has resulted in instances where the Ministry's Health, Safety and Security team is held responsible for managing incidents reported in Downer's portal but not reported in Haumaru. Consequently, the Downer portal does not produce reports on these incidents.

Risks are often closed out by Downer based on their different perception of risk. This often conflicts with the Ministry's Health and Safety at Work Act 2015 requirements and impacts internal close-out issues. There is an opportunity to determine how to optimally mitigate this risk.

Key: Significant Risk Moderate Risk Low Risk

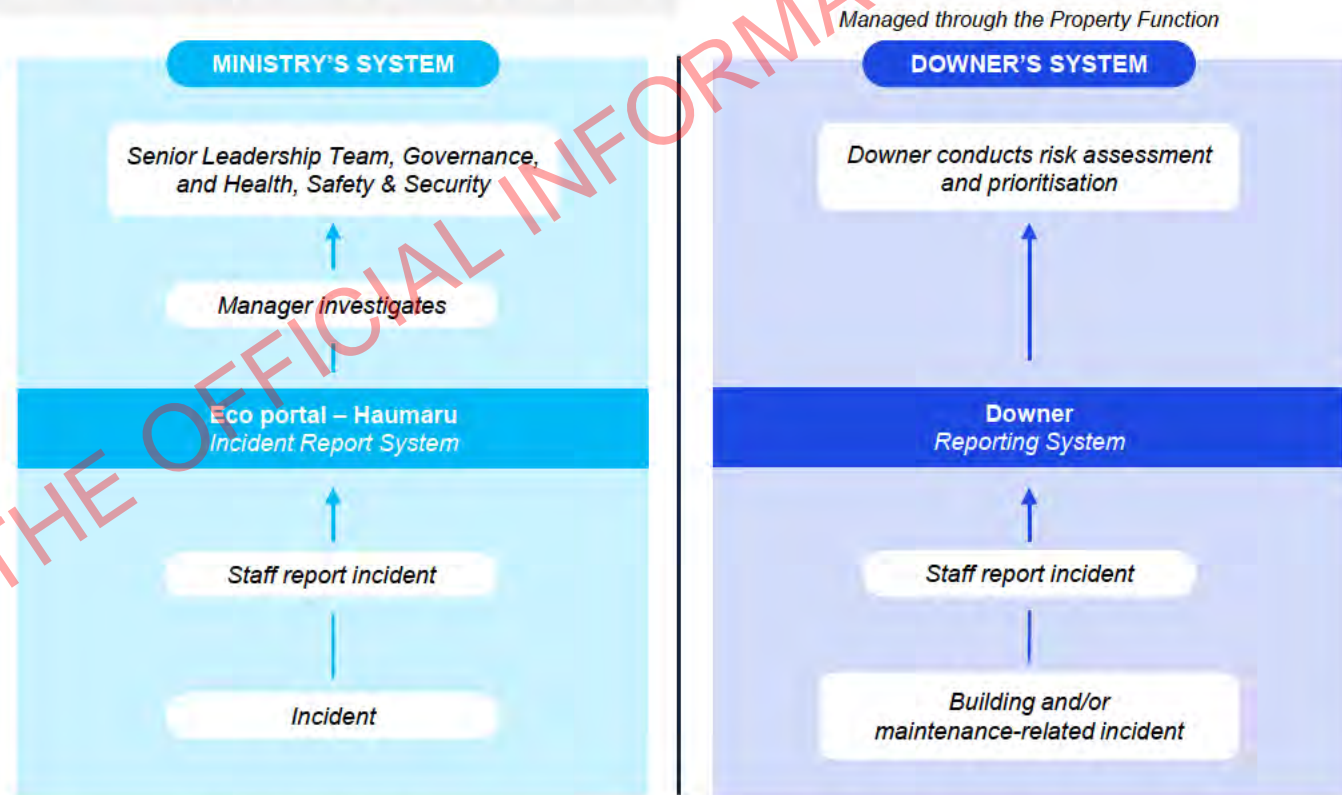
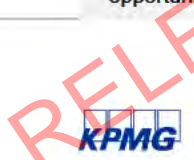


Figure 7: Ministry of Justice and Downer relationship



Key findings & recommendations



Capability

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
3.1	<p>The following observations around roles and responsibilities was identified within the Property Function:</p> <ul style="list-style-type: none"> Roles and responsibilities, including areas for performance improvements, are clearly outlined in documents developed by the Property Leadership Team. However, not all responsibilities have been undertaken or prioritised due to capability and capacity constraints. Business and user requirements on what services the Property Function provides are required. The Property Function should be enabling operations. There is a need for the Property Function and the wider Ministry to collaborate and determine business user requirements and expectations around the level of service. There is an opportunity to drive clarity on roles and responsibilities and agree on these at a senior level. 	<ul style="list-style-type: none"> The Functional Diagram for the Property Function presents the key business inputs and requirements of each key area and team, including progress via a RAG status.¹⁸ A list of performance improvement activities planned for the next 12 months has been compiled and outlines actions, progress status, due date, responsible owner and comments/next steps. It is important to note this list is a work in progress and not complete, i.e. RAG Status and Due Date are missing.¹⁹ 	<ul style="list-style-type: none"> Without a clear definition and communication of roles and responsibilities, there is a lack of ownership and accountability and, therefore, an impact on the function's ability to be proactive, planned and strategic. Failure to clarify roles and responsibilities within the team impacts the development and progress of the overall function's goals, strategies and commitment to the wider Ministry. Oversight of performance improvement areas can hinder progress to professionalise and standardise the management of the function. Without a clear operating model, there are barriers to what services the Property Function provides. 	<ul style="list-style-type: none"> Articulating the Property Function operating model would effectively provide clarity of roles and responsibilities within the Property Function and input from the wider business. This can be in the form of a service catalogue, service level agreements, and business partnership arrangements with the business. An operating model for Court Services should be developed prior to the development of the Property Function operating model. Ensure clear communication of roles and responsibilities within the Property Function and across the Ministry. <ul style="list-style-type: none"> A new team requires a new direction and guidance to achieve the functions' purpose. Therefore, it is important that roles and responsibilities are communicated and available on a shared intranet site that all can easily access. Clear communication of roles and responsibilities will allow for better identification and addressing of capability gaps.

¹⁸ Functional Diagram 221123 revised layout

¹⁹ Property Strategic Work Plan - 12 months

Key findings & recommendations



Capability (Cont.)

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
3.2	<p>Over recent months, work has been undertaken to enhance the maturity and capability within the Property Function through a restructure. Our observations of the current structure within the Property Function are highlighted below:</p> <ul style="list-style-type: none"> The benefits of the restructure implemented earlier this year are yet to be realised. This is due to a lack of understanding of the current alignment of capabilities needed to meet demand. Due to the level of work and demand around capital projects, the Capital Delivery Manager role has been split into two roles, with a Capital Delivery Manager for the North Island and South Island. Currently, the Property Function is too centralised and primarily based in Wellington, which impacts the day-to-day management of sites across NZ. In the regions, Court Managers with limited Property experience are currently seeking to manage property-related challenges, without the necessary experience and skillsets to do so effectively. We do not believe that a significant restructure is needed in the Property Function today, but rather that incremental change can deliver enhanced capability on an ongoing basis. 	<ul style="list-style-type: none"> A new structure implemented in the Property Team on 1 May 2022 aimed to introduce new capabilities within the Property Function. Refer to Figure 2 for the proposed structure introduced and Figure 3 for the current structure.²⁰ Interviews evidenced the need for a less-centralised model (and more of a hub and spoke model) to improve support for frontline staff in the regions. 	<ul style="list-style-type: none"> A lack of understanding of demand means the restructure and the injection of new capability may not be fully successful in setting the function up for success. When there is inadequate support system to facilitate coverage of regions, this increases the risk of underperformance in these regions. Increased distance between central management and the regions leads to delays in receiving the right support, tools, and mitigations for issues and risks. 	<ul style="list-style-type: none"> An opportunity exists to better forecast demand within the Ministry to inform Property. Legislative changes linked to areas such as Health and Safety, sustainable procurement and climate change may also be significant drivers of demand. Consider developing a resourcing strategy to ensure the value of the new capability injection is maximised for the future. This will also support the function's case for further investment in the capability to meet demand. Consider the value of using a regional facilities management resource, like a hub and spoke model, to better understand asset conditions across regions and drive more focussed regional support. <ul style="list-style-type: none"> Three or four regional managers in the Assets and Supports team would assist with the capability required in the regions for day to day management of sites.

Key findings & recommendations



Capability (Cont.)

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
3.3	<p>Our review highlighted the following opportunities to support the long-term sustainability of capability within the Property Function:</p> <ul style="list-style-type: none"> Currently, there is a lack of a clear career pathway for those within the Property Function, which may have contributed to a high turnover of people. Development opportunities for technical skills in the form of training, mentoring and growth within the Property Function have not been formally established. 	<ul style="list-style-type: none"> Our findings from the interviews revealed a desire for better career development and progression opportunities. It was also communicated that a lack of this to date had played a role in the Function's turnover rate. The Ministry's 'Tahu O Te Ture Statement of Intent 2019 to 2024' focuses on enabling people to succeed. The Ministry has committed to investing in developing its people, building leadership capability, and strengthening technical skill sets to support the delivery of services.²¹ 	<ul style="list-style-type: none"> Failure to formalise a development programme within the function impacts the alignment with the Ministry's 'Tahu O Te Ture Statement of Intent 2019 to 2024'. It therefore impacts the credibility of the Ministry's commitment. 	<ul style="list-style-type: none"> Consider developing a careers pathways and talent management programme within Property Function teams. For example, within the Capital Delivery team, there is an opportunity to create an incremental progression pathway from Project Coordinator to Project Director. Creating this progression will develop Project Managers in-house, supporting the retention of institutional project knowledge.
3.4	<p>Our review highlighted the following opportunity to support the longer-term sustainability and retention of capability within the Property Function:</p> <ul style="list-style-type: none"> Due to historical and current low salary bands offered across the Ministry, it has been a challenge to retain and fill capability gaps within the Ministry's Property Function while also being able to attract high-calibre resources. 	<ul style="list-style-type: none"> Data from the State Service Commission's '2018 Our People, Public Service Workforce' revealed that the Ministry of Justice has the lowest annual salary for a department.²² 	<ul style="list-style-type: none"> Low salary bands offered compared to other government agencies during the recruitment process for the Property Function contributes to the loss of industry talent and difficulty filling capability gaps. 	<ul style="list-style-type: none"> The Ministry should consider reviewing non-financial aspects that can help drive capability retention within the Property Function. For example, ensuring employees feel they have a strong sense of passion and purpose or creating a culture of celebrating the success of achievements. Once there is clarity on the function's future programme of work and the desired operating model of the function, there is a need to develop and align a resourcing strategy and investment strategy to build the case for more investment in capability.

²¹ Ministry of Justice Statement of Intent 2019-2024

²² State Service Commission's '2018 Our People, Public Service Workforce'

Key findings & recommendations



Capability (Cont.)

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
3.5	<p>Our review highlighted the following opportunity to improve capability around contract management within the Property Function:</p> <ul style="list-style-type: none"> The management of the Downer contract needs to be managed more proactively and collaboratively to get the most optimum results. 	<ul style="list-style-type: none"> As noted previously under Key Findings 2.5, several interviewees raised concerns around the performance of the Downer contract and the need for better strategic supplier relationship management and contract management. 	<ul style="list-style-type: none"> Lack of communication and collaboration around supplier relationships can result in inefficiencies and trigger risk and compliance issues in the performance of the contract. 	<ul style="list-style-type: none"> There is an opportunity to enhance the strategic supplier relationship management of core contracts, e.g. Downer. Strengthening management of these contracts is recommended through clarifying respective priorities, ways of working, expectations and from ongoing performance management of the contract. Consider introducing SMART KPIs and a cost-plus incentive contract subject to achieving KPIs. Assessment, monitoring and improvement plans are recommended to be put in place with an element of the fee being at risk if not achieved or an incentive if achieved. There is an opportunity to review the current procurement function and the services it provides to the Property Function.
3.6	<p>There is an opportunity for the teams within the Property Function to enhance some of their soft skills such as:</p> <ul style="list-style-type: none"> Communication and engagement with the business, clients, and communities to understand needs, clarify status, and inform on progress. 	<ul style="list-style-type: none"> Interviews indicated that there is a need to strengthen skills around communication, stakeholder management and some of the softer consulting skills required in a high-performing enabling function providing a service to the rest of the business. 	<ul style="list-style-type: none"> Gaining stakeholder buy-in, particularly from decision-makers and teams with whom the Function must collaborate, is critical to advancing the function's goals and outcomes. Internal rapport with stakeholders is compromised when communication is weak. 	<ul style="list-style-type: none"> Consider providing periodic training programmes to staff within the Property Function to enhance their soft skills and support their development in their current roles. The aim of these training sessions is to drive an enhanced customer-service mindset in the provision of services.

Key findings & recommendations



Capability (Cont.)

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
3.7	<p>Our observations around Business Cases have highlighted the following:</p> <ul style="list-style-type: none"> There is an opportunity for organisational learnings to be generated through a greater continuous improvement mindset. For example, our observations that the same challenges may be repeated in subsequent business cases such as around cost estimation. The Ministry does not have policies or frameworks that support the efficient delivery of business cases and projects. Strategy and policy should drive the planning function, but is currently largely absent. Business cases do not demonstrate clear alignment with organisational strategies or integration with wider justice initiatives. There are opportunities to enhance the Ministry's articulation of the Economic Case within business cases, particularly around options development and analysis, clarifying scope and determining appropriate funding requirements. Improve Business Case development capability (specifically options development and analysis, scope and affordability) would support enhancing the relationship with Treasury and Investment Ministers around sourcing investment for significant capital projects. 	<ul style="list-style-type: none"> Under the Functional Diagram, the 'business case development or investment justification' has been rated as Amber.²³ 	<ul style="list-style-type: none"> A lack of processes around the Business Case development impacts the ability to demonstrate that the proposed investment is strategically aligned, represents public value, and is achievable. 	<ul style="list-style-type: none"> A continuous improvement loop across the lifecycle of the project is recommended to ensure best project outcomes and investment. For example, learnings should be generated from post-occupancy reviews and these should flow into the design work of subsequent future projects / business cases. Further, costs from past projects should be taken into consideration for future business case costings. There is an opportunity to build more of a continuous improvement mindset through undertaking evaluations and reviews of work to inform future projects. Developing an organisational approach to business cases, including expectations for agency and sector specific information is recommended. The Business case approach would include key considerations for projects based on agreed policy and standard specification (Gross Floor Area etc). Consider introducing a Monitoring and Assurance Framework with a Business Case Framework and a Policy Programme. The framework and policies should align and link to the organisational structure and strategies. Refer to Figure 8.

FOOTNOTES ²³ Functional Diagram 221123 revised layout

Key findings & recommendations



Capability (Cont.)

Roles and Responsibilities, Restructure, Career Progression, Recruitment, Contract Management and Strengthening of skills.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

Business Cases are the vehicle for an investment's 'thinking and planning phase'. It should enable decision makers to invest with confidence and support delivery and review during the 'doing phase' to conclude whether the benefits of the investment have been achieved.

We recommend that together the EPMO and the Property Function develop a Monitoring and Assurance framework²⁴, which considers a series of good practice frameworks, including a Business Case Framework, as shown in Figure 8. For good practice, the Business Case must be updated and maintained throughout the project's lifecycle.

The Monitoring and Assurance Framework would provide a level of comfort to the investors (e.g., Cabinet, Ministers) in the Ministry's capability and capacity to realise a promised investment result should funding be committed.

Further benefits of implementing a Monitoring and Assurance Framework include:

- Time and effort are reduced to get investment approval.
- Initiating better planning and investment to enable smarter investment decisions.
- Building clarity on when Business Cases are required.
- Supporting robust options analysis
- Increasing simplification and standardisation to strengthen requirements.
- Embedding Quality Assurance and Post-Completion Review into standard practice.

Monitoring and Assurance Framework

Investment Strategy & Prioritisation	Business Case Framework	Design Assurance	Project Delivery Framework	Post Completion Review
Benefit: Running workshops with The Treasury to build a stronger relationship and, therefore, better investment support, guidance and outcomes.	Benefit: Improve the ability to plan and manage for successful capital investment outcomes.	Benefit: Development of Design Standards to drive improvement and consistency across the estate. This can be used as a guide to ensure the design is achieving compliance and business expectations.	Benefit: Sets out the expectations and standards for how the project lifecycle should run, from feasibility to close-out and including reporting expectations.	Benefit: Communicate best practices and learnings for future investments.

Figure 8: A proposed Monitoring and Assurance Framework

A Monitoring and Assurance Framework tailored to the Property Function needs to be developed by EPMO in conjunction with input from the broader organisation and key stakeholders.

Key findings & recommendations



Capacity/Funding

Investment and Resources, Business Case and Cost Estimation.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
4.1	<p>A number of stakeholders interviewed spoke of significant underinvestment and resource constraint:</p> <ul style="list-style-type: none"> It has been qualitatively and anecdotally communicated that the function has had historical and current underinvestment. Majority of interviewees suggested that the Property Function is currently resource-constrained and, therefore, unable to prioritise workloads effectively. In some areas, our observation is that the current operating model drives reactive ways of working due to a lack of clarity on where resources should be strategically prioritised. 	<ul style="list-style-type: none"> Our review of the function's capital expenditure (Capex) and operational expenditure (Opex) indicates there is relatively low investment in the function. However, three of the function's cost centres underspent their capex budget, while three overspent in the 2021/2022 financial year (FY). Further, the Property Function significantly underspent their capex budget in both 2021/2022 and 2022/2023. (Refer to Figure 9). The Annual Report states there are 97 buildings across New Zealand under the Property portfolio²⁵, which two Facilities Managers manage (Refer to Figure 3). The September Strategy & Planning Summary shows that the team currently have twenty-three acquisitions, five project developments, two leasing issues, fourteen co-design/stakeholder management and seven sustainable innovations currently in progress.²⁶ This is presently being managed by a team of eleven (Refer to Figure 3). 	<ul style="list-style-type: none"> The underspend by three teams reduces the credibility of the notion that the function is under-invested. Coupled with overspending from three other groups, this suggests an opportunity to enhance budget management maturity and, thus, a more robust case for additional investment. Facilities Managers should be supported and guided by an underpinning portfolio and asset management strategies. As the function currently lacks both of these artefacts, it is likely that Facilities Managers are under-resourced to manage the portfolio's growth. 	<ul style="list-style-type: none"> The Ministry's Property Function needs clarity on its portfolio programme of works and investment strategy. Thereafter, it needs to determine what resources, capability and capacity are required to deliver that strategy. This should be articulated through the Property Function operating model. KPMG has observed evidence of resource constraint. However, strategic clarity is required prior to determining the volume and priorities of additional resources required.

FOOTNOTES Ministry of Justice Annual Report 2019-2023

²⁶ 220530_S&F_Strategy & Planning Dashboard_Sep13

Key findings & recommendations



Capacity/Funding (Cont.)

Investment and Resources, Business Case and Cost Estimation.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

Below is the Opex and Capex budget and spending for FY 2021/2022 and FY 2022/2023. For FY 2022/2023, the Opex budget increased by \$13m (49%). The increase in the OPEX budget from 2021/2022 reflects the recent investment in Ministry property.²⁴ Historically, the Opex budget has been reflective of the reactive maintenance nature of the Property Function. A future-focused strategy committed to evolving the Property Function to a more proactive, planned and strategic function would mean that further consideration needs to be given to the level of funding required for the Property Function to achieve this strategy. We note from the table below, that in FY2021/2022, there was a Capex underspend of \$16.9m (26% of Capex budget).

OPEX Group	2022 FTEs	FY 2021/2022 Budget (\$)	% of total budget allocated	FY 2021/2022 Actual (\$)	Variance	FY 2022/2023 Budget (\$)	% of total budget allocated	FY 2022/2023 Actual as at 31 October 2022 (\$)	Variance
General Manager Property	10	1,767,747	7%	1,572,872	194,875	↑ 2,614,002	7%	286,926	2,327,076
Property Strategy	3	500,062	2%	569,803	-69,741	↑ 2,561,897	6%	553,912	2,007,985
Support Services	5	1,788,712	7%	1,936,176	-147,464	↑ 1,797,598	5%	502,324	1,295,274
Capital Delivery	19	840,347	3%	689,927	150,420	↓ 573,367	1%	-28,718	602,085
Property Maintenance	2	17,720,976	67%	21,376,509	-3,655,533	↑ 18,457,000	47%	7,720,011	10,736,989
Assets and Facilities	4	414,058	2%	331,996	82,062	↑ 957,401	2%	324,266	633,135
Asset and Support	-	-	-	-	-	↑ 517,969	1%	244,330	273,639
Property Occupancy Costs	-	3,457,839	13%	9898,711	-6,440,872	↑ 12,051,943	30%	3,751,378	8,300,565
TOTAL	43	26,489,741²⁷	100%	36,375,994²⁷	-9,886,253	39,531,177²⁷	100%	13,354,429²⁷	26,176,748

CAPEX Baseline	2022 FTEs	FY 2021/2022 Budget (\$)	FY 2021/2022 Actual (\$)	Variance	FY 2022/2023 Budget (\$)	FY 2022/2023 Actual as at 31 October 2022 (\$)	Variance
Baseline	43	64,500,000	47,572,000	16,928,000	64,500,000	16,122,000	48,378,000
TOTAL	43	64,500,000²⁸	47,572,000²⁸	16,928,000	64,500,000²⁸	16,122,000²⁸	48,378,000

Figure 9: FY 2021/2022 and FY 2022/2023 OPEX and CAPEX Property Financials

Key findings & recommendations



Capacity/Funding (Cont.)

Investment and Resources, Business Case and Cost Estimation.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
4.2	<p>Our review highlighted the following improvement regarding cost estimation:</p> <ul style="list-style-type: none"> It was conveyed through interviews that the function's current cost estimation framework requires improvement. Previous costs inputted into the ten-year plan were inaccurate and unrealistic. Current capital projects are costing significantly more than initially budgeted. This is due to a range of factors, including supply chain disruptions, changing economic environment and legislative requirements. Current market conditions have significantly impacted each project. New data collected through two significant projects underway has helped to inform future project costs. 	<ul style="list-style-type: none"> Under the Functional Diagram, the 'investment planning and prioritisation' has been rated Red.²⁹ Our interview findings revealed that cost estimations are often inaccurate and, therefore, unreliable. 	<ul style="list-style-type: none"> Unreliable cost estimations are a significant barrier to project initiation, management, completion and achieving overall budget targets. This sets projects up for failure and reduces credibility. 	<ul style="list-style-type: none"> Invest in defining an investment strategy plan. Refer to figure 8. Engage earlier with the construction market to inform perspectives on market pricing, especially in the current market environment. Develop and implement a contingency management approach for potential risks and unknown factors based on the current market environment. This should be factored into the Financial Case of the Business Case.

FOOTNOTES ²⁹ Functional Diagram 221123 revised layout)

Key findings & recommendations



Systems

Capital Delivery, Automation and Asset Management Framework and System.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
5.1	<p>Through the review the following areas linked to systems were identified for improvement:</p> <ul style="list-style-type: none"> Current systems to manage capital delivery of projects within the Property Function (such as Projects Online) are inefficient and require improvement to meet the demands of the incoming pipeline. There is a lack of process automation within the function, such as contract management, workflow tool management to track and trace project delivery and lease obligations. 	<ul style="list-style-type: none"> Interviews detailed the function's underdeveloped nature, in terms of systems, and lack of scalability to match demand. 	<ul style="list-style-type: none"> Information required to make informed decisions may not be easily accessible or traceable due to the existence of multiple versions. Processes that could otherwise be streamlined are barriers to efficiency. 	<ul style="list-style-type: none"> Consider the use of an online reporting tool for management of capital delivery projects. We understand that a standardised cost reporting tool will be in place in the near future. Invest in automating administration-intensive processes like contract management, procurement and workflow tool management to reduce the administrative burden on staff. This will also allow staff to shift their efforts towards the core aspects of their role and fulfilling these more efficiently and effectively.
5.2	<p>The Property Function currently lacks an asset management framework and system to effectively and efficiently guide planned capital works.</p> <ul style="list-style-type: none"> The lack of a framework to guide decision-making for approvals and delivery of capital work leads to ad hoc, uncoordinated projects across the portfolio. Conditions on existing projects are recorded and managed in excel spreadsheets, which hinders communication to relevant teams and is prone to error. 	<ul style="list-style-type: none"> Our findings from the interviews reveal that there is no asset management system in place to track asset conditions, criticality and demand across the Ministry in an efficient manner. Work between the Property Function and the Finance Strategy, Governance and Finance team has been started around looking at the performance of assets at each site.³⁰ 	<ul style="list-style-type: none"> Lack of a portfolio level view of the performance of all assets drives a reactive, unplanned and ad hoc approach to asset management. 	<ul style="list-style-type: none"> Consider investing in asset management system software that can effectively and efficiently provide oversight of the Ministry's property portfolio activities. Ensure that the asset management system is underpinned by rigorous data on asset condition, criticality and performance and appropriate delegated financial authorities (DFAs) and management sign-off.

³⁰ Ten Year Model 8 – 16 Aug 22 (Base Case: 12 Sep 22) (3 Nov 22)

Key findings & recommendations



Reporting

Improvements, Capital Delivery Reporting, Reliable information, Performance of Assets and Haumaru portal.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
6.1	<p>We have identified the following strengths in the Property Function's reporting process:</p> <ul style="list-style-type: none"> Previously, there was limited reporting on capital projects, Māori Land Courts (MLC) and Land purchases. However, over recent months there has been better visibility, quality and timely reporting available around these areas. The Strategy and Planning team have introduced a monthly dashboard that gives oversight on the team's key activities and progress. The wider Ministry has noticed a difference in the quality and transparency of reporting and dashboards produced by the Property Function over recent months. 	<ul style="list-style-type: none"> The Property Major Projects dashboard has recently been introduced and presents an overview of the large capital projects, their respective statuses (e.g. business case, design and construction), commentary and RAG status. The dashboard also highlights key risks and issues and budget vs spend.³¹ A Quarterly MLC Property Projects Dashboard is produced and includes an executive summary and regional overview of MLC projects. Key risks and issues are also identified at a high level with mitigation plans.³² The Strategy & Planning team have a monthly summary report that presents the key focus areas within their team and detailed information about these activities.³³ 	<ul style="list-style-type: none"> Reporting is essential to providing key stakeholders with sufficient oversight of portfolio performance to make informed decisions. 	<ul style="list-style-type: none"> Enhance the reporting process by introducing a quarterly property portfolio overview report. It is recommended the report includes areas such as the following: <ul style="list-style-type: none"> Performance of the capital delivery (minor and major) Assets and facilities management status Leasing, land and acquisition status Budget vs Spend (Opex and Capex) External influences that impact delivery and the portfolio, which can assist management in making informed strategic decisions.

³¹ 03 Major Projects as at 31 OCT 2022 (with Financials)

³² MLC Property Projects Dashboard as at 31 October 2022 FINAL

³³ E20930_B&P_Strategy & Planning Dashboard_Best 22

Key findings & recommendations



Reporting (Cont.)

Improvements, Capital Delivery Reporting, Reliable information, Performance of Assets and Haumarū portal.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
6.2	<p>Our review identified the following opportunities within Capital Delivery to improve the reporting process:</p> <ul style="list-style-type: none"> Monthly reports within the Capital Delivery team tend to be incomplete and insufficient for decision-making, which creates additional queries from leadership. There is inadequate reporting on minor works in the planning and delivery phase. 	<ul style="list-style-type: none"> A sample of the Project Initiation Document (PID) for medium and high-complexity projects outlined key areas such as scope, deliverables, milestones, risks, approach and controls such as schedule and financial management but did not provide sufficient information.³⁴ 	<ul style="list-style-type: none"> Failure to supply the correct information within the Project Initiation Document (PID) makes it difficult for teams and team members to have a shared and consistent understanding of the project. 	<ul style="list-style-type: none"> We recommend implementing a Project Delivery Framework (<i>Refer to Figure 8</i>) and developing standardised templates for minor, medium, complex and large-scale projects to be used across the Property Function. The goal is to drive standardised and simplified ways of working and ensure that the work undertaken is proportional to the size and scale of projects.
6.3	<p>Observations of the reporting process highlighted opportunities for improvement within the Property Function. See below:</p> <ul style="list-style-type: none"> The current reporting process is highly manual and exposed to single-person risk. Internal stakeholders do not receive accurate, reliable, timely and relevant information. For example, PPI members did not receive timely or, in some cases, accurate and reliable information and an overview of business performance to support their decision-making process. Reporting structure and format are inconsistent, ad hoc and often reactive to stakeholder needs. 	<ul style="list-style-type: none"> Interviews and documents highlighted the lack of alignment on financial information from the Finance, EPMD and Property team.³⁵ 	<ul style="list-style-type: none"> Single-person risk is highly likely to be realised with the Property team's current turnover rate and challenge to retain institutional knowledge. There is little value obtained from reporting when the information provided is unreliable. 	<ul style="list-style-type: none"> Invest in developing accurate, reliable, timely and relevant reports for key stakeholders. Strengthen the formalisation of the reporting processes by improving data oversight and management and socialising this process with stakeholders. This will provide more rigour behind the data and facilitate stronger adherence to the reporting process.

Key findings & recommendations



Reporting (Cont.)

Improvements, Capital Delivery Reporting, Reliable information, Performance of Assets and Haumaruru portal.

RATING



Key: ● Significant Risk ● Moderate Risk ● Low Risk

NO.	FINDINGS	EVIDENCE	IMPACT	RECOMMENDATIONS
6.4	<p>Observations around performance of assets highlighted opportunities for improvement in reporting of assets:</p> <ul style="list-style-type: none"> Governance Groups do not have an oversight on the performance (i.e. conditions, fit for purpose, operating costs) of the assets within the property portfolio. 	<ul style="list-style-type: none"> Work between the Property Function and the Finance Strategy, Governance and Finance team has been started around looking at the performance of assets at each site.³⁶ 	<ul style="list-style-type: none"> Failure to review and track the performance of the assets contributes to a reactive, unplanned and ad hoc approach to the improvement of assets. 	<ul style="list-style-type: none"> There is an opportunity to source and leverage better data and insights around the current asset condition, criticality and demand. This will help inform the appropriate resource, capacity and capability that the Property Function needs relative to the future needs and strategic direction of the Ministry.

FOOTNOTES ³⁶ Ten Year Model B - 16 Aug 22 (Base Case 12 Sep 22) (3 Nov 22)

SECTION FIVE

**Conclusion
and next steps**



Conclusion and next steps

The previous slides have highlighted a range of improvement opportunities across the Ministry's Property Function. These opportunities should be considered by the Ministry to inform a plan of action to enhance the Function. KPMG's perspective on the relative urgency and scale of these improvements informs our view on the implementation roadmap, as summarised to the right.

We believe that the combination of these activities will collectively support the Property Function to evolve from its current reactive, unplanned and ad hoc state and into a more proactive, planned and strategic function.



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SECTION SIX

Appendix



Documentation provided

Document title	Date requested	Date received	Client contact
2022-2023 opex costs under the Property Business Unit	31/10/2022	31/10/2022	Rob Giller
Tahu O Te Ture Statement of Intent 2019 to 2024	N/A	N/A	N/A
Emerging Ministry Strategy (Strategy 2022 -2025)	31/10/2022	31/10/2022	Rob Giller
2 221018 Intro and Structure Slides	31/10/2022	31/10/2022	Rob Giller
Te Puna Hāpori - Discovery Phase Summary	31/10/2022	31/10/2022	Rob Giller
210629 Whanganui SSBC Draft v4.0	31/10/2022	31/10/2022	Rob Giller
220107_PLN_Minor Capital 4 Year Plan_01a	31/10/2022	31/10/2022	Rob Giller
220422_Sustainability Roadmap_02 draft	31/10/2022	31/10/2022	Rob Giller
221012 Aide Memoire Capital expenditure on Property - Final	31/10/2022	31/10/2022	Rob Giller
Commercial Property - Final Decisions 06042022 FINAL	31/10/2022	31/10/2022	Rob Giller
04 Revised Draft MoJ National Property Strategy_Oct 2017	31/10/2022	31/10/2022	Rob Giller
200712-GOV-MOJ-Property-Capital-Plan-13072020-Latest	31/10/2022	31/10/2022	Rob Giller
GOV-21-SUB-0025 Summary_Justice Property Health and Safety Remediation	31/10/2022	31/10/2022	Rob Giller
MOJ LTIP 2018-28 Published - Version 2 23 November 2018	31/10/2022	31/10/2022	Rob Giller
Property Asset Management Plan v1.3	31/10/2022	31/10/2022	Rob Giller
Towards a Safe and Effective Criminal Justice System_ Initial Response to the Final Reports and Recommendations	31/10/2022	31/10/2022	Rob Giller
GOV-21-MIN 0024 Minute_Innovative Courthouse for Whanganui	31/10/2022	31/10/2022	Rob Giller

Documentation provided

Document title	Date requested	Date received	Client contact
GOV-21-MIN-0025 Minute_Justice Property HS Remediation	31/10/2022	31/10/2022	Rob Giller
GOV-21-SUB-0024 Summary	31/10/2022	31/10/2022	Rob Giller
6. CSPG Sub Committee meeting 27 Oct 22 (FINAL)	11/11/2022	11/11/2022	Angela Hawkings
03 Major Projects as at 31 OCT 2022 (with financials)	11/11/2022	11/11/2022	Angela Hawkings
2. MLC Property Projects Dashboard as at 31 October 2022 FINAL	11/11/2022	11/11/2022	Angela Hawkings
6. Property Strategic Work Plan - 12 months	11/11/2022	11/11/2022	Angela Hawkings
Downer - Performance dashboard (performance against KPI/KRA)	11/11/2022	14/11/2022	Rob Giller
2020.07.31 Auckland DC Reclad PID	16/11/2022	17/11/2022	Rob Giller
00909Hutt Change Control Request-5 IC	16/11/2022	17/11/2022	Rob Giller
220930_S&P_Strategy & Planning Dashboard_Sept 22	18/11/2022	21/11/2022	Rob Giller
Link to public draft of the Courts and Tribunals digital strategy	24/11/2022	24/11/2022	Stewart Glynn
Courts Strategic Partnership Group Property Planning Sub-Committee	24/11/2022	25/11/2022	Stewart Glynn
Financial Information	17/11/2022	28/11/2022	Rob Giller
2210 Justice - Performance Report October Draft	16/11/2022	28/11/2022	Rob Giller
2210 October MoJ Programme Update 31.10.2022	16/11/2022	28/11/2022	Rob Giller
20221116 Stats & in o from KPMG interview with LW	16/11/2022	28/11/2022	Rob Giller
Functional Diagram 221123 revised layout	11/11/2022	28/11/2022	Rob Giller

Documentation provided

Document title	Date requested	Date received	Client contact
Our Sites Map Regions of NZ (002)	11/11/2022	28/11/2022	Rob Giller
Ten Year Model 8 - 16 Aug 22 (Base Case 12 Sep 22) (3 Nov 22)	29/11/2022	30/11/2022	Rob Giller
2.3 Review of SLT Governance Memorandum FINAL	05/12/2022	06/12/2022	Dr Kyle Whitfield
2.3a Governance Review 2022 Report FINAL	05/12/2022	06/12/2022	Dr Kyle Whitfield
PPI Sub-Portfolio Steering Committee ToR	05/12/2022	06/12/2022	Dr Kyle Whitfield
220707 Note on PPI	05/12/2022	06/12/2022	Maeve Neilson
01_211213 IC Portfolio Board Minutes from 13 December 2021	8/12/2022	8/12/2022	Rob Giller
01_220314_IC Portfolio Board Minutes from March 2022	8/12/2022	8/12/2022	Rob Giller
02. 220509_IC Portfolio Board Minutes_DRAFT	8/12/2022	8/12/2022	Rob Giller
Property Business Unit Risk Content	6/12/2022	6/12/2022	Rob Giller
Hazard-Risk Register Justice Centre 2021-2022 - Signed off.docx	9/12/2022	12/12/2022	Rob Giller
Support Services Justice Centre Risk Register 2021-2022 - Signed off.docx	9/12/2022	12/12/2022	Rob Giller
Book 1	9/12/2022	12/12/2022	Rob Giller
JET Property pages map	9/12/2022	12/12/2022	Rob Giller
Property Infrastructure Board Terms of Reference final draft	19/12/2022	19/12/2022	Simone Thompson

Interview register

No.	Person	Role	Date
001	Sue Walker*	Manager, Assets and Support	11/11/2022
002	Angela Hawkings & Jerome Sheppard*	Acting GM Property & Permanent GM Property from 1 December 2022)	11/11/2022
003	Lois Ward*	Manager, Assets and Facilities	16/11/2022
004	Simon Hampson*	Manager, Capital Delivery	16/11/2022
005	Helen Womersley*	Manager, Strategy and Policy	18/11/2022
006	Chris Baldwin*	Project Director, Capital Delivery	18/11/2022
007	Maeve Neilson	General Manager, Health Safety & Security	22/11/2022
008	Anna Graham	Director, Office of the Operating Officer	22/11/2022
009	Thomas Brown	Manager Strategic Finance, Strategy, Governance and Finance	24/11/2022
010	Andrew Kibblewhite	Secretary for Justice & Chief Executive	24/11/2022
011	Andrea King	GM, Senior Courts (and Chair of our Property & Physical Infrastructure Committee)	2/12/2022
012	Andy Fulbrook	Chief Financial Officer	2/12/2022
013	Tina Wakefield	Deputy Secretary, Corporate & Digital Services	7/12/2022
014	Jacquelyn Shannon	Group Manager, Courts and Tribunals Regional Service Delivery	31/01/2022

To note: The above interviews marked with an asterisk (*), were also attended by the Chief Property Advisor.



Contact us

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s9(2)(a)

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