

## Ministry of Labour Commerce & Industries



## Review of Structure and Functions

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28 May 2011



# **Review of Structure and Functions of the Tonga Ministry of Labour Commerce and Industries**

**Tonga**

**28 May 2011**

This **Review of Structures and Functions** report for the **Ministry of Labour Commerce & Industries** outlines a recommended improved structure necessary to enable the ministry to successfully meet its own strategic objectives and to contribute to Tonga's National Strategic Planning Framework (NSPF) for the next 5 – 10 years.

The report has been prepared with the full participation of the Minister and Secretary of the Ministry of Labour Commerce & Industries, other officials from the Ministry, assistance from officials in other related institutions in Tonga, including the Ministry of Finance & National Planning, the Public Service Commission and the Ministry of Information and Communications, and assistance from the Tongan Chamber of Commerce.

The Minister of Labour Commerce & Industries and his officials have reviewed this report in full and provided comments on feedback, which have been incorporated in this report.

Yours faithfully



**Shaan W Stevens**  
Wellington, New Zealand



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## CONTENTS

<b>Introduction .....</b>	<b>1</b>
Outline of the Review .....	1
Terms of Reference .....	1
Task Outline .....	1
Key Deliverables .....	2
Consultant's Approach to Assignment .....	2
Ministry Led .....	2
Consultative and Participatory .....	3
Internal (to the Ministry) .....	3
External (within Government) .....	3
External (private sector) .....	3
Methodology Adopted .....	3
Rationale .....	3
Process .....	4
In Country Mission .....	5
Support Provided .....	5
<b>Current Situation .....</b>	<b>6</b>
The Mission .....	6
The Challenge .....	6
Facilitating Business Growth and Recovery .....	6
Increased Business Compliance .....	7
Review Quality and Effectiveness of Service Delivery .....	7
<b>Assessment of Functions and Organisational Structure of The Ministry.....</b>	<b>8</b>
Functions .....	8
Rebalancing of Service Delivery and Policy Development .....	8
Review of Existing Statutory Deliverables .....	9
Workload Management .....	9
Functions that could be exited .....	9
Functions that can be delivered by the Private Sector .....	9
Functions duplicated between line ministries .....	10
Organisational Structure .....	10
Current “organically developed” structure .....	10
Resultant challenges with Existing structure .....	11
Ineffective grouping of skills and functions .....	11
Requiring staff to perform diametrically opposed roles .....	11
Duplication of core capabilities .....	11



Uneven workload between divisions/units and individuals .....	12
Absence of a dedicated Policy Division.....	12
Absence of a dedicated information/customer service division .....	12
<b>Proposed solution .....</b>	<b>13</b>
Focus on core competencies and priority areas.....	13
Restructured Organisation .....	13
Customer and Corporate Services Division .....	14
Customer Services Unit.....	14
Responsibilities .....	14
Challenges and risks.....	15
Mitigation Strategy .....	15
Corporate Services Unit.....	15
Responsibilities .....	15
Challenges and risks.....	16
Mitigation Strategy .....	16
Office of the Registrar.....	16
Responsibilities .....	16
Challenges and risks.....	17
Mitigation Strategy .....	17
Inspectorate.....	17
Responsibilities .....	17
Challenges and risks.....	18
Mitigation Strategy .....	18
Trade & Development .....	18
Responsibilities .....	18
Challenges and risks.....	18
Mitigation Strategy .....	19
Policy.....	19
Responsibilities .....	19
Challenges and risks.....	19
Mitigation Strategy .....	19
<b>Capacity and Skills issues within proposed structure .....</b>	<b>20</b>
Assessment Process.....	20
Review of functions .....	20
Development of draft job descriptions.....	20
Assessment of skill levels required for roles.....	20
Increase in senior roles within Ministry.....	20
Issues arising in order to capture benefits .....	21



## **Implementation of Proposed Solution..... 22**

Milestones and implementation plan.....	22
Risks and mitigation strategies.....	22
Required resources/expertise required.....	22
Resources and commitments for and from the Government .....	23



## INTRODUCTION

### OUTLINE OF THE REVIEW

1. The Consultant has been engaged by the International Bank for Reconstruction and Development's ("World Bank") to assist the Ministry of Labour Commerce & Industries ("MLCI") to undertake a review of its Structure and Functions.
2. The review is being undertaken as part of the requirements of the ministry to contribute to Tonga's National Strategic Planning Framework (NSPF) for the next 5 – 10 years.
3. It recognises the economic difficulties facing Tonga and the important part that MLCI plays in facilitating economic growth, through its policy advisory and statutory role to the Government in business activity (trade, commerce, foreign investment, industrial development and labour markets), trade policy and negotiations, consumer protection and price setting.
4. This review is critical element in the overall review of the effectiveness of the Government sector in facilitating a private sector led economic recovery and in delivering services to the public in an efficient and cost effective manner.

### TERMS OF REFERENCE

#### TASK OUTLINE

5. The Consultant has been tasked to assist the Ministry to: -
  - (i) Identify the requirements for strengthening and positioning the Ministry to deliver successfully on its strategic objectives and mission, including those related to Tonga's labour migration objectives;
  - (ii) Assess areas requiring reform or attention;
  - (iii) Develop the necessary improved configuration and approach of the Ministry to fulfil its core mission objectives to: -
    - Create a stronger business environment that is conducive to growth and enhances international competitiveness;
    - Deliver quality services to businesses and consumers; and
    - Provide appropriate policy advice to Government on its core business areas.
6. The first step in this process is to examine and recommend actions to improve the efficacy of the Ministry's design, structure and functions, including to: -
  - (i) Assess the mix and fit of the organizations structure and functions overall as well as that of individual business units/divisions and advising on the efficacy of its design and structure;
  - (ii) Assess the capacity of individual business units/divisions to deliver mandated programmes and activities;
  - (iii) Identify gaps, constraints, opportunities and risks arising from current arrangements and recommend changes to address issues and problems identified, including those appropriate for immediate consideration; and
  - (iv) identify any other relevant issues likely to impact on the Ministry's successful performance including those pertaining to management and delivery models, systems and processes within the component parts of the Ministry, and the Ministry overall.



## KEY DELIVERABLES

7. This Report is part of the key deliverables required of the Consultant, including advice to the CEO of Ministry: -
  - (i) Outlining an improved structure necessary to enable the Ministry to successfully meet its strategic objectives;
  - (ii) Identifying the different, or where relevant, shared areas of interest between individual Divisions of the Ministry; and
  - (iii) The capacity and skills required of individual units and personnel within the improved structure.
8. The report also recommends an implementation approach for bringing about improved structure, including but not limited, to: -
  - (iv) Key issues and capacity building approach as well as an assessment of readiness factors for embarking on institutional change
  - (v) A log frame, milestones and implementation plan;
  - (vi) Specifying required resources/expertise required and detailed scope of necessary services;
  - (vii) Identifying risks and recommending appropriate risk management framework and approach;
  - (viii) Monitoring and evaluation framework and mechanisms;
  - (ix) Implications for resources and commitments for and from the Government of Tonga.

## CONSULTANT'S APPROACH TO ASSIGNMENT

9. In undertaken this Review the approach to this assignment was one that was: -
  - (i) Ministry led and driven;
  - (ii) Consultative; and
  - (iii) Recognised the context within which it was occurring.

## MINISTRY LED

10. An important foundation of this review is that it is a process being undertaken *by the Ministry*, with the *support of the Consultant*.
11. It was considered that an internal review with expert assistance is a likely to have a higher success rate and better uptake amongst the Ministry, as opposed to an externally developed or “imposed” solution.
12. The Consultant has therefore undertaken a supportive and consultative process in conducting the review, working closely with the CEO and Heads of Divisions within the Ministry. In addition, one-on-one engagement with individual staff members has occurred as part of the assessment process.
13. While this has required a very high level of participation by Ministry officials, senior management and the Minister, it has been a successful process in terms of engagement and uptake. Cooperation and engagement has been willing, regular, forthcoming and critical to the recommendations contained in this report.

## CONSULTATIVE AND PARTICIPATORY

14. The second element of the review process was that it was highly consultative, internally and externally, within government and also the private sector and other NGOs.

### INTERNAL (TO THE MINISTRY)

15. As well as undertaking desktop review of the Ministry's internal reports, strategic and business plans and memos, the Consultant has also reviewed a number of the wider government reports and strategies, including cabinet discussion papers on a confidential basis.
16. The Minister, CEO, Heads of Division, senior officials and staff have also been consulted on an on-going basis.

### EXTERNAL (WITHIN GOVERNMENT)

17. The Ministry has a high level interaction with other Government ministries (lead agencies) and treasury. Consultation on the review process was undertaken and feedback obtained from them, including the Ministry of Finance & National Planning, the Public Service Commission and the Ministry of Information and Communications.

### EXTERNAL (PRIVATE SECTOR)

18. The Consultant has met and consulted with representatives from the private sector on their experiences with the Ministry, areas of concern, areas that they were comfortable with and issues that they wished addressed as part of this review. These discussions included with members of the Tongan Chamber of Commerce and individual business operators and owners.

## METHODOLOGY ADOPTED

### RATIONALE

19. As part of the review of the Ministry an assessment of the Ministry's effectiveness and efficiency in delivering on its strategic and statutory objectives is required.
20. There is a great deal of confused discussion about "effectiveness" and efficiency of organisations. Effectiveness is about delivering on the mandate of the organisation. Efficiency is about achieving that mandate with the most economical use of the organisations resources.
21. Effectiveness can only be defined by answering the question "effective at what"? The response in this instance is that:-
  - (i) Institutional effectiveness is the ability of the Ministry to do what is expected or required of it, in other words its ability to deliver on its mandate.
  - (ii) "Effectiveness" requires the concurrent presence of three elements and lack of any one will mean it cannot deliver. The three elements are **leadership, governance** and **technical expertise**.
22. These three elements of effectiveness can be defined as follows.
23. **Leadership** is an individual or small group of people that enable the Ministry to first decide what it wants to achieve (i.e. define its goals and objectives) and then by listening, questioning, example, facilitation and persistence, help the entity to achieve those goals.

24. **Governance** is the set of rules that the Ministry sets for its leaders to provide them with the limits or boundaries of what they can do or should not do. In the final analysis governance comes from the group not from the top (although the top may define test and agree to those boundaries).
25. **Technical expertise** is the technical competence in the discipline the Ministry needs to deliver the mandate e.g. policy analysis, business assessment, trade facilitation etc. Without this expertise the risk is of naive and wrong decisions – enthusiastic amateurism.
26. The difference between management and leadership is frequently blurred and clear understanding of the difference is needed if an appropriate capacity building plan is to be put in place. If we accept the powerful and clear definition above, leadership is about listening distilling testing and coaching or guiding to motivate others to do the right things to discharge the organisation's mandate.
27. Management is much more short term directive and task focused towards a narrower, specific end defined either by the leadership or by the group. To illustrate the difference, management can be about instructing an employee to go to the cupboard get a broom sweep up all the dust and put it in the rubbish bin.
28. Leadership, by contrast is about direction setting, delegation and coaching: we agree we need the floor clean at all times; the leader will coach the staff member so that when they see dust and dirt, they automatically keep it clean without need for repeated direct instructions from a manager. To look at this analysis in a different way, leadership governance and technical competence can be likened to the human body.
  - (i) Governance is the skeleton that provides the form and shape and limits;
  - (ii) Leadership brings life to the body by providing the flesh and lifeblood; and
  - (iii) Technical Competency is the air and food necessary to ensure on-going operation of the whole.
29. Managers receive authority by dint of appointment to their role and the authority of the position. Leaders receive their authority by followers voluntarily accepting their part in delivering on the mandate because they have confidence in their leaders.
30. All followers have expectations, (particularly an expectation to be respected) and have limits beyond which it is unwise to push them. The commitment by followers can be described as “bottom-up” governance; it binds and constrains leaders as to what they can and cannot do. This voluntary mandate expansion is much more powerful than the more authoritarian appointed position derived mandate.

#### PROCESS

31. A simple process has been undertaken for organisational review of the Ministry comprised of six components:
  - (i) The statutory mandate determines the Ministry's authority and powers of operation;
  - (ii) From item (i) the objectives and responsibilities of the Ministry have been identified;
  - (iii) In turn the Ministry's responsibilities determine the resources required;
  - (iv) With resources identified efficient structures and responsibilities can be defined (within the wider constraints of the Government of Tonga fiscal and human resource challenges).

- (v) With an organisation structure determined and human and other resources allocated for effective and efficient operation known; information needs, what and when to be recorded, timing and direction of the flows are then defined.
- (vi) With resources, the organisational structure and individual responsibilities determined an organisation must provide a working relationship identify policies required and the procedures and work instruction needed for good governance etc.

32. The above process has been undertaken as part of this review and recommendations, including a review to ensure that the three elements of **leadership, governance and technical expertise** are incorporated across the various components.

#### IN COUNTRY MISSION

33. The Consultant has undertaken this assignment over two separate 2-week periods in country and further time at home report writing, arriving for the first visit in Tonga on 28 February 2011. During this time he worked extensively with the Ministry and senior officials and undertook an extensive consultative and active engagement process.

#### SUPPORT PROVIDED

- 34. Particular thanks must go to Hon Lisiate 'Akolo, the Minister for Labour, Commerce & Industries who provided his valuable time and guidance during the course of the Consultant's intervention. Minister Akolo has been able to provide a clear vision of the strategic objectives of the Royal Government of Tonga, the role that the Ministry plays in achieving those objectives and the overall contextual backdrop for this review.
- 35. Thanks must also go to Mr Tatafu Moeaki, the Secretary for Labour who has provided strong leadership during the review, facilitating open, transparent and inclusive processes.
- 36. As a result, the Heads of Division from the Ministry of Labour, Commerce & Industries were appointed as a team to lead the review process, supported by the Consultant.
- 37. As outlined in paragraph 10 above, this Ministry-led process will ensure a strong ownership from within the organisation and likewise ensure that any new models developed and implemented are appropriate for the organisation in terms of it meeting the Royal Government of Tonga and its own strategic goals and objectives.

## CURRENT SITUATION

### THE MISSION

38. The Mission of the Ministry is, inter alia, to: -

- (i) Provide high quality advice to Government on business, commerce, investment, trade and labour matters;
- (ii) Deliver high quality and cost effective services which facilitate private sector economic development;
- (iii) Promote private sector business development, investment and employment opportunities whilst ensuring the protection of consumer interests, health and welfare; and
- (iv) Raise national employment levels through facilitating and promoting increased employment opportunities locally and overseas.

### THE CHALLENGE

39. The Ministry, therefore, has an extensive and central role within the Tongan Government, especially in delivering on the Government's economic objectives and outcomes.

40. The Ministry now finds itself in a time of major change, with a recently appointed Government that: -

- (i) Has a strong focus on community and inclusiveness; and
- (ii) Is facing a difficult economic environment, with a reducing economy and constrained budget.

41. As a result, the Ministry (as well as other ministries) has been asked by the Government to: -

- (i) See how it can: -
  - a) **Facilitate business growth and recovery**; and
  - b) **Increase business compliance** (and revenue collection).
- (ii) Review the **quality and effectiveness of its service delivery**.

42. Indeed, the Ministry is seen as one of the key lead Government agencies that is able to deliver early "wins" through private sector led business growth and increased collection from compliance.

### FACILITATING BUSINESS GROWTH AND RECOVERY

43. The challenge for the Ministry to facilitate economic growth in Tonga is set against an economy under pressure with: -

- (i) A continued decline of Government revenue over the past three years;
- (ii) Increased dependence on donor grants and domestic borrowing;
- (iii) Increased capital expenditure financed by external loans; and
- (iv) Increasing budget deficit as a percentage of GDP.

44. The Tongan economy continues to be impacted upon by the global food and fuel crisis, the global financial crisis, natural disasters and a tightening of the domestic credit environment.



45. The Ministry, therefore, has to identify the role it can play in an economic led recovery and will need to marshal its limited resources in order to effect change.
46. The Ministry acknowledges that any strategies adopted and implemented by the Ministry will need to be undertaken in close partnership with the private sector, particularly in the key area of Labour Export, as it is the private sector that will lead any long term sustainable economic recovery.

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#### INCREASED BUSINESS COMPLIANCE

47. Increasing business compliance and the collection of revenue is an on-going challenge for governments' world-wide and more particularly in difficult economic periods.
48. Bureaucratic and revenue gathering requirements need to be balanced against the desire to facilitate business growth and recovery.
49. The goal should be to ensure that business compliance becomes the platform for economic growth, providing a level playing field for participants, as opposed to a barrier to that growth.
50. Unnecessary bureaucratic hurdles need to be identified and removed to facilitate that growth, while at the same time monopolies appropriately regulated and anti-competitive behaviours addressed appropriately. The market is the appropriate regulator, and, where market failure occurs, the Government becomes the final arbiter for the long run benefit of consumers and the public in general.
51. This is a difficult balance for the Ministry with its desire to foster economic growth while at the same time ensuring appropriate compliance.

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#### REVIEW QUALITY AND EFFECTIVENESS OF SERVICE DELIVERY

52. A focus on quality and effectiveness of service delivery should be an on-going goal of all institutions funded by public funds. The added pressure of the difficult economic environment means that the Ministry must review how it operates to ensure that it has the core capabilities, marshalled and organised in the most effective manner to deliver on its mission.
53. One of the main drivers of the Ministry's quality and effectiveness of service delivery is the structure that it operates under.

## ASSESSMENT OF FUNCTIONS AND ORGANISATIONAL STRUCTURE OF THE MINISTRY

54. As part of the review, both the functions and the Organisational Structure of the Ministry have been analysed.
55. This process was undertaken by the Ministry Heads of Division in a series of workshops with the Consultant. Both the existing functions of the Ministry were examined as well as the capability of the organisation to deliver on these functions.

### FUNCTIONS

56. The Ministry's core function is to provide policy advice to the Government across a broad area of responsibilities, including business, commerce, investment, trade and labour matters.
57. In addition, to this core policy advice, the Ministry is responsible for a number of statutory functions across a range of diverse areas, including the licensing and registry function for businesses, companies, trusts, incorporated societies, a monitoring and compliance function, consumer protection, price control, trade negotiation and facilitation, to name but a few.
58. As well as these statutory functions, the Ministry has a role to facilitate trade and business growth as well as overall economic development within the Tongan economy. This facilitation role is a central plank of the Ministry's functions and is especially evident with regards to labour export, a key economic earner for the Tongan economy.
59. As part of this review, the existing functions of the Ministry were reviewed in light of the Ministry's mission and the Government's National Strategic Planning Framework.
60. The issues that have arisen from the review are the need to: -
  - (i) Re-balance the focus between service delivery and policy development;
  - (ii) Review existing statutory deliverables, especially: -
    - a) Whether any of the statutory deliverables should be removed or whether the Ministry remains the appropriate body to deliver on them;
    - b) How the workload from the servicing of those statutory deliverables can be better scheduled and managed;
  - (iii) Review other functions for duplication with other line Ministries and ascertain whether there are any policy reasons why the Ministry should continue to deliver on those functions.
61. The outcome of this review is discussed as follows.

### REBALANCING OF SERVICE DELIVERY AND POLICY DEVELOPMENT

62. The diversity of these statutory functions is a challenge for the Ministry, with the requirement to have the necessary skills and internal capacity to ensure that these functions are being appropriately delivered upon.
63. In most instances the Ministry's human resources are focussed on the delivery of the statutory functions and responsibilities and the trade and business facilitation role, with the important area of policy advice being undertaken by a narrow group within the Ministry comprised of the Secretary and Heads of Division, with some limited input from other staff.
64. Much policy analysis and development is therefore developed under pressure by those also with the added responsibility of managing the wider delivery on the other service delivery

functions and responsibilities, with resulting long hours and last minute deadlines for this small group.

65. The Ministry therefore needs to rebalance the application of its resources between service delivery and policy development, as they are both equally important functions.

#### REVIEW OF EXISTING STATUTORY DELIVERABLES

66. A review of the current statutory functions of the Ministry indicates that the Ministry remains the appropriate body to deliver on the current statutory functions and that delivery of those functions and other facilitative functions can continue with the current resources available.
67. The Ministry must now apply stronger focus on the Government's priority areas of: -
  - (i) Business growth and recovery; and
  - (ii) Business compliance (and revenue collection).
68. In order to focus on these priority areas a more efficient delivery of all functions needs to be found. Issues that arise with attaining this are as follows.

#### WORKLOAD MANAGEMENT

69. Some of the statutory functions being delivered upon by the Ministry place an arbitrary burden on the Ministry to maintain and inefficiently high human resource capacity to service the deliverables that occur only over a short timeframe in the year.
70. For example, with Business Licensing, businesses are required by statute to licence and renew at set times during the year. There is no ability for this workload to be spread over the year, which means that the Ministry holds a human resource capacity for the peak times, which becomes under-utilised during the longer off-peak times.
71. Consideration should be given to reviewing any similar time bound deliverables to see if statutory amendments can be made to better schedule the delivery of these statutory functions.

#### FUNCTIONS THAT COULD BE EXITED

72. There are also certain functions performed by the Ministry that fall outside the statutory functions and consideration should be given to these functions being exited by the Ministry. The two areas are: -
  - (i) Those that can be more appropriately delivered by the private sector;
  - (ii) Those that are already delivered by other Government agencies and therefore should not continue to be duplicated by this Ministry.

##### Functions that can be delivered by the Private Sector

73. There are certain functions that over time could be transferred to and delivered by the private sector. Examples of these could be the Small Business Centre facility, external training and labour mobility, both in terms of recruitment and pre-departure briefings etc.
74. A decision has been made to separate out the Small Business Centre facility and this should occur as a matter of course.
75. Further policy analysis should be undertaken on other areas that may be divested to the private sector. In the short to medium term it may be appropriate, for good policy reasons, to

retain those functions within the Ministry, but this analysis should be undertaken and documented.

#### Functions duplicated between line ministries

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76. There are certain functions undertaken by the Ministry that are a duplication of services and responsibilities of other line Ministries. Therefore consideration should be given to identifying all of these functions and the Ministry removing itself from the delivery of them.
77. For example, currently the labour mobility staff are currently tasked with reviewing business visa applications and providing advice to the Ministry of Immigration. There is no sound operational or policy reason for this to continue. The upcoming linking of government department via the proposed E-Government project should be used to enable the Ministry of Immigration to access, on a read only basis, the Ministry's databases to check on any details it needs when assessing an application, as opposed to requiring the Ministry to provide a review function.
78. The policy rationale for the need to issue Business Licences could also be seen as being duplicated between line ministries, as businesses are already required to hold various other licences, including Inland Revenue numbers.
79. The compliance and monitoring of Business Licences is a significant manpower burden on the Ministry and a recognised additional bureaucratic barrier to new business entry and private sector development.
80. That being said, from discussion with senior officials within the Ministry it appears that there are sound policy reasons for the retention of Business Licence requirements in the short term to assist the Government in addressing important priority areas such as business compliance and consumer protection.
81. There is a recognition that over time a phase out of Business Licences may be considered as the compliance function within the Ministry is strengthened and other Government agencies likewise increase their compliance and oversight capacity.

#### ORGANISATIONAL STRUCTURE

##### CURRENT “ORGANICALLY DEVELOPED” STRUCTURE

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82. The wide and diverse responsibility across a number of statutory functions has also had an impact on how the structure of the Ministry has developed.
83. To meet these increasing challenges, the organisational structure of the Ministry has developed on an “organic basis” over time, with divisions and units within the Ministry being organised around the various statutory outputs and priority areas.
84. As a result, the Ministry’s organisational development has been unstructured.
85. For example, as various statutory roles have been added, units have been established to deliver on these roles, as opposed to the existing organisation being reassessed as a whole to see whether additional responsibilities could be absorbed into the structure or whether the structure itself remains appropriate for the wider role.
86. In addition and as discussed above, with these growing responsibilities, policy development has been relegated to a secondary role being undertaken by a narrow group comprised of the Secretary and Heads of Division, with limited research and support from elsewhere in the Ministry.



87. This important area of policy is then fitted around the pressures of “business as usual” in the delivery of the other statutory functions, with enormous pressure being placed on the senior management within the Ministry.

#### RESULTANT CHALLENGES WITH EXISTING STRUCTURE

88. While the current organic development approach has worked to date, the Ministry is now under significant pressure and needs to re-assess its present approach to see if the current structure effectively supports and delivers on the Ministry’s strategy outcomes and mission.

89. The current structure has a number of issues, including: -

- (i) Ineffective grouping of skills and functions as a result of the organic growth: -
  - a) Requiring staff to perform diametrically opposed roles;
  - b) Duplication of core capabilities;
  - c) Uneven workload between divisions/units and individuals;
- (ii) Absence of a dedicated Policy division;
- (iii) Absence of a dedicated information/customer service division.

#### INEFFECTIVE GROUPING OF SKILLS AND FUNCTIONS

90. As a result of the Ministry’s organic growth the grouping of the Ministry’s functions has not been organised by skills sets or capabilities required. This has a number of impacts on the Ministry as follows.

##### Requiring staff to perform diametrically opposed roles

- 91. For example, many roles within the Ministry require individuals to have diametrically opposed work personalities, ranging from extroverted personalities to more introspective ones and: -
  - (i) Those that can handle (and generally enjoy) jobs that require accuracy and precision, are tolerant of repetitive work, make fewer errors in performing the same task, and deal better with details to.
  - (ii) Those that try to do things differently and enjoy social interaction and have a more enquiring mind.
- 92. For example, individuals suited to repetitive task focussed work, with little interpersonal interaction, are also required to interact with external members of the public in a different capacity.
- 93. Single focused performance becomes difficult as a result of the many distractions and interruptions and work output suffers as a result.
- 94. Individuals better suited to more investigative and innovative work who are required to undertake repetitive work tend to either make errors in performing those tasks and perform them poorly.

##### Duplication of core capabilities

- 95. Unnecessary duplication of core capabilities across divisions is evident, with the resultant under-utilisation and over-capacity.
- 96. For example, certain data entry/registration type and administrative functions could be better shared than having these functions duplicated across the Ministry.



### **Uneven workload between divisions/units and individuals**

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97. Currently there is an uneven workload between divisions/units and individuals, which impacts on the ability of the whole organisation to deliver effectively and efficiently.
98. There are two main reasons for this uneven workload: -
  - (i) The current groupings of divisions and units have not been organised by work-load or skills sets, but as discussed above have been organised around certain statutory functions. This means that some groupings will be busier than others by the very nature of the tasks assigned to them; and
  - (ii) Certain statutory requirements drive uneven workloads. For example, business licences and renewals are statutorily set to occur at set time of the year (as opposed to being spread across a year). This means that capacity is held within the division responsible for business licensing to meet the peak times of the year, with resultant under-utilisation at the non-peak times.
99. Whatever the reason for the uneven workloads, this situation brings with it the added problems of some staff being extremely busy and over-loaded while others are less busy, and as a result, less motivated with limited job satisfaction.
100. This creates tension and conflicts within the Ministry and also causes issues for external stakeholders and other Government agencies, who will also note the apparent under-utilisation of some staff without being fully aware of the overburden on other staff.

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### **ABSENCE OF A DEDICATED POLICY DIVISION**

101. One of the key missions of the Ministry is to “provide high quality advice to Government on business, commerce, investment, trade and labour matters”. However, as already noted, currently policy analysis is undertaken by the CEO and Heads of Division with no research support and is set around the pressures of delivering on the “business as usual” service delivery and facilitatory functions.
102. The Ministry would benefit from a stronger focus on the policy area with a dedicated policy group. This is especially important as the provision of policy advice to Government is a key pillar of the Ministry and even more important given the current economic challenges facing Tonga.

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### **ABSENCE OF A DEDICATED INFORMATION/CUSTOMER SERVICE DIVISION**

103. Consultation with key external stakeholders has highlighted the need for a dedicated point of contact and engagement with the Ministry, with many stakeholders finding it difficult to know at what point within the Ministry to engage.
104. Currently engagement between member of the public and the Ministry is occurring at all levels within the Ministry and highly unmanaged, including with those undertaking purely administrative and registry type roles.
105. This unmanaged access makes it difficult for both the Ministry staff in terms of managing their own personal work schedules thereby creating inefficiencies and the external stakeholders to identify where they can engage and receive appropriate information and feedback.

## PROPOSED SOLUTION

106. A proposed solution was developed by the Ministry, through a working group comprising the Secretary, Heads of Division and other senior personnel in a series of workshops facilitated by the Consultant as follows.

## FOCUS ON CORE COMPETENCIES AND PRIORITY AREAS

107. One of the main constraints with the current structure is the ineffective grouping of skills and functions. Recognising this constraint, the Consultant worked with the Secretary, Heads of Division and other senior personnel to analyse a more efficient and effective structure.
108. It was determined that the Ministry's current activities could be divided into the core functional/competencies of: -
  - (i) Customer and Corporate services;
  - (ii) Regulatory enforcement/compliance;
  - (iii) Registration and Licensing;
  - (iv) Trade and Development; and
  - (v) Policy.
109. By grouping the structure and functions of the Ministry along these lines many of the challenges identified and discussed above with the current system, could be addressed and inherent and endemic problems avoided.
110. In order to achieve this, the functions of the current divisions were analysed with each of the existing Heads of Division detailing the current functions being performed.
111. These functions were then grouped under the core functional/competencies above as follows and then assessed to see how they were contributing to the Ministry's key priorities.
112. As part of this process as well as duplication within the Ministry it was also noted that certain duplication existed between line ministries, with the Ministry undertaking certain tasks outside of its core mandate, e.g. contributing to the assessment and processing of business visas.

## RESTRUCTURED ORGANISATION

113. As a result of the above analytical process led by the Ministry senior personnel, a revised organisational structure was developed based around the core competencies identified.
114. The proposed organisational restructuring will enhance the performance of the Ministry by: -
  - (i) Centralising policy research and development;
  - (ii) Pooling expertise and sharing resources for common use;
  - (iii) Reassigning human resources to key priorities in line with the NSPF;
  - (iv) Clarifying boundaries for responsibilities within the Ministry and with some other ministries;
  - (v) Improving front line customer service experience; and
  - (vi) Reinforcing MLCI's internal culture around quality, efficiency and cohesion.
115. The five new proposed divisions are as follows.

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## CUSTOMER AND CORPORATE SERVICES DIVISION

116. The purpose of this division is twofold, to:-
  - (i) Provide the shop front or first point of contact for the Ministry – the customer services side; and
  - (ii) Provided common shared services to the Ministry, such as Finance, IT, HR and Training, Transport, Maintenance. In addition, to provide ministerial support and assistance.
117. In addition, the Customer and Corporate Services Division would need to have a strong presence in the Outer Islands as the Outer Islands move towards a focus on community and inclusiveness.
118. Those personnel in the Outer Islands would need to undertake their responsibilities in a similar way to the Customer Services Unit as described below, as they will be the Ministry's shop-front in the Outer Islands.

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## CUSTOMER SERVICES UNIT

### Responsibilities

119. The customer services part of the division would be responsible for the reception function (both physically in person and by telephone). It will be their responsibility to filter all customer contact with the public and to act as the public's internal advocate for accessing services. This would include receiving and logging any enquiries or applications, where possible to provide information to those presenting themselves and channelling any enquiries to the various subject matter experts within the Ministry's other function divisions.
120. In addition to playing the advocacy role for applicants, supplicants and information seekers, they would play the valuable role of filtering contact with the other ministry staff to enable those staff to manage their own workloads and respond in an appropriate time and manner. This in turn should raise the efficiency of any responses, provide access seekers with an internal advocate and enable the Ministry to more effectively and efficiently manage its own scarce resources.
121. Other functions that the customer services unit would undertake would also be the point of contact for any registration of applications, both undertaking where possible an initial review to ensure that forms were appropriately completed.
122. A finance person from the corporate services unit would be stationed at the front office area to review any application fees paid/payable, an area where assistance is still required.
123. The registration function for the Labour Mobility Ready Pool would also be undertaken at the shop front, handling all registrations as individuals present themselves.
124. Surveys and the development of information and public relations material will also be this unit's responsibility.
125. As a matter of course, any information on the other core functions of the Ministry would be developed by the other relevant divisions and passed onto the customer services unit for dissemination and publication (on the web once this function becomes operational).
126. The customer services unit would need to be headed up by a Senior Information Officer (Level 7) to ensure that this shop front experience for members of the public runs smoothly.

## Challenges and risks

127. As a unit within a new division there will need to be clear job descriptions developed for the staff operating within it.
128. Those staff will need to have good access to a shared database and scheduling system so that enquiries can be logged and allocated or tasked out to the relevant operational divisions within the Ministry.
129. They will also need to have “read only” access to the existing databases in the Registry Division in order that they may advise any enquirers on the status of their previously lodged application.
130. These requirements more importantly relate to those staff stationed in the Outer Islands, as they should likewise have access to the databases as described above. This will enable them to respond more efficiently and effectively to those enquiring in the Outer Islands. For example, any applications lodged in the Outer Islands can be tracked and their status known.
131. Given that the Labour Mobility Ready Pool registry function is sitting within this unit there also needs to be a careful management of this task given the high importance of Labour Mobility for the Ministry and for the Tongan economy per se.

## Mitigation Strategy

132. In summary, the customer services unit will require: -
  - (i) Clear job descriptions and task flows;
  - (ii) Access to a robust IT system that includes:
    - a) Database for the registration of receipt of documents and the ability to map the date of receipt, where those documents have been forwarded onto for processing (including for staff in the Outer Islands);
    - b) Read Only access to the other Ministry registry databases to enable them to look up and respond to any general enquiries from members of the public of a non-technical nature, (including for staff in the Outer Islands);
  - (iii) Access to a finance person to review and receive fees been paid on applications lodged with the unit for the Ministry;
  - (iv) *(Initial)* oversight of the Labour Mobility registration process by the senior person responsible for Labour Mobility in the new Trade & Development division to mitigate any risks in this important area.

## CORPORATE SERVICES UNIT

### Responsibilities

133. The unit would comprise the Ministry’s finance function, IT, HR and internal training, Maintenance and Transport functions.
134. Likewise the corporate services unit of the Customer/Corporate Services Division would be led by Senior Officers with Finance/IT and HR expertise.

## Challenges and risks

135. The current functions of those operating within Corporate Services remain mostly unchanged as a result of the proposed re-organisation. However, a review of job descriptions and task flows should be undertaken as a matter of course.
136. A robust IT system and shared databases again will play a strong role. A shared financial database for fees lodged with applications would be useful, to enable finance, the Registration Division and the front of shop Customer Services Unit to monitor and respond to any enquiries in this area.
137. This will also provide more timely and relevant information to the Registry Division head and also the Policy Division, on application income status and trends.
138. Given the change process being undertaken, HR and Staff Training become very significant also.

## Mitigation Strategy

139. The corporate services unit will require: -
  - (i) Clear job descriptions and task flows;
  - (ii) Access to a robust IT system;
  - (iii) Access to external assistance on change management in the HR and training area.

## OFFICE OF THE REGISTRAR

### Responsibilities

140. The Office of the Registrar or Registry Division will be responsible for processing and registering all applications received by the Ministry and will have three core units: -
  - (i) Licensing Unit – responsible for issuing business licences and the licensing of Co-operatives and Credit Unions;
  - (ii) Intellectual Property Unit – responsible for the registration of Trademarks, Industrial Designs, Utility Models and Geographic Indicators; and
  - (iii) Main Registry Unit – responsible for the registration of Companies, Charitable Trusts, Incorporated Societies, Business Names and Foreign Investment.
141. These functions are presently spread across three divisions and by grouping these like functions within one new division it is anticipated that greater efficiency and effectiveness of service delivery will be achieved.
142. The Office of the Registrar will have its own dedicated administrative support, including for filing and the maintenance of the registry and databases.
143. The Office of the Registrar will also be responsible for developing its own information material to be provided externally by the Customer and Corporate Services Division (either direct to the public or ultimately published on a Ministry website).
144. The Office of the Registrar will also need to respond to any queries referred on to it by the Customer and Corporate Services Division.

## Challenges and risks

145. As a new division incorporating part functions from three divisions there will need to be clear job descriptions developed for the staff operating within it. However, many of the staff will be predominantly undertaking tasks that they are already doing.
146. A key recommendation though is for the staff within the division to be capable of working across the various units as workloads change to enable the division to better manage its peaks and troughs. Job sizing the tasks being undertaken is a useful step.
147. As outlined above, with regards to the Licensing Unit responsible for Business Licences, consideration should be given as to whether there can be a statutory amendment to enable the licensing and re-registration to be spread across the year as opposed to over the short time frame that it is at present.
148. Access to and the provision of robust databases, as with the rest of the Ministry, plays a significant role in ensuring that any efficiency gains can be captured from the restructuring process.
149. Having a common and shared platform will enable staff to move across the various units as workload requirements necessitate. In addition, management (the CEO/Secretary) will be able to monitor the division's outputs and the Customer Services unit will be able to access information (for the purposes described above).
150. Again access to the databases on a "read only" basis would greatly assist staff in the Outer Islands to respond more efficiently and effectively to enquiries.

## Mitigation Strategy

151. The Office of the Registrar will require: -
  - (i) Updated job descriptions and task flows for its staff;
  - (ii) Access to a robust IT system;
  - (iii) A process for developing information and guidelines;
  - (iv) A process for handling enquiries referred to it.

## INSPECTORATE

### Responsibilities

152. Compliance is one of the priority areas for the Government. Therefore, the establishment of a dedicated compliance unit will enable a stronger focus on this area.
153. The Inspectorate will be responsible for all compliance and inspection responsibilities of the Ministry, including: -
  - (i) Price Control and Weights & Measures;
  - (ii) Business Licensing compliance;
  - (iii) Consumer Protection and compliance by Cooperatives and Credit Unions.
154. These functions are presently spread across three divisions and by grouping these like functions within one new division it is anticipated that greater efficiency and effectiveness of service delivery will be achieved.
155. As part of the design of the new Inspectorate it is recommended that these unit be headed up by senior personnel (Level 7).



156. The Inspectorate will be responsible for developing its own information material to be provided externally by the Customer and Corporate Services Division (either direct to the public or ultimately published on a Ministry website), particularly around consumer protection. These senior personnel will need to assist in this information development, together with the Head Inspector.
157. The Inspectorate will also need to respond to any queries referred on to it by the Customer/Corporate Services Division and to any complaints received and lodged at the Front of Shop.

#### Challenges and risks

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158. As a new division incorporating part functions from three divisions there will need to be clear job descriptions developed for the staff operating within it. However, many of the staff will be predominantly undertaking tasks that they are already doing.
159. Access to and the provision of robust databases, as with the rest of the Ministry, plays a significant role in ensuring that any efficiency gains can be captured from the restructuring process.

#### Mitigation Strategy

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160. The Inspectorate will require:-
  - (i) Updated job descriptions and task flows for its staff;
  - (ii) Access to a robust IT system;
  - (iii) A process for developing information and guidelines;
  - (iv) A process for handling enquiries/complaints referred to it.

### **TRADE & DEVELOPMENT**

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#### Responsibilities

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161. Trade & Development is another priority area for the Government in the current economic climate.
162. The proposed Trade & Development Division will play a strong facilitation role and be responsible for:-
  - (i) Labour Mobility;
  - (ii) Trade Negotiations;
  - (iii) Business Facilitation and Growth;
  - (iv) External Training;
  - (v) Marketing; and
  - (vi) Trade Promotion.

#### Challenges and risks

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163. As with the other new divisions, there will need to be clear job descriptions developed for the staff operating within it. That being said, many of the staff will be predominantly undertaking tasks that they are already doing.

164. Within this division will be the important area of Labour Mobility. It is essential that the current operation of this area remains unchanged and unaffected as much as possible to avoid any risks of affecting an already operationally efficient group.
165. Another risk is that many of the staff within this division will have dual roles within the proposed Policy Division and therefore will need to manage their time effectively between their roles.

#### Mitigation Strategy

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166. The Division will require: -
  - (i) Updated job descriptions and task flows for its staff;
  - (ii) Clear guidelines on workloads;

### **POLICY**

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#### Responsibilities

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167. It is proposed that a dedicated policy division is established to support the Ministry's key policy responsibility.
168. This Policy Division will have a full time dedicated senior official heading it up (Level 2), which will provide a robust foundation for the policy analysis and development.
169. In addition, key staff from other divisions will have part of their roles clearly outlined as policy analysis and development.

#### Challenges and risks

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170. The main risk in this area is that the policy analysis and development will take a secondary role to many of the staff involved.

#### Mitigation Strategy

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171. The above risk if mitigated by having a full time senior person heading up policy analysis and development. That person can call upon subject matter experts within the Ministry to contribute towards policy development and will coordinate those efforts.
172. By having a full time and very senior person in this role, policy will have a strong focus within the Ministry.

## CAPACITY AND SKILLS ISSUES WITHIN PROPOSED STRUCTURE

173. The capacity and skills required of individual units and personnel within the improved structure was reviewed by the Ministry, with the assistance of the Consultant over a series of Workshop Meetings.

## ASSESSMENT PROCESS

174. The process adopted was for a small working group, comprising the current Heads of Division and other senior personnel within the Ministry and chaired by Manu 'longi, to analyse the functions to be delivered by the proposed new divisions.

175. In order to achieve this, the functions of the current divisions were analysed with each of the existing Heads of Division detailing the current functions being performed by the existing staff. These functions were then grouped under the core functional/competencies and allocated by the group to the divisions in the proposed organisational structure.

## REVIEW OF FUNCTIONS

176. The functions within the new organisational structure were then assessed to determine whether: -

- (i) All existing statutory and other functions had been allocated to the divisions within the new structure;
- (ii) Any existing statutory and other functions should be removed from the structure taking into consideration the proposed priority areas for the Government and the need to focus on them;
- (iii) There were any risks with the proposed new structure in terms of ability to deliver and priorities.

## DEVELOPMENT OF DRAFT JOB DESCRIPTIONS

177. As part of this assessment, the working group developed initial draft job descriptions and task schedules for each of the roles under the proposed organisational structure. These were based on the existing job descriptions and modified for the changed responsibilities under the proposed new structure.

## ASSESSMENT OF SKILL LEVELS REQUIRED FOR ROLES

178. As part of the new job descriptions an indicative assessment was made of the level of skills required for some of the senior leadership positions within each of the divisions. This assessment needs to be reviewed in further detail during the implementation phase of the new organisation.

## INCREASE IN SENIOR ROLES WITHIN MINISTRY

179. The outcome of this review was that the Ministry needed to increase some of the seniority/ranking of some of the revised positions and that this could be achieved within the existing Ministry budget funding through a reduction in some of the junior roles presently established within the Ministry. Some further cost savings were identified.

180. Thus certain roles could be ranked higher and the cost of doing so could be absorbed by the reduction in junior roles.



181. This would have the benefit of: -

- (i) Creating a smaller, more skilled, efficient and effective Ministry;
- (ii) Doing so on at least a cost neutral basis, with the added aim of reducing the direct labour costs;
- (iii) Freeing up the Ministry's constrained budget to target improvement across all areas within the Ministry and the Government's target/priority areas.
- (iv) Focusing on quality, efficiency, cohesion and cost effectiveness.

#### ISSUES ARISING IN ORDER TO CAPTURE BENEFITS

182. In order to capture the benefits outlined above there are a number of key action items to achieve as follows: -

- (i) A more detailed review of the proposed roles, including "job sizing" of the more senior roles;
- (ii) Review and development of detailed job descriptions and task schedules for the proposed roles, including how the various divisions will interact more efficiently with each other as required. This is vitally important with the proposed establishment of the new front of shop;
- (iii) Agreement from the Public Service Commission to the proposed re-organisation, including:
  - a) Allowing the Ministry to increase the seniority of certain roles, reduce or remove other roles and transfer or fill vacant post, provided that this is on a cost neutral basis;
  - b) Placing those current staff members surplus to the revised Ministry structure elsewhere within the Public Service or manage their exit from the Ministry in some other acceptable manner'
- (iv) Enabling the Ministry to manage their budget and allowing all or part of the savings arising from the proposed restructuring to be utilised within the Ministry to strengthen key areas such as IT infrastructure, databases and staff training and development. A type of bulk funding model could be adopted whereby the Ministry could manage their budget along more flexible lines.

## IMPLEMENTATION OF PROPOSED SOLUTION

### MILESTONES AND IMPLEMENTATION PLAN

183. As with all restructuring of organisations time is of the essence so as to remove any uncertainty with staff as to the personal impacts on each of them as a result of the changes. The need for a speedy process needs to be balanced against the need to ensure that the risks identified above with the change process are managed effectively.
184. Given the current economic climate and constraints and the desire of Tongan Government to effect change within the Ministry as a matter of priority, we believe that, given the acceptance of the proposed new model, an internal implementation group is established, with appropriate support from both the PSC and external experts as required.
185. This implementation group can then develop the necessary implementation milestones and timeframes.
186. Given the limited budget available within the Ministry, this process will require support from the Public Service Commission and other donor agencies.

### RISKS AND MITIGATION STRATEGIES

187. The challenges and risks, together with the proposed mitigation strategy are outlined above in the Proposed Solution section for each of the proposed new divisions within the Ministry. These will need to be monitored and managed over the implementation process.
188. The key risks applicable to the organisation as a whole are: -
  - (i) Maintenance of business as usual during the change process;
  - (ii) Management of transitional issues as staff familiarise themselves with new roles and ways of operating;
  - (iii) Delays and issues with the process of further refining job descriptions, job sizing and the necessary staff training;
  - (iv) Any delays in obtaining necessary approval and support from external agencies to the proposed changes, including the Public Service Commission and the Ministry of Finance and National Planning, the former on staffing issues and the latter on budgetary issues;
  - (v) Delays in upgrading internal communication, network infrastructure and databases to unlock the efficiency gains from the new structure.
189. Of the above risks, the ones that have the most potential impact on the efficiency and effectiveness of the new Ministry are: -
  - (i) Personnel re-assignments, job descriptions and job sizing; and
  - (ii) Infrastructure and database development.
190. These have been discussed in detail above and the resources and support required are detailed below.

### REQUIRED RESOURCES/EXPERTISE REQUIRED

191. Further support should be provided to the Ministry to enable it to undertake the implementation process.



192. The required resources/expertise required and detailed scope of necessary services will be as follows: -

- (i) Assistance to Internal Working Group: Need to provide assistance for the internal working group to manage the change process both internally and with external agencies and stakeholders, including: -
  - a) Preparation and review of revised Job Descriptions and detailed task schedules, including operability between divisions and shared services and incorporating consistency organisation-wide with clear career paths;
  - b) On-going provision of information to staff on the change process;
  - c) Revision of budgets and costings under new structure and negotiations on budgets;
  - d) Preparation of overall detailed implantation plan and milestones.
- (ii) Funding for Infrastructural Changes: Need to tie in organisational change with infrastructural changes to ensure that efficiency gains from the restructuring are captured and built upon, including: -
  - a) New databases (move away from excel spread sheets to more robust databases)
  - b) Shared databases (especially important to enable the “front of shop” Customer Services Unit in Tongatapu and the Outer Islands to link and provide information as well as to enable better senior management oversight);
  - c) Improved inter-office connectivity through internal high-speed broadband
  - d) Intranet for the provision of information internally and moving towards external web site for external delivery;
  - e) Revised physical layout for the Customer Services Unit.
- (iii) HR Development, Training and Assistance: Job sizing of some of the new senior roles and development of tailored training programmes.

#### RESOURCES AND COMMITMENTS FOR AND FROM THE GOVERNMENT

193. Currently the Government, through the PSC, have committed to assist the Ministry with regards to the restructuring process by providing access to a TA facility via an Australian funded regional facility.

194. The proposed TA on offer will cover performance management or any relevant management/organisational change and therefore goes part way to addressing the resourcing issues identified above.

195. The PSC are keen that the Ministry’s review and restructuring process is used as pilot for other Government agencies to emulate.

196. The PSC has also committed to ensuring that it fully supports the changes proposed through any of its own processes.