



Purpose

This Government Workforce Policy Statement outlines expectations for an effective employment relations environment in the public sector that will support the delivery of high performing, trusted, and efficient public services.

This Statement covers a range of workforce matters including remuneration, negotiation of employment agreements, capacity and composition of the workforce, pay equity, diversity, data and information. It does not predetermine the outcome of bargaining with unions but should influence employers' bargaining strategies and proposed settlements.

This Statement should be read in conjunction with any other guidance which the Public Service Commissioner (the Commissioner) may issue on workforce matters and on the operation of this Statement.

Expectations

The Government is committed to improve the effectiveness, efficiency and responsiveness of public services. To this end, the Government's four priority areas of focus, and the associated expectations, for public sector employment relations are:

- 1. Employment outcomes are fiscally sustainable and respond to the current fiscal context and any current budget advice**
 - Ensure that all workforce costs, including the outcomes of remuneration reviews and collective bargaining are affordable within an agency's baseline, and sustainable in the long term (see section on roles and responsibilities below for further detail). Any increases or changes in terms and conditions should not lead labour market movements and trends.
 - Ensure that the costing of bargaining and remuneration strategies and settlements takes into account the cost of all adjustments to pay and conditions, including built-in progression through pay scales, and performance-based pay increases, as well as any changes to other conditions.
 - Identify and take into account the flow-on implications of settlements, both within and beyond the agency and sector, and have plans in place to manage these. This includes targeting pay increases, where informed by evidence, to particular workforces or occupations (as opposed to across-the-board increases).
- 2. Employment conditions and remuneration settings support a high performing public sector and delivery of effective, efficient, and responsive services**
 - Ensure that employment conditions, and remuneration settings, support the achievement of agency and public sector performance objectives and priorities. This includes having remuneration strategies that provide for the pay of public sector chief executives and deputies to be linked to outcomes to encourage high performance and ensure accountability.



- Have an employment relations and remuneration strategy that supports the delivery of high quality, trusted and accessible services and supports the attraction, retention and development of key skills.
 - Foster a culture within the public sector based on continuous improvement and enhancing productivity in pursuit of the delivery of better services to New Zealanders and achievement of Government priorities. This includes the expectation that agencies work together to take a future focused approach to building capability in the public sector.
 - Adequately plan for and recognise specific skills required for the employee to perform their role within the base salary for that specific role. The payment of allowances in addition to base salary may be acceptable in limited circumstances, for example, to recognise skills or duties which are occasional, rather than core to the role. The payment of allowances can be justified where the agency can demonstrate that payment of that allowance will be an effective way for the Crown to uphold its obligations including under Te Ture mō Te Reo Māori 2016/the Māori Language Act 2016 or any other Act or obligations.
 - Ensure employment conditions enable the mobility of public servants to support the system to deliver efficiently on Government priorities, including in emergency situations.
 - Have employment settings and reward practices that are fair, and standards that ensure there continues to be trust and confidence in the public sector.
 - Ensure that there is active management of workforce productivity regardless of work location(s) contributing to a broader ongoing focus on productivity improvement within the public sector.
 - Avoid backdating any components of adjustments to pay and conditions (either through effective dates or compensatory lump sum payments). To support this, bargaining teams are expected to plan for bargaining and be prepared to engage well ahead of a collective agreement's expiry. Agencies should undertake and resource activity efficiently to avoid unnecessary delay.
- 3. Have a workforce that is responsive to the needs of all New Zealanders**
- Build a diverse and inclusive workforce that can develop policies and deliver services that are effective and responsive to all who need and use them.
 - Establish equitable employment and remuneration practices and take steps to close unjustified pay gaps.
 - Agencies can provide workplace development, where it is needed to deliver on this priority, including to enhance the Public Service's ability to support the Crown in its relationships with Māori and to uphold Te Ture mō Te Reo Māori 2016/the Māori Language Act 2016.
- 4. Agencies manage their workforce size and composition, including to reduce expenditure on consultants and contractors**
- Be active in managing workforce composition to meet expectations on the size of the Public Service or sector (including anticipating and managing peaks in demand) and to reduce the use of, and expenditure on, contractors and consultants.



Roles and Responsibilities

Under the Public Service Act 2020, the Commissioner may:

- provide advice and guidance on workforce matters to agencies
- advise affected agencies on the operation of this Statement; and
- facilitate the operation of this Statement in conjunction with affected agencies.

Under this Statement, the Commissioner may request information relating to the matters listed in s 97(2) of the Public Service Act 2020. A request for information may specify requirements about how that information must be collected, classified, and reported to the Commissioner, and may be made to all agencies to which this Statement applies. A Public Service agency and a Crown agent must give effect to any request for information made under it. All other entities covered by this Statement must consider any request for information made under it.

Public sector chief executives are expected to deliver on the expectations in this Statement. They are also expected to take a constructive approach with their employees and any representatives (including unions) to managing and resolving issues and have protocols in place to support parties to employment agreements to work together respectfully, effectively, and in good faith and to ensure that the public sector continues to be held in high regard. This includes being aware of, and proactive in meeting, their obligations arising from the Public Service Act 2020 and employment legislation, including the Employment Relations Act 2000, Human Rights Act 1993, Equal Pay Act 1972 and the Holidays Act 2003. Chief executives should also promote the collective responsibilities of employers, employees and their unions for health and safety.

Where employment relations outcomes are unable to be met from within baselines, chief executives should initially seek to fund proposed changes through productivity improvements or workforce re-organisation; or

- make any proposals for extra funding through the normal annual budget initiatives process
- follow current advice on funding for pay equity settlements (where applicable); and
- liaise with Treasury and the Commission about those workforce pressures well prior to the date that budget bids are to be lodged.

Any chief executive seeking additional Crown funding to cover workforce costs through the annual Budget process must comply with any stipulations included in the guidance issued by Treasury.

Chief executives conducting bargaining under delegation from the Commissioner must have a bargaining strategy consistent with this Statement approved by the Commissioner before starting bargaining. They must not commit to an outcome (including final Terms of Settlement) without further approval from the Commissioner.

Other agencies with a statutory requirement to consult with either the Commissioner or a monitoring department, should have bargaining and remuneration strategies consistent with this Statement as the basis for that consultation.

If the Commissioner or monitoring department considers any agency's proposed approach could be inconsistent with this Statement or have adverse system-wide implications, the Commissioner



may request that the agency consult with its responsible Minister and some or all of the Ministers that sit on the Ministerial Employment Relations Forum.

Application

This Government Workforce Policy Statement is issued under Part 4 of the Public Service Act 2020, and in accordance with s97. It applies to:

- (a) All Public Service agencies
- (b) All Crown agents; autonomous Crown entities; independent Crown entities, school boards of trustees, Crown entity companies
- (c) the New Zealand Police, the New Zealand Defence Force, and the Parliamentary Counsel Office; and
- (d) tertiary education institutes.

As set out in s101 of the Public Service Act 2020, Public Service agencies and Crown agents must give effect to this Statement. All other forms of agencies listed above must have regard to this Statement. From time to time, the Commission will issue an updated list of the agencies that this applies to on its website.

This Statement replaces the Government Workforce Policy Statement on the Government's Expectations on Employment Relations in the Public Sector, which Cabinet agreed in 2021. It applies from 7 August 2024.