



# Te Kawa Mataaho

Public Service Commission

2 August 2024

[Honorific] [first name] [last name] [post-nom]

[Position]

[Agency]

By email: [Email]

Tēnā koe [first name]

## Government Workforce Policy Statement on the Government's Expectations for Employment Relations

I am writing to you to formally convey the Government Workforce Policy Statement (the Statement) on the Government's expectations for employment relations and to confer a revised delegated authority in respect of bargaining for collective agreements and pay equity claims. This replaces the previous Government Workforce Policy Statement, all associated guidance, and any existing delegations. Copies of these new documents are attached, including an overview of the changes to your delegation.

The advice in this letter should inform your approach as you enter into bargaining. As is our practice, bargaining will be in good faith without pre-determined outcomes.

### The Government Workforce Policy Statement

The Statement covers a range of workforce matters including remuneration, negotiation of employment agreements, capacity and composition of the workforce, pay equity and diversity and inclusion, and data and information.

Departments as named in Schedule 2, Part 1 of the Public Service Act 2020, including any hosted Departmental Agencies and Interdepartmental Executive Boards, and Crown agents as named in Schedule 1 Part 1 of the Crown Entities Act 2004 must **give effect** to the Statement including the expectations and priorities therein.

Other organisations in the Public Sector, as named in Schedule 1 Part 2, Schedule 1 Part 3, and Schedule 2 of the Crown Entities Act 2004, Non-Public Service Departments (New Zealand Defence Force, New Zealand Police, and Parliamentary Counsel Office), all School Boards of Trustees, and Tertiary Education Institutions as defined by "institution" in Section 10 (1) of the Education and Training Act 2020 **must have regard** to the Statement.

In addition, monitoring departments should ensure that Crown entities, which are required to give effect to or have regard to the Statement, are meeting those expectations within their workforce, pay equity and bargaining strategies.

The Statement outlines the Government's expectations that the Public Service will deliver high performing, trusted and efficient public services. To achieve this, the Statement covers four priority areas for employment relations:

- that employment outcomes are fiscally sustainable and respond to the current fiscal context and any current budget advice
- that employment conditions and remuneration settings support a high performing public sector and delivery of effective, efficient, and responsive services
- that the public sector has a workforce that is responsive to the needs of all New Zealanders, and
- that agencies manage their workforce size and composition, including to reduce expenditure on consultants and contractors.

Agencies should be mindful of the expectation that their bargaining strategies should look to proactively advance changes that will better support delivery on the Government's Targets and Priorities.

The Government's expectation is that agencies should seek to deliver all employment relations outcomes, including collective bargaining and remuneration adjustments, from within their existing baselines. Any Budget initiatives seeking additional funding for workforce/bargaining issues should feature early engagement with both the Public Service Commission Te Kawa Mataaho (the Commission), Employment Relations Team and the Treasury. Any such initiatives will be assessed for consistency with the Statement.

### **The Delegation Instrument**

The delegation instrument is attached and replaces any existing delegations.

You will negotiate in accordance with Government policy and expectations, including legislation, and within any guidelines and parameters which the Government may set from time to time. This includes any guidance set by the Commission or any guidance on the fiscal management of remuneration, bargaining or pay equity costs set by The Treasury.

#### *Collective bargaining*

This instrument delegates the Public Service Commissioner's (the Commissioner's) functions and powers to initiate and carry out good faith bargaining for, and to enter into, collective agreements subject to certain conditions. These conditions emphasise expectations for an effective employment relations environment in the public sector that will support the delivery of high performing, trusted and efficient public services.

It is important to note that you are required to have approval for any collective bargaining strategy from the Manager, Workforce and Employment Relations before you commence bargaining. You must consult with the Commission's Employment Relations Team during negotiations and ensure any offer for settlement is approved by the Manager, Workforce and Employment Relations before you sign off on it being presented to the union. You must also consult at the earliest possible stage with the Commission and The Treasury on the management of any cost implications arising from collective bargaining claims (or other proposed remuneration changes).

### *Pay equity*

The instrument also delegates the Commissioner's functions and powers to deal with pay equity claims subject to certain conditions. You will deal with pay equity claims in accordance with the Equal Pay Act 1972, Government policy and expectations, and within any guidelines and parameters which the Government may set from time to time. You will consult with the Commission's Employment Relations Team during the course of any pay equity claim process and pay equity remuneration review process. You must also consult at the earliest possible stage with the Commission and The Treasury on the management of any cost implications arising from Pay Equity claims. The Ministry of Business, Innovation and Employment, as administrator of the legislation is responsible for providing guidance and information to all employers on the provisions of the Equal Pay Act 1972.

For pay equity, the initial bargaining strategy, and settlement bargaining strategy require the approval of the Deputy Chief Executive, Workforce before you commence bargaining. Any proposed pay equity settlement agreement must also be approved by the Deputy Chief Executive, Workforce before you sign it off for presentation to the claimant(s). You will consult at key stages when undertaking a pay equity remuneration review and before confirming the outcome of that review.

The Public Service Act 2020 also requires you to notify me in writing of pay equity claims that have been raised as soon as practicable. Please send any information to the Employment Relations Team at [employmentrelations@publicservice.govt.nz](mailto:employmentrelations@publicservice.govt.nz) and attach a copy of the claim.

### **Support and advice**

The Employment Relations Team will continue to work closely with your team to support you to develop your approach to employment relations to achieve system and agency goals consistent with the Government Expectations. They will advise you should discussion with the Ministerial Employment Relations Forum (MERF) be required on any matter. I expect you to make yourself available for any such discussion.

As always, the Employment Relations Team is available to you for advice and support as required at [employmentrelations@publicservice.govt.nz](mailto:employmentrelations@publicservice.govt.nz).

Nāku noa, nā

Heather Baggott (she/her)  
Te Tumu Whakarae mō Te Kawa Mataaho  
Acting Public Service Commissioner, Head of Service

Attachments:

1. Delegation of Certain Functions and Powers under the Public Service Act 2020
2. Government Workforce Policy Statement



**DELEGATION OF CERTAIN FUNCTIONS AND POWERS UNDER THE PUBLIC SERVICE ACT 2020**

[Designation if relevant and] Chief Executive  
[Agency name]

***Delegation of collective bargaining and pay equity functions***

The Public Service Act 2020, section 78, gives the Public Service Commissioner (the Commissioner) the responsibility to negotiate under the Employment Relations Act 2000 all collective agreements that apply to employees of any department or interdepartmental venture of the Public Service.

The Public Service Act 2020, section 82, gives the Public Service Commissioner (the Commissioner) the responsibility to deal with all pay equity claims, under the Equal Pay Act 1972, made by an employee or employees of a department or an interdepartmental venture, and raised with the chief executive of the department or the board of an interdepartmental venture.

In accordance with section 80 of the Public Service Act 2020, under clause 6 of schedule 3, the Commissioner's functions and powers under section 78 of the Public Service Act 2020 to initiate and carry out good faith bargaining for, and to enter into, collective agreements applicable to employees of the [Agency name] (including any employees who perform the functions or duties or exercise the powers of a departmental agency that [Agency name] hosts) are hereby delegated to the [Designation if relevant and] Chief Executive, [Agency name] (and persons acting in any such positions from time to time).

In accordance with section 84 of the Public Service Act, under clause 6 of schedule 3 of the Public Service Act, the Commissioner's functions and powers under section 82 of the Public Service Act to deal with pay equity claims applicable to employees of the [Agency name] (including any employees who perform the functions or duties or exercise the power of a departmental agency that [Agency name] hosts), are hereby delegated to [Designation if relevant and] Chief Executive, [Agency name] (and persons acting in any such positions from time to time).

You may not further delegate the power to enter into a collective agreement or to deal with pay equity claims without first obtaining my written approval to that delegation. Notwithstanding this, you may (under clause 6 of schedule 3 of the Public Service Act) further delegate to an appropriate employee the power to negotiate a collective agreement on your behalf and/or to deal with a pay equity claim on your behalf. This delegated employee should be present at all formal negotiations and have the authority to agree to a settlement, subject your final sign-off, and any expectations I have set.

This delegation revokes the previous Part A and Part B of the Delegation of Certain Functions and Powers Under the Public Service Act 2020 and comes into effect 7 August 2024.

***Conditions of these delegations for both collective bargaining and pay equity bargaining***

You will negotiate in accordance with Government policy and expectations, and within any guidelines and parameters which the Government may set from time to time or any guidance I may issue, including in relation to pay.

Much of that policy and guidelines is currently set out in the Government Workforce Policy Statement on the Government's Expectations for Employment Relations in the Public Sector.

The Public Service Commission's (Commission's) Employment Relations Team may, on my behalf, advise you of additional specific and relevant policy and guidance which you must comply with. You must also comply with any relevant guidance issued by The Treasury.

It is a condition of this delegation that you will consult with the Employment Relations Team on the preparation of any bargaining strategy and:

- a) Your collective agreement bargaining strategy requires approval from the Manager, Workforce and Employment Relations before you commence bargaining.
- b) You will consult with the Employment Relations Team, and where relevant, The Treasury, during the course of collective agreement negotiations and ensure any offer for settlement is approved by the Commission's Manager, Workforce and Employment Relations before you approve it being presented to the union.
- c) Your initial bargaining strategy and settlement bargaining strategy for any pay equity claims require the approval of the Deputy Chief Executive, Workforce, seeking additional funding from Cabinet (if applicable) and before you commence bargaining. A settlement bargaining strategy must be approved by the Deputy Chief Executive, Workforce.
- d) Any proposed settlement agreement must be approved by the Deputy Chief Executive, Workforce before you sign it off for presentation to the claimant(s), and before you seek approval of any requested drawdown of funding from contingency (if applicable).

I expect any bargaining strategy relating to collective agreements or pay equity to apply the relevant Acts and to include the following matters.

## **1 System goals and priorities**

1.1 How you are contributing to the goals of the Government Workforce Policy Statement (Statement) on the Government's expectations for employment relations in the public sector by advancing an approach in bargaining that:

- i. ensures these goals are achievable and fiscally sustainable and respond to the current fiscal context and any current budget advice
- ii. has employment conditions and remuneration settings supportive of a high performing public sector and delivery of effective, efficient and responsive services
- iii. has a workforce that is responsive to the needs of all New Zealanders
- iv. manages your workforce size and composition, including reducing expenditure on contractors and consultants.

1.2 How your bargaining strategy is consistent with any operational guidance.

1.3 How you intend to collaborate with other departments in bargaining to advance the goals and priorities of the Statement and manage risks and issues in bargaining, including any precedent setting implications arising from your proposed course of action.

## **2 Organisational context**

2.1 Ensure a clear line of sight from your business strategy to your workforce and employment relations strategies to your bargaining strategy and that employment conditions, and remuneration settings, support the achievement of agency and public sector performance objectives and priorities.

2.2 Identify any specific organisational issues that your bargaining strategy is seeking to address.

### **3 Objectives**

- 3.1 Clear objectives and priorities with a rationale for how the objectives link to system and organisational strategies.
- 3.2 How the strategy contributes to an efficient and effective approach to bargaining.

### **4 Fiscal context**

- 4.1 How your bargaining strategy and plan to fund the bargained outcome reflects the Government's fiscal context and any current budget advice or other Treasury guidance.
- 4.2 Clear cost parameters within which bargaining will be conducted and robust costings of any proposed changes to pay and conditions.
- 4.3 How the parameters have taken account of the cost of all adjustments to pay and conditions including progression and performance-based pay costs.
- 4.4 Identify and take into account flow-on implications of settlements, both within and beyond the agency and sector, and have plans in place to manage these.
- 4.5 How you will manage costs within baselines (or within any existing tagged contingency established for bargaining) or manage implications if this is not possible. How you will ensure that any cost is sustainable in the long term.

### **5 Risk Management**

- 5.1 Clear identification and management of risks. For example, not achieving bargaining objectives, loss of capability, diminishing employee engagement, system and precedent risks, likelihood and impact of industrial action, or protracted bargaining.
- 5.2 Strategic and tactical plans for achieving objectives and managing industrial risks.
- 5.3 You will provide, as appropriate, data relating to impacts for employees (including employees directly covered by the collective agreement and employees outside coverage but who are likely to be affected), impacts on remuneration systems (including remuneration ranges, and progression systems), and fiscal impacts, of possible outcomes while bargaining is ongoing, and likely outcomes as bargaining concludes.
- 5.4 You will act in good faith in exercising any of these delegated powers.
- 5.5 On a 'no surprises' basis, I expect early advice of any emerging employment relations issues that may have implications beyond your department.
- 5.6 I expect early engagement and consultation on any matters outside of formal bargaining that have a material effect on pay and conditions of employment. This includes your approach to any annual remuneration review or pay equity remuneration review you undertake.
- 5.7 You should make every effort to complete preparations for bargaining including obtaining this approval by the earliest date bargaining can commence. For collective bargaining, I expect that this process will be completed 60 days before expiry of a current collective agreement.

## **6 The following additional conditions apply for the Pay Equity delegation**

- 6.1 During the course of the pay equity claim process you will consult with or seek approval from the Commission's Employment Relations Team as indicated below:
- i. seek approval when developing your initial bargaining strategy (which sets out how you propose to manage the claim), and the pay equity bargaining process agreement (which sets out the agreement with the claimant(s) about how the claim is to be conducted)
  - ii. seek approval when developing your settlement bargaining strategy which sets out how you propose to negotiate for the pay equity settlement, including the bargaining parameters
  - iii. seek approval when developing the proposed pay equity settlement agreement
  - iv. consult at key stages when undertaking a pay equity remuneration review and before confirming the outcome of that review.
- 6.2 I expect your conclusions and decisions at each of the points outlined above to be supported by sound evidence and analysis.
- 6.3 Your initial bargaining strategy and settlement bargaining strategy for any pay equity claims require the approval of the Deputy Chief Executive, Workforce before you commence bargaining and prior to any contingency being sought from Cabinet (if applicable). A settlement bargaining strategy must be approved by the Deputy Chief Executive, Workforce.
- 6.4 Any proposed settlement agreement must be approved by the Deputy Chief Executive, Workforce before you sign it off for presentation to the claimant(s), and before you seek approval of any requested drawdown of funding from contingency (if applicable).
- 6.5 I expect early engagement and consultation of any of any terms and conditions of employment other than pay being considered as part of a pay equity claim.
- 6.6 I also expect you to be engaged at an early stage, and on an ongoing basis, with the Treasury around the management of the cost arising from Pay Equity claims.
- 6.7 You will deal with a pay equity claim in consultation with any other chief executive of a department or board of an interdepartmental venture, or State sector chief executive, that is also dealing with a pay equity claim for work that is the same or substantially similar.