



<b>Report Title:</b>	<b>Agreement to Lodge the 2024 Government Workforce Policy Statement on Public Sector Employment Relations Cabinet Paper</b>		
<b>Report No:</b>	2024-0202		
<b>Date:</b>	16 July 2024		
<b>To:</b>	Hon Nicola Willis, Minister for the Public Service		
<b>Action Sought:</b>	Agree to lodge attached Cabinet paper	<b>Due Date</b>	18 July 2024
<b>Contact Person:</b>	Sarah Borrell – Chief Adviser Workforce		
<b>Contact No:</b>	9(2)(a) privacy		
<b>Encl:</b>	Yes – Cabinet paper	<b>Priority:</b>	Medium
<b>Security Level:</b>	IN CONFIDENCE		

### Executive Summary

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1. The draft Government Workforce Policy Statement on Public Sector Employment Relations (the Statement) and an updated Cabinet paper are attached for your consideration. These incorporate your direction provided in earlier reports.
2. It is recommended that these are lodged by 18 of July for the Cabinet Expenditure and Regulatory Review Committee (EXP) on 23 July.
3. Note that The Treasury has had input into the communication section of this report.

### Purpose of Report

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4. You have previously agreed to lodge the attached Cabinet paper and draft Statement at the next Cabinet Expenditure and Regulatory Review Committee [2024–0162 refers]. This agreement was subject to progressing Ministerial consultation and making a change to the wording in the allowances clause of the Statement that related to recognising specific skills required.
5. Those two actions have now been taken and this report re-seeks your agreement to lodge the attached Cabinet paper.

### Feedback from Ministerial Consultation

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6. The only feedback received during ministerial consultation was from the NZ Police. No changes are recommended as a result of that feedback.

7. The feedback from NZ Police, and our recommended response is set out below:

NZ Police comment	PSC comment
<p>“Police, as a non-Public Service Department, must “have regard to” the Policy Statement. This means Police does not have to “give effect to” the Policy Statement (although Police negotiations should reflect its content as much as possible). ...</p>	<p>Agree with the NZ Police analysis. No change required.</p>
<p>The Policy Statement requires the costs of employment negotiations to come from within baselines (refer Expectation 1, page 1). This has been challenging for Police .... There are, however, exceptions ... e.g. seeking extra funding through budget processes.</p>	<p>Agree with the NZ Police analysis. No change required.</p>
<p>The Policy Statement requires settlements to include the cost of all adjustments (i.e., Competency Service Increments) and any other changes to conditions.... This is not currently the case for constabulary employees (funding is provided for this separately). This may continue to be an issue in future negotiations. ....</p>	<p>The expectation that settlements are costed on the basis of all adjustments exists to ensure that agencies fully account for the full cost of settlement and for all decisions made to reach settlement.  No change proposed.</p>
<p>The Policy Statement requires management of the size and composition of workforce and the ability to adjust to peaks and demands. This is always difficult for agencies such as Police because of the need to grow our constabulary workforce and the corresponding impacts this has ....</p>	<p>No change proposed.</p>
<p>9(2)(g)(i) free and frank</p>	<p>9(2)(g)(i) free and frank</p> <p>We note that this clause is in place to help emphasise the importance of effective bargaining and to reduce the likelihood of long delays (from employers or unions).  No change proposed.</p>
<p>We recommend that the Policy Statement reference the Health and Safety at Work Act 2025 alongside other legislation on p. 3. ...</p>	<p>The addition is unnecessary. Other legislation is allowed for. We also note that a stronger Health and Safety reference was</p>

	made in the Statement following consultation. [Ref 2024-0020]. No change proposed.
We also recommend that the Policy Statement include the date that it comes into effect.	Agree, but no change required. The last sentence on the Statement provides for this with a date to be included once the Statement is able to be released.

## **Next steps for release of the Statement and communications**

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### *Next steps*

8. As previously advised, the Public Service Act requires that as soon as practical after your approval, the Public Service Commissioner (the Commissioner) must make the Statement known to affected agencies and available to the public. You have previously agreed to this occurring [2024-0020 refers].
9. The delivery of the Statement will be accompanied by an updated letter of delegation for those Public Service chief executives that bargain under delegation from the Commissioner. The Commissioner will also write formally to Crown entities.
10. We will work with your office to set up the first meetings of the Ministerial Employment Relations Forum (MERF).
11. The Public Service Commission, The Treasury, and the Department of Prime Minister and Cabinet are developing advice for the first meetings of this forum. We would recommend that early agendas include a focus on the wider employment relations context for the public sector, including wider remuneration and other cost management approaches and wider industrial relations strategy given high likelihood of industrial action. Both Education and Health sectors are also likely to seek an early engagement with Ministers and could be the subject of a dedicated meeting.

### *Communications*

12. A high-level timeline and communication messages will be provided to you in an aide-memoire to support you to speak to this paper at the EXP committee.
13. These key messages will include reminders for Ministers that most Public Service agencies will be renegotiating one or more collective agreements in 2024/25. Agencies that did not receive funding through Budget 24 are expected to manage these costs through baselines and/or reprioritisation. There will be workforce remuneration pressures for Budget 25 which will be worked through in the Budget strategy. Any initiatives seeking new funding will be assessed for consistency with the Statement.

## **Recommended Action**

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We recommend that you:

- a **note** that we have updated the draft Statement and the draft Cabinet paper to reflect feedback

- b **agree** to lodge the attached Cabinet paper and draft Statement at the next Cabinet Expenditure and Regulatory Review Committee on 23 July 2024

*Agree/disagree*

- c **note** that you have previously agreed that the Commissioner releases the Statement following Cabinet's consideration and the incorporation of your feedback [2024-0020]

- d **agree** that Te Kawa Mataaho Public Service Commission release this briefing in full once the Statement is released

*Agree/disagree.*

Hon Nicola Willis

**Minister for the Public Service**

***IN CONFIDENCE***