Te Kawa Mataaho
Public Service Commission

18 December 2025

9(2)(a) privacy

9(2)(a) privacy

Official Information Request
Our Ref: OIA 2025-0165

I refer to your official information request received on 2 November 2025 for:

- *MoSR 2025-0639 – AIDE MEMOIRE – Update on the Commission's work to improve complaints management process*
- *MoSR 2025-0686 – REPORT – Public Service Amendment Bill – Summary of submissions and minor and technical amendments arising*
- *MoSR 2025-0687 – REPORT – Public Service Amendment Bill – Minor and technical amendment to chief executive interview panels*
- *MoSR 2025-0637 – REPORT – Maintaining controls on public sector expenditure on contractors and consultants*

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1	18 September 2025	MoSR 2025-0639 – AIDE MEMOIRE – Update on the Commission's work to improve complaints management process Public Service	Released in part
2	18 September 2025	MoSR 2025-0686 – REPORT – Public Service Amendment Bill – Summary of submissions and minor and technical amendments arising	Released in part
3	18 September 2025	MoSR 2025-0687 – REPORT – Public Service Amendment Bill – Minor and technical amendment to chief executive interview panels	Released in part

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4	26 September 2025	MoSR 2025-0637 – REPORT – Maintaining controls on public sector expenditure on contractors and consultants	Partially released

I have decided to release the documents listed above, subject to information being withheld under one or more of the following sections of the Official Information Act 1982 (OIA), as applicable:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- section 9(2)(f)(iv) – to maintain the current constitutional conventions protecting the confidentiality of advice tendered by Ministers and officials
- section 9(2)(g)(i) – to maintain the effective conduct of public affairs through the free and frank expression of opinions by or between or to Ministers of the Crown or members of an organisation or officers and employees of any public service agency or organisation in the course of their duty

In making my decision, I have considered the public interest considerations in section 9(1) of the OIA.

If you wish to discuss this decision with us, please feel free to contact Enquiries@publicservice.govt.nz.

You have the right to seek an investigation and review by the Ombudsman of this decision. Information about how to make a complaint is available at www.ombudsman.parliament.nz or freephone 0800 802 602.

Please note that we intend to publish this letter (with your personal details removed) on the Te Kawa Mataaho Public Service Commission's website.

Yours sincerely

Nicky Dirks
Manager – Ministerial and Executive Services
Te Kawa Mataaho Public Service Commission

AIDE-MEMOIRE

Te Kawa Mataaho
Public Service Commission

AIDE MEMOIRE Title:	Update on the Commission's work to improve complaints management processes		
Reference Number:	**MoSR 2025-0639**		
Date:	**18 September 2025**		
To:	**Hon Judith Collins KC, Minister for the Public Service**		
Contact:	Victoria Girling, Manager, Strategy, Policy and Integrity, 9(2)(a) privacy		
Encl:	Yes (attachments x3)	**Priority:**	Low
Security Level:	**IN CONFIDENCE**		

Purpose	This aide memoire updates you on the Commission's work to improve complaints management processes across the Public Service
Minister	Hon Judith Collins KC, Minister for the Public Service
Key points	We have provided advice on actions to strengthen integrity and tackle corruption in the public sector (MoSR 2025-0373). One of the focus areas was to improve complaints management within agencies. In early August, we advised that one of the actions to achieve this would be reissuing the Commissioner's Speaking up model standards with 'Your Complaint, Your Rights' which sets out complainants' rights and what they can expect from their agency when they make a complaint. The Commissioner's Speaking Up model standards have been strengthened and set the expectation that any form of bullying, harassment, or discrimination (including sexual harassment) is not acceptable in the Public Service. 'Your Complaint, Your Rights' is focussed on what a complainant needs to know and supplements the standards by reinforcing the expectations on agencies. This reflects the Commission's commitment to ensuring complainants are appropriately supported and protected throughout the process. As well as a focus on best practice, this work has been informed by: - consultation feedback on 'Your Complaint, Your Rights' - learnings from relevant Commission investigations - Public Service Census 2025 results on speaking up about wrongdoing and bullying, harassment and discrimination. Three key areas of improvement are: - it is now clear what is meant by 'regular communication'. Complainants can expect to be updated regularly at intervals agreed with them and generally at least once a month (this includes an update when no progress has been made). - the Commissioner has set an expectation that agencies consider providing legal support to complainants in specific circumstances (i.e. for complaints of serious

misconduct, such as sexual harassment, where there is there is a significant imbalance in seniority, power, resources or influence; or the complaint is particularly complex or serious in nature).

- the ability for complainants to escalate their concerns outside of their agency has been made more explicit, and the Commission website will now also provide contact information for key external bodies.

On release, the Commissioner will write to relevant public service leaders communicating the strengthened expectations and what this means for agencies to ensure the updates are well understood and embedded. In early October, we are also hosting a collaborative session with chief executives focussed on workplace culture and the barriers to a speaking up. There will also be a dedicated session with the Integrity Champions network on speaking up and complaints management in November, given their role to educate and raise awareness of matters of integrity and conduct within their agencies.

As previously advised, we are providing you with copies of the Speaking Up model standards and 'Your Complaint, Your Rights' in advance of their release next Friday, 26 September 2025. Also attached is a draft media statement for your consideration.

Noted

Hon Judith Collins KC
Minister for the Public Service

> Any form of wrongdoing in the workplace is unacceptable and will not be tolerated in the Public Service. I want to assure any public servant that they can speak up about wrongdoing without fear of punishment or reprisal. This is really important to me and I expect agencies to uphold these standards, take all allegations of wrongdoing seriously, and keep you safe.
>
> Sir Brian Roche, Te Tumu Whakarae Mō Te Kawa Mataaho | Public Service Commissioner

New Zealand is held in high regard for the standards of honesty, openness, transparency and integrity in the public sector, but our reputation depends upon our ability to build and maintain a culture that promotes speaking up about wrongdoing.

Good policies and processes that encourage staff to speak up about possible wrongdoing are vital for maintaining the integrity of our public sector.

These model standards outline the Public Service Commissioner's minimum expectations for organisations to support staff who speak up in relation to wrongdoing (i.e. concerns about behaviour that could damage the integrity of the public sector). They comprise all the key elements for promoting a 'speak up' culture, operating good processes including timely investigations, and keeping people safe from reprisals or other detrimental impacts.

These are the standards expected of all organisations within the public sector[1] - organisations will determine whether additional policies and processes are required. 'Your Complaint, Your Rights' supplements these standards by reinforcing the expectations of agencies while focussing on what a complainant needs to know. All public sector organisations should ensure that these standards, and 'Your Complaint, Your Rights', are integrated into policies and processes for reporting wrongdoing within their Human Resource, Employment Relations, and operational management systems.

[1] For the purposes of these model standards "public sector" refers to the organisations these model standards have been issued to as set out in section 19(1) of the Public Service Act 2020, excluding school boards and Crown entity subsidiaries.

Te korahi o ngā paerewa

Scope of the standards

These standards outline expectations on public sector organisations to support effective reporting and managing of wrongdoing concerns. Reporting information is key to identifying and managing wrongdoing. Staff need to feel confident that wrongdoing concerns will be taken seriously.

There are three key elements to these standards:

1. **Getting the foundations right from the start**: organisational commitment to leadership, raising awareness, and supporting staff and managers through regular communication and training.
2. **Making sure processes are robust:** taking concerns seriously when they are raised by ensuring systems are in place for monitoring, reporting, investigation, and effectively communicating with those involved in a report or disclosure.
3. **Keeping people safe:** ensure they can feel safe in making reports, trust that organisations will act upon them, and ensure that organisations provide tailored and dedicated support and protections to staff to keep them safe from reprisal.

These standards cover all wrongdoing. Some forms of wrongdoing will be 'serious wrongdoing' under the Protected Disclosures (Protection of Whistleblowers) Act 2022 and reports may therefore need to be treated as protected disclosures. The Act sets out additional requirements for any organisation dealing with protected disclosures, including timely processes and careful safeguarding of the discloser's identity.

Under the Act public sector organisations must have appropriate internal procedures which:

- set out a process for the organisation to follow as the receiver of a protected disclosure
- identify who in the organisation a protected disclosure may be made to
- describe the protections available under the Act and how the organisation will provide practical assistance and advice to disclosers
- are published widely and republished at regular intervals.

For more information see Te Kawa Mataaho Public Service Commission website Protected Disclosures (Protection of Whistleblowers) Act 2022 and the Office of the Ombudsman.

Getting the foundations right from the start

Organisation commitment, leadership and culture

Research tells us that organisational culture, tone from the top, level of awareness, processes, support and protection are critical in determining whether people will raise concerns about wrongdoing.

Organisations need to enable people to raise concerns in any circumstances and through whichever channel they feel most comfortable with, even where they may be uncertain or lack evidence to support their concerns.

People must be able to raise their concerns regardless of whether they are sure it meets the standard of a protected disclosure.

Model standards:

- Organisations need a clear statement from senior leadership of their commitment and expectations to enable reporting of wrongdoing. This should clearly state what can be reported.
- There will be procedures in all organisations for receiving and managing concerns of wrongdoing through at least the channels set out below.
- The processes in place mean that any concern raised is considered for its potential as a protected disclosure.

Informal	• I can ask a question or speak privately to someone I trust in the organisation. I can raise a question in an open forum, such as at a team meeting or staff talk.
Through the line	• I can discuss an issue or make a formal complaint to a manager or supervisor.
Directly to the Chief Executive	• I can raise any concerns about possible wrongdoing directly with the chief executive.
Protected Disclosure	• I can talk to a designated impartial person within the organisation who is independent of the possible wrongdoing. I can also talk to a range of external authorities about a protected disclosure.
External escalation	• I can also raise concerns about possible wrongdoing with an external agency (such as the Ombudsman, Auditor-General, or monitoring agency) if other avenues have been exhausted and I am still concerned, or if following internal procedure is not safe.

Training and awareness

It is important that people have access to good training and information that is regularly reviewed and updated so that they know what to do, or where to look, if they have a concern about wrongdoing in the public sector.

Policies and procedures for raising concerns or making a complaint are supported by having designated people and mechanisms for staff to discuss their concerns or report wrongdoing in the way that they feel most comfortable.

Model standards:

- There are internal policies and processes readily available for people to access, including reference to these model standards and Your Complaints, Your Rights.
- Training on reporting is covered at inductions as well as at regular intervals after this, particularly following any changes to policies or procedures.
- Training for managers includes receiving and dealing with conflicts, complaints, protected disclosures, and identifying 'red flags'.
- There is a designated person or team that people can talk to about any concerns of wrongdoing.
- There are provisions in place to ensure that any manager or supervisor can appropriately respond to a concern or report of wrongdoing that is raised with them.
- All concerns reported to organisations are assessed and acted on in a timely way.

Making sure processes are robust

Roles, responsibilities and accountability

Processes need to be robust, well understood by all staff, and fit together as a whole. Integrating processes for receiving and managing reports will support timely and appropriate resolution.

Impartiality

Impartiality is of the highest priority in considering and investigating concerns about wrongdoing.

Confidentiality

Staff have a responsibility to speak up where they see possible wrongdoing. In all cases, organisations must protect the confidentiality of people who raise concerns as far as is reasonably possible and take steps to safeguard their welfare during and after the reporting process.

Taking concerns seriously

Organisations have a responsibility to take all concerns raised seriously and to provide mechanisms for people to raise concerns in whichever way they are most comfortable. Reports of wrongdoing are best managed as soon as possible after they are reported. This means ensuring that people who report concerns are aware of their rights and obligations and includes the availability of, and processes for contacting, external authorities.

Model standards:

- There is appropriate separation of duties and well defined roles that underpin organisations' processes.
- There is a statement of commitment and processes to protect the confidentiality of people who raise concerns.
- Where it may not be possible to retain confidentiality, organisations communicate with the person who raised the concern and provide appropriate support.
- There are clear and documented responsibilities and actions for management and senior staff receiving and dealing proportionately with disclosures or allegations of wrongdoing.
- There are processes and channels to enable people to raise concerns of wrongdoing without prejudice or risk of reprisal.
- Any risk to people involved in a complaint or disclosure is assessed from the time the concern is first raised.
- There is tailored dedicated support available in each case.
- Organisations treat all wrongdoing concerns seriously, in confidence, with protections as far as is reasonably possible.

Expectations

People who disclose suspicions of wrongdoing should act in good faith and use their best judgement. They should alert organisations if they feel they have been retaliated against.

Reports assessed as being a protected disclosure

For concerns raised about serious wrongdoing, organisations are obliged to process disclosures in accordance with the Protected Disclosures (Protection of Whistleblowers) Act 2022 including treating disclosures confidentially. Where it becomes necessary to disclose a person's identity in situations as defined in the Act, the person must be consulted (where practicable in some cases) and organisations should provide appropriate support to the person.

Processes, channels and entry points

There should be multiple channels through which people can raise concerns of wrongdoing – this includes from the most informal, through to ensuring that staff can contact the chief executive directly.[2]

Informal	• Do teams have regular meetings to discuss their concerns? • Are there opportunities at staff days or forums for people to speak without their managers?
Through the line	• Do your managers make time for staff to raise concerns? • Do you have a designated person in your organisation as an alternative to a line manager?
Directly to the Chief Executive	• Do you have a dedicated place or channel for staff to raise concerns directly with the chief executive in a confidential and secure way?
Protected Disclosure	• Do you have a designated person and processes where staff can lodge a protected disclosure? • Can staff find information on appropriate authorities they can contact and how?
External escalation	• Do you have clear information available to staff about external avenues to raise or escalate their concerns?

[2] Organisational policies also need to identify how people can raise wrongdoing concerns that relate to the chief executive. The appropriate channel for raising such a concern will differ depending on the nature of the agency. Raising the concern with a statutory deputy, a board chair, a monitoring agency or the Public Service Commissioner are all possible options. Where the concern relates to serious wrongdoing, the discloser can approach an appropriate authority under the Protected Disclosures (Protection of Whistleblowers) Act.

Making a report

It is important that people understand how their concerns will be treated and what to expect once they have raised them, regardless of the channel used.

People reporting a concern should be kept informed regularly, at reasonable intervals agreed between parties, and generally at least once a month. This will include providing updates when no progress has been made. Keeping people informed regularly supports greater trust in the process.

People must be able to make reports anonymously and raise concerns at the level they are comfortable with.

Trust in the process

For policies on reporting wrongdoing to be successful, people must be able to trust in organisational processes. Policies detail the steps to be taken and what will happen on receipt of information.

Model standards:

- There are clear processes for addressing concerns according to each channel.
- Organisations communicate clearly and regularly with people to ensure that they understand what will happen once their concerns have been assessed.
- There are procedures to enable people to make anonymous reports, regardless of the nature or level of report.
- Policies include assessing any risk of reprisal, repercussion, or adverse impacts to anyone from the first report or disclosure, especially to the person making the report.
- Appropriate external contacts are available to people as points of escalation and support as appropriate.
- When a report is made about serious criminal activity, organisations will immediately report the matter to the Police or the Serious Fraud Office.

The Protected Disclosures (Protection of Whistleblowers) Act 2022 sets out guidance for the receiver of a protected disclosure. The Ombudsman has also issued guidance on this: Guidance for receivers | Ombudsman New Zealand.

People making a report may choose to take their concerns to external organisations or regulatory bodies.

Assessing and investigating reports

Investigation and resolution

An investigation may not be required in every situation and concerns raised should be resolved at lowest appropriate level. Once an organisation decides that an investigation is warranted, good communication is essential. Having the right people to look into concerns of wrongdoing is critical to upholding the trust and confidence that people place in the public sector's systems and organisations.

In the interests of natural justice, organisations should provide time for people affected or implicated in a report to respond to any allegations. Organisations may need to manage communication to multiple parties throughout the process of investigating reports of wrongdoing. Organisations must ensure a fair and impartial process that results in fair and reasonable outcomes. It may not be appropriate to share the outcome or resolution in every case.

Additional guidance on responding to concerns and supporting safe organisational cultures that encourage speaking up can be found in the Positive and Safe Workplaces model standards.

Model standards:

- Clear timeframes and terms of reference, if appropriate, are developed and shared as soon as practicable.
- People who do the investigations are skilled, experienced, and independent from the matter reported.
- Any person/people implicated in a report of wrongdoing will be provided with information about the investigation and the opportunity to respond to evidence or findings at an appropriate time, in accordance with all relevant legal considerations.
- The person who raised the issue is regularly updated and communicated with throughout the investigation through a dedicated support person and management are informed as appropriate.
- Organisations also communicate effectively with others outside the organisation who may need to be informed or provide support.
- Organisations specify who will make any decisions on investigation findings, how decisions are reached, and ensure that the resolutions and actions are fair and reasonable.

Monitoring and documentation

Organisations' ability to understand the nature of complaints, reports, and disclosures relies on their ability to track and monitor any risks or trends and to learn from them. This requires a centralised approach to manage and oversee concerns raised and responses to them, particularly where different aspects are being dealt with by different people. Centralised tracking and monitoring requires that managers, supervisors or other designated people to whom disclosures are made are able to log and provide auditable details.

Model standards:

- All reports of potential wrongdoing are centrally recorded and organisations have designated persons who are responsible for all tracking, monitoring, and reporting all cases of potential wrongdoing to senior leadership.
- Reports and disclosures are included in agency risk management programmes and reporting, including any internal or external risk and assurance committees.
- There are training programmes and systems in place to enable centralised tracking, monitoring, auditing practices and continuous improvement.

Keeping people safe

Types of support

Supporting and protecting people if they are concerned about possible wrongdoing is a vital part of the system. People must be able to raise any concerns, no matter how big or small, without fear of punishment or reprisal. They must be able to access dedicated and tailored support in addition to Employee Assistance Programmes (EAP), local welfare or support services, unions and service organisations. Union delegates may become aware of union members reporting wrongdoing concerns and provide appropriate support.

Model standards:

- There is a range of standard and tailored support available to people and mechanisms in place for communicating what support is available, and how it can be accessed at any time (including funded legal support where appropriate).
- Training as a support person is provided to union delegates where possible. Clear timeframes and terms of reference, if appropriate, are developed and shared as soon as practicable.

For complaints of serious misconduct, such as sexual harassment, funded independent legal advice may be provided to complainants in limited circumstances. This could include where there is a significant imbalance, between complainant and respondent, in seniority, resources, influence or power; or when the complaint is particularly complex or serious in nature.

Plan for support

In order to provide the right support early, the risk of detrimental impact should be assessed from the time a concern is first raised. People who report concerns of wrongdoing are informed of their rights and obligations from the start of a concern being raised and are communicated with constantly throughout the process. This should include providing them with Your Complaint, Your Rights which supplements these model standards and sets out what a complainant can expect when making a complaint of bullying, harassment, or discrimination to their workplace.

Model standards:

- There are active risk assessment strategies in place, enabled by a designated support person who is able to respond and take action where risks are identified.
- Designated support is provided from time a concern is first raised, is managed and monitored constantly, and is available for as long as required.
- There is a designated person to communicate with the person who raised the concern. This includes a debriefing following a resolution being reached to ensure that they understand what the outcomes are and why.

Remediation – individuals and agencies

Protecting people from reprisal and repercussion is vital to ensuring trust in the system. If a person does experience repercussions then organisations need to be able to respond appropriately.

Model standards:

- Organisations take immediate action to keep the person safe and work with them to provide any remediation that may be appropriate, including transfer to a new role, or other physical protection.
- The experience of the person who raised the concern is monitored throughout and after the process.
- There are processes that support making acknowledgements, sharing lessons learned, and making apologies when appropriate.
- Where a person has been disadvantaged in any way, there are procedures in place to appropriately remedy and apologise.

Cross-agency work

It is important that the public sector can work in a modern, flexible and adaptive way, including through the flexible transfer of skills and people between agencies (for example, through secondments or informal arrangements to support short-term projects).

When a person participates in cross-agency work, their employer needs to ensure that the ordinary channels for raising a concern about wrongdoing remain open to that person. Supporting and protecting a person who has raised a concern remains the responsibility of the home agency.

Agency procedures for managing wrongdoing concerns need to recognise that a concern may be raised about someone who is not employed by the agency. In that situation, multiple agencies may have obligations to the people involved.

As far as is reasonably practicable, the affected agencies should consult, co-operate with, and co-ordinate their activities in responding to the concern. Confidentiality constraints need to be discussed at the outset with the person raising the concern. This will affect the options for resolution that are available. If more than one agency does become involved, then the agencies need to reach an agreement as to who will be responsible for what. Good communication and documentation are essential throughout.

It is important that the people who do the investigation are independent from the matter reported. In some instances, it may be appropriate to engage an investigator who is independent of the agencies involved.

Your Complaint, Your Rights

Te Kawa Mataaho
Public Service Commission

Your Complaint, Your Rights outlines your rights if you want to make a complaint about bullying, harassment, or discrimination in your public sector workplace. It supplements the Speaking Up model standards and summarises your rights so they are clear and easy to understand. When your rights are recognised and upheld, it helps reduce the risk of harm during the complaints process.

You have the right to be treated with respect

- ✓ You will be treated with respect and dignity.
- ✓ Your complaint will be taken seriously.

You have the right to be kept safe at work

- ✓ You will have a safe working environment throughout the complaint process.
- ✓ Your organisation will work with you to identify and manage any risks to your safety or welfare in the workplace. This includes risks related to contact with the person or people complained about (the respondent/s) and protection from any reprisals.

You have the right to have your complaint managed with care

- ✓ Your complaint will be managed in an impartial and non-judgmental way, with sensitivity and discretion.
- ✓ Your complaint will be managed with care, by people with the appropriate level of skill or training to handle your complaint. Where possible, the people managing your complaint will remain the same.
- ✓ Your complaint will be managed in a timely way. Timeliness will depend on the nature of the complaint and the process being followed.

You have the right to effective and regular communication

- ✓ All information given to you must be clear and use language that is easy to understand.
- ✓ You will be kept informed of progress in managing your complaint, at reasonable intervals agreed with you, and generally at least once a month. This will include next steps in the process and their timing, and an update when no progress has been made.

Be aware that progress updates might not include details about the information gathered.

This will depend on nature of the information and the nature and stage of the process.

You have the right to be fully informed about the complaint process

✓ Your organisation will have clear information available to all staff about:

- The available ways to **make** your complaint. Internally, these may include through line management, human resources, union representatives, and directly to the chief executive.
- How to make a protected disclosure as well as external complaint avenues available.
- The available options for **responding** to and managing your complaint. These may be internal options, ranging from facilitated conversations to formal investigations; and external options, such as mediation and MBIE's early resolution service.

✓ You will be provided with a full and clear explanation of:

- How your organisation decides which approach will be taken to manage your complaint, including your role and involvement in that decision. This will include an explanation of the available options and the potential outcomes of each.
- The process your organisation settles on, and intends to follow, in managing your complaint.
- How information about your complaint will be stored and who it will be shared with.

✓ You will receive appropriate and timely information about the outcome of your complaint.

Be aware that it may not be appropriate to share details of the outcome or resolution in every case.

Privacy and confidentiality

Your privacy and confidentiality will be protected, as far as is reasonably possible. The limits of confidentiality will be explained to you.

If you have particular privacy concerns and ask your agency to restrict access to your complaint even further, this may impact:

- the timeliness of your organisation's response (if there are fewer people who can access the information)
- your organisation's ability to make connections between complaints and learn from your case
- your organisation's ability to take appropriate steps or investigate at all (if they are unable to put the concerns to the respondent without identifying you).

You have the right to an appropriate level of support

- ✓ You are entitled to have a support person present at any stage of the complaints process.
- ✓ You will be provided with non-judgmental support from your manager or other suitable person in relation to both your work and your complaint.
- ✓ You will be told about any tailored or standard support that is available to you and how you can access it. This may include being offered counselling or other support services from a suitably qualified person who can meet your identified needs.

Legal support

For complaints of serious misconduct, such as sexual harassment, support may include independent legal support paid for by your agency to help you through the complaint process. This will only be provided in limited circumstances at the discretion of your agency. This could include where:

- there is a significant imbalance, between you and the respondent, in seniority, power, resources or influence; or
- the complaint is particularly complex or serious in nature.

Be aware that legal costs will likely be subject to pre-approved caps or other financial limitations.

Be aware funded legal support would not generally cover complaints or grievances about your organisation, its acts or omissions, or management of your complaint.

Other things you should know

Who is this guide for

Your Complaint, Your Rights is for anyone making a complaint about bullying, harassment or discrimination in their public sector workplace. As this supplements the Speaking Up model standards, "public sector" has the same meaning as set out in those standards.

Your organisation must be fair to all

It is important for you to understand that your organisation must be fair to all, including the respondent. Your organisation must act fairly and impartially when dealing with them, so at the appropriate point the respondent may need to be told about the concerns in sufficient detail to enable a genuine opportunity to respond. This may mean you will be asked to provide further information and asked questions about your experience.

This fairness-to-all requirement is also the reason why there are some restrictions on if and when information can be provided to you. You may also be asked to limit who you share information with beyond your support person and/or legal advisor to protect the integrity of the process and the privacy of the respondent.

Where to find more detailed information

This guide supports your organisation's policies on [**agency to insert relevant internal policies and procedures in relation to protected disclosures and wider speaking up**]. If you wish to speak to someone in your agency about any of these, you can reach out to [**agency to insert**].

If you are making a complaint about sexual harassment, there is a list of external places to raise your complaint or seek support on the Public Service Commission's website [**PSC to add link**].

This guide also reflects the Public Service Commissioner's model standards about Speaking Up and Positive and Safe Workplaces.

Raising concerns about how your complaint has been managed

If you feel your rights are not being, or have not been, upheld in the consideration of your complaint, then you can raise the matter through your organisation's internal complaints process in the first instance. The details are here [**agency to insert**].

The Ombudsman can consider complaints about a public sector organisation's handling of a complaint or protected disclosure. They can also give confidential guidance about making a protected disclosure under the Protected Disclosures (Protection of Whistleblowers) Act 2022. In limited circumstances, the Public Service Commission may also be able to consider concerns about how your complaint was handled by your workplace.

The Privacy Commissioner can receive complaints about the way personal information has been handled.

Report Title:	**Public Service Amendment Bill - Summary of submissions and minor and technical amendments arising**		
Report No:	**MOSR 2025-0686**		
Date:	**18 September 2025**		
To:	**Hon Judith Collins KC, Minister for the Public Service**		
Action Sought:	Agree to a range of minor and technical amendments to the Bill arising from submissions and further analysis	**Due Date**	**26 September 2025**
Contact Person:	**Callum Butler, Manager – Strategy, Policy and Integrity**		
Contact No:	9(2)(a) privacy		
Encl:	No	**Priority:**	**High** (responds to Select Committee timeframe)
Security Level:	**IN CONFIDENCE**		

Purpose of the Report

1. This report provides you with a summary of submissions on the Public Service Amendment Bill (the Bill). It seeks decisions on a small number of potential changes in response to these submissions that may be consistent with your policy intention and mandate to make minor and technical changes.

2. It should be read in conjunction with *MoSR 2025-0687*, which proposes an extension to an existing amendment to more efficiently provide for the option of including existing public service chief executives on chief executive interview panels.

Executive Summary

3. We are in the process of analysing submissions on the Bill and expect to deliver our Departmental Report to the Governance and Administration Committee (the Committee) in early October. Of 93 submitters on the Bill, 6 were in support, 67 opposed, and 18 either partially supported or did not have a discernible position. Key themes expressed in submissions to date have included:

   a) concern that the Bill does not provide for the public service to maintain a focus on the long-term public interest (in light of the removal of terms from the purpose statement and the consolidation of long-term insights briefings);

   b) concern that the Bill may undermine political neutrality or increase politicisation of the public service or its leaders (This is based on: the removal of provisions allowing for the re-appointment of chief executives without a contestable process, the requirements for a performance framework and consultation with relevant Ministers when the Commissioner is reviewing chief executive performance, the proposals to designate 'key positions' across the public service and give the Commissioner a role in these

appointments, and the proposal to ensure members of the Policy Advisory Group in the Department of Prime Minister and Cabinet can be appointed for fixed-terms.);

c) opposition to removal of diversity and inclusion-related provisions (50% of submitters) and removal of provisions recognising the importance of pay equity and freedom from bias in remuneration (22% of submitters).

4. While there were no significant changes proposed in submissions that we consider consistent with your policy intention, there is a small number of minor or technical changes that could improve the Bill and respond to some of the views of submitters. If you are comfortable with these, we would recommend them in our departmental report and work with the Parliamentary Counsel Office on the specific drafting.

Recommended Action

We recommend you note the contents of this report; and

a **agree** to amend the Public Service Amendment Bill to provide that:

i	9(2)(f)(iv) confidentiality of advice	*Agree/ disagree*
ii	9(2)(f)(iv) confidentiality of advice	*Agree/ disagree*
iii	provisions in the Bill relating to the preparation of the long-term insights briefing will have a commencement date of 1 June 2026;	*Agree/ disagree*
iv	the Commissioner must set minimum standards of integrity and conduct in relation to the public service principles and values (and may set them for other integrity matters);	*Agree/ disagree*
v	the Commissioner, when considering whether to issue a direction to restrict or prohibit the use of a product, service, or vendor by the public service to manage risk to national security or the national interest, must have regard to the impact on relevant agencies or individuals working in those agencies, rather than all potential users of that product or service;	*Agree/ disagree*
vi	should the Public Service Commissioner undertake a review of the New Zealand Police under the proposed performance improvement review provisions, this review must be limited to the functions listed in section 16(1) of the Policing Act 2008; and	*Agree/ disagree*

b **agree** not to amend the Public Service Amendment Bill to require consideration of whether minimum standards of integrity and conduct should be applied to third-party providers via contracts for services but explore further provision for this in expectations or guidance.

Agree/ disagree

Hon Judith Collins KC
Minister for the Public Service

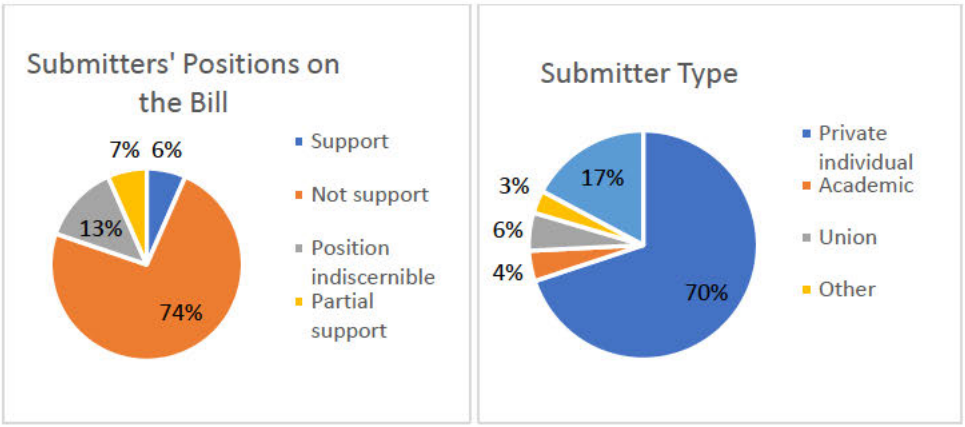
Background

5. The Bill received its first reading on 31 July and was referred to the Governance and Administration Committee (the Committee). Submissions opened on 1 August and closed 31 August. We presented our Initial Briefing to the Committee on 13 August, which is working to the following indicative timeline (though we understand from your office that the Bill will now not receive its second reading until 2026).

Timeframe	Milestone
17 September	Oral submissions
15 October	Consideration of Departmental Report
5 & 12 November	Consider revision-tracked version of the Bill and commentary
19 November	Deliberation
1 December	Final Report to the House

Overview of submissions

6. There were 93 submitters on the Bill, of which 69 were individuals and 24 were organisations or groups. There were no significant 'pro-forma' submissions, although some key text from organisational submissions was replicated in those of individuals. Six submitters clearly supported the Bill, while 67 did not, with six partially supporting, and 12 not expressing a discernible position on the Bill as a whole.



7. Particularly detailed submissions were received from the New Zealand Law Society, Hāpai Public Institute of Public Professionals Aotearoa New Zealand (previously known as IPANZ), the New Zealand Public Service Association Te Pukenga Here Tikanga Mahi (PSA), Business New Zealand, the Human Rights Commission (Te Kahui Tika Tangata), Jonathon Boston (Professor of Public Policy - Victoria University of Wellington), and David Wilson (Clerk of the House of Representatives).

Initial analysis of the submissions

8. We will provide a full analysis of submissions (and our advice to the Committee on those submissions) when we provide you with a draft of the Departmental Report for your information in early October. However, key themes are set out below:

Emphasis on the long-term public interest

9. Many submitters (approximately 35%) expressed concern about how well the Bill provides for the public service to maintain a focus on the long-term public interest. This was particularly in relation to:

   a) the proposal to remove the phrases "supports the Government to pursue the long-term public interest" and "enables both the current Government and successive governments" from the purpose statement for the public service; and

   b) the provisions streamlining long-term insights briefings (LTIBs) into a single briefing provided by the Department of Prime Minister and Cabinet (DPMC).

10. Generally submitters felt these changes would reduce the positive expectation or emphasis on the public service to think about, plan for, or advise on long-term and emerging issues (such as technology change, climate change, or other strategic and geo-political trends) and inter-generational interests. In particular, the **Clerk of the House has submitted on the LTIB provisions**, recommending that individual agency briefings be retained (albeit with stronger coordination by a central agency) in order to facilitate Parliamentary scrutiny of the Executive (see specific discussion below).

Political neutrality and free and frank advice

11. Twenty-five submitters (approximately 27%) emphasised the importance of a politically neutral public service and/or raised concerns that the Bill may undermine political neutrality or increase politicisation of the public service or its leaders. While these views were sometimes linked to changes to the purpose statement discussed above (and in relation to active citizenship), they were also linked to:

   a) the removal of provisions allowing for the option of re-appointing chief executives (CEs) without a contestable process;

   b) the requirements for a performance framework and consultation of relevant Ministers when the Commissioner is reviewing CE performance;

   c) the proposals to designate 'key positions' across the public service and give the Commissioner a role in these appointments; and

   d) the proposal to ensure that members of the Policy Advisory Group in DPMC can be appointed for a fixed-term.

Diversity, equity and inclusion

12. Approximately 51% of submitters commented on the proposed repeal of provisions related to diversity and inclusion. While three supported the removal of these provisions, the vast majority opposed them. Generally speaking, these submissions asserted that the existing requirement on chief executives to be guided by the idea that the public service should reflect the make-up of society is a justified provision, necessary to correct unconscious biases against minority groups and improve fairness and integrity in public service activity. Many argued that such provisions are consistent with the principle of merit-based appointments, and some argued that removing it would be inconsistent with the Crown's obligations under the Treaty of Waitangi and international conventions.

13. Approximately 20 submitters (22%) opposed the removal of the requirement for provisions in employment policies recognising the importance of pay equity and freedom from bias in remuneration. These comments tended to suggest that removal of these requirements would reduce emphasis or have a negative signalling effect on the Government's

commitment to equal pay or pay equity claims. They also argued that such provisions were necessary to mitigate existing gender bias and that their removal will reduce gender equity in the public service.

Treaty of Waitangi obligations

14. In addition to comments about diversity and inclusion, five submitters argued that the Bill in general will undermine the Crown's ability to meet its obligations under the Treaty of Waitangi and have a disproportionately negative impact on Māori.

Amendments you may wish to consider

15. There were no significant changes proposed in submissions that we consider are consistent with your policy intention. However, there is a small number of minor or technical changes proposed that we recommend you consider in response to some of the views of submitters. Where you are comfortable with these changes, we would recommend them to the Committee in our departmental report.

9(2)(f)(iv) confidentiality of advice

[redacted]

9(2)(f)(iv) confidentiality of advice

[redacted]

9(2)(f)(iv) confidentiality of advice

[redacted]

Aligning the timeframe for delivery of the long-term insights briefing

22. Currently, the Bill requires DPMC to provide the LTIB to the Prime Minister and Minister for the Public Service at least once in every three-year period beginning on the commencement date of Bill. If the second and third reading stages of the Bill are undertaken promptly when Parliament resumes in 2026, the commencement date for both the Bill and the three-year period could be anytime from mid-February onwards.

23. We have recently discussed this issue in more detail with DPMC and are mindful of the Standing Orders Committee's preference for LTIBs not to be presented close to an election, lest they unduly influence the outcome of that election. At the same time, no commencement timeframe is future-proof given the potential for variation in election timeframes or snap elections over time. In addition, LTIBs are arguably supposed to stimulate public debate, so we do not consider they should be tied too explicitly to the electoral cycle.

24. On balance, we **propose that 1 June 2026 would be the most robust commencement date** for these provisions, as it:

    a) clearly separates the current process from the upcoming requirements of the Bill;

    b) provides some contingency time/room to adjust given the current timing of the electoral cycle (in that delivery of a report mid-cycle would fall around the end of 2027, but could be brought forward or pushed back to deal with variations in the timing for the return of the writ at the next election).

Clarifying the Commissioner's mandate to set minimum standards of integrity and conduct

25. Currently, the Bill as drafted amends the mandate of the Commissioner under the Act by providing that they **must** set minimum standards of integrity and conduct, which **may** relate to the public service principles or the public service values. Trust Democracy NZ points out in their submission that this drafting is confusing, and that mandatory standards on the principles or values should be a minimum requirement. We are also conscious that there may be other integrity matters not comprehensively related to the principles or values that the Commissioner would need to provide standards for in order to maintain public trust and confidence in government.

26. For this reason, we **propose to amend this clause** to provide that the Commissioner **must** set minimum standards of integrity and conduct in relation to the public service principles and values, and **may** set such standards for other integrity and conduct matters.

Clarification to the direction power to restrict or prohibit products, services, or vendors

27. Under the Bill as currently drafted, the Commissioner must have regard to a number of considerations before issuing a direction that restricts or prohibits the use of a particular product, service, or vendor by the public service in order to manage risks to national security or the national interest. One of these considerations includes "*the effect of the direction on the **users** of the vendor, service, or product….*".

28. When this consideration was drafted, we had contemplated it applying (as per the wider direction) only to public service 'users' of the product, service, or vendor. However, given the breadth of the other considerations in clause 5C(4), it is likely it would be interpreted widely as **all** users (i.e., including private and community users).

29. We are concerned it would be practically challenging to determine the follow-on implications of a prohibition for non-public service users, and do not consider such impacts should have the same weight in the decision as other specified matters (such as the nature and extent of the risk to national security). The Commissioner could also still choose to consider this factor under the discretion given to them in this clause.

30. As such, we propose to clarify that this consideration relates to the impact on relevant agencies (which are defined in the Bill) or individuals working in those agencies.

Clarifying the application of Performance Improvement Reviews to Police functions

31. The Bill currently provides a new, more specific mandate in Schedule 3 of the Act for the Commissioner to undertake agency and system performance improvement reviews. In addition to public service agencies, it applies this mandate to the non-public service departments (New Zealand Police, the New Zealand Defence Force, and the Parliamentary Counsel Office) on the basis that the Commissioner could usefully review the overall performance of such agencies without threatening their strategic separation from the public service.

32. However, we are conscious that section 100 of the Policing Act 2008 specifically clarifies that any review of Police undertaken by the Commissioner under the current mandate (clause 5, Schedule 3 and section 44 of the Act) is limited to the general and administrative functions of the Police Commissioner, and must not review the exercise of 'constabulary' functions (such as enforcement of the law in relation to individuals or groups).

33. In order to ensure consistency with the scope of the existing review mandate, we propose an additional consequential amendment to section 100 of the Policing Act to make clear that performance improvement reviews are limited in the same way. This amendment is supported by the New Zealand Police.

Potential to apply standards of integrity and conduct in contracts with third-party suppliers

34. In its submission, the PSA asserts that minimum standards of integrity and conduct (i.e. the public service code of conduct - 'the code') should be a condition of contracts for the delivery of public services, pointing out that many providers or their employees work with public servants or in agency premises and arguing that publicly funded contractors should have to meet the same standards as public servants. To achieve this, they propose the Bill be amended to give the Commissioner a power to direct this.

35. This issue has been discussed with MBIE's Government Procurement team, and instances of providers undertaking activities in a way that could be perceived as politically motivated

have been the subject of public inquiries or requests for advice to the Commission in recent times, including in the *Inquiry into the protection of personal information* earlier this year.

36. While there is agreement that the code should apply where relevant, 'public services' is a broad concept, and there are many instances where doing so would not be useful or efficient (e.g. to place a political neutrality obligation on a contracted cleaner). In addition, while there is a general view that the code should apply in instances where the work outsourced would 'otherwise have been done by public servants', such a threshold is not certain enough to use in legislation.

37. This means that, at present, the Government procurement framework does not require compliance with the code as a default provision in model contracts. While Government Procurement maintains a Supplier Code which applies general ethical standards and expectations of adherence with the law, there is no statutory requirement on agencies to turn their mind to whether or to what extent the code should be applied via contract.

No proposed change

38. We have considered whether some kind of statutory requirement should be added to the Bill to strengthen consideration of this. Such a requirement could not be prescriptive and would need to take into account the particular context, but could potentially be enacted as an additional statutory duty on chief executives or agencies in complying with the minimum standards more generally.

39. However, we are mindful that this would need to be 'mechanised' in agencies with additional systems and processes, and could expose agencies to legal challenge on specific contracting decisions if not carefully drafted. We also do not have a good sense of what proportion of contracts require greater attention in this regard, so it as hard to assess the marginal administrative cost of such a change for agencies - MBIE has also raised these points with us. In addition, we think it is arguable whether such a change falls within your current mandate to make minor and technical amendments.

40. On balance, and given the above, we recommend that we should **not** propose a change to this effect in the Departmental Report. We recommend that we explore the potential for clearer direction to agencies on this issue, either through the Supplier Code itself, the Government Procurement Framework, or specific guidance issued by the Commissioner.

Next Steps

41. We are awaiting clarification from the Committee as to when they will hear oral submissions on the Bill, but expect to deliver the Departmental Report in early October, and will share that with you prior to lodging it.

Report Title:	**Public Service Amendment Bill – Minor and technical amendment to chief executive interview panels**		
Report No:	**MoSR 2025-0687**		
Date:	**18 September 2025**		
To:	**Hon Judith Collins KC, Minister for the Public Service**		
Actions Sought:	**Agree** that officials should recommend the Public Service Amendment Bill be amended to more efficiently provide for an option of including existing public service chief executives on chief executive interview panels.	**Due Date**	**26 September 2025**
Contact	**Callum Butler, Manager – Strategy, Policy and Integrity**		
Contact No:	9(2)(a) privacy		
Encl:	No	**Priority**	**High** (responds to Select Committee timeframe)
Security Level:	**IN CONFIDENCE**		

Purpose of this report

1. This report seeks your agreement to a minor and technical amendment to the Public Service Amendment Bill (the Bill) to more efficiently provide for the option of including existing public service chief executives on chief executive interview panels. Should you agree with this, we would recommend this amendment to the Governance and Administration Select Committee in our Departmental Report on the Bill.

2. This report should be read in conjunction with *MoSR 2025-0686*, which provides our summary of submissions and a small number of other minor and technical amendments arising from those submissions – we have briefed you separately on this issue given its specific context.

Background

3. The Bill received its first reading on 31 July and was referred to the Governance and Administration Committee (the Committee). Submissions opened on 1 August and closed 31 August. We presented our Initial Briefing to the Committee on 13 August, which is working to the following indicative timeline:

Timeframe	Milestone
17 September	Oral submissions
15 October	Consideration of Departmental Report
5 & 12 November	Consider revision-tracked version of the Bill and commentary
19 November	Deliberation
1 December	Final Report to the House

Context – chief executive appointment provisions

4. Schedule 7 of the Public Service Act 2020 sets out the requirements and processes for the appointment and performance review of public service chief executives. The general process for appointment includes:

   - the Commissioner notifying the vacancy and establishing a panel that examines applicants, seeks advice from relevant sources, and deliberates on which applicant is to be recommended for appointment; and
   - the Commissioner inviting the Minister for the Public Service and the portfolio Minister to identify any matters that the chairperson of the panel must take into account when deciding upon the person to be recommended for appointment.

5. The Bill is already making several amendments to other parts of the schedule:

   - removing provisions allowing chief executives to be recommended for re-appointment without advertising a vacancy or examining other applicants;
   - requiring the Commissioner to develop and publish (in consultation with the Minister) a framework for conducting performance reviews of chief executives;
   - codifying the practice of consulting the appropriate Minister when setting performance expectations or reviewing the performance of a chief executive.

Proposal – more efficiently including other chief executives on appointment panels

6. Following removal of the re-appointment provisions, the existing general process for appointment will be the only process the Commissioner can follow for most permanent appointments (there are a small number of processes which differ to reflect the specific nature of the role, for example, the process for appointing the Government Statistician reflects their unique statutory independence).

7. At present, Clause 3(4) of Schedule 7 provides that the panel established under this process must have the following members:

   (a) the Commissioner or a Deputy Commissioner as chairperson;

   (b) a Deputy Commissioner or an employee of the Commission; and

   (c) one or more persons appointed by the Commissioner after consultation with the appropriate Minister.

8. The Bill already contains a technical amendment clarifying that the Commissioner can be the person included under (b) if they are not the chairperson.

9. Approaches to interview panels have evolved over time to be more flexible, provide a system-wide focus, and incorporate more external (e.g. stakeholder/customer) perspectives. As part of this, it has become frequent practice to include on the panel an existing public service chief executive who has valuable insight into the suitability of candidates for such roles.

10. These members often bring unique sectoral insights from previous roles or fresh perspectives on what it takes to be a chief executive in the context the appointee will be working in. In some circumstances this insight will be more appropriate than that of a second Commission employee, so greater flexibility to include them would

support an optimised and efficient panel. While the Commissioner "acts as the employer" of chief executives, they are not "employees" of the Commission.

11. However, at present, such members are effectively included under the general discretion in category (c) above, following consultation with the appropriate Minister. Given the possibility that a number of different people are appointed once the Commissioner has consulted the Minister, this means that a public service chief executive would be **additional** to these members, which can increase time and cost in the process and start to make the overall panel membership unwieldy.

12. We propose to resolve this issue and minimise the number of people required on an appropriate panel by adding the phrase '*or a public service chief executive'* to category (b), as well as the existing minor and technical amendment. This would add flexibility, so that, where appropriate, the Commissioner could choose to include such a member instead of themselves, the Deputy Commissioner, or an employee of the Commission - though either the Commissioner or the Deputy Commissioner would still be required to sit on and chair the panel under category (a).

13. This change would ensure interview panels are optimised by creating more space for the experience and skills relevant to the role being considered without unnecessarily increasing panel numbers. It could be most easily progressed as a recommendation in our Departmental Report to the Committee on the Bill. If accepted, it would be picked up in the revision tracked version of the Bill recommended to the House.

Risks and mitigations

14. We are conscious that this proposal amends a part of the Act already proposed for amendment under the Bill, and that any changes to chief executive appointment provisions can be perceived as impacting on political neutrality.

15. 9(2)(g)(i) free and frank

16. This view is reflected in approximately 14 (15% of) individual and organisational submissions, including Hāpai Public (the Institute of Public Professionals Aotearoa New Zealand), the Public Service Association, and the New Zealand Law Society.

17. 9(2)(g)(i) free and frank

Responding to these concerns

18. We do not consider that the removal of the re-appointment provisions creates a threat to political neutrality because:

- while there has been a historical practice of re-appointment for a second, shorter term, this is not guaranteed and chief executive employment agreements are explicit that there is no expectation of re-appointment – we can demonstrate this practice has been used much less in recent years;
- even where the re-appointment process has been used to date, and when appointing an acting chief executive, the Commissioner consults the relevant Minister before making a recommendation, so the processes are not substantially different in practice;
- the most important factor in a Commissioner's choice to re-appoint an incumbent is the performance record of that person, which is assessed annually against a range of expectations and criteria and informed by 360 degree feedback, and this would be just as relevant in a contestable process as a non-contestable one; and
- section 45 of the Act states that the Commissioner is not responsible to the Minister and must act independently when making decisions about individual chief executives (another minor and technical amendment you previously approved is intended to strengthen this section - *MoSR 2025-0486* refers).

19. Nor are we concerned that the proposal to more efficiently provide for other public service chief executives on interview panels would impact on political neutrality. For the reasons given above, we consider this change would simply provide the flexibility to ensure the best quality panels with the least number of people, and we would communicate all of these points to the Committee in putting forward this amendment.

20. 9(2)(g)(i) free and frank

Next steps

21. We expect to provide a draft of our departmental report to the Committee in early October and would also provide it to you for your information before then, so we seek your decision on this issue by 26 September. We are available to discuss this point with you at your convenience, if you wish.

Recommended Action

We recommend you:

a) **Agree** that officials should recommend to the Governance and Administration Committee that the Public Service Amendment Bill be amended to more efficiently provide for the option of including 'existing public service chief executives' on chief executive interview panels, by adding this term to the list of possible members under clause 3(4)(b) of Schedule 7 to the Public Service Act 2020.

Agree/disagree

Hon Judith Collins KC
Minister for the Public Service

Report Title:	**Maintaining control on public sector expenditure on contractors and consultants**		
Report No:	**MoSR 2025-0637**		
Date:	**26 September 2025**		
To:	Hon Judith Collins KC, Minister for the Public Service		
Action Sought:	Determine preferred approach	**Due Date**	As soon as possible
Contact Person:	**Josh Masson, Data Manager: Strategy, Policy, and Integrity**		
Contact No:	9(2)(a) privacy		
Encl:	No	**Priority:**	High
Security Level:	**IN CONFIDENCE**		

Executive Summary

1. The 2023 Government target of reducing the public sector's operational expenditure (OPEX) on contractors and consultants to $1.76 billion (from 2022/23 baseline of $2.16 billion) by the end of the 2024/25 financial year has been achieved. The final expenditure of $1.25 billion, represents an additional $515 million in reduced OPEX expenditure below the target.

2. Agencies have met and exceeded the governments expectation to reduce contractor and consultant operating expenditure. This represents a significant resetting in the use of contractors and consultants. The public sector will need to continue to exercise restraint if fiscal strategy goals are to be met.

3. Restraint needs to be balanced as there are good reasons for using contractors and consultants in limited circumstances. For example, when there are specific needs for technical skills not held in the public service, when independence is needed, to fill unforeseen short-term capacity gaps, to build long-term capability, or for efficiency. The Government Procurement Office publishes agency guidance on these circumstances.

4. There are two options to set a further control:

    1) setting a new target – easy to understand and a good incentive, but difficult to do with precision and risks creating perverse outcomes.

    2) using a suite of levers through the Budget process, accountability processes and monitoring – this is less direct, but able to be tailored to the needs of different sectors and has less risk of unintended consequences. It is also easier to implement.

5. We understand that you have an initial preference for Option 1). There are different ways this could be done. We recommend the approach of connecting the target to overall workforce expenditure. Under this approach, the target range would be *expenditure that sits between 6 and 9% of total workforce expenditure.*

6. Alternative approaches are to have a target, to be achieved by the end of 2026/27. This would apply in the aggregate to departments, departmental agencies, and Crown entities and would either:

    a) Option a) $1.76 billion – continuation of the 2024/25 target; or

    b) Option b) around $1.46 billion - a new expenditure target that provides both challenge and some flexibility. We propose an additional $300 million reduction from the previous target expectation; or

    c) Option c) $1.25 billion - the same as the final actual 2024/25 expenditure of $1.25 billion.

7. The Commission and the Treasury recommend using the suite of fiscal controls – Option 2) - as this approach is better aligned with the Government's overall fiscal strategy, by ensuring outcome-focused decision making, and fiscal discipline with flexibility of resource allocation.

8. Agencies will need to start to incorporate the new control into their 2025/26 planning as soon as possible. Once we have an indication of the approach to the target, we will start engaging with agencies to start getting them to factor it in.

9. To be able to communicate the decision alongside the release of workforce data on 9 October, you could proceed with an oral item at Cabinet on 6 October, or alternatively a letter, to inform portfolio ministers. However, given the implications across potentially all portfolios, the alternative would be to take a paper to Cabinet. The earliest a Cabinet paper could be considered to enable Ministerial and coalition consultation would be EXP on 21 October and Cabinet on 28 October.

Recommendations

We recommend that you:

a **note** that the Public Service Commission and the Treasury recommend that ongoing control on contractor and consultant expenditure be obtained through actively using current levers as opposed to setting an expenditure target

b **Indicate** whether you wish to:

a. Set an operational expenditure target *Agree/disagree*

OR

b. Use current levers *Agree/disagree*

If you **wish** to set an operational expenditure target:

c **indicate** the method for setting the expenditure target:

a. expenditure is kept between 6-9% of total workforce expenditure (recommended)

b. current target: $1.76 million

c. $1.46 billion, a further $300 million reduction from the previous target

d. final actual 2024/25 expenditure of 1.25 billion (not recommended).

d **agree** that the target be achieved by the end of the 2025/26 financial year

Agree/disagree

e **agree** that the target apply to departments and departmental agencies, and Crown entities

Agree/disagree

f **agree** that the target not apply to non-public Service departments - New Zealand Police, the New Zealand Defence Force, and the Parliamentary Counsel Office

Agree/disagree

g **note** that the Minister of Finance's support will be required to apply the target to, and the monitoring of, Crown entities.

h **agree** that the Commission collect data quarterly from agencies in scope of the target

Agree/disagree.

If you **do not wish** to set an expenditure target:

i **agree** to actively use the existing suite of Budget, monitoring and other controls to ensure that public sector expenditure on contractors and consultants is low and appropriate

Agree/disagree

j **agree** that the Commission's data collection move to six monthly for all agencies

Agree/disagree

k **agree** to your office sharing the briefing in full with the Minister of Finance.

Agree/disagree.

l **discuss** this briefing with the Minister of Finance before agreeing to your preferred option

m **indicate** whether you wish the Commission to prepare advice for you to take to Cabinet on this issue

Yes/no.

n **agree** that the Commission release this briefing in full after the release of workforce data on 9 October and after decisions on the ongoing control have been made and communicated to Ministers and agencies

Agree/disagree.

Hon Judith Collins KC
Minister for the Public Service

Purpose of the Report

10. Following initial discussions with you (and Treasury with the Minister of Finance), you sought advice on options for specific targets to control expenditure. This paper seeks your decisions on the:

    a) type of control

    b) agencies the control should apply to and timeframes

    c) process from here.

11. It also draws your attention to ongoing monitoring arrangements.

12. We refer you to reports 2025-0578 and 2025-0616 from the Commission, and T2025/1966 from the Treasury which provide further information and background.

To recap…

13. Since the Government issued its 100-day plan in November 2023, there has been a focus on reducing public sector expenditure on contractors and consultants. The Public Service Commission has had oversight of the commitment to reduce this expenditure by $400 million from the 2022/23 spending level of $2.16 billion to $1.76 billion, by the end of the 2024/25 financial year.

14. As many agencies as possible were within the scope of this efficiency measure and it covered: departments, departmental agencies, Crown entities, New Zealand Police, New Zealand Defence Force, and the Māori Health Authority. Noting that some agencies covered are outside the Public Service Commissioner's mandate. However, these agencies (Police, Defence force, Parliamentary Counsel Office (PCO)) agreed to come in scope of the Commission's monitoring as an efficient way to meet Government expectations.

15. The Commission has been collecting data and reporting publicly on departmental contractor and consultant expenditure since 2018. The frequency and scope of its data collection increased in 2023 to respond to this government priority. Since then, data has been collected on a quarterly basis from a broader range of agencies. The Commission's levers to respond to the data are to raise issues directly with chief executives (for departments and departmental agencies) or to alert monitoring departments (for Crown entities); the Commission does not have reach to Police, Defence and PCO.

The target has been met and exceeded

16. Agencies have met and exceeded the governments expectation to reduce contractor and consultant operating expenditure. Final figures for the 2024/25 financial year (which will be reported publicly on 9 October) show:

    - OPEX dropped by $915 million by the end of 2024/25. This exceeds the target by $515 million.

    - Figures show that actual departmental contractor and consultant expenditure, as a proportion of overall workforce expenditure, dropped from 13.4% in

2017/18 to 5.3% in 2024/25. While there is the Covid response impact and the impact on FTEs of other Government savings measures to be taken into account, this drop in expenditure is nonetheless significant.

17. Funds released by the reductions in expenditure on contractors and consultants have been reprioritised by agencies. They have not necessarily been returned to the centre.

18. Note that there was uncertainty about the extent to which the target would be exceeded until the final quarter. This is due to volatility in agency contractor and consultant expenditure and forecasts. For example, forecasts shifted considerably over the 2024/25 year: in December 2024 agencies forecast spending would be $1.32 billion, and in March 2025 that it would be $1.51 billion. The final figure was $1.25 billion.

19. Agencies are forecasting that OPEX will fall further, by $82m to $1.16 billion in 2025/26. This is driven by a large $206m (or 41%) fall in forecast OPEX at Health NZ. There has been volatility in previous Health NZ forecasts. On the other hand, when you exclude Crown entities and just look at departments, OPEX is forecast to increase by $140m (or 40%).

When is it appropriate to use contractors and consultants?

20. Before turning to the options for continuing control, it is useful to note that some expenditure on contractors and consultants may be appropriate and can provide the best value for money. The Government's original expenditure target recognised this. It was aimed at reducing expenditure on contractors and consultants for work that should have been done in-house.

21. MBIE guidance is that:

    a) agencies <u>should not</u> engage consultants or contractors to deliver core functions. Core functions include all the operational work, products and services that are essential to the running of the government and delivery of public services (e.g. policy advice, Cabinet paper development, legislation, parliamentary reporting).

    b) It may be appropriate to engage contractors and consultants in limited circumstances when there are specific needs such as: technical skills not held in the public service (including in other agencies), when independence is needed, to fill unforeseen short-term capacity gaps, to build long-term capability, or for efficiency (e.g. when scale is needed).

Options for continuing controls

22. Ensuring that the public service's expenditure on consultants and contractors remains at appropriate levels and that there is ongoing diligence in respect of this spending can be done two ways:

1. Option 1) By setting a new expenditure target for the public sector, collect data, and monitor progress toward it. The target can be set as a % of total workforce spend or as an expenditure amount.
2. Option 2) By using a variety of existing levers (e.g. Budget processes) to ensure expenditure is managed, but not to set a target. The Commission would collect data from across the system, and it would be reported publicly. Monitoring would be done in the same way as all other agency monitoring.

23. An expenditure target has intuitive appeal as it is easy to understand, can be measured, and has been proven as a way to incentivise action. On the other hand, it is difficult to set a target with accuracy, particularly given the historic volatility in expenditure. There is the risk of a target distorting behaviour and, in practice, it risks being insufficiently flexible to meet Government's needs across all portfolios. There is also a risk of ultimately impacting negatively on the delivery of needed policy and services by introducing an artificial rigidity into agencies' resourcing. These risks are heightened now that overall spending has reduced.

24. These challenges have been outlined in earlier advice. For completeness we note here that there are no international benchmarks that we can use to assist with setting a target for New Zealand. The Commission has tracked data since 2018. Spending on contractors and consultants has averaged 11% of total workforce spending since 2018 and it peaked in 2022 at 14.5% of total workforce spending. It has since dropped to 5.3% in 2025. This drop has been driven in part by the Government's target and in part by the overall fiscal tightening.

25. Based on current department forecasts we estimate that this figure will rise to 6.7% in 2026. It is difficult to know where the appropriate spending level lies and whether setting a more ambitious target will realise efficiencies or impact negatively on the delivery of programmes.

26. Given this uncertainty the Commission and Treasury recommend Option 2) – using a variety of existing levers to ensure expenditure continues to be managed tightly.

Option 1) a new expenditure target

27. We understand that you have an initial preference for setting a new target. Our view is that the best approach would be to set it as a % range of total workforce expenditure. In contrast to setting a dollar figure as a target (as was done in 2023), this approach provides some flexibility to move according to overall Government expenditure set through Budget processes.

28. While it is difficult to determine the appropriate percentage, our judgment is that a range of 6-9% would balance continuing constraint with flexibility. This range is set between the 2024/25 low of 5.3%, and the 11% average of the last eight years.

29. Alternatively, there are a number of ways to set a $ target:

    a) It could be the previous target expectation - $1.76 billion. Given that the target is likely to be exceeded, this provides agencies with some flexibility over the next two years to respond to Government priorities.

b) It could be a new figure (for example, reduction of 5-20% from the previous target expectation (approx. $90 – $350 million)). This aims to provide some further challenge to agencies while retaining some flexibility. A description of how this could work is set out below.

c) It could reflect the actual final 2024/25 expenditure level (locking in current the extra reductions achieved beyond $400 million). The disadvantage of this approach is that it provides little flexibility and potentially impacts Government's decision making.

30. If you wish to progress a new $ target that provides both challenge and flexibility, we recommend that the target be set at a further $300 million (17%) from the previous target expectation of $1.76 billion. This provides continued downward expectations on OPEX. This still provides some flexibility in view of:

a) uncertainty over the large forecast OPEX decrease in Health NZ for 2025/26, given past volatility in their forecasts and actual spend over the last two years.

b) most other agencies forecasting a modest increase in OPEX for 2025/26

Timeframe

31. If Ministers implement Option 1) we propose that the new target be set for this (2025/26) financial year, despite that a third of the 2025/26 financial year will have passed by the time the target is set. The forecasts give some confidence a target can be achieved in this financial year.

Monitoring

32. In order to enable timely action in response to data, we recommend that monitoring under this option continue to be done quarterly. It is important to note that while quarterly data collection and reporting provides a rich source of information for monitoring, it also brings high compliance costs on agencies and the Commission.

Scope and implementation

33. The 2023 target applied, in aggregate as opposed to individually, to departments, departmental agencies, Crown entities, New Zealand Police, New Zealand Defence Force, and the Māori Health Authority.

34. Under Option 1) we propose that a target continue to apply to all departments, departmental agencies, and Crown entities. But <u>not</u> to the New Zealand Police, the New Zealand Defence Force, or the Parliamentary Counsel Office. In our view, these organisations should be excluded because they are non-public service departments (and the mandate to apply the target is more complex) and, with the exception of PCO, are large and highly operational. The target can be adjusted if they are excluded. If, however, you wish to include these agencies we will work with them in same way as has been done to date.

35. To continue to include Crown entities in scope of a target, would require a refreshed mandate. This could be provided by either Portfolio Ministers writing to boards setting out their expectations or the Minister of Finance and the Minister for the

Public Service issuing a new Enduring Letter of Expectations. Entities' actions to give effect to these communications would be monitored by monitoring agencies, who would in turn provide the Commission this information so that it can be collated and reported to ensure any expectation is met.

36. When engaging with Portfolio Ministers, there are likely to be requests for exemptions to the target. We recommend that these be resisted. Exemptions will create greater complexity in monitoring, communicating, and achieving the target.

37. If using a $ target, rather than the ratio, any exclusions will result in both a reduction in the final expenditure amount to be saved as well as potentially increased difficultly to achieve the savings as the savings are spread over fewer agencies. For example, excluding Health NZ potentially reduces expenditure by over $600 million from the current baseline of $1.76 billion, which will make achieving a $300 million savings target potentially more difficult and significantly increase the impact on other agencies.

Option 2) use current levers to ensure expenditure is managed

38. The alternative approach is to use a suite of current levers to ensure that the public sector remains within Government expectations for expenditure on contractors and consultants. The Commission and Treasury recommend this approach.

39. Government has tightened fiscal discipline across the public sector and has signalled an ongoing programme to maintain and continue to improve it. Option 2) is consistent with this approach and does not bring the risk of inadvertently negatively impacting on outcomes because the target was insufficiently precise.

40. Under Option 2) the Government would set an expectation of low and appropriate expenditure on contractors and consultants. It would then use the levers available through the Budget process, ongoing monitoring and public transparency, and guidance to achieve the objective. These levers are explained in more detail in the Annex.

41. Option 2) has the advantage of being consistent with the Government's overall fiscal sustainability programme while also enabling sector-specific attention on priorities. It does not bring the risk that agencies focus more effort on contractor and consultant expenditure over other areas of fiscal discipline.

Timeframe

42. This option does not need a specific timeframe. The expectation would be ongoing and Ministers would continue to signal the importance of fiscal discipline and could tweak the levers to achieve this on an ongoing basis.

Monitoring

43. Under this option we propose that data collection could move to 6-monthly. This would ease the compliance costs on the system while still providing regular information for monitoring action if needed and data for the Commission's system wide reporting.

44. While there would not be a hard target to aim for, there would be an obligation on monitoring agencies to keep tabs on expenditure by those they monitor.

Scope and implementation

45. All agencies that the Commission currently collects data from would be in scope for the expectation but no specific action (like a letter of expectations) would be needed. The Government can simply communicate its ongoing need for fiscal prudence by the public sector, including keeping expenditure on contractors and consultants low and appropriate. This would then feed through into the Budget and other processes.

Timing for decision-making

46. Agencies are well down the track with planning expenditure for 2025/26. To assist them, the Commissioner signalled to chief executives some weeks ago that an ongoing control on contractor and consultant expenditure was likely. They will however require certainty soon if they are to meet expectations.

47. The timeframe for making a decision depends on whether you wish to engage portfolio ministers in this issue via a Cabinet paper, or whether you wish to announce the control alongside the annual workforce data release on 9 October.

48. To make an announcement on 9 October we recommend that you advise portfolio ministers of your decision via letter and / or an oral item to Cabinet on 6 October. This enables an announcement on 9 October.

49. However, given the implications across potentially all portfolios, the alternative would be to take a paper to Cabinet. A Cabinet paper would not be able to be progressed to make announcement on 9 October. The earliest a Cabinet paper could be considered to enable Ministerial and coalition consultation would be EXP on 21 October and Cabinet on 28 October.

Next Steps

50. The Commission is preparing to release its's annual workforce data on 9 October and the achievement of the current target for contractors and consultants will be made public as part of that release. If a Cabinet paper is not required, the ongoing expectations to manage contractor and consultant operating expenditure could be announced at that time.

Annex: Levers to control expenditure under Option 2)

- Budget decisions. An ongoing expectation of fiscal consolidation has already been set by the Minister of Finance placing a sector-wide constraint on contractor and consultant expenditure. Forward expenditure would be managed through the Budget process.

- 9(2)(f)(iv) confidentiality of advice

- Monitoring of individual agency expenditure by monitoring agencies.

- Monitoring of system wide expenditure on consultants and contractors by the Commission with action taken through chief executives if needed.

- An ongoing expectation that agencies' use of contractors and consultants will be consistent with the guidance 'Using contractors and consultants in the public sector' issued by MBIE.

- Ongoing visibility of agency use of contractors and consultants via Cabinet paper requirements to note any use of external resources.

- Ongoing attention to the April 2024 Enduring Letter of Expectations from the Minister of Finance to Crown entities that sets out the Government's need to manage within tight fiscal constraints, entities' role in supporting that effort, and the enhanced scrutiny that will be a feature of entities accountability arrangements.