



Te Kawa Mataaho
Public Service Commission

29 April 2026

9(2)(a) privacy

Dear 9(2)(a) privacy

Official Information Request
Our Ref: OIA 2026-0052

I refer to your Official Information Act 1982 (OIA) request received by the Public Service Commission (the Commission) on 10 March 2026 relating to the engagement of PricewaterhouseCoopers (PwC) to support the development of an investment case for the Ministry of Cities, Environment, Regions and Transport (MCERT).

For ease of reference, we have listed each of your requests (numbered 1 – 8) and provided our responses directly underneath.

Request 1: All contracts, letters of engagement, statements of work, or other agreements between the Public Service Commission (or any affected agency) and PwC relating to the MCRE investment case.

Information being released

The Commission held two Consultancy Services Orders (CSOs) with PwC during the development of the proposal for the new MCERT.

- **CSO One** between Gaye Searancke (the Commission) and Ben Wakely (PwC) provided support for Economic Analysis.
- **CSO Two** between Gaye Searancke (the Commission) and Griere Cox (PwC) provided support for Financial Analysis (known later as the Investment Case).

Both final CSOs, as well as the draft CSO released to you via Request 4, had the same standard 'Part F' attached to them. To prevent duplication and manage file size, we have released this to you via CSO One and removed it from the remainder of the pack.

Please find enclosed the following documents:

Item	Date	Document Description	Decision
1	October 2025	Final CSO One [Pages 6-32] Final CSO Two [Pages 33-41]	Released in part

I have decided to release the documents listed above, subject to information being withheld under the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- section 9(2)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

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

Request 2 and 3: The total cost of PwC's engagement, including all fees, disbursements and expenses charged to date or agreed in total. All invoices submitted by PwC in relation to this engagement.

Information being released

The total cost for CSO One was \$95,950.00 excluding GST. The total cost for CSO Two was \$98,980.00 excluding GST. Please find enclosed the following documents:

Item	Date	Document Description	Decision
2	10 November 2025	All invoices submitted by PwC for investment / economic case work [Pages 42-45]	Released in part

I have decided to release the documents listed above, subject to information being withheld under the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- section 9(2)(k) – to prevent the disclosure or use of official information for improper gain or improper advantage.

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

Request 4: All communications (including emails, meeting notes and briefings) between Public Service Commission officials and PwC regarding the scope, deliverables and timeline of the engagement

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
3	October to November 2025	Communications with PwC re: scope, deliverables and timeline [Pages 46–70]	Released in part

I have decided to release the documents listed above, subject to information being withheld under the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people
- section 9(2)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

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

Note, where an email attaches a final CSO for signing, we have deleted the attachments to manage file size, noting the final CSOs are included as the first two documents. The draft version of CSO Two only had a change of title due to an error (as noted in the email released to you on page 58), from ‘Support to economic benefit analysis’ to ‘Support to financial benefits analysis.’

Information not released

There are additional documents covered by your request that I have decided to withhold in full under section 9(2)(g)(i) of the OIA in order 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. The documents withheld are handwritten notes taken in a meeting with PwC by a senior official at the Commission. These notes were written rapidly and capture first names, very brief comments and to-do tasks. I have considered the public interest in these notes, and do not believe it outweighs the need to protect officials’ ability to record unrefined and preliminary notes at pace.

Request 5: The procurement process used to engage PwC, including: (a) whether the engagement was publicly tendered, (b) if not, the basis on which PwC was selected without tender, (c) which procurement rules or thresholds applied, (d) any exemptions or waivers relied upon.

A direct source procurement was carried out utilising the All of Government Consultancy Services contract. The Commission met with PwC on 30 September 2025 to discuss the potential work and assess PwC’s ability to provide services of the nature required in the tight timeframe. The Commission was satisfied that PwC has the required capability and personnel to carry out this work.

Exemptions from the Commission’s procurement policy were sought for the following: not utilising a Lite procurement plan, not obtaining additional quotes, and not consulting with

the Manager, Finance Planning and Performance due to staff leave. These exemptions were approved by the Deputy Public Service Commissioner in accordance with the Commission’s policy and procedure for seeking exemptions. As noted above, two CSOs were provided for two different pieces of work, which were delivered by different teams in PwC.

The grounds for approving the exemptions were due to the rapid timescale for the work which necessitated standing up a team within two days, for a three-week high priority project. Due to the availability of decision makers, an extension of time was provided and the engagement formally closed on 10 November 2025 (five-weeks).

Request 6: The investment case itself, or any drafts of it, prepared with PwC's support

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
4	November 2025	Advice provided to Ministers titled ‘ <i>Joint Advice: Proposal to establish the Ministry for Cities, Regions and the Environment (MCRE)</i> ’, ‘ <i>Investment Case: Ministry for Cities, Regions and the Environment (MCRE)</i> ’, and ‘ <i>Economic Case: Establishing the Ministry of Cities, Regions and the Environment</i> ’ [Pages 74 – 120]	Released in part

I have decided to release the documents listed above, subject to information being withheld under the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people.
- section 9(2)(g)(i) – 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)(b)(ii) – to protect information where the making available of the information would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information.

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

Request 7: Any communications between Ministers' offices and PwC, or between Ministers' offices and the Public Service Commission regarding PwC's involvement

Information being released

Please find enclosed the following documents:

Item	Date	Document Description	Decision
5	October 2025	Weekly report entries advising on PwC work [Pages 71-72]	Released in part
6	17 November 2025	Email to Hon Judith Collins KC's office [Page 73]	Released in part.

I have decided to release the documents listed above, subject to information being withheld under the following sections of the OIA:

- section 9(2)(a) – to protect the privacy of natural persons, including deceased people.
- section 9(2)(g)(i) – to protect the privacy of natural persons, including deceased people.

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

Request 8: The date on which PwC was first engaged in relation to this work.

Engagement with PwC commenced on 30 September 2025.

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 response (with your personal details removed) on the Commission's website.

Yours sincerely



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

AoG Consultancy Services Order (CSO)

Part A – for Participating Agency (client) to complete

The Participating Agency (referred to as the client in Parts A – E of this Consultancy Services Order) will complete this and email the entire form (including all Parts) to the Provider.

Today's Date	1 Oct 2025	CSO or Project name	Support to economic benefits analysis
Agency	Public Service Commission	Provider	PricewaterhouseCoopers New Zealand
Agency contact name & title	Gaye Searancke	Provider contact name & title	Ben Wakely
			Partner
Nominated Personnel		Nominated Personnel	
Agency email address		Provider email address	9(2)(a) privacy
Agency phone #		Provider phone #	
Sub Category		GCDO Assurance Sub Panel	
Client Contract #			

A1. Purpose and any background information

The Public Service Commission (PSC) is seeking support with economic analysis as part of options consideration for the future structure of parts of the Public Service. They require support from an experienced team to develop economic analysis and consider this in light of the possible financial case.

A2. Specific questions / instructions for Provider

A3. Additional Information e.g. risks to client, additional contact information

A4. Client specific requirements

A5. Timeframes

2 October 2025 to 24 October 2025

A6. Indicative budget

\$95,000

A7. Outputs of the Services

See B1

A8. Tables

N/A

A9. Provider liability cap**Part B – for Provider to complete***The Provider will complete Part B and email the form back to the client***B1. Specific Services to be provided**

PwC New Zealand will deliver the following services in close collaboration with the Public Service Commission (PSC). The analysis will be indicative and proportionate to the three-week timeframe, focusing on high-level quantification based on available data, supported by qualitative assessment where detailed evidence is unavailable:

1. **Benefits identification:** detail the benefits of a potential merged future state.
2. **Benefits quantification:** identify relevant metrics and provide an estimated range for economic benefits under the future state.
3. **Use case analysis:** analyse three use cases of the planning system, comparing the current state with a potential merged future state, and articulate the economic benefits that could have been realised in each case if the system were merged.
4. **Linkages to Financial Case:** identify any linkages to the financial case as relevant.
5. **Risk assessment:** highlight risks that could affect the delivery or realisation of benefits.
6. **Next steps:** identify any next steps required for further consideration.
7. **Deliverables:** present the analysis as a chapter for inclusion in PSC's wider benefits analysis document.

Note: all outputs will be PSC branded, and owned by PSC.

B2. Sub Category and Tier to be Provided

Selection	Sub-category of Services	Tier (1/2/3)
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	Accounting	
	Assurance	
	Audit	
	Finance and economics	
	Procurement and logistics	
	Taxation	
	Business change	
	Human resource	
	Marketing and public relations	
	Operations management and risk	
	Policy, research and development	

B3. Can you confirm that the Nominated Personnel (if any) is available to provide the Services?

Yes

B4. Can you confirm that the timeframe is acceptable?

Yes, providing:

- PSC and agency personnel are available to provide subject matter expertise and participate in co-design activities as required
- PSC and agencies will provide access to relevant documentation and reference material as requested, noting that any people data is required to be anonymised
- PSC can provide support to access required information from agencies where required.

B5. Estimated Start and End Date

Start	2 October 2025	End	24 October 2025
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B6. Estimate / Quote (excluding GST, if any)

Fees	95,000
Administration Fee (Tier 1 and 2 only)	950
Total Charges	95,950
Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	Estimate

Fees will be charged on the basis of time incurred at the following rates:

9(2)(b)(ii) prejudice commercial position

Additional information / assumptions:

The Services have been prepared for the purposes noted above, and for none other. If you use them for any other purpose, you do so at your own risk.

During the course of this assignment, we may come to hold information that was provided to us in confidence, and in respect of which we therefore owe a duty of confidentiality. In commissioning us to perform the Services, you are acknowledging this, and will respect this duty of confidentiality.

We are providing the Services to the Public Service Commission and therefore they should not be relied upon by any of your employees or advisors in any personal capacity.

Unless specifically provided for in the Consultancy Services Order:

- a) The Services do not involve an audit or examination conducted in accordance with New Zealand auditing standards, and we will not express an opinion on any financial statements or information taken as a whole, nor provide any opinion on the achievability of prospective financial information, and
- b) The Services are not designed to reveal fraud or misrepresentation, and we will not be seeking to do so.

Draft versions of reports and other outputs will be provided for your information, comment and engagement during the assignment, but will always be subject to amendment and updating. If you rely on drafts or incomplete deliverables, you do so at your own risk.

We note that our ability to deliver the services outlined may be subject to the impact of Covid-19 (which can affect scope, resources, timetable and fees). If Covid-19 is likely to materially affect our services to you, we will let you know. For clarity, the parties agree that the definition of Force Majeure Event will include events arising out of the Covid-19 pandemic, including (but not limited to) government or regulatory measures introduced.

Privacy

Each party to the Consultancy Services Order will comply with the data protection legislation, including the Privacy Act 2020 and related Codes and regulations and subsequent legislation, applicable to itself, in relation to any personal information shared in connection with the Services.

The Participating Agency will not provide the Provider with personal information unless the personal information is required for the performance of the Services. In respect of any personal information disclosed to the Provider, the Participating Agency confirms they have the necessary authority for the Provider to use it in accordance with the Services, and that data subjects have been given necessary information regarding its use.

The Provider may process personal information for the purposes of any of:

- performing the Services;
- security, quality and risk management activities;

- complying with any requirement of law, regulation or a professional body of which it is a member;

- administering, and managing its business and services;

Additional information about how the Provider uses personal information is set out in the Provider's Privacy Policy, available on www.pwc.co.nz/privacy.

Each party may transfer personal information shared with it to any of its affiliates or contractors or subcontractors or suppliers in relation to any set of the purposes set out above. Some of these recipients may be located outside the country or territory where the personal information originated, or the data subjects are located. Each party may disclose the personal information only where it has a lawful basis to do so and appropriate contractual or comparable safeguards required by applicable data protection legislation are in place to protect the personal information being disclosed.

Job Level	Indicative Characteristics
Level 5	<ul style="list-style-type: none"> • 15+ years of extensive professional experience in their specialised field in a consultancy role. • An industry leader and key influencer who is respected for their professional proficiency and knowledge. • Recognised as a trusted adviser to ministers and/or senior executive teams. • Acts as the senior responsible person on major client engagements. Able to be accountable for leading complex projects/programs. • Responsible for leading a high performing team of professionals, including the coaching and mentoring of colleagues at Levels 1–4.
Level 4	<ul style="list-style-type: none"> • 10+ years of substantial professional experience in their specialised field in a consultancy role. • Strong theoretical base in subject area, with ability to apply best practice principles to the subject matter context. • Senior team leader with the ability to deputise for the senior responsible person and coach and mentor more junior staff. • Ability to coordinate contributions of other specialists to complete a joint project. • Can engage with clients at strategic/management level if required.
Level 3	<ul style="list-style-type: none"> • 3-10 years of notable professional experience in their specialised field in a consultancy role. • A trusted performer on a wide range of client-facing consultancy projects in both the private and public sectors. • Thorough knowledge of functional area, combining a broad grasp of relevant best practice principles. • Ability to participate in multi-disciplinary teams and to work independently (with limited supervision). • Performs professional level analysis requiring technical skills and independent initiative within a well-defined program of work. • Contacts with clients predominantly at a working level.

Level 2	<ul style="list-style-type: none"> • 1-3 years of demonstrable professional experience in their specialised field in a consultancy role. • Previous experience on a range of client-facing consultancy projects, preferably in both the private and public sectors. • Has a theoretical base in subject area, possibly supplemented through recent study, with the ability to translate theory into practice • Performs a variety of analytical tasks requiring independent initiative and knowledge. • Interacts with clients predominantly at the working level.
Level 1	<ul style="list-style-type: none"> • 0+ years of relevant professional experience in a professional environment. • Evidence of prior contributions to consultancy engagements. • Performs a range of administrative tasks to support the wider team. • Work is performed under the guidance of colleagues at Levels 3-5.

B7. Conflict of Interest declaration and Additional Information

I, Ben Wakely, have made diligent inquiry whether PwC has any actual, potential or perceived Conflict of Interest were it to provide the Services described in this Consultancy Services Order and I have disclosed any actual, potential or perceived Conflict of Interest and how it will be managed below:


The Participating Agency confirms that the scope of this work does not prevent PwC from providing future services arising from the analysis developed as part of this work. The analysis will be in the Participating Agency's branding and owned and signed off by the Participating Agency.

In addition, the information in said documents may be released to all potential providers in relevant future tender processes is appropriate.


B8. Additional information

None

B9. Signatures

Name of Provider's authorised signatory	Ben Wakely
Signature of authorised signatory	 8/10/2025

The client accepts and authorises this Consultancy Services Order	[Yes/No]
Name of client's authorised signatory	

Signature of authorised signatory	
Date of acceptance	8/10/2025
Client's job reference or purchase order number	[if required]

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

Consultancy (<https://www.research.net/r/ClientSatisfactionSurvey-AoGcontracts-CSO>)

GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)

Part C – Variations to Part A

LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER

The client will complete Part C if they wish to change any details in Part A

C1. Revised scope and/or timeframe

Part D – Variations to Part B

LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER

The Provider will complete this only if and when it receives a Variation per Part C above from the client

D1. Revised Estimate (excluding GST, if any)

Revised Fees	\$(Add in total Fees)
Administration Fee (Tier 1 and 2 only)	\$(1% of Fees for Services for which the Provider is Tier 1 or Tier 2)
<i>(Optional)</i> The above Fees are apportioned as follows:	
Job Level 1	\$
Job Level 2	\$
Job Level 3	\$
Job Level 4	\$
Job Level 5	\$
Fixed Fee (Job Level 1)	\$
Fixed Fee (Job Level 2)	\$
Fixed Fee (Job Level 3)	\$
Fixed Fee (Job Level 4)	\$
Fixed Fee (Job Level 5)	\$
Monthly Retainer	\$
Subcontracting	\$
Revised Expenses	\$
Total Charges	\$
Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	

Additional information / assumptions:

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Part E – Acceptance

LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER

The Provider and client to complete on acceptance of this Consultancy Services Order

E1. Signatures	
Name of Provider's authorised signatory	
Signature of authorised signatory	

The client accepts and authorises this Consultancy Services Order	[Yes/No]
Name of client's authorised signatory	
Signature of authorised signatory	
Date of acceptance	
Client's job reference or purchase order number	[if required]

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

Consultancy (<https://www.research.net/r/ClientSatisfactionSurvey-AoGcontracts-CSO>)

GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)

Part F – Terms

PROVIDER AND PARTICIPATING AGENCIES ARE NOT PERMITTED TO AMEND THIS PART F.

This Part F contains an extract of selected terms and conditions from the Services Agreement (the Agreement). Clause, schedule and paragraph references have been updated to refer to clauses, schedules and paragraphs in this Part F where applicable. For the full terms and conditions that govern the Services, please refer to the Agreement.

<p>1. Appointment</p> <hr/> <p>1.1 Appointment</p> <p>(a) The Participating Agency appoints the Provider to provide Services to the Participating Agency as detailed in this Consultancy Services Order and the Provider accepts that appointment, in accordance with the terms of this Consultancy Services Order.</p> <p>(b) Certain obligations of the Provider in this Consultancy Services Order do not apply to sub-categories of Services for which the Provider has been appointed as a Tier 3 Provider as follows:</p> <p>(i) the Participating Agency may nominate specific Personnel to be the primary providers or to supervise the delivery of the Services but clauses 6.2(b) to 6.2(e) do not apply to any nominated Personnel;</p> <p>(ii) the relevant Services are not required to meet or exceed the Service Levels specified in Schedule 3 (Performance Measurement) and clause 2.5(a), Schedule 3 (Performance Measurement) do not apply;</p> <p>(iii) the Provider is not required to pay an Administration Fee and clause 8.3(a)(v) does not apply;</p> <p>(iv) the Provider is not required to conduct the Agency Satisfaction Survey for the relevant Services and clause 5.1(h) does not apply;</p> <p>(v) the Provider and Participating Agency are not obligated to escalate a dispute to the CoE's All-of-Government Procurement Manager, Centre of Expertise for Consultancy, in accordance with clause 13.2(c)(ii); and</p> <p>(vi) as otherwise stated in this Consultancy Services Order.</p>	<p>(b) The Provider will use all reasonable endeavours to ensure that, on the date the Documentation is provided under this Consultancy Services Order, such Documentation is in a readable and readily useable format.</p> <p>2.2 Agents may procure Services</p> <p>The Participating Agency may, by notice to the Provider and the CoE, appoint one or more third parties to procure Services under this Consultancy Services Order on the Participating Agency's behalf and/or receive invoices, as if that agent was a Participating Agency, provided that any such procurement is for the sole benefit of the Participating Agency.</p> <p>2.3 Timely performance</p> <p>The Provider will ensure that the Services to be performed under this Consultancy Services Order are provided on or before the date specified for performance (if any) in this Consultancy Services Order and, if no time is specified, within a reasonable time after the issue of the Consultancy Services Order.</p> <p>2.4 Delay</p> <p>(a) If the Provider considers that it is (or is likely to be) prevented or delayed from achieving a date or time for performance (Milestone) specified in this Consultancy Services Order (Delay), it will:</p> <p>(i) immediately provide notice verbally or in writing to the Participating Agency, setting out:</p> <p>(A) the cause of the Delay and its expected duration;</p> <p>(B) the effect of the Delay on its ability to perform its obligations under this Consultancy Services Order (including any future Milestones);</p> <p>(C) what extension, if any, to the relevant Milestone is being sought; and</p> <p>(D) what steps, if any, the Participating Agency may take to mitigate the effect of the Delay; and</p> <p>(ii) take all reasonable steps necessary (including by the allocation of additional resources) to eliminate or avoid</p>
<p>2. Services</p> <hr/> <p>2.1 Services</p> <p>(a) The Provider will provide Services to the Participating Agency in accordance with the terms of this Consultancy Services Order.</p>	

- the Delay and, in all cases, mitigate its effects.
- (b) If the Provider and Participating Agency agree that the Delay is acceptable or wish to amend the Milestone:
- (i) the Provider will complete and submit Part C of this Consultancy Services Order to the Participating Agency; and
 - (ii) upon receipt of the completed Part C of this Consultancy Services Order, the Participating Agency must promptly advise the Provider in writing if the completed Part C is acceptable.
- (c) If the Provider does not achieve the Milestone (as amended from time to time) and the Participating Agency's acts or omissions, or those of its Personnel or third parties acting on its behalf, have not caused the Provider to fail to achieve the Milestone, the Participating Agency may, without prejudice to any other right or remedy, suspend payment of any Charges relating to this Consultancy Services Order until the Provider remedies the relevant failure.

2.5

Service standards

- (a) The Provider must provide the Services in relation to the sub-categories for which the Provider has been appointed as a Tier 1 and Tier 2 Provider to a standard that reaches or exceeds the Service Levels specified in Schedule 3 (Performance Measurement).
- (b) In addition, the Provider must:
 - (i) provide the Services diligently, efficiently, effectively and in accordance with Industry Best Practice;
 - (ii) ensure that the Services to be performed under this Consultancy Services Order are provided on or before the date specified for performance (if any) in this Consultancy Services Order and, if no time is specified, within a reasonable time after the issue of this Consultancy Services Order;
 - (iii) ensure that all Documentation, information and advice (including Documentation, information and advice provided prior to the issue of this Consultancy Services Order) provided to the Participating Agency or published on the Provider Database is Fit for Purpose so that, without limitation, it contains sufficient content and detail to enable the Participating Agency to make use of it for the purpose for which it was requested;
 - (iv) act in the best interests of the Participating Agency in the provision of Services to the Participating Agency; and

- (v) provide Services to the reasonable satisfaction of the Participating Agency (as reported to the CoE).

3. Estimates and Quotes

3.1 Estimates and Quotes

- (a) The Provider must provide an Estimate or Quote for all Services to be provided under this Consultancy Services Order, unless the total Fees in respect of the Services under this Consultancy Services Order are likely to be less than \$10,000 (exclusive of GST) or such other amount as determined by the CoE and notified to the Provider.
- (b) Despite clause 3.1(a), if, during the course of providing the Services, the Provider becomes aware that the total Fees (excluding GST) are likely to exceed the amount referred to in clause 3.1(a), the Provider must provide an Estimate in accordance with clauses 3.1(c) to (e).
- (c) All Estimates and Quotes will be provided at no cost to the Participating Agency.
- (d) All Estimates and Quotes must specify the estimated timeframe to perform the Services requested in this Consultancy Services Order and the Rates of Personnel providing the Services and include any Expenses likely to be incurred in providing the Services.
- (e) All Quotes and Estimates must be provided to the Participating Agency in writing and must be included in this Consultancy Services Order.
- (f) To avoid doubt and without limiting clause 4.5(c) of the Services Agreement, if any Quote or Estimate is not acceptable to the Participating Agency, the Participating Agency and Provider may seek to negotiate a more favourable Quote or Estimate, including a decrease in the Rates on which the Quote or Estimate was based.

3.2

If Charges exceed the Estimate

- (a) If during the course of providing the Services under this Consultancy Services Order, the Provider becomes aware that the total Charges (excluding GST) are likely to exceed the Estimate, the Provider must give written notice to the Participating Agency using Part D of this Consultancy Services Order as soon as the Provider becomes so aware, but no later than the time the costs accrued or incurred reach 80% of the Estimate.
- (b) The notice under clause 3.2(a) must specify a revised Estimate for the Services and include the reason the total Charges will exceed the original Estimate.
- (c) The Participating Agency has sole discretion whether to approve a revised Estimate and must act reasonably when

- deciding whether to approve a revised Estimate.
- (d) When a revised Estimate is approved, the Participating Agency must provide written notice of the same to the Provider.
 - (e) If a Provider has provided an Estimate to the Participating Agency for Services, the Participating Agency is not liable to pay the Provider any amount exceeding the Estimate unless the Participating Agency has approved a revised Estimate.

3.3 If Charges exceed the Quote

- (a) The Provider acknowledges that neither the CoE nor the Participating Agency are obliged to pay any Charges to the Provider in relation to Services performed under this Consultancy Services Order if those Charges exceed any Quote provided in relation to this Consultancy Services Order, unless the Participating Agency has given its prior written consent in accordance with clause 3.3(b).
- (b) If the Participating Agency agrees to allow the Provider to increase the Charges:
 - (i) the Provider will complete and submit Part D of this Consultancy Services Order to the Participating Agency; and
 - (ii) upon receipt of the completed Part D of this Consultancy Services Order, the Participating Agency must promptly advise the Provider (in writing) if the completed Part D is acceptable.

4. Conflicts of interest

4.1 Conflicts of interest

- (a) The Provider must, upon receipt of this Consultancy Services Order, make diligent inquiry whether it has any actual, potential or perceived Conflicts of Interest if it were to provide the Services specified in this Consultancy Services Order and, if no such Conflict of Interest exists, the Provider must provide confirmation to that effect to the Participating Agency.
- (b) If the Provider has an actual, potential or perceived Conflict of Interest, the Provider must immediately notify the Participating Agency and must not begin performing the Services without the prior written approval of the Participating Agency.
- (c) The Provider must take all reasonable steps to ensure that:
 - (i) a situation does not arise that might result in an actual, potential or perceived Conflict of Interest; and
 - (ii) any Personnel or Subcontractors of the Provider do not engage in any activity or obtain interests that might result in the Provider

or such Personnel or Subcontractors having an actual, potential or perceived Conflict of Interest,

that cannot be managed to the satisfaction of the Participating Agency.

- (d) If, after commencing Services under this Consultancy Services Order, the Provider becomes aware of any matter, circumstance, interest or activity that may give rise to any actual, potential or perceived Conflict of Interest, the Provider must immediately notify the Participating Agency of all relevant details and must immediately cease work on the Services until such time as the Participating Agency provides written notice confirming the Provider may continue to perform the Services or terminates the engagement of the Provider in respect to the Services to be performed under this Consultancy Services Order in accordance with clause 4.1(e).
- (e) If the Participating Agency considers that the Provider has an actual Conflict of Interest of sufficient gravity that the Provider can no longer perform Services for it, the Participating Agency may, by written notice to the Provider, terminate this Consultancy Services Order with immediate effect on the date of termination specified in that notice.
- (f) Any approval or notice given by the Participating Agency pursuant to clause 4.1(b) or 4.1(d) may require the Provider to take steps reasonably required by the Participating Agency to manage the Conflict of Interest, and the Provider must provide written notice confirming its acceptance of those steps before it may commence or continue to provide the Services under this Consultancy Services Order.

5. Responsibilities

5.1 Provider responsibilities

In addition to its other obligations under this Consultancy Services Order, the Provider will:

- (a) respond promptly, accurately and adequately to any requests for information made by the Participating Agency in relation to the Services, including requests for advice;
- (b) in performing Services for the Participating Agency under this Consultancy Services Order comply with all privacy and other policies and guidelines issued by the Participating Agency and notified or made available to the Provider;
- (c) obtain, maintain and comply with any governmental, regulatory or other approvals, permissions, consents, licences, and requirements necessary to provide the Services and perform its obligations under this Consultancy Services Order;

- (d) comply with all Laws at all times during the Term in so far as they relate to the provision of the Services, including the Privacy Act 1993 and all applicable consumer laws;
- (e) ensure that it and its Personnel providing the Services do not access the Participating Agency's information or systems except to the extent necessary to provide the Services and for no other purpose;
- (f) as soon as is practicable, notify the Participating Agency of any problems or issues that arise in relation to the performance of its obligations under this Consultancy Services Order, including any problems or issues that will, or are likely to, affect the provision or quality of the Services or the ability of the Provider to perform its obligations under this Consultancy Services Order;
- (g) without limiting any other provision of this Consultancy Services Order, use all reasonable endeavours to avoid damaging or adversely affecting any Participating Agency's reputation;
- (h) in relation to the sub-categories for which the Provider has been appointed as a Tier 1 and Tier 2 Provider, conduct the Agency Satisfaction Survey by asking the Participating Agency the questions recorded in Annexure A of Schedule 5 (Governance) to the Services Agreement within 5 Business Days of the Services in this Consultancy Services Order being completed.

5.2 Participating Agencies' responsibilities

The Participating Agency has the following responsibilities in relation to the Services:

- (a) to manage its operational relationship with the Provider, including in relation to the fulfilment of this Consultancy Services Order;
- (b) to notify the Provider of all relevant policies, guidelines and procedures of the Participating Agency that the Provider must comply with when performing the Services under this Consultancy Services Order;
- (c) to provide adequate instructions and information to the Provider to allow it to perform the Services under this Consultancy Services Order;
- (d) to make timely decisions where approvals or consents are reasonably sought by the Provider in performing the Services under this Consultancy Services Order;
- (e) to pay the Charges; and
- (f) to use its best efforts to resolve any dispute directly with the Provider before involving the CoE in accordance with clause 13.

6. Resourcing

6.1 General requirements

The Provider will provide and maintain sufficient resources (including human resources, equipment, telecommunications connectivity, premises and other facilities) to enable it to perform its obligations on time and otherwise in accordance with this Consultancy Services Order.

6.2 Provider's Nominated Personnel

- (a) The Participating Agency may, in this Consultancy Services Order, nominate specific Personnel (**Nominated Personnel**) to be the primary providers or to supervise the delivery of the Services.
- (b) If any Nominated Personnel nominated in this Consultancy Services Order are not available to provide or supervise the Services requested, the Provider must immediately notify the Participating Agency and provide details of other Personnel (if any) with the necessary skills and experience to provide or supervise the Services requested pursuant to this Consultancy Services Order.
- (c) Notice given under clause 6.2(b) must specify the period for which the Nominated Personnel will continue to be unavailable.
- (d) Upon receipt of notice under clause 6.2(b), the Participating Agency must notify the Provider whether the replacement Personnel are acceptable.
- (e) The Participating Agency is under no obligation to accept any replacement Personnel and, if it does not approve the replacement Personnel, the Provider may not commence or continue providing the Services.

6.3 Personnel

- (a) The Provider will ensure that all of its Personnel who are engaged in the performance of the Provider's obligations under this Consultancy Services Order:
 - (i) have the requisite skills, expertise, qualifications and experience;
 - (ii) have, before performing any such obligations, obtained all security clearances and passed all probity checks required by, or necessary to provide the Services to, the Participating Agency;
 - (iii) comply with all health, safety, security and other policies, codes of conduct, procedures and reasonable directions as may be reasonably required by the Participating Agency from time to time; and
 - (iv) will carry out their respective duties with due care, skill and diligence.

- (b) The Participating Agency will notify the Provider of any security clearances and probity checks required by, or necessary to provide the Services to, the Participating Agency.

6.4 Subcontracting

- (a) The Provider will not subcontract the performance of all or part of the Services or any of its other obligations under this Consultancy Services Order, except with the prior written consent of the Participating Agency.
- (b) The Provider is solely responsible for the selection of each Subcontractor and must ensure that each Subcontractor is creditworthy, qualified and has the relevant experience to perform the work it is required to carry out for the Provider.
- (c) To the extent permitted by Law, the Provider is and remains fully responsible for any act or omission of any Subcontractor.
- (d) The Provider must ensure that each Subcontract contains obligations on the Subcontractor that are consistent with the relevant terms of this Consultancy Services Order, including in relation to clauses 5.1 (Provider responsibilities), 6.3(a) (Personnel), 10 (Confidentiality), 11 (Intellectual Property) and 14 (Termination) and Schedule 3 (Performance Measurement), together with clause 15 (Audit) of the Services Agreement.
- (e) If, in the Participating Agency's reasonable opinion, a Subcontractor is:
 - (i) materially not performing in accordance with the terms of this Consultancy Services Order, the Participating Agency may, by notice to the Provider, require the Provider to procure that the Subcontractor performs the relevant obligations within 10 Business Days, failing which the Participating Agency may, by notice to the Provider, require the Provider to remove that Subcontractor; or
 - (ii) a material threat to the health, safety or security of the Personnel or property of the Participating Agency, or has breached security or confidentiality requirements of this Consultancy Services Order, the Participating Agency may, by notice to the Provider, require the Provider to remove that Subcontractor,

and the Provider will ensure the immediate removal of that Subcontractor.

7. Changes

7.1 Change procedure

The Participating Agency may agree any variations to this Consultancy Services Order

with the Provider using Part C of the Consultancy Services Order.

8. Price and payment

8.1 Calculation of Charges

The Charges will be calculated in accordance with the terms of Schedule 2 (Pricing).

8.2 Participating Agency to pay for Services

- (a) The Participating Agency will pay the Provider the Charges applicable to any Services procured by the Participating Agency on the terms of this clause 8.
- (b) The Charges and Administration Fee comprise the total amount payable by the Participating Agency for the Services.

8.3 Invoicing and payment

Except as otherwise provided in Schedule 2 (Pricing) or as agreed with the Participating Agency in this Consultancy Services Order, the Provider will invoice the Participating Agency (or, if the Participating Agency has instructed the Provider in writing, the third party agent) for the Charges and the Participating Agency will pay those Charges, in accordance with the following terms:

- (a) the Provider will render one itemised invoice to the Participating Agency at the end of each month during the Term for all Services performed during that month specifying (as applicable):
 - (i) the nature and amount of the Fees or other applicable fees and fee structures;
 - (ii) the Personnel and their applicable Rate;
 - (iii) the hours billed (by Personnel and in the aggregate);
 - (iv) the nature and amount of any Expenses (including any third party charges to be passed on to the Participating Agency);
 - (v) if applicable, the amount representing the Administration Fee;
 - (vi) how much of the Estimate or Quote has been used;
 - (vii) a brief description of the Services provided during that month; and
 - (viii) any other matters the Participating Agency may reasonably request;
- (b) each correctly rendered invoice will be payable on or before the 20th day of the month following the month in which the invoice was received;
- (c) the Participating Agency will have no obligation to pay any Charges which are invoiced more than 90 days after the date that such amount was required to be invoiced pursuant to this clause 8.3; and
- (d) the Provider may only invoice the Participating Agency for any Expenses at

the cost actually incurred by the Provider.

8.4 Invoice disputes

If the Participating Agency or the Provider disputes an invoice:

- (a) it may withhold the disputed sum and, if applicable, associated Administration Fee until the dispute is resolved;
- (b) the dispute will be resolved in accordance with clause 13; and
- (c) it will pay the undisputed portion in accordance with clause 8.3.

The Provider will not be excused from performing its obligations under this Consultancy Services Order while an invoice is disputed by the Participating Agency.

8.5 Taxes

- (a) Except for any GST payable by the Participating Agency, any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including applicable interest and penalties) payable in connection with this Consultancy Services Order under any Law is to be paid by the Provider and not passed on to the Participating Agency unless otherwise expressly agreed in writing by the Participating Agency.
- (b) The Participating Agency may deduct from any payment to be made to the Provider any withholding taxes or other deductions that it is required by Law to make.

8.6 Administration Fee

In relation to the sub-categories for which the Provider has been appointed as a Tier 1 or Tier 2 Provider, the Provider will ensure that each invoice issued to the Participating Agency for the Charges includes, in addition to the Charges, a separate amount equal to 1% of the Fees (excluding GST) (the **Administration Fee**).

8.7 Suspension of payment

- (a) Without prejudice to any other right or remedy that may be available to the Participating Agency, the Participating Agency may suspend payment of all or any part of the Charges if the CoE has notified the Provider that the Provider is in Material Breach, until that Material Breach is remedied.
- (b) If the Material Breach is not capable of remedy the Participating Agency and the Provider agree to treat the Charges as being in dispute and clause 14 will apply.

9. Warranties

9.1 General warranties

Each party represents, warrants and undertakes that:

- (a) it has full power, capacity and authority to execute, deliver and perform its obligations under this Consultancy Services Order;

- (b) it has, and will continue to have, all the necessary consents, permissions, licences and rights to enter into and perform its obligations under this Consultancy Services Order; and
- (c) this Consultancy Services Order constitutes its legal, valid and binding obligations and is enforceable in accordance with its terms.

9.2

Provider's warranties

The Provider represents, warrants and undertakes that:

- (a) it will perform its obligations under this Consultancy Services Order with due care, skill, promptness and diligence at all times;
- (b) it has, and will have throughout the Term, sufficient Personnel to supply the Services and to perform its other obligations under this Consultancy Services Order;
- (c) it, and each of its Personnel engaged in the performance of the Services, has, and will have throughout the Term, the necessary expertise and all necessary governmental, regulatory or other approvals, permissions, consents, licences, qualifications, accreditations and requirements to provide the Services and perform its other obligations under this Consultancy Services Order;
- (d) it will comply with the requirements of all Laws as they relate to the provision of Services by the Provider;
- (e) the possession or use of any item of Intellectual Property supplied or licensed by it, or the use of any item of Intellectual Property by it to perform its obligations under this Consultancy Services Order, will not infringe the rights of any third party;
- (f) all Documentation (and any other information or advice supplied by it to the Participating Agency) and any information and data reported to the CoE will be accurate, complete and (as applicable) Fit for Purpose;
- (g) there are no existing agreements, undertakings or arrangements which prevent it from entering into this Consultancy Services Order, or which would impede the performance of its obligations under this Consultancy Services Order, or that it would breach by entering into this Consultancy Services Order;
- (h) it is not (and nor is any of its Personnel) a party to any litigation, proceedings or disputes which could adversely affect its ability to perform its obligations under this Consultancy Services Order; and
- (i) it has not offered any inducement in connection with the entering into or negotiation of this Consultancy Services Order, and will not offer any inducement in connection with the supply of Services to the Participating Agency.

9.3	Continuous application The warranties, representations and undertakings set out in clause 9.2 will be deemed to be given by the Provider continuously throughout the Term.		required disclosure promptly upon receipt of notice of the required disclosure (if it is permitted to do so by Law);
9.4	Notification Each party will promptly notify the other if at any time during the Term it breaches any of the warranties, representations and undertakings in this clause 9.	(iii)	that was lawfully known to the recipient prior to the date it was received;
9.5	Other warranties excluded All warranties (statutory, express or implied) which are not expressly referred to in this Consultancy Services Order are excluded to the fullest extent permitted by Law.	(iv)	that becomes available to the recipient from a source other than a party to this Consultancy Services Order, provided that the recipient has no reason to believe such source is itself bound by an obligation of confidence to the person that disclosed that information or is otherwise prohibited under Law from disclosing such information;
10. Confidentiality			
10.1	Protection of Confidential Information		
(a)	Subject to clauses 10.1(c) and 10.2, the Provider and the Participating Agency will treat as confidential and not disclose to any third party nor use for its own benefit any Confidential Information that is the Confidential Information of the other.	(v)	to any Professional Adviser for the purposes of rendering professional services to a party in relation to this Consultancy Services Order;
(b)	The Provider will:	(vi)	to the extent that such disclosure is authorised by this Consultancy Services Order; or
(i)	ensure that all Confidential Information of the Participating Agency (and any backup archives containing such Confidential Information) in the possession or control of the Provider from time to time is kept secure and managed and protected and only disclosed or otherwise dealt with in accordance with this Consultancy Services Order;	(vii)	if such disclosure is approved for release with the consent of the party from whom the Confidential Information is first received.
(ii)	not use any Agency Information for its own purposes or for any purposes different from those contemplated by this Consultancy Services Order; and		
(iii)	advise the CoE in writing if any Confidential Information of the Participating Agency will be transferred or stored outside New Zealand before such information is transferred and will confirm that the requirements of this clause 10.1 will be met while such Confidential Information is stored outside New Zealand.		
(c)	Clause 10.1(a) does not prevent the disclosure of Confidential Information:		
(i)	if that information was known, or becomes known, to the public through no act or default of the recipient;		
(ii)	that the recipient is required by Law or parliamentary practice (including parliamentary questions) to disclose, or to a Select Committee or to a Minister of the Crown, so long as the recipient provides notice of the		
10.2	Limited disclosure	(a)	The Provider may, subject to clause 10.2(d), disclose the Confidential Information of the Participating Agency to its Subcontractors, Personnel, Related Entities and Professional Advisers who need to know the same for the sole purpose of enabling the Provider to perform its obligations and exercise its rights under this Consultancy Services Order.
		(b)	The Participating Agency may, subject to clause 10.2(d), disclose the Confidential Information of the Provider to its third party suppliers, Personnel and Professional Advisers and any other Participating Agencies (including the CoE) who need to know the same in connection with the Services.
		(c)	The Provider will not disclose the Participating Agency's Confidential Information to any of its Subcontractors, Related Entities or Professional Advisers, and the Participating Agency will not disclose the Provider's Confidential Information to any of its third party suppliers or Professional Advisers, unless the recipient has given a written confidentiality undertaking to the disclosing party in terms substantially similar to those set out in this clause 10.
		(d)	Any undertaking given pursuant to clause 10.2(c) will be provided to the other party to this Consultancy Services Order on request.
11. Intellectual Property			
11.1	Intellectual Property owned by Provider		

- (a) The Participating Agency acknowledges that all:
 - (i) Intellectual Property held by the Provider before the Commencement Date;
 - (ii) Intellectual Property developed independently from this Consultancy Services Order by the Provider, and that is not developed, commissioned or created under or in connection with this Consultancy Services Order; and
 - (iii) adaptations and modifications to the Intellectual Property described in clauses 11.1(a)(i) and (ii),
 remains the Provider's sole and exclusive property (**Provider IP**).
- (b) To the extent that the Participating Agency needs to use any of the Provider IP to receive the full benefit of the Services, the Provider grants to the Participating Agency a royalty-free, non-exclusive licence (including, if agreed in this Consultancy Services Order, the right to sublicense) to use, copy, modify and distribute during the Term any Provider IP provided to the Participating Agency by or on behalf of the Provider.
- (iii) waives all of its moral rights under Part 4 of the Copyright Act 1994 in the Participating Agency IP,
- (d) To the extent that the Provider needs to use any of the Participating Agency's IP for the purpose of performing its obligations under this Agreement, the Participating Agency grants to the Provider, subject to any written direction given by the Participating Agency, of a royalty-free, non-exclusive, non-transferable licence to use and store the Participating Agency's IP for the sole purpose of performing its obligations under this Consultancy Services Order during the Term.

11.2

Intellectual Property owned by Participating Agency

- (a) The Provider acknowledges that the Participating Agency or its licensor has, and continues to have, sole and exclusive ownership of all Intellectual Property rights in all of the Agency Information together with all adaptations and modifications of such Agency Information (**Pre-contract Participating Agency IP**).
- (b) All Intellectual Property created or developed by the Provider or its employees or Subcontractors in performing the Services and developing the Documentation will be owned by the Participating Agency from the date the Intellectual Property is created or developed (**Post-contract Participating Agency IP** and, together with the Pre-contract Participating Agency IP, the **Participating Agency IP**).
- (c) If the Provider (or any of its Subcontractors) has under any Law any right in or claim to any of the Participating Agency IP or holds any of the Participating Agency IP, the Provider (by itself and for its Subcontractors):
 - (i) assigns to the Participating Agency all of its rights, title and interest in and to the Participating Agency IP from the date it was created or developed; and
 - (ii) waives all right of lien or similar rights as may now or later be claimed in the Participating Agency IP; and

11.3

Intellectual Property owned by third parties

- (a) To the extent that the Provider needs to use any Intellectual Property held or owned by a third party (**Third Party IP**) in performing the Services under this Consultancy Services Order, the Provider will use its best endeavours to obtain the fullest rights of use and licence of that Third Party IP (on terms and at a cost to be agreed with the Participating Agency) as are necessary for the performance of those Services for the benefit of the Participating Agency.
- (b) The Participating Agency acknowledges that the Provider may have limited ability to obtain rights and/or a licence to use any Third Party IP and, where the Provider, using its best endeavours, cannot obtain appropriate rights and/or a licence for the Participating Agency to use that Third Party IP, the warranty in clause 9.2(e) applies.

12. Liability

12.1 Indemnity

- (a) The Provider will, to the extent permitted by Law, indemnify the Participating Agency against all Losses suffered or incurred by the Participating Agency as a result of any:
 - (i) unlawful, malicious or negligent act or omission by the Provider;
 - (ii) personal injury, sickness, death or loss of, or damage to, tangible property due to an act or omission of the Provider; or
 - (iii) any other breach by the Provider of its obligations under this Consultancy Services Order.
- (b) The Provider will, subject to clause 12.1(c), indemnify the Participating Agency against all Losses suffered or incurred by the Participating Agency as a result of any claim that the possession or use of any Intellectual Property supplied or licensed by the Provider, or the use of any Intellectual Property used to provide

- the Services, infringes any third party's rights.
- (c) The Provider will have no liability under clause 12.1(b) to the extent that any IP Claim arises from any:
- (i) modification by the Participating Agency of any item of Intellectual Property supplied or licensed by the Provider without the approval of the Provider;
 - (ii) use by the Participating Agency of Intellectual Property supplied or licensed by the Provider for any purpose disallowed by this Consultancy Services Order or the applicable Intellectual Property licence (but only if the licence has been provided to the Participating Agency prior to such use); or
 - (iii) use of Intellectual Property used to provide the Services if and to the extent that Intellectual Property was supplied by the Participating Agency.
- 12.2 **IP Claims**
- (a) In the event of a claim under clause 12.1(b) (an IP Claim):
- (i) the Participating Agency will give the Provider notice of the IP Claim as soon as practicable and, to the extent permissible by Law, permit the Provider (at the Provider's cost) to handle all negotiations for settlement and to control and direct any litigation that may follow (Control of the IP Claim);
 - (ii) if the Provider has Control of the IP Claim:
 - (A) the Participating Agency will provide all reasonable assistance to the Provider (at the Provider's cost) in the handling of any negotiations and litigation; and
 - (B) the Provider will keep the Participating Agency informed of the defence or negotiations of the IP Claim and diligently conduct any litigation or negotiations, using competent counsel and in a manner that does not adversely affect the name or reputation of the Participating Agency;
 - (iii) the Provider will not enter into any settlement or compromise in relation to the IP Claim without the prior written consent of the Participating Agency (which will not be unreasonably withheld); and
- (iv) the Provider will notify the CoE of the IP Claim, and the outcome within 5 Business Days of the claim being concluded.
- (b) If any IP Claim disrupts the Participating Agency's use or enjoyment of a Service, the Provider will (unless otherwise requested by the CoE), at its own expense and at its option, immediately:
- (i) obtain for the Participating Agency the legal right to continued use of the infringing materials; or
 - (ii) replace, modify or resupply the infringing materials so that there is no further infringement, without adversely affecting the performance or functionality of those materials.
- 12.3 **Maximum liability of Participating Agency**
- In addition to its obligation to pay the Charges, the maximum aggregate liability of the Participating Agency to the Provider under or in connection with this Consultancy Services Order will be, in respect of all Losses, limited to the total Charges paid and payable under this Consultancy Services Order.
- 12.4 **Maximum liability of the Provider**
- The maximum liability of the Provider to the Participating Agency for all Losses under or in connection with this Consultancy Services Order in respect of all claims will not exceed:
- (a) in relation to the sub-categories for which the Provider has been appointed as a Tier 1 Provider, the greater of:
 - (i) 10 times the total Charges paid and payable under this Consultancy Services Order;
 - (ii) \$5,000,000; and
 - (iii) any greater amount or multiple set out in this Consultancy Services Order;
 - (b) in relation to the sub-categories for which the Provider has been appointed as a Tier 2 Provider, the greater of:
 - (i) 10 times the total Charges paid and payable under this Consultancy Services Order;
 - (ii) \$2,000,000; and
 - (iii) any greater amount or multiple set out in this Consultancy Services Order; and
 - (c) in relation to the sub-categories for which the Provider has been appointed as a Tier 3 Provider, the greater of:
 - (i) 10 times the total Charges paid and payable under this Consultancy Services Order;
 - (ii) \$1,000,000; and
 - (iii) any greater amount or multiple set out in this Consultancy Services Order.

- 12.5 **No double dipping**
- A party to this Consultancy Services Order (or the CoE acting on behalf of the Participating Agency in accordance with the Services Agreement) cannot recover for the same Loss under both this Consultancy Services Order and the Services Agreement.
- 12.6 **Exclusions on liability**
- The limitations on liability set out in clauses 12.3 and 12.4 will not limit the liability of:
- (a) the Provider under clauses 12.1(a) and 12.1(b) (other than in respect of negligent acts or omissions under clause 12.1(a)(i) and breach by the Provider of its obligations under this Consultancy Services Order under clause 12.1(a)(iii), which are subject to the limitations of liability in clauses 12.3 and 12.4);
 - (b) the Provider for any fraudulent act or omission; or
 - (c) either party for any breach of confidentiality.
- 12.7 **Categories of loss**
- (a) Irrespective of how liability arises, neither the Provider nor the Participating Agency will, under any circumstances, be liable for any indirect loss or damage (including consequential loss) arising under or in connection with this Consultancy Services Order.
 - (b) The Participating Agency will not, under any circumstances, be liable for any loss of profits or loss of revenue suffered by the Provider in connection with this Consultancy Services Order.
- 12.8 **Force majeure**
- (a) The Provider and the Participating Agency will not be liable to the other for any failure to perform its obligations under this Consultancy Services Order during the time and to the extent that such performance is prevented, wholly or substantially, by reason of any Force Majeure Event.
 - (b) The party subject to the Force Majeure Event (the **non-performing party**) must:
 - (i) notify the other party as soon as practicable after the Force Majeure Event occurs and provide full information concerning the Force Majeure Event, including the extent of its inability to perform, an estimate of the time likely to be required to overcome the Force Majeure Event and the steps the non-performing party will take to comply with clauses 12.8(b)(ii) and 12.8(b)(iii);
 - (ii) use all reasonable endeavours to mitigate and remedy the effect of the Force Majeure Event and minimise the impact of the event on the other party; and
 - (iii) use all reasonable endeavours to perform its obligations under this Consultancy Services Order as far as is practicable,
- and the Participating Agency will not be required to pay Charges to the extent that the Provider fails to perform its obligations to the Participating Agency due to a Force Majeure Event.
- 12.9 **Insurance**
- (a) During the Term and for a period of two years following the termination of this Consultancy Services Order, the Provider will, at its own expense, ensure that it maintains adequate insurance in respect of its potential liability for loss or damage under this Consultancy Services Order in accordance with Industry Best Practice, but as a minimum the Provider must hold:
 - (i) professional indemnity insurance;
 - (ii) public liability insurance in respect of the Services provided under this Consultancy Services Order; and
 - (iii) other insurance to cover standard commercial risks (including in respect of Documentation which is the property of the Participating Agency and in the Provider's possession or control).
 - (b) The Provider will, at the Participating Agency's request, promptly provide satisfactory evidence that it has complied with its obligations in this clause 12.9.
13. **Dispute resolution**
-
- 13.1 **Dispute**
- In the event of any dispute, difference or question arising out of, or in connection with, this Consultancy Services Order or its formation (a **dispute**):
- (a) the Participating Agency and the Provider will each use its best efforts to resolve the dispute through good faith negotiations and informal dispute resolution techniques, and will continue

to perform its obligations under this Consultancy Services Order as far as possible as if the dispute had not arisen, pending final settlement of the dispute; and

- (b) neither the Participating Agency nor the Provider will commence any formal proceedings relating to the dispute unless it has complied with clause 13.2.

13.2 Escalation

- (a) The Participating Agency and the Provider will each advise its respective Representative (or equivalent person) of a dispute on the day that the dispute arises.
- (b) The Representatives will use their best efforts to resolve the dispute in accordance with clause 13.1(a).
- (c) If the dispute is not resolved:
 - (i) within 10 Business Days, the dispute will be escalated to senior representatives of the Provider and the Participating Agency with delegated authority to resolve the dispute; and
 - (ii) in relation to the sub-categories for which the Provider has been appointed as a Tier 1 and Tier 2 Provider, within a further 10 Business Days, the dispute will be escalated to the CoE's Manager, All-of-Government Contracts and the Provider's Chief Executive.

13.3 Mediation

- (a) If a dispute is not resolved under clause 13.2, either party may, by written notice to the other, refer the dispute to mediation, or they may agree in writing to refer the dispute to mediation.
- (b) The mediation will be conducted by a single mediator in accordance with the terms of the Resolution Institute Standard Mediation Agreement and at a fee to be agreed by the parties.
- (c) If the parties fail to agree on the identity of the mediator and/or the mediator's fee within five Business Days of referral of the dispute to mediation, the mediator will be chosen, and the mediator's fee determined, by the chairperson for the time being of Resolution Institute (or his or her nominee).

13.4 Urgent relief

Nothing in this clause 13 will preclude either party from taking immediate steps to seek urgent relief before a New Zealand court.

14. Termination

14.1 Termination of Consultancy Services Order

The Participating Agency may terminate this Consultancy Services Order:

- (a) for convenience by giving the Provider at least one month's prior written notice;

- (b) by notice to the Provider with immediate effect on the date of termination specified in that notice, if the Provider commits a Material Breach which is:

- (i) not capable of being remedied (and, for the avoidance of doubt, paragraphs (a) and (b) of the definition of "Material Breach" are deemed incapable of being remedied); or
- (ii) capable of being remedied but which is not remedied to the satisfaction of the Participating Agency within 10 Business Days following the date of receipt by the Provider of the Participating Agency's notice of the Material Breach;

- (c) in accordance with clause 4.1(e) (Conflict of Interest); or

- (d) in accordance with clause 12.8(c) (Force Majeure Event).

14.2

Consequences of termination or expiry

- (a) In the event of termination or expiry of this Consultancy Services Order, the Participating Agency will not be obliged to make any payment to the Provider except for any Charges payable for Services supplied pursuant to this Consultancy Services Order before the effective date of expiry or termination.
- (b) Termination or expiry will not, unless otherwise provided in this Consultancy Services Order, affect:
 - (i) any rights and remedies available to either party which have accrued up to and including the date of termination or expiry; and
 - (ii) the provisions of this Consultancy Services Order which expressly, or by their nature, survive termination or expiry, including clauses 15 (Entire agreement), 10 (Confidentiality), 11 (Intellectual Property), 12 (Liability), 13 (Dispute Resolution), 14.2 (Consequences of termination or expiry) and 16 (General) and Schedule 1 (Definitions);
 - (iii) the continued application of clauses of the Services Agreement which expressly, or by their nature, are intended to continue to apply to this Consultancy Services Order after termination or expiry of this Consultancy Services Order, including clauses 1.4 (Precedence) and 15 (Audit).

- (c) After expiry or termination of this Consultancy Services Order for any reason, each party will, within five Business Days of receiving notice from the other party, return all Documentation, Confidential Information or other property belonging to the other party (or destroy

such Confidential Information, if requested), except if such Documentation, Confidential Information or other property is required to be retained by any Law.

15. Entire agreement

15.1 Entire agreement

- (a) This Consultancy Services Order is intended to be read in conjunction with the Services Agreement. The provisions of the Services Agreement (not already included in this Consultancy Services Order) which confer rights, obligations or benefits on the parties or the CoE in respect of this Consultancy Services Order are intended to apply to this Consultancy Services Order.
- (b) Subject to clause 15.1(a), no other terms or conditions, including any conditions of sale, invoices or any other communication not included in this Consultancy Services Order (**Communication**), will be incorporated into this Consultancy Services Order, even if at some later date the other party (including, in the case of the Participating Agency) signs or otherwise purports to accept those terms and conditions or the terms of that Communication.
- (c) For the avoidance of doubt, and without limiting clauses 15.1(a) and 15.1(b):
 - (i) any Communication which is expressed or intended to operate as an indemnity, warranty, representation, undertaking, condition or other term of such a nature is hereby disapplied and excluded from this Consultancy Services Order; and
 - (ii) any part of this Consultancy Services Order which describes the nature, scope, price or manner of delivery of Services will, subject to clause 15.1(c)(i), form part of this Consultancy Services Order, but only to the extent that it does not conflict with any other part of this Consultancy Services Order.

16. General

16.1 Interpretation

The rules of interpretation set out in clause 19.1 of the Services Agreement apply to this Consultancy Services Order.

16.2 Relationship of the parties

Nothing expressed or implied in this Consultancy Services Order will be deemed to constitute either party as the partner, agent, or joint venturer of the other party.

16.3 Costs

A party who has an obligation to do anything under this Consultancy Services Order will perform that obligation at its own cost, unless a term of this Consultancy Services Order expressly provides otherwise.

16.4 Assignment

Neither party may assign, novate, transfer or otherwise dispose of the whole or any part of its rights and obligations under this Consultancy Services Order without first obtaining the other party's consent (which will not be unreasonably withheld or delayed).

16.5 Public disclosures

Subject to clause 10, all public disclosures by the Provider relating to this Consultancy Services Order, including the fact of its existence (but not including any announcement intended solely for internal distribution or any disclosure required by legal, accounting or regulatory requirements), will be co-ordinated with, and must first be approved in writing by, the Participating Agency prior to release.

16.6 Notices

- (a) Unless otherwise specified in this Consultancy Services Order, each notice or other communication under this Consultancy Services Order will be made in writing and delivered by post, personal delivery or email to the addressee at the addressee's postal address, physical address or email address (as applicable) and marked for the attention of the person or office holder (if any) from time to time designated for that purpose by the addressee.
- (b) The Provider's postal address, physical address and email address is set out in the Provider Database and may be amended by the Provider at any time.
- (c) The Participating Agency's postal address, physical address and email address is as notified by the Participating Agency to the Provider and may be amended by the Participating Agency at any time.
- (d) A notice or other communication will be deemed to be received:
 - (i) in the case of a letter sent to the addressee's postal address, on the third Business Day after posting;
 - (ii) in the case of personal delivery, on receipt; and
 - (iii) in the case of an email, at the time the email leaves the communications system of the sender, provided that the sender:
 - (A) does not receive any error message relating to the sending of the email at the time of sending; and
 - (B) has obtained confirmation that the email has been delivered to the recipient (which confirmation may be in the form of an automated delivery receipt from the communications system of the recipient),

on the Business Day on which it is dispatched or, if dispatched after 5 p.m. (in the place of receipt), on the next Business Day after the date of dispatch.

16.7 Severability

If any term or provision of this Consultancy Services Order is held to be illegal, invalid or unenforceable it will be severed from this Consultancy Services Order without affecting the legality, validity or enforceability of the remaining provisions.

16.8 Waiver

- (a) Neither party will be deemed to have waived any right under this Consultancy Services Order unless the waiver is in writing and signed by the parties.
- (b) Any failure or delay by a party to exercise any right or power under this Consultancy Services Order will not operate as a waiver of that right or power.
- (c) Any waiver by a party of any breach, or failure to exercise any right, under this Consultancy Services Order will not constitute a waiver of any subsequent breach or continuing right.

16.9 Remedies cumulative

Except as is expressly stated otherwise in this Consultancy Services Order:

- (a) the rights, powers and remedies provided in this Consultancy Services Order are cumulative and are not exclusive of any rights, powers or remedies provided by Law or under this Consultancy Services Order; and
- (b) the exercise of any rights, powers and remedies provided in this Consultancy Services Order will not prejudice the exercise of any other right, power or remedy under this Consultancy Services Order or existing at Law.

16.10 Counterparts

This Consultancy Services Order may be signed in two counterparts, each of which will be deemed an original, but both of which together are to constitute a single instrument.

16.11 Governing law and jurisdiction

- (a) This Consultancy Services Order is governed by, and will be construed in accordance with, the laws of New Zealand.
- (b) Subject to clause 13, each party irrevocably submits to the exclusive jurisdiction of the New Zealand courts for the purpose of hearing and determining any dispute under, or in connection with, this Agreement.

SCHEDULE 1: DEFINITIONS

In this Consultancy Services Order, unless the context otherwise requires:

Administration Fee means the amount referred to in clause 8.6;

Agency Information means all:

- (a) information and records belonging to the Participating Agency that are supplied to or collected by the Provider for the purpose of enabling the Provider to perform its obligations under this Consultancy Services Order;
- (b) compilations of data created by a Participating Agency or the Provider for the purposes of this Consultancy Services Order; and
- (c) legal names, logos, trademarks, brands or images of the Participating Agency, including all related Intellectual Property of the Participating Agency and the New Zealand Coat of Arms or any other coat of arms or emblem used by the Participating Agency,

but excluding the Provider's working papers;

Annexure means any document physically attached to a Schedule and identified as such and any other document incorporated by reference in any part of this Consultancy Services Order (other than an Annexure);

Appointment Letter means the letter issued to the Provider by the CoE, as amended or reissued from time to time, confirming (among other things) the Provider's appointment as an All-of-Government provider of consultancy services and detailing the terms and conditions of the appointment (including the Services and the applicable Tier(s));

Business Day means any day of the year other than a Saturday, a Sunday or a public holiday (as defined in section 44 of the Holidays Act 2003) observed at the location of the Participating Agency;

Charges means the amount payable by Participating Agencies for Services and includes Fees and Expenses, as described in Schedule 2 (Pricing) and agreed in this Consultancy Services Order;

CoE means the Ministry of Business, Innovation and Employment, the Centre of Expertise for Consultancy Services;

Commencement Date is the date on which this Consultancy Services Order is signed by both parties or, if two dates, the later date;

Confidential Information means:

- (a) all information and trade secrets already communicated or subsequently communicated under or in connection with this Consultancy Services Order, including information obtained during the negotiation of this Consultancy Services Order or in the performance of this Consultancy Services Order and information on the Provider Database;
- (b) any information about the business or property of either party including any information:
 - (i) relating to the financial position of that party;
 - (ii) concerning that party's suppliers and customers; or
 - (iii) relating to that party's internal management, structure, Personnel or strategies;
- (c) the terms of this Consultancy Services Order; and
- (d) Agency Information;

Conflict of Interest means any matter, circumstance, interest or activity of the Provider, its Personnel or Subcontractors, arising by whatever means that directly or indirectly conflicts with:

- (a) the duties of the Provider and any of its Personnel or Subcontractors to the Participating Agency; or
- (b) the interests of the Participating Agency in relation to this Consultancy Services Order or otherwise in respect to the provision of consultancy services to the Participating Agency either before or after the Commencement Date;

or otherwise impairs or might appear to impair the ability of the Provider (or any of its Personnel or Subcontractors) to provide the Services to the Participating Agency under this Consultancy Services Order diligently, independently, impartially and in the best interests of the Participating Agency;

Consultancy Services Order means this service order relating to the supply of Services issued by the Participating Agency;

Contract Quarter means a period of three consecutive months commencing on 1 January, 1 April, 1 July or 1 October;

Control means, in relation to the Provider or any ultimate or intermediate holding company or Holding Entity of the Provider, the power to:

- (a) manage, directly or indirectly, the operation of the business; or
- (b) control, directly or indirectly, the composition of the board of directors or board of management or equivalent governing body,

of the Provider or such ultimate or intermediate holding company or Holding Entity, whether through the ownership of voting securities, by contract or otherwise, and for these purposes "holding company" will have the same meaning as in section 5 of the Companies Act 1993;

Documentation means all advice, communications, documentation (including information on the Provider Database) and reports (whether in paper, electronic, audio or audio-visual format) relating to, or provided as part of, the Services together with additions, modifications to, and replacements of, that documentation, but excludes the Provider's working papers;

Estimate means an estimate of the total Charges for the Services required by the Participating Agency;

Expense means any actual and reasonable out-of-pocket costs incurred by the Provider in the delivery of the Services and agreed to in this Consultancy Services Order, and includes any freight and related costs, travelling and incidental expenses and other costs, disbursements, fees, charges and expenses directly or indirectly incurred by the Provider;

Fees means the amount payable by the Participating Agency to the Provider for its time spent delivering the Services calculated on the basis of the Rates, excluding Expenses;

Fit for Purpose means, in relation to any Service or Documentation to be provided by the Provider to the Participating Agency, that such Services or Documentation are, in descending order of priority, fit for the purpose(s):

- (a) expressly made known in writing by the Participating Agency to the Provider (including in this Consultancy Services Order); or
- (b) for which the Provider, given its knowledge of the Participating Agency and understanding why the

Services or Documentation are required, has reason to expect such Services or Documentation to be used;

Force Majeure Event means an event or circumstance beyond the reasonable control of either party which makes it impossible or illegal to perform, or prevents compliance with, or the performance of, a party's obligations under this Consultancy Services Order, including:

- (a) fire, floods, tsunamis, storms, tempest, earthquake or other act of God;
- (b) any act of a public enemy, war, riot, or act of civil or military authority;
- (c) nuclear, chemical or biological contamination; and
- (d) subject to paragraph (g) of this definition, any act of a third party engaged in subversive or terrorist activity or sabotage,

but does not include an event to the extent that:

- (e) the effect of that event could have been substantially prevented, avoided or overcome or mitigated by:
 - (i) implementation of any contracted business continuity or disaster recovery service, or any contingency plans agreed between the parties or which a party has represented it has in place; or
 - (ii) exercising a reasonable standard of care; or
 - (iii) using information provided by the other party or which is available in the public domain; or
- (f) it is an event for which the party affected is or was directly responsible; or
- (g) that event is constituted or caused by any act or omission of Personnel or a Subcontractor unless and to the extent that the Personnel or Subcontractor was itself affected by an event, which if it occurred in relation to either party would have been a Force Majeure Event; or
- (h) that event is constituted or caused by an Insolvency Event or the insolvency of a Subcontractor or lack of funds for any reason;

GST means goods and services tax under the Goods and Services Tax Act 1985;

Holding Entity means a trust, unit trust, partnership, limited partnership, unincorporated joint venture or other body corporate or unincorporated body of persons that Controls the Provider, and includes any natural person that Controls the Provider;

Industry Best Practice means the high professional standard that would reasonably be expected from a prudent and experienced provider of consultancy services in New Zealand having regard to market practice at the relevant time;

Insolvency Event means, in relation to the Provider:

- (a) the presentation of an application for its liquidation that is not discharged within 30 days of its filing or which is not demonstrated to the Participating Agency prior to the expiry of that 30 day period as being an application that is frivolous or vexatious;
- (b) any step taken in or toward the making of any compromise, proposal or deed of arrangement with all or some of its creditors;
- (c) the appointment of a liquidator, receiver, statutory manager, administrator or similar official, to it;
- (d) the suspension or threatened suspension by it of the payment of its debts;

- (e) cessation by it of a whole or any relevant part of its business in New Zealand;
- (f) the enforcement of any security against the whole or a substantial part of its assets; or
- (g) any other insolvency event or proceedings analogous to any of the foregoing occurring in any relevant jurisdiction;

Intellectual Property means copyright, all rights in relation to inventions (including patents), registered and unregistered trademarks, registered and unregistered designs, trade or other proprietary rights or rights derivative of those rights (including licence rights) anywhere in the world as well as any other rights in intellectual property which are recognised or protected under Law;

Law means:

- (a) any statute, regulation, bylaw, ordinance or subordinate legislation in force from time to time to which a party is subject;
- (b) the common law and the law of equity as applicable to the parties from time to time;
- (c) any binding court order, judgment or decree;
- (d) any applicable industry code of practice or conduct, convention, policy, rule or standard to which a party is bound; or
- (e) any applicable direction, policy, permission, consent, licence, rule or order that is binding on a party and that is made or given by any governmental or regulatory body having jurisdiction over a party or any of that party's assets, resources or business,

in any jurisdiction that is applicable to this Consultancy Services Order;

Losses means liabilities, expenses, losses, damages and costs (including legal costs on a full indemnity basis);

Material Breach means any material breach by the Provider of the terms of this Consultancy Services Order or the occurrence of any event having a material effect on the ability of the Provider to perform its obligations under this Consultancy Services Order (other than a Force Majeure Event), including:

- (a) the occurrence of an Insolvency Event in relation to the Provider or the likely occurrence of an Insolvency Event;
- (b) the occurrence of a change in Control of the Provider or any ultimate or intermediate holding company or Holding Entity of the Provider that the CoE has not previously approved (acting reasonably);
- (c) any representation or warranty made by the Provider in terms of this Consultancy Services Order being found to be untrue or incorrect; and
- (d) any failure on the part of the Provider to comply with, observe or perform any of the terms of this Consultancy Services Order in circumstances where that contract breach or that contract breach together with other contract breaches is considered by the Participating Agency on reasonable grounds to cause the Provider to be unable or unwilling, or be likely to be unable or unwilling, to perform its obligations under this Consultancy Services Order;

Maximum Rates means the maximum Rates payable to the Provider for providing the Services, as recorded in the Provider Database, excluding Expenses;

Panel means the All-of-Government panel of providers who provide consultancy services to Participating Agencies,

including any sub-panel, as detailed on www.procurement.govt.nz;

Participating Agency means the Participating Agency that is a party to this Consultancy Services Order;

Participating Agencies means each of the CoE and every other Eligible Agency that is a party to the memorandum of understanding between the CoE and all other Participating Agencies relating to the management of their relationship with each other and with the Provider in relation to the Services, as amended from time to time;

Personnel includes partners, principals, directors, employees, agents, officers and individual independent contractors;

Professional Adviser means any accounting, legal, procurement or technical professional;

Provider Database means the IT platform described in Schedule 7 (Provider Database) to the Services Agreement;

Quote means a fixed price, capped price or other pre-agreed basis for establishing the Charges for Services required by the Participating Agency where the Provider is prevented from increasing the Charges without the prior written consent of the Participating Agency;

Rates means the rates (whether hourly, daily or weekly or other time-related basis) payable to the Provider for providing the Services, determined in accordance with Schedule 2 (Pricing), excluding Expenses;

Related Entity means a related company under the Companies Act 1993 (New Zealand) or a related body corporate under the Corporations Act 200, provided that any reference in the Companies Act 1993 to a "company" is deemed to include any partnership, body corporate, association or other entity, whether corporate or unincorporated, irrespective of the place of incorporation or registration of that partnership, body corporate, association or other entity;

Representative has the meaning given in paragraph 3.1 of Schedule 5 (Governance) to the Services Agreement);

Service Level means a required standard for the Provider's performance of its obligations under this Consultancy Services Order, as described in Schedule 3 (Performance Measurement);

Service Level Default means a failure by the Provider to meet one or more Service Levels;

Services means the consultancy services provided from time to time under the terms of this Consultancy Services Order;

Services Agreement means the All-of-Government services agreement relating to the supply of Tier 1 and 2 consultancy services between the CoE and the Provider;

Subcontractor means any person to whom the Provider has subcontracted any part of its obligations under this Consultancy Services Order or who is a supplier to the Provider in respect of this Consultancy Services Order and includes the employees and subcontractors of that person and **Subcontract** will be construed accordingly;

Term means the period commencing on the date that this Consultancy Services Order is signed by both parties and ending on the earlier of:

- (a) the date on which the Services are completed in accordance with this Consultancy Services Order; and
- (b) the date on which this Consultancy Services Order is terminated in accordance with its terms; and

Tiers means any of **Tiers 1** and **Tiers 2** for which members of the Panel are appointed and, in respect of the Provider, means the Tier(s) the Provider is appointed to as detailed in the Appointment Letter.

SCHEDULE 2: PRICING

1. Introduction

This Schedule sets out general principles underlying the Charges.

2. Principles

2.1 Participating Agency will only pay for Services ordered

- (a) The Provider will invoice the Participating Agency for the Charges in accordance with clause 8.3 of this Consultancy Services Order.
- (b) The Participating Agency will only pay for Services that it orders in accordance with this Consultancy Services Order.

2.2 No minimum volume

The Participating Agency is not required to meet a minimum aggregate expenditure or volume level for any Services.

2.3 No interest

No interest will be payable on any amount due to the Provider under this Consultancy Services Order.

2.4 Rates

- (a) The Fees are calculated on the Rates, being either the Rates that are recorded on the Provider Database or, subject to paragraph 3, a different Rate as negotiated between the Provider and Participating Agency and recorded in this Consultancy Services Order.
- (b) The Maximum Rates are the maximum amounts payable by the Participating Agency for the Services.

2. Charges

The Charges payable by the Participating Agency for Services must not include any Fees invoiced at Rates higher than the Maximum Rates recorded in the Provider Database.

SCHEDULE 3: PERFORMANCE MEASUREMENT

3. Introduction

This Schedule describes, in relation to the sub-categories for which the Provider has been appointed as a Tier 1 and Tier 2 Provider:

- (a) the Service Levels; and
- (b) how performance against Service Levels will be measured and reported.

4. Service Levels

2.1 Format

Each Service Level is described in Annexure A using the following format:

Parameter	Description
Description	Description of what the Service Level will measure
Purpose	Why it is important to Participating Agencies that the Service Level is met
Calculation	Method for calculating the Service Level
Service Level	The performance standard that the Provider is required to meet or exceed

2.2 Service Levels must be met

- (a) At all times during the Term, the Provider will, in relation to the sub-categories for which the Provider has been appointed as a Tier 1 and Tier 2 Provider, perform its obligations to meet or exceed the Service Levels.
- (b) The Provider acknowledges that any failure to meet the Service Levels may have a significant impact on the Participating Agency.

2.3 Changes to Service Levels

- (c) From time to time during the Term, the CoE and the Provider may negotiate in good faith to add, delete or modify then-existing Service Levels to reflect changes in the Participating Agencies' requirements or objectives.
- (d) Any changes to Service Levels will be effected in accordance with clause 10 of the Services Agreement.

5. Performance measurement

3.1 Failure to meet Service Levels

If the Provider fails to achieve one or more of the Service Levels in any Contract Quarter in respect of this Consultancy Services Order, it will:

- (a) take such steps and do all things necessary, as soon as possible, to correct the failure; and
- (b) notify the Participating Agency of the reasons for the failure and the steps that the Provider is taking to ensure that the failure is not repeated; and
- (c) consider whether the Charges for the Services that are subject to the Service Level Default should be reduced to reflect the lower value of the Services provided.

Annexure A: Service Levels

Parameter	1. Services Fit for Purpose
Description	Were the Services subject to this Consultancy Services Order Fit for Purpose?
Purpose	To ensure Services provided are Fit for Purpose.
Calculation	The Participating Agency will advise whether the Services are Fit for Purpose as part of the Agency Satisfaction Survey.
Service Level	100% of Services delivered to the Participating Agency must be Fit for Purpose.

Parameter	2. Timely Performance of Services
Description	Did the Provider perform the Services subject to this Consultancy Services Order within the timeframe recorded in this Consultancy Service Order (or as amended by agreement from time to time)?
Purpose	To ensure on-time provision of Services requested under a Consultancy Services Order.
Calculation	The Provider is required to report on this metric as part of the reporting requirements in Schedule 6 (Reporting) to the Services Agreement.
Service Level	The Provider must deliver all Services subject to this Consultancy Services Order within the agreed timeframe for delivery recorded in this Consultancy Services Order including any variation to the timeframe recorded in Part D of this Consultancy Services Order.

Parameter	3. Services Performed to budget
Description	Were the Charges for the Services subject to this Consultancy Services Order within the Estimate or Quote recorded in this Consultancy Services Order?
Purpose	To ensure Services requested under a Consultancy Services Order are performed on or under the Provider's Estimate or Quote.
Calculation	The Provider is required to report on this metric as part of the reporting requirements in Schedule 6 (Reporting) to the Services Agreement.
Service Level	The Provider must deliver all Services subject to this Consultancy Services Order within the agreed Estimate or Quote recorded in this Consultancy Services Order including any variation to the Estimate recorded in Part D of this Consultancy Services Order.

AoG Consultancy Services Order (CSO)

Part A – for Participating Agency (client) to complete

The Participating Agency (referred to as the client in Parts A – E of this Consultancy Services Order) will complete this and email the entire form (including all Parts) to the Provider.

Today's Date	1 Oct 2025	CSO or Project name	Support to financial benefits analysis
Agency	Public Service Commission	Provider	PricewaterhouseCoopers New Zealand
Agency contact name & title	Gaye Searancke	Provider contact name & title	Griere Cox
Nominated Personnel		Nominated Personnel	Partner
Agency email address		Provider email address	9(2)(a) privacy
Agency phone #		Provider phone #	
Sub Category		GCDO Assurance Sub Panel	
Client Contract #			

A1. Purpose and any background information

The Public Service Commission (PSC) is seeking support with financial analysis as part of options consideration for the future structure of parts of the Public Service. They require support from an experienced team to develop possible future organisational states, and financial analysis that will form part of an overall consideration of benefits.

A2. Specific questions / instructions for Provider

A3. Additional Information e.g. risks to client, additional contact information

A4. Client specific requirements

A5. Timeframes

2 October 2025 to 24 October 2025

A6. Indicative budget

\$95,000

A7. Outputs of the Services

See B1

A8. Tables

N/A

A9. Provider liability cap**Part B – for Provider to complete**

The Provider will complete Part B and email the form back to the client

B1. Specific Services to be provided

PwC New Zealand will provide the following services:

PwC will co-develop the following with PSC as part of this engagement:

- **Analysis of current people data:** View of current people data compared with hypothesised views of up to three future organisations with a high, medium and low view of change, alongside possible costs and savings
- **Analysis of other direct costs:** Consideration of IT and other potential financial costs and benefits of amalgamation (e.g. property, third party providers etc)
- **Analysis of any stranded costs:** Consideration of stranded costs remaining with agencies losing functions as a result of a proposed merger
- **Benefit quantification:** : Map and, where feasible, quantify potential benefits based on the above
- **Risk assessment:** Highlight risks that could affect the delivery or realisation of benefits.
- **Next steps:** Identification of any next steps for further consideration
- **Deliverables:** Present the analysis as a chapter for inclusion in PSC's wider benefits analysis document.

Note: all outputs will be PSC branded, and owned by PSC.

B2. Sub Category and Tier to be Provided

Selection	Sub-category of Services	Tier (1/2/3)
	Accounting	

	Assurance	
	Audit	
	Finance and economics	
	Procurement and logistics	
	Taxation	
	Business change	
	Human resource	
	Marketing and public relations	
	Operations management and risk	
	Policy, research and development	

B3. Can you confirm that the Nominated Personnel (if any) is available to provide the Services?

Yes

B4. Can you confirm that the timeframe is acceptable?

Yes, providing:

- PSC and agency personnel are available to provide subject matter expertise and participate in co-design activities as required
- PSC and agencies will provide access to relevant documentation and reference material as requested, noting that any people data is required to be anonymised
- PSC can provide support to access required information from agencies where required.

B5. Estimated Start and End Date

Start	2 October 2025	End	24 October 2025
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B6. Estimate / Quote (excluding GST, if any)

Fees	98,000
Administration Fee (Tier 1 and 2 only)	980
Total Charges	98,980
Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	Estimate

Fees will be charged on the basis of time incurred at the following rates:

Additional information / assumptions:

The Services have been prepared for the purposes noted above, and for none other. If you use them for any other purpose, you do so at your own risk.

During the course of this assignment, we may come to hold information that was provided to us in confidence, and in respect of which we therefore owe a duty of confidentiality. In commissioning us to perform the Services, you are acknowledging this, and will respect this duty of confidentiality.

We are providing the Services to the Public Service Commission and therefore they should not be relied upon by any of your employees or advisors in any personal capacity.

Unless specifically provided for in the Consultancy Services Order:

- a) The Services do not involve an audit or examination conducted in accordance with New Zealand auditing standards, and we will not express an opinion on any financial statements or information taken as a whole, nor provide any opinion on the achievability of prospective financial information, and
- b) The Services are not designed to reveal fraud or misrepresentation, and we will not be seeking to do so.

Draft versions of reports and other outputs will be provided for your information, comment and engagement during the assignment, but will always be subject to amendment and updating. If you rely on drafts or incomplete deliverables, you do so at your own risk.

We note that our ability to deliver the services outlined may be subject to the impact of Covid-19 (which can affect scope, resources, timetable and fees). If Covid-19 is likely to materially affect our services to you, we will let you know. For clarity, the parties agree that the definition of Force Majeure Event will include events arising out of the Covid-19 pandemic, including (but not limited to) government or regulatory measures introduced.

Privacy

Each party to the Consultancy Services Order will comply with the data protection legislation, including the Privacy Act 2020 and related Codes and regulations and subsequent legislation, applicable to itself, in relation to any personal information shared in connection with the Services.

The Participating Agency will not provide the Provider with personal information unless the personal information is required for the performance of the Services. In respect of any personal information disclosed to the Provider, the Participating Agency confirms they have the necessary authority for the Provider to use it in accordance with the Services, and that data subjects have been given necessary information regarding its use.

The Provider may process personal information for the purposes of any of:

- performing the Services;
- security, quality and risk management activities;
- complying with any requirement of law, regulation or a professional body of which it is a member;

- administering, and managing its business and services;

Additional information about how the Provider uses personal information is set out in the Provider's Privacy Policy, available on www.pwc.co.nz/privacy.

Each party may transfer personal information shared with it to any of its affiliates or contractors or subcontractors or suppliers in relation to any set of the purposes set out above. Some of these recipients may be located outside the country or territory where the personal information originated, or the data subjects are located. Each party may disclose the personal information only where it has a lawful basis to do so and appropriate contractual or comparable safeguards required by applicable data protection legislation are in place to protect the personal information being disclosed.

Job Level	Indicative Characteristics
Level 5	<ul style="list-style-type: none"> • 15+ years of extensive professional experience in their specialised field in a consultancy role. • An industry leader and key influencer who is respected for their professional proficiency and knowledge. • Recognised as a trusted adviser to ministers and/or senior executive teams. • Acts as the senior responsible person on major client engagements. Able to be accountable for leading complex projects/programs. • Responsible for leading a high performing team of professionals, including the coaching and mentoring of colleagues at Levels 1–4.
Level 4	<ul style="list-style-type: none"> • 10+ years of substantial professional experience in their specialised field in a consultancy role. • Strong theoretical base in subject area, with ability to apply best practice principles to the subject matter context. • Senior team leader with the ability to deputise for the senior responsible person and coach and mentor more junior staff. • Ability to coordinate contributions of other specialists to complete a joint project. • Can engage with clients at strategic/management level if required.
Level 3	<ul style="list-style-type: none"> • 3-10 years of notable professional experience in their specialised field in a consultancy role. • A trusted performer on a wide range of client-facing consultancy projects in both the private and public sectors. • Thorough knowledge of functional area, combining a broad grasp of relevant best practice principles. • Ability to participate in multi-disciplinary teams and to work independently (with limited supervision). • Performs professional level analysis requiring technical skills and independent initiative within a well-defined program of work. • Contacts with clients predominantly at a working level.

Level 2	<ul style="list-style-type: none"> • 1-3 years of demonstrable professional experience in their specialised field in a consultancy role. • Previous experience on a range of client-facing consultancy projects, preferably in both the private and public sectors. • Has a theoretical base in subject area, possibly supplemented through recent study, with the ability to translate theory into practice • Performs a variety of analytical tasks requiring independent initiative and knowledge. • Interacts with clients predominantly at the working level.
Level 1	<ul style="list-style-type: none"> • 0+ years of relevant professional experience in a professional environment. • Evidence of prior contributions to consultancy engagements. • Performs a range of administrative tasks to support the wider team. • Work is performed under the guidance of colleagues at Levels 3-5.

B7. Conflict of Interest declaration and Additional Information

I, Griere Cox have made diligent inquiry whether PwC has any actual, potential or perceived Conflict of Interest were it to provide the Services described in this Consultancy Services Order and I have disclosed any actual, potential or perceived Conflict of Interest and how it will be managed below:


The Participating Agency confirms that the scope of this work does not prevent PwC from providing future services arising from the analysis developed as part of this work. The analysis will be in the Participating Agency's branding and owned and signed off by the Participating Agency.

In addition, the information in said documents may be released to all potential providers in relevant future tender processes is appropriate.


B8. Additional information

None

B9. Signatures

Name of Provider's authorised signatory	Griere Cox
Signature of authorised signatory	

The client accepts and authorises this Consultancy Services Order	<input type="checkbox"/> Yes/ <input type="checkbox"/> No
Name of client's authorised signatory	Heather Baggott

Signature of authorised signatory	
Date of acceptance	3 October 2025
Client's job reference or purchase order number	[if required]

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

Consultancy (<https://www.research.net/r/ClientSatisfactionSurvey-AoGcontracts-CSO>)

GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)

Part C – Variations to Part A

LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER

The client will complete Part C if they wish to change any details in Part A

C1. Revised scope and/or timeframe

Part D – Variations to Part B

LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER

The Provider will complete this only if and when it receives a Variation per Part C above from the client


D1. Revised Estimate (excluding GST, if any)

Revised Fees	\$(Add in total Fees)
Administration Fee (Tier 1 and 2 only)	\$(1% of Fees for Services for which the Provider is Tier 1 or Tier 2)
<i>(Optional)</i> The above Fees are apportioned as follows:	
Job Level 1	\$
Job Level 2	\$
Job Level 3	\$
Job Level 4	\$
Job Level 5	\$
Fixed Fee (Job Level 1)	\$
Fixed Fee (Job Level 2)	\$
Fixed Fee (Job Level 3)	\$
Fixed Fee (Job Level 4)	\$
Fixed Fee (Job Level 5)	\$
Monthly Retainer	\$
Subcontracting	\$
Revised Expenses	\$
Total Charges	\$

Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	
Additional information / assumptions:	
<div style="border: 1px solid black; height: 40px;"></div>	

Part E – Acceptance
LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER
The Provider and client to complete on acceptance of this Consultancy Services Order

E1. Signatures	
Name of Provider's authorised signatory	
Signature of authorised signatory	

The client accepts and authorises this Consultancy Services Order	[Yes/No]
Name of client's authorised signatory	Heather Baggott
Signature of authorised signatory	
Date of acceptance	3 October 2025
Client's job reference or purchase order number	[if required]

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

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GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)



Public Services Commission
Te Iho, 1 Bowen Street, Pipitea
6011 Wellington
New Zealand

Attention: Gaye Searancke

Invoice No. 156626105878

Contract No. 5259064

Debtor No. 3044896

PO Number. Cost Centre 850

10 November 2025

Please quote this invoice number in all correspondence

Tax Invoice

	NZD
Support to the development of economic case for MCRE	95,000.00
AOG fees associated with development of economic case	950.00
	<hr/>
	95,950.00
GST	14,392.50
Total	<hr/> 110,342.50 <hr/>

If you have any queries, please contact 9(2)(a) privacy

YOUR REMITTANCE WITHIN 14 DAYS WOULD BE APPRECIATED.

*PricewaterhouseCoopers
GST No.: 70-130-025
PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1010, New Zealand
Telephone: +64 9 355 8000*



Invoice No. 156626105878

Contract No. 5259064

Debtor No. 3044896

10 November 2025

Please quote this invoice number in all correspondence

Total NZD 110,342.50

Remittance Advice

Direct Credit Transfer to:

Account Name: PricewaterhouseCoopers
Bank: ANZ Bank New Zealand Limited
Branch: ANZ Retail, 170 Featherston St, Wellington
Account No: 9(2)(k) improper gain or
Swift Code: advantage
Reference: 156626105878
Particulars: Public Services Commission

To ensure that we can allocate your payment, please indicate the invoice number as your payment reference.

Please send your remittance advice direct to: nz_accountsreceivable@pwc.com

If you have any queries, please contact 9(2)(a) privacy

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GST No.: 70-130-025
PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1010, New Zealand
Telephone: +64 9 355 8000



Public Services Commission
Te Iho, 1 Bowen Street, Pipitea
6011 Wellington
New Zealand

Attention: Gaye Searancke

Invoice No. 156626105877

Contract No. 5259064

Debtor No. 3044896

PO Number. Cost Centre 850

10 November 2025

Please quote this invoice number in all correspondence

Tax Invoice

	NZD
Support to the development of the financial case for MCRE	98,000.00
AOG fees associated with development of financial case	980.00
	<hr/>
	98,980.00
GST	14,847.00
Total	<hr/> 113,827.00 <hr/>

If you have any queries, please contact 9(2)(a) privacy

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PricewaterhouseCoopers

GST No.: 70-130-025

PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1010, New Zealand

Telephone: +64 9 355 8000



Invoice No. 156626105877

Contract No. 5259064

Debtor No. 3044896

10 November 2025

Please quote this invoice number in all correspondence

Total NZD 113,827.00

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Direct Credit Transfer to:

Account Name: PricewaterhouseCoopers
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Branch: ANZ Retail, 170 Featherston St, Wellington
Account No: 9(2)(k) improper gain or
Swift Code: advantage
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PricewaterhouseCoopers
GST No.: 70-130-025
PwC Tower, 15 Customs Street West, Private Bag 92162, Auckland 1010, New Zealand
Telephone: +64 9 355 8000

From: [Griere Cox \(NZ\)](#)
To: [Amber Bill](#)
Subject: Re: Independence/Risk Question
Date: Wednesday, 1 October 2025 12:14:36 pm

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Hello Amber

Our indication is this is likely to be between \$160k-\$200k based on what would be needed for an economic case, financial case etc. Happy to have a chat of course.

Ngā mihi

Griere

Griere Cox (she/her/ia)

PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

Alternative Contact: 9(2)(a) privacy

PricewaterhouseCoopers Consulting (New Zealand) LP
PwC Centre, [10 Waterloo Quay, Wellington](#). PO Box 243, Wellington, 6011
www.pwc.co.nz

PwC acknowledges the mana whenua of Te Āti Awa and Taranaki Whānui as the custodians of the land on which our Te Whanganui-ā-Tara office is based.

At PwC we work flexibly - so whilst it suits me to send this email now, I do not expect a response or action outside of your own working hours

From: Amber Bill <Amber.Bill@publicservice.govt.nz>

Sent: 01 October 2025 11:28 AM

To: Griere Cox (NZ) 9(2)(a) privacy

Subject: RE: Independence/Risk Question

Kia ora Griere

Our policy is that selective procurement can be done for less than \$50k.

Quotes are recommended between \$50-\$100k, but an exemption is possible as an AoG provider.

Ngā mihi

Amber

From: Griere Cox (NZ) 9(2)(a) privacy

Sent: Tuesday, September 30, 2025 5:25 PM

To: Amber Bill <amber.bill@publicservice.govt.nz>

Subject: Independence/Risk Question

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Hi Amber

Our risk team has asked if we can confirm that direct awarding us this work is permissible under your government procurement policies? Would this be something you could confirm/tell me the position on?

Ngā mihi

Griere

Griere Cox (she/her/ia)

PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

Alternative Contact: 9(2)(a) privacy

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From: [Griere Cox \(NZ\)](#)
To: [Amber Bill](#)
Subject: DRAFT CSOs
Date: Thursday, 2 October 2025 9:32:34 am
Attachments: [PSC CSO 1 - economic case.docx.pdf](#)
[PSC CSO 2 - financial case.docx.pdf](#)

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Hi Amber

Please find attached two draft CSOs for discussion at our meeting later today.

Ngā mihi

Griere

Griere Cox (she/her/ia)

PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

Alternative Contact: 9(2)(a) privacy

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AoG Consultancy Services Order (CSO)

Part A – for Participating Agency (client) to complete

The Participating Agency (referred to as the client in Parts A – E of this Consultancy Services Order) will complete this and email the entire form (including all Parts) to the Provider.

Today's Date	1 Oct 2025	CSO or Project name	Support to economic benefits analysis
Agency	Public Service Commission	Provider	PricewaterhouseCoopers New Zealand
Agency contact name & title	Gaye Searancke	Provider contact name & title	Ben Wakely
			Partner
Nominated Personnel		Nominated Personnel	
Agency email address		Provider email address	9(2)(a) privacy
Agency phone #		Provider phone #	
Sub Category		GCDO Assurance Sub Panel	
Client Contract #			

A1. Purpose and any background information

The Public Service Commission (PSC) is seeking support with economic analysis as part of options consideration for the future structure of parts of the Public Service. They require support from an experienced team to develop economic analysis and consider this in light of the possible financial case.

A2. Specific questions / instructions for Provider

A3. Additional Information e.g. risks to client, additional contact information

A4. Client specific requirements

A5. Timeframes

2 October 2025 to 24 October 2025

A6. Indicative budget

\$95,000

A7. Outputs of the Services

See B1

A8. Tables

N/A

A9. Provider liability cap

Part B – for Provider to complete

The Provider will complete Part B and email the form back to the client

B1. Specific Services to be provided

PwC New Zealand will deliver the following services in close collaboration with the Public Service Commission (PSC). The analysis will be indicative and proportionate to the three-week timeframe, focusing on high-level quantification based on available data, supported by qualitative assessment where detailed evidence is unavailable:

1. **Use Case Analysis:** Analyse three use cases of the planning system, comparing the current state with a potential merged future state, and articulate the economic benefits that could have been realised if the system were merged.
2. **Benefit Quantification:** Map and, where feasible, quantify potential benefits at three levels, providing indicative ranges or illustrative examples rather than exhaustive monetisation:
 - **Service benefits:** improvements for end users such as timeliness, quality, accessibility, and fairness of services. These will be quantified where feasible (e.g., reduced processing times) and described qualitatively where measurement is less robust (e.g., equity, accessibility).
 - **System benefits:** efficiencies from reducing duplication, streamlining processes, improving coordination, and potential fiscal savings or productivity impacts for government and the wider economy.
3. **Linkages to Financial Case:** Identify how the quantified and qualitative benefits inform the financial case for reform.
4. **Risk Assessment:** Highlight risks that could affect the delivery or realisation of benefits.
5. **Next Steps:** Identify any next steps required for further consideration.
6. **Deliverables:** Present the analysis as a chapter for inclusion in PSC's wider benefits analysis document.

Note: all outputs will be PSC branded, and owned by PSC.

B2. Sub Category and Tier to be Provided

Selection	Sub-category of Services	Tier (1/2/3)
	Accounting	
	Assurance	
	Audit	
	Finance and economics	
	Procurement and logistics	
	Taxation	
	Business change	
	Human resource	
	Marketing and public relations	
	Operations management and risk	
	Policy, research and development	

B3. Can you confirm that the Nominated Personnel (if any) is available to provide the Services?

Yes

B4. Can you confirm that the timeframe is acceptable?

Yes, providing:

- PSC and agency personnel are available to provide subject matter expertise and participate in co-design activities as required
- PSC and agencies will provide access to relevant documentation and reference material as requested, noting that any people data is required to be anonymised
- PSC can provide support to access required information from agencies where required.

B5. Estimated Start and End Date

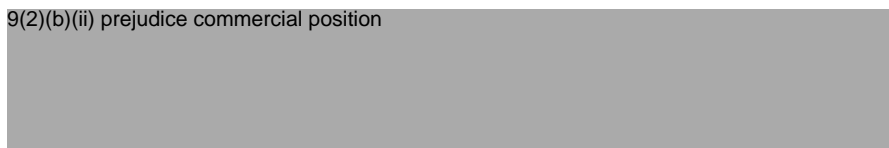
Start	2 October 2025	End	24 October 2025
--------------	----------------	------------	-----------------

B6. Estimate / Quote (excluding GST, if any)

Fees	95,000
Administration Fee (Tier 1 and 2 only)	950
Total Charges	95,950
Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	Estimate

Fees will be charged on the basis of time incurred at the following rates:

9(2)(b)(ii) prejudice commercial position



Additional information / assumptions:

The Services have been prepared for the purposes noted above, and for none other. If you use them for any other purpose, you do so at your own risk.

During the course of this assignment, we may come to hold information that was provided to us in confidence, and in respect of which we therefore owe a duty of confidentiality. In commissioning us to perform the Services, you are acknowledging this, and will respect this duty of confidentiality.

We are providing the Services to the Public Service Commission and therefore they should not be relied upon by any of your employees or advisors in any personal capacity.

Unless specifically provided for in the Consultancy Services Order:

- a) The Services do not involve an audit or examination conducted in accordance with New Zealand auditing standards, and we will not express an opinion on any financial statements or information taken as a whole, nor provide any opinion on the achievability of prospective financial information, and
- b) The Services are not designed to reveal fraud or misrepresentation, and we will not be seeking to do so.

Draft versions of reports and other outputs will be provided for your information, comment and engagement during the assignment, but will always be subject to amendment and updating. If you rely on drafts or incomplete deliverables, you do so at your own risk.

We note that our ability to deliver the services outlined may be subject to the impact of Covid-19 (which can affect scope, resources, timetable and fees). If Covid-19 is likely to materially affect our services to you, we will let you know. For clarity, the parties agree that the definition of Force Majeure Event will include events arising out of the Covid-19 pandemic, including (but not limited to) government or regulatory measures introduced.

Privacy

Each party to the Consultancy Services Order will comply with the data protection legislation, including the Privacy Act 2020 and related Codes and regulations and subsequent legislation, applicable to itself, in relation to any personal information shared in connection with the Services.

The Participating Agency will not provide the Provider with personal information unless the personal information is required for the performance of the Services. In respect of any personal information disclosed to the Provider, the Participating Agency confirms they have the necessary authority for the Provider to use it in accordance with the Services, and that data subjects have been given necessary information regarding its use.

The Provider may process personal information for the purposes of any of:

- performing the Services;
- security, quality and risk management activities;
- complying with any requirement of law, regulation or a professional body of which it is a member;
- administering, and managing its business and services;

Additional information about how the Provider uses personal information is set out in the Provider's Privacy Policy, available on www.pwc.co.nz/privacy.

Each party may transfer personal information shared with it to any of its affiliates or contractors or subcontractors or suppliers in relation to any set of the purposes set out above. Some of these recipients may be located outside the country or territory where the personal information originated, or the data subjects are located. Each party may disclose the personal information only where it has a lawful basis to do so and appropriate contractual or comparable safeguards required by applicable data protection legislation are in place to protect the personal information being disclosed.

Job Level	Indicative Characteristics
Level 5	<ul style="list-style-type: none"> • 15+ years of extensive professional experience in their specialised field in a consultancy role. • An industry leader and key influencer who is respected for their professional proficiency and knowledge. • Recognised as a trusted adviser to ministers and/or senior executive teams. • Acts as the senior responsible person on major client engagements. Able to be accountable for leading complex projects/programs. • Responsible for leading a high performing team of professionals, including the coaching and mentoring of colleagues at Levels 1–4.

Level 4	<ul style="list-style-type: none"> • 10+ years of substantial professional experience in their specialised field in a consultancy role. • Strong theoretical base in subject area, with ability to apply best practice principles to the subject matter context. • Senior team leader with the ability to deputise for the senior responsible person and coach and mentor more junior staff. • Ability to coordinate contributions of other specialists to complete a joint project. • Can engage with clients at strategic/management level if required.
Level 3	<ul style="list-style-type: none"> • 3-10 years of notable professional experience in their specialised field in a consultancy role. • A trusted performer on a wide range of client-facing consultancy projects in both the private and public sectors. • Thorough knowledge of functional area, combining a broad grasp of relevant best practice principles. • Ability to participate in multi-disciplinary teams and to work independently (with limited supervision). • Performs professional level analysis requiring technical skills and independent initiative within a well-defined program of work. • Contacts with clients predominantly at a working level.
Level 2	<ul style="list-style-type: none"> • 1-3 years of demonstrable professional experience in their specialised field in a consultancy role. • Previous experience on a range of client-facing consultancy projects, preferably in both the private and public sectors. • Has a theoretical base in subject area, possibly supplemented through recent study, with the ability to translate theory into practice • Performs a variety of analytical tasks requiring independent initiative and knowledge. • Interacts with clients predominantly at the working level.
Level 1	<ul style="list-style-type: none"> • 0+ years of relevant professional experience in a professional environment. • Evidence of prior contributions to consultancy engagements. • Performs a range of administrative tasks to support the wider team. • Work is performed under the guidance of colleagues at Levels 3-5.

B7. Conflict of Interest declaration and Additional Information

I, Ben Wakely, have made diligent inquiry whether PwC has any actual, potential or perceived Conflict of Interest were it to provide the Services described in this Consultancy Services Order and I have disclosed any actual, potential or perceived Conflict of Interest and how it will be managed below:

The Participating Agency confirms that the scope of this work does not prevent PwC from providing future services arising from the analysis developed as part of this work. The analysis will be in the Participating Agency's branding and owned and signed off by the Participating Agency.

In addition, the information in said documents may be released to all potential providers in relevant future tender processes is appropriate.

B8. Additional information	
None	

B9. Signatures	
Name of Provider's authorised signatory	
Signature of authorised signatory	

The client accepts and authorises this Consultancy Services Order	[Yes/No]
Name of client's authorised signatory	
Signature of authorised signatory	
Date of acceptance	
Client's job reference or purchase order number	[if required]

Please send this link below to your agency contacts to complete after each engagement. For long engagements, we recommend sending this at key milestones to seek feedback throughout the engagement.

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GCDO Assurance (<https://www.research.net/r/GCDOAssuranceServices-CSO>)

Part C – Variations to Part A**LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER***The client will complete Part C if they wish to change any details in Part A***C1. Revised scope and/or timeframe****Part D – Variations to Part B****LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER***The Provider will complete this only if and when it receives a Variation per Part C above from the client***D1. Revised Estimate (excluding GST, if any)**

Revised Fees	\$(Add in total Fees)
Administration Fee (Tier 1 and 2 only)	\$(1% of Fees for Services for which the Provider is Tier 1 or Tier 2]
<i>(Optional) The above Fees are apportioned as follows:</i>	
Job Level 1	\$
Job Level 2	\$
Job Level 3	\$
Job Level 4	\$
Job Level 5	\$
Fixed Fee (Job Level 1)	\$
Fixed Fee (Job Level 2)	\$
Fixed Fee (Job Level 3)	\$
Fixed Fee (Job Level 4)	\$
Fixed Fee (Job Level 5)	\$
Monthly Retainer	\$
Subcontracting	\$
Revised Expenses	\$
Total Charges	\$

Identify whether the Total Charges is an Estimate / Quote and the method that the Charges have been calculated	
Additional information / assumptions:	

Part E – Acceptance
LEAVE BLANK WHEN ISSUING CONSULTANCY SERVICES ORDER
The Provider and client to complete on acceptance of this Consultancy Services Order

E1. Signatures	
Name of Provider’s authorised signatory	
Signature of authorised signatory	

The client accepts and authorises this Consultancy Services Order	[Yes/No]
Name of client’s authorised signatory	
Signature of authorised signatory	
Date of acceptance	
Client’s job reference or purchase order number	[if required]

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[GCDO Assurance](https://www.research.net/r/GCDOAssuranceServices-CSO) (https://www.research.net/r/GCDOAssuranceServices-CSO)

From: [Griere Cox \(NZ\)](#)
To: [Amber Bill](#)
Subject: Updated CSO
Date: Thursday, 2 October 2025 11:32:27 am
Attachments: [PSC CSO 2 - financial case.docx \(1\).pdf](#)

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Hi Amber

My apologies, I spotted the error in the title of this draft CSO. Please find attached an updated version for discussion.

Ngā mihi
Griere

Griere Cox (she/her/ia)

PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

Alternative Contact: 9(2)(a) privacy

PricewaterhouseCoopers Consulting (New Zealand) LP
PwC Centre, [10 Waterloo Quay, Wellington](#). PO Box 243, Wellington, 6011
www.pwc.co.nz

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From: [Ben Wakely \(NZ\)](#)
To: [Amber Bill](#)
Cc: 9(2)(a) privacy; [Griere Cox \(NZ\)](#)
Subject: Re: contacts and draft CSO
Date: Friday, 3 October 2025 9:49:37 am
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[PSC Draft CSO 1 - economic case.docx](#)
[PSC CSO 1 - economic case.docx.pdf](#)

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

That's great Amber - thank you. I will aim to reach out and coordinate today (or when you've indicated availability).

Please also find **attached** an updated draft version of our CSO for the economic case in line with our discussion yesterday. Happy to discuss the amended version as you need. Let us know.

Nāku noa, nā

Ben

Ben Wakely (he/him)

PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

PricewaterhouseCoopers Consulting (New Zealand) LP
PwC Centre, [10 Waterloo Quay, Wellington](#). PO Box 243, Wellington, 6011
[www.pwc.co.nz](#)

Alternative Contact: 9(2)(a) privacy

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From: Amber Bill <Amber.Bill@publicservice.govt.nz>

Sent: Friday, 3 October 2025 9:15 am

To: Ben Wakely (NZ); 9(2)(a) privacy

Subject: contacts

Kia ora Ben

I have let the relevant CEs know you will be in touch in terms of scope for the economic study.

Contacts as follows:

Brad Ward – MHUD

Brad.ward@hud.govt.nz

9(2)(a) privacy

David Wood – MoT (David is acting for Ruth Fairhall so may not have the same extent of context)

d.wood@transport.govt.nz

9(2)(a) privacy

James Palmer – MfE (James is in Singapore for work, back on Monday, but is a key contact to speak with in terms of the RM Reform study)

James.palmer@mfe.govt.nz

9(2)(a) privacy

Ngā mihi

Amber Bill

Assistant Commissioner | Kaikōmihana Tautāwhi

Public Sector Performance Group | Te Aromātai Whakatutukitanga

waea pūkoro: 9(2)(a) privacy | **īmēra:** amber.bill@publicservice.govt.nz



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From: [Ben Wakely \(NZ\)](#)
To: [Amber Bill](#)
Cc: [Griere Cox \(NZ\)](#); 9(2)(a) privacy
Subject: Economic case CSO for signing
Date: Wednesday, 8 October 2025 10:06:07 am
Attachments: [PSC Draft CSO 1 - economic case \(1\).pdf](#)

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Kia ora Amber as mentioned in my last email attached is a signed version of the CSO attached. If you could facilitate counter-signing at your end as soon as possible that would help with our internal risk management.

Nāku noa, nā

Ben

Ben Wakely (he/him)

PwC | Partner

Mobile: +9(2)(a) privacy

Email: 9(2)(a) privacy

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PwC Centre, [10 Waterloo Quay, Wellington](#). PO Box 243, Wellington, 6011

www.pwc.co.nz

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From: [Gaye Searancke](#)
To: 9(2)(a) privacy [redacted] [Ben Wakely \(NZ\)](#)
Cc: [Amber Bill](#); [Thor Gudjonsson](#)
Subject: End of engagement - MCRE Economic case
Date: Wednesday, 12 November 2025 12:44:00 pm
Attachments: [Transmittal Letter - PSC MCRE engagement Economic Case SIGNED.pdf](#)

Kia ora Ben and 9(2)(a) privacy [redacted]

Just finalising our paperwork on this engagement – I confirm the invoice has been received and the signed transmittal letter is attached for your records.

Thanks so much for your help on this project. It was a challenging ask, you navigated the stakeholders and differing perspectives deftly, and produced credible analysis to support the MCRE investment case. Your professionalism, engagement approach, and the end product are very much appreciated.

Ngā mihi nui

Gaye



Gaye Searancke and Amber Bill
Public Service Commission
1 Bowen Street
Wellington

7 November 2025

Dear Gaye and Amber,

Completion of Engagement – Support to Economic Benefits Analysis

It has been a pleasure working with you and the team on our ***Economic Case*** engagement. This letter is to confirm the completion of our work in accordance with the terms of our Consultancy Services Order signed 8 October 2025.

Summary of work completed

Specific work undertaken throughout the course of this engagement includes the delivery of:

- An economic case which:
 - Identified and quantified the benefits relating to the merger of entities into the Ministry of Cities, Regions and the Environment (MCRE).
 - Analysed City Rail Link as a use case to compare the current state with a potential future state under MCRE.
 - Linked the analysis to the broader Financial Case / Investment Case.
 - Noted the limitations / risks of the analysis.
- A summary economic case for inclusion in the broader Financial Case / Investment Case.
- Engagement support, working with agencies affected by the potential merger, and Central Agencies.
- Discussion of possible next steps in a benefits realisation process.

Confirmation of completion

For our records, please confirm (by signing below) that the commissioned services under the Consultancy Services Order referred to above are complete. Alternatively, you are welcome to reply to this letter by email confirming this.

We value your feedback

We would also welcome any feedback you are willing to provide on our work and the way we have worked together with you on this engagement. Please feel free to contact me with any feedback you have.



Confirmation of completion

I confirm that the scope of work provided for under the Consultancy Services Order dated 8 October 2025 (noting any descoping or deferring) has been delivered to the satisfaction of the Public Services Commission.

Signed: *Gayle Seavonck*

Date: 12 November 2025

Thank you

We have truly enjoyed working with you and the team on this work. We look forward to any future opportunities to work with you and the team again, and wish you all the best of luck for your current work programme.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Wakely'.

Ben Wakely

Partner

E: 9(2)(a) privacy

M: 9(2)(a) privacy

From: [Gaye Searancke](#)
To: [Griere Cox \(NZ\)](#); 9(2)(a) privacy
Cc: [Amber Bill](#); [Thor Gudjonsson](#)
Subject: RE: End of engagement - Financial case
Date: Wednesday, 12 November 2025 12:36:00 pm
Attachments: [Transmittal Letter - PSC MCRE engagement Financial Case SIGNED.pdf](#)

Kia ora Griere and 9(2)(a) privacy

Thanks very much, invoice received and signed transmittal letter attached for your records.

We've enjoyed working with you on this project. You pulled together to help us under challenging circumstances - your professionalism, engagement approach, and end product are very much appreciated.

Ngā mihi nui

Gaye

From: Griere Cox (NZ) 9(2)(a) privacy
Sent: Monday, November 10, 2025 7:15 AM
To: Gaye Searancke <gaye.searancke@publicservice.govt.nz>
Cc: Amber Bill <amber.bill@publicservice.govt.nz>; 9(2)(a) privacy
Subject: End of engagement - Financial case

This email was sent from someone outside of Te Kawa Mataaho. Please take extra care.

Kia ora kōrua

We have enjoyed the opportunity to work with you on the financial case for MCRE. Please find attached a letter confirming the transmission of the documents onto your sharepoint, and the conclusion of our work. Of course if there is any support you require in advance of, or subsequent to, the meeting this week, please do let us know.

Thank you again for the change to work on this important mahi, the team have really enjoyed engaging with everyone on it.

Ngā mihi

Griere

Griere Cox (she/her/ia)
PwC | Partner

Mobile: 9(2)(a) privacy

Email: 9(2)(a) privacy

Alternative Contact: 9(2)(a) privacy

PricewaterhouseCoopers Consulting (New Zealand) LP
PwC Centre, [10 Waterloo Quay, Wellington](#). PO Box 243, Wellington, 6011
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Public Service Commission
Gaye Searancke

Email: gaye.searancke@publicservice.govt.nz

10 November 2025

Completion of engagement – support to deliver an Investment Case for the proposed Ministry for Cities, Regulation and the Environment (MCRE)

Tēnā koutou Gaye,

This letter confirms the transmission of the work that we have undertaken in accordance with our Consultancy Services Order dated 1 October 2025. This letter brings our work on this engagement to a close.

Summary of work completed

Under the aforementioned Consultancy Services Order, we have completed a draft Investment Case alongside key Public Service Commission and agency representatives, which has been uploaded to your internal Public Service Commission Sharepoint for finalisation. PwC's primary inputs into the Investment Case were the Financial Case, the draft Organisational Design and associated preliminary costings for the MCRE.

It is anticipated that the Public Service Commission will continue to develop this initial Investment Case over time and refine it in accordance with evolving requirements.

We appreciate the opportunity to work alongside you and wish you all the best as you progress with this work.



Confirmation of completion

For our records, please confirm (by signing below) that the commissioned services under the Consultancy Services Order referred to above are complete.

We value your feedback

We would also value any feedback you are willing to provide on our work and the way we have worked together with you on this engagement. Please feel free to contact me with any feedback you have. You may also be contacted to take part in an online survey in relation to our work.

Confirmation of completion

I confirm that the scope of work provided for under the Consultancy Services Order of 1 October 2025 has been completed to the satisfaction of the Public Service Commission.

Signed: *Gayle Sevancke*

Date: 12 November 2025

Yours sincerely,

Griere Cox
Partner

9(2)(a) privacy

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These documents have been prepared solely for the use of the Public Service Commission and for the purposes stated herein. They should not be relied upon for any other purpose. We accept no liability to any party should they be used for any purpose other than that for which they were prepared. These documents are strictly confidential and (save to the extent required by applicable law and/or regulation) must not be released to any party without our express written consent, which is at our sole discretion.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect to the company. Accordingly, we express no opinion on the reliability, accuracy or completeness of the information provided to us, and upon which we have relied.

Our engagement did not constitute a statutory audit (the objective of which is the expression of an opinion on financial statements) or an examination (the objective of which is the expression of an opinion on management's assertions).

To the fullest extent permitted by law, PwC accepts no duty of care to any third party in connection with the provision of this document and/or any related information or explanation (together, the "Information").

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from our reasonable reliance on information provided by others or assumptions disclosed in the documents or assumptions reasonably taken as implicit.

We reserve the right, but are under no obligation, to revise or amend the documents if any additional information (particularly as regards the assumptions we have relied upon) which exists at the date of these documents, but was not drawn to our attention during preparation, subsequently comes to light.

These documents were issued pursuant to the terms and conditions set out in our Consultancy Services Order dated 1 October 2025.

Public Service Commission Weekly Report to the Minister for the Public Service – excerpts regarding the Ministry of Cities, Environment, Regions and Transport

Week ending 10 October 2025

Ministry of Cities, Regions and the Environment Due Diligence – Progress Update

Work is progressing on the Ministry of Cities, Regions and the Environment (MCRE) due diligence and organisational design programme. Since last week, a dedicated team has been stood up, with a tight group of people from relevant agencies, supported by PwC and GCDO.

Progress:

- Completed initial data collection across core operations and workforce. PwC are reviewing to identify any gaps.
- First drafts of the use case studies are done.
- Work is underway on value proposition and value chain.
- Commissioned PwC on economic benefits analysis.
- Workforce analysis is underway, focus is on understanding collective agreements and identifying risks/opportunities - including how to support and maintain talent.
- Design options are being developed.

We have biweekly meetings with central agency CEs who are overseeing the work, and regular engagement with the CEs of the four relevant departments to ensure we understand the context the agencies are operating in and how to unlock potential value.

Alongside PwC, input from externals (including Simon Moutter and Matt Crockett) has guided the approach. Key themes are the importance of targets, ensuring line-management ownership for delivery of these, giving an equal focus to organisational health (and getting a baseline measure of it), building in business improvement capability, and investing in culture, training and capability.

In response to continued media interest, we have developed three key messages about the work:

- agencies are working with PSC to make sure organisational context is understood, and to contribute information
- decisions are made by Ministers, and Cabinet has not considered anything yet
- there are no further details to share at this stage, and we acknowledge there is uncertainty.

Next steps is a meeting with Rt Hon Christopher Luxon, Prime Minister, Hon Nicola Willis, Minister of Finance, yourself and other relevant Ministers set for the first week of November 2025 (actual day to be confirmed). We will keep you updated on progress of the work through the weekly report and provide you with a separate update before this meeting.

Contact: Sarah Metwell, Chief Advisor, Public Sector Performance, Ph: 9(2)(a)

Week ending 24 October 2025 [provided via email on Friday 24 October 2025]

Ministerial Update – MCRE Proposal

- We have completed the initial draft of the investment case, verified by PwC, including both economic and financial cases. This has involved input from impacted agencies.
- There is an outstanding datapoint on the potential savings from ICT consolidation which we expect to finalise with GCDO by the end of this week.
- Legal advice on workforce transition has been received, and we are using this to finalise transition options and assess them against the requirements of the proposed new entity.
- DPMC have indicated that the meeting with the Prime Minister is scheduled for 12 November, and we are awaiting confirmation of this in diaries.
- Over the next week we aim to finalise the investment case, and we will work with central agencies on the next steps.

From: [Amber Bill](#)
To: [Misty Mossman](#)
Cc: [Ministerial Services](#); [Gaye Searancke](#); [Brian Roche](#); [Gabrielle Wilson](#); [Heather Baggott](#); [Sarah Metwell](#)
Subject: Material for Minister Bishop: PSC meeting Weds
Date: Monday, 17 November 2025 2:56:00 pm
Attachments: [image001.png](#)
[image002.png](#)
[image003.png](#)
[image004.png](#)
[image005.png](#)
[Joint Advice_MCRE proposal_FINAL_7_11_25.pdf](#)
[FINAL INVESTMENT CASE.pdf](#)
[7.11.25 MCRE - Economic Case vF.pdf](#)

Kia ora Misty

Responding to Minister Bishop's request for more detail with regard to the proposal to establish 'MCRE', please see the attached items that provide a greater level of information than the Joint Advice (re-attached for ease of reference).

1. Joint Advice
2. Investment Case (the base case, including the Financial case prepared by PwC)
3. Economic Case (prepared by PwC)

As discussed, can you please provide this to Minister Bishop's office ahead of the meeting scheduled for this Wednesday afternoon (3-3.30pm)?

When we meet, we are happy to discuss mitigations to risk around work programme delivery.

Key components to be discussed/considered include:

- The scale of transformation – 9(2)(g)(i) free and frank, 9(2)(f)(iv) confidentiality of advice
[Redacted]
- Timing of integration and leadership options.
- Employment relations – the joint advice recommends the option that minimises disruption.
- 9(2)(g)(i) free and frank
[Redacted]

Ngā mihi

Amber Bill

Assistant Commissioner | Kaikōmihana Tautāwhi

Public Sector Performance Group | Te Aromātai Whakatutukitanga

waea pūkoro: 9(2)(a) privacy | **īmēra:** amber.bill@publicservice.govt.nz



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Joint Advice:
Proposal to establish the Ministry for Cities, Regions and the
Environment (MCRE)

PSC
DPMC
TSY

7 November 2025

Overview

On 24 September 2025 Ministers met with officials to discuss how to deliver a world class Public Service, designed for tomorrow, delivering today.

This included a proposal for a more certain, integrated and enabling planning & investment environment, via a Ministry for Cities, Regions, and the Environment (MCRE).

Ministers asked for further analysis in the nature of an investment case for the new entity, covering functional analysis, financial/cost modelling and implementation planning.

The critical success factors for MCRE come from integration of policy functions, use of AI and technology, and simplification of the labour market. The analysis demonstrates net positive value of this proposal, generating economic and system benefits.

Issues to discuss:

- Establish new entity
- Savings target
- Timing / employee transition
- Scale of transformation

Ministry for Cities, Regions and the Environment

Delivering a more certain, integrated and enabling planning and investment environment

MCRE will provide joined-up advice to solve complex problems, with a regional focus on deals and delivery, backed by a strong economic engine and rich data and insights. As part of a suite of reforms, MCRE will lead the way for wider local government and Crown Entity reform.

Benefits will be felt by customers (Ministers, Councils and Developers) with:

- Reduced transaction costs
- Better and faster decisions
- Potential productivity gains from reduced fragmentation
- Improved customer experience

CityRail Link (CRL) programme example

MCRE's integrated approach will help unlock greater economic benefits from infrastructure investments, addressing significantly missed opportunities, as demonstrated through projects such as CRL.

A more integrated approach to planning CRL, New Zealand's largest transport infrastructure project, could have:

- Supported the government to capture a share of the \$3.3bn in value uplift that occurred predominantly along the CRL catchment between project announcement and 2017.
- Supported an additional ~800 apartments in Mt Eden on CRL land.

People and talent

MCRE could be a modern, responsive and digitally enabled organisation providing career development for its workforce.

Innovative, digitally enabled

AI implementation with a focus on higher-volume and routine tasks, allows investment into other value add activities or further workforce efficiencies.

Flat and simplified structures

Simplifying and reducing reporting lines speeds up decisions, reduces complexity, and broadens responsibility.

Attract and grow our future leaders and talent

Support talent and mobility by focusing on leadership behaviour, mindset, mastery, expertise.

Nationally and regionally responsive

Market-facing roles to strengthen two-way stakeholder engagement.

Organisational Design

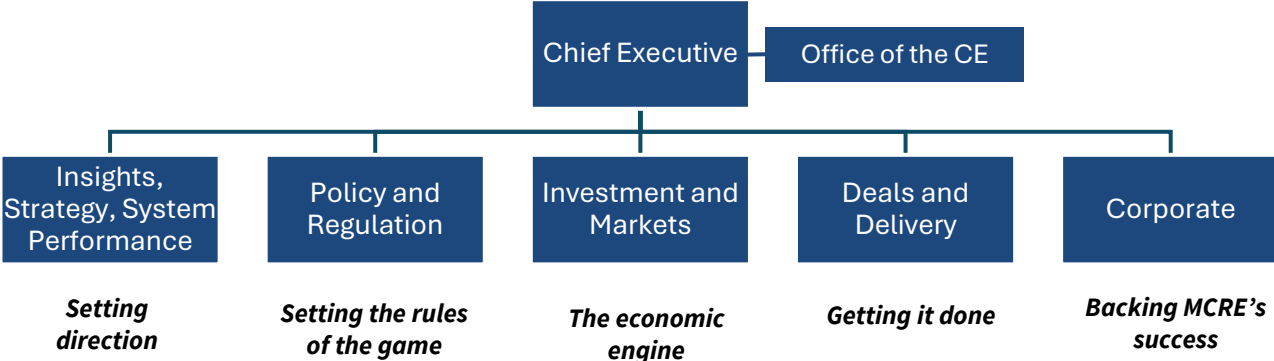
MCRE design follows a value chain, with flexibility for geographic / sector alignment at Tier 4 and below

Parts can be amplified or 'unzipped' to reflect future priorities

MCRE will be responsible for the legislative framework supporting resilient development and infrastructure in New Zealand. Depending on priorities different components can be:

Unzipped e.g. International functions.

Amplified e.g. Climate Change Mitigation



Savings

9(2)(f)(iv) confidentiality of advice, 9(2)(g)(i) free and frank

Savings target

9(2)(g)(i) free and frank, 9(2)(f)(iv) confidentiality of advice

- **Baseline operating costs** for the 3 in-scope agencies (and parts of DIA) are **\$388m, reducing to \$303m** in FY28/29 (primarily driven by time-limited funding ending).
- MCRE would deliver more than the savings likely to be expected of agencies over the next 3 years, without losing capability to deliver existing services and work programme.

9(2)(f)(iv) confidentiality of advice, 9(2)(g)(i) free and frank

9(2)(f)(iv) confidentiality of advice, 9(2)(g)(i) free and frank

Employment Relations

The aim is to

- simplify the labour market with modern fit-for-purpose employment agreements (e.g. fair to employers and employees, easily understood and used, less prescriptive/more flexible, simple leave provisions, pragmatic and respectful change processes);
- transition employees expediently with minimal disruption to delivery;
- retain critical staff.

Workforces across the four agencies are around 50% unionised (all with the PSA) and have four collective employment agreements.

The terms and conditions in collective and individual agreements vary, some entitlements are outside of Public Sector norms.

Two options have been considered. There is a third option of taking a legislative pathway for broader employment relations changes. This would require further work and could progress independently of this proposal.

We recommend Option 1 as it presents the least risk to delivery.

Option 1 – New IEA and transfer Collective Agreements

- New senior leader IEA, Tiers 2 & 3
- New model IEA offered to employees already on IEAs
- Employees on collective agreements transfer to the new entity with those collectives. No terms and conditions change for these staff. Those who don't accept new IEA also move across with existing.
- CE of new entity negotiates a new single collective agreement at the earliest opportunity, pushing for modern terms including linking pay movement and performance, common hours per week, common leave entitlements.

Opportunity

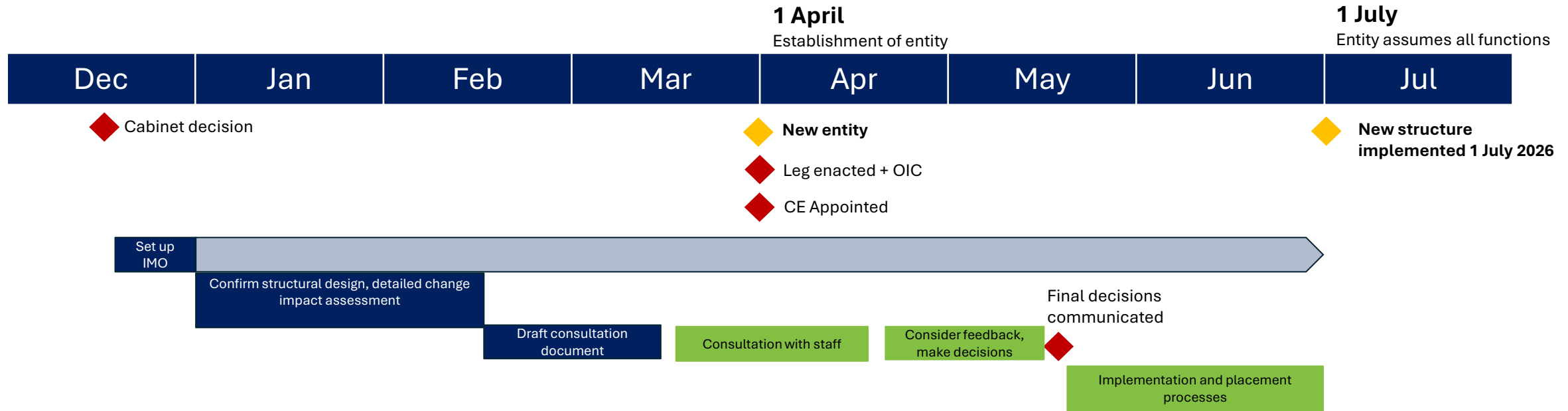
- Fastest and most certain option and limits opportunity for disruption to delivery.
- Sets framework for modern employment agreement through new IEAs.
- Minimises employee sense of disadvantage or loss of previously agreed benefits.

Risk

- Range of terms and conditions across the workforce which may be viewed as inequitable.
- Administratively complex for new entity.
- Likely to take multiple bargaining rounds to smooth out.

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

Entity establishment timing



Timeline is dependent on:

- **Cabinet decisions mid-December** – required to start CE recruitment process, prepare drafting instructions for legislative change and order in council.
- **CE appointment process completed within 12 weeks**, requires no issues arising during the process and availability of Ministers and Cabinet.
- **Integration Management Office being set up before Christmas** and availability of staff through January.

Key implementation dates

1 April: New entity established, CE appointed.

1 July: T2 and 3 leadership in place, staff and functions transferred from existing agencies, 9(2)(g)(i) free and frank

Alternatives considered:

- Entity established later (eg 1 July) – key consultation and implementation delayed by 3 months, or if goes ahead is not done by the new entity leadership.
- Entity assumes all functions on 1 April – insufficient time to merge so could only lift and shift existing agencies.

Risks

Risk	Mitigation focus	Reward
<p>Adverse impact on Reform delivery 2026 is an important year for delivery of the policy reform agenda across RM, transport and housing.</p>	<p>Clear sequencing and communication; preserving delivery functions; focus internal change on removing duplication and enabling digital efficiencies.</p>	<p>Integration of policy functions under MCRE brings a more certain and enabling planning and investment environment.</p>
<p>Workforce retention, capability and culture Retention of talent is needed to support the success of MCRE.</p>	<p>Targeted retention and engagement plans; CE in place 1 April, leadership visibility; digital and AI capability uplift; employee engagement in preparing for merger from early 2026; co-designed culture initiatives.</p>	<p>Workforce enablers, including talent management and digital transformation.</p>
<p>Delivering savings Without careful management and oversight savings targets could drift/soften, new budget initiatives could displace savings.</p>	<p>Strong financial oversight; ownership of savings targets by Exec team with clear expectations and workstreams to deliver.</p>	<p>Executive team owning savings targets, driving performance and innovation.</p>
<p>Cost estimation and resourcing Transition costs and dependencies may be underestimated.</p>	<p>Robust cost modelling; strong financial oversight.</p>	<p>Removal of duplication, AI and digital innovation.</p>
<p>Poor employment relations If not carefully managed, employment relations could result in delayed establishment of MCRE, risk to delivery of the work programme, industrial action and litigation.</p>	<p>Other than the Leaders' new IEA, transition staff on existing collective agreements and move to a new single collective in future.</p>	<p>Simplification of labour market through IEA and Collective Agreements.</p>
<p>Durability To realise the ambition of more efficient and effective services and transforming the planning and investment system, the new entity will need to be enduring.</p>	<p>Non-partisan engagement focused on the improved service outcomes, fiscal benefits, and digital outcomes MCRE will deliver.</p>	<p>Modern, digitally enabled organisation that is responsive to future priorities.</p>

Decision	Key Points	Recommendation
<p>Establish MCRE</p> <p><i>See Slide 3</i></p>	<p>Create MCRE to:</p> <ul style="list-style-type: none"> • deliver coordinated planning, infrastructure delivery, and regulatory oversight to deliver Government priorities. • be a test case for public sector reform and a digitally-led public service. 	<p>Create MCRE, a new entity combining:</p> <ul style="list-style-type: none"> MfE MHUD MoT and Local Government Functions of DIA.
<p>Ministerial Portfolios</p> <p><i>See Slide 4</i></p>	<p>Create a single responsible 'Budget-holding' portfolio Minister.</p> <p>Otherwise MCRE would report to 5 Ministers (with 14 output appropriations).</p> <p>Bringing the policy related appropriations together would be consistent with other approaches e.g. MFAT, MPI.</p>	<p>Create a single responsible portfolio Minister.</p>
<p>Savings</p> <p><i>See Slides 4-5</i></p>	<p>9(2)(g)(i) free and frank, 9(2)(f)(iv) confidentiality of advice</p>	
<p>Employment relations</p> <p><i>See Slide 6</i></p>	<p>New IEAs for Exec and senior leaders, new model IEA for staff on IEAs. Staff on collectives transfer over with those agreements, CE negotiates a new collective at the earliest opportunity.</p> <p>9(2)(g)(i) free and frank</p>	<p>New senior leader IEA and new model IEA offered to employees. Staff on collectives transfer with their collective agreement.</p>
<p>Timing and implementation</p> <p><i>See Slide 7</i></p>	<p>Implementing the change requires:</p> <ul style="list-style-type: none"> • (technical) amendments to the Environment Act, • Cabinet agreement to establishing the new entity, • an Order in Council (substituting the new entity in Public Service Act Schedule). <p>CE appointment process could start immediately after Cabinet decision. Permanent CE could be in place for 1 April.</p>	<p>Establish new entity for 1 April 2026, CE in place.</p> <p>Entity workforce in place from 1 July 2026.</p>



Te Kawa Mataaho
Public Service Commission

Investment Case

Ministry for Cities, Regions and the Environment (MCRE)

A new entity formed by merging the functions and workforces of:

- Ministry for the Environment (MFE)
- Ministry of Housing and Urban Development (MHUD)
- Ministry of Transport (MOT)
- Local Government components of the Department of Internal Affairs (DIA)

November 2025

MCRE has financial benefits and could drive significant economic benefits for New Zealand

MCRE would create economic and financial benefits and serve as a test case for broader public service reform. It could be a modern, responsive and digitally enabled organisation providing career development opportunities for its workforce. Further work would be needed to substantiate financial or economic benefits stated in this document.

Value proposition

- MCRE will bring together insights and options for housing, transport, and the environment, **to enable faster, better decision-making**. As part of a suite of reforms, it will create a more certain planning environment, where the goals and rules of the system are clear.
- This change will simplify the current complex setup by **providing joined-up advice to solve problems, with a regional focus on deals and delivery**. It will all be supported by a **strong economic engine and rich data and insights**.
- MCRE's integrated approach may help unlock greater economic benefits from infrastructure investments, addressing missed opportunities, as demonstrated through projects such as the City Rail Link (CRL) programme.
- A more **integrated approach** to planning CRL, New Zealand's largest transportation infrastructure project, could have:
 - Supported the government to **capture** a share of the **\$3.3bn in value uplift** that occurred predominantly along the CRL catchment between project announcement and 2017.
 - Supported an **additional ~800 apartments** in Mt Eden on CRL land.

Financial Case

- The **baseline operating costs** for the three in-scope agencies (and parts of DIA) is **currently \$388m**. This **reduces to \$303m** in FY29, primarily driven by time-limited funding ending by FY28.
- MCRE may deliver more than the savings targets likely to be expected of entities over the next three years, while maintaining existing service and work programme levels.

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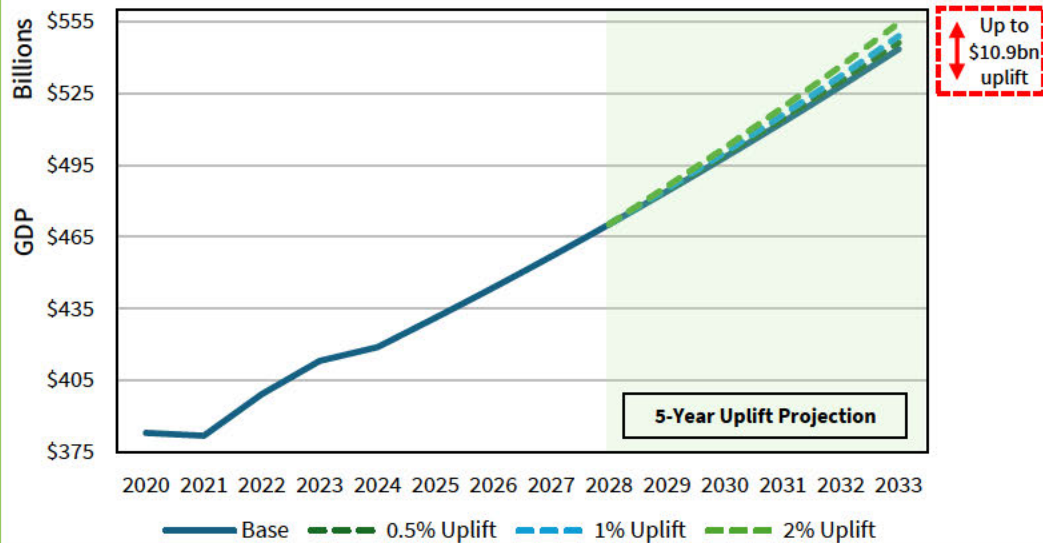
The value proposition for establishing MCRE includes the potential for economic benefits

An economic case looked for available evidence to support the hypothesis that MCRE could generate economic benefits. A summary of evidence found is below. *The standalone economic case provides additional detail for this evidence.*

1. Reduced fragmentation can enhance productivity

- International evidence from an OECD cross-country study¹ shows that **fragmented municipal governance is linked to lower productivity** in metropolitan areas.
- Doubling the number of local jurisdictions/municipalities is associated with a **3–6% reduction in productivity**. The presence of a **coordinating governance body** halves this penalty, indicating integrated systems perform better.
- If MCRE can deliver on its value proposition, and reduce fragmentation in New Zealand’s current complex system, an indicative estimate is that national GDP (via productivity) could be up to **\$10.9bn higher by 2033**.

National GDP Projections – Indicative Estimate



Up to \$10.9bn uplift

1: Ahrend et al. (2017) OECD study – “What Makes Cities More Productive? Evidence from Five OECD Countries on the Role of Urban Governance”.

2. Benchmarks indicate economic outcomes for improvement

- **MCRE may support faster, better decisions and stronger outcomes.** We compared performance across key metrics with countries that have more integrated systems – average international benchmarks are shown below.

↑ ↓ % Above/Below Benchmark

Benefit	Metric	Avg. International Benchmark Comparison
More affordable houses in the “right places” to support thriving communities	No. of dwellings per 1000 residents	International Benchmark: 440 New Zealand: 396 ↓ -10.0%
	Monthly new residential building consents per 1000 residents	International Benchmark: 0.63 New Zealand: 0.6 ↓ -4.8%
	% of private dwellings with dampness or mould	International Benchmark: 6.65% New Zealand: 18.10% ↑ +172%
Flourishing natural environment with climate change targets met	Transport GHG emissions per 1000 residents (kt CO ₂ -e)	International Benchmark: 1.9 New Zealand: 2.85 ↑ +50.0%
	Urban Water Quality (% meeting quality std.)	International Benchmark: 96.30% New Zealand: 54% ↓ -43.9%
A well functioning, affordable transport system connecting New Zealand	Total freight movements (tonnes) per 1000 residents	International Benchmark: 25k New Zealand: 11.7k ↓ -53.2%
	Yearly public transport boardings per 1000 residents	International Benchmark: 107 New Zealand: 30 ↓ -72.0%
	Road Quality (QRI Score)	International Benchmark: 5.81 New Zealand: 4.68 ↓ -19.4%

Without an integrated approach to planning, CRL delivered less than its full city-shaping potential

MCRE's integrated approach may support better economic outcomes from infrastructure investments, as demonstrated by the missed opportunities in the CRL programme. The success of the MCRE is also predicated on alignment and synergy between already-commenced Resource Management Act Reform and establishment activities.

Treating CRL as a transportation project missed two key opportunities...

1. Maximising overall benefits by integrating CRL with land-use changes and complementary network improvements.
2. Considering and planning for value-capture activities and tools to cross-subsidise the cost of the infrastructure.



MCRE could enable...

Land use and transport planning

Pre-zoning, coordinated station-area redevelopment.



Future-focused development

Stations (and station boxes) are designed in a way that efficiently integrates with future development.



Value capture and reinvestment

Value capture to cross-subsidise the cost of infrastructure.



Opportunity 1: view CRL as a “city-change”, not a transportation project

- MCRE could have identified the key development areas of the project and identified opportunities to de-risk and optimise development, for example, simplifying consenting or removing binding constraints on land use (e.g. Volcanic Viewshafts).
- MCRE could have identified Mt. Eden as a flagship precinct and utilised the Government's 1.7ha crown-controlled land beside the station to support additional housing.
- MCRE could have engaged with development entities earlier to ensure the project had the best chance to deliver market attraction.

Opportunity 2: understand, and integrate the use of value capture tools into project

- MCRE could have defined a value capture package (activities and tools) at the same time the project concept was being formed (e.g., strategic business case stage). Property markets typically capitalise transport benefits at announcement/ early construction, rather than opening.
- MCRE could work with Central & Local Government to enable necessary legal powers, governance, and revenue instruments as part of project planning.
- MCRE could align project phasing with the value capture instruments so the Crown (likely through a special vehicle) can credibly borrow against (or pre-collect) revenues.

These opportunities could have helped realise the value outlined below

A share of \$3.3bn² missed value uplift

9(2)(b)(ii) prejudice commercial position

Potential for ~800 apartments on CRL land

9(2)(b)(ii) prejudice commercial position

2.9(2)(b)(ii) prejudice commercial position

MCRE has a potential to generate recurring annual savings

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MCRE may deliver measurable, recurring financial savings through consolidation and synergies.

Significant direct and indirect savings may come from reducing duplication, achieving workforce and ICT efficiencies, and enabling smarter, data-driven operations. This may enable a lower ongoing baseline and improved value-for-money across the public investment system.

The FY26 baseline operating costs are \$388m. This reduces to \$303m in FY29, primarily due to the end of time-limited funding.

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MCRE has the potential to generate cumulative net savings

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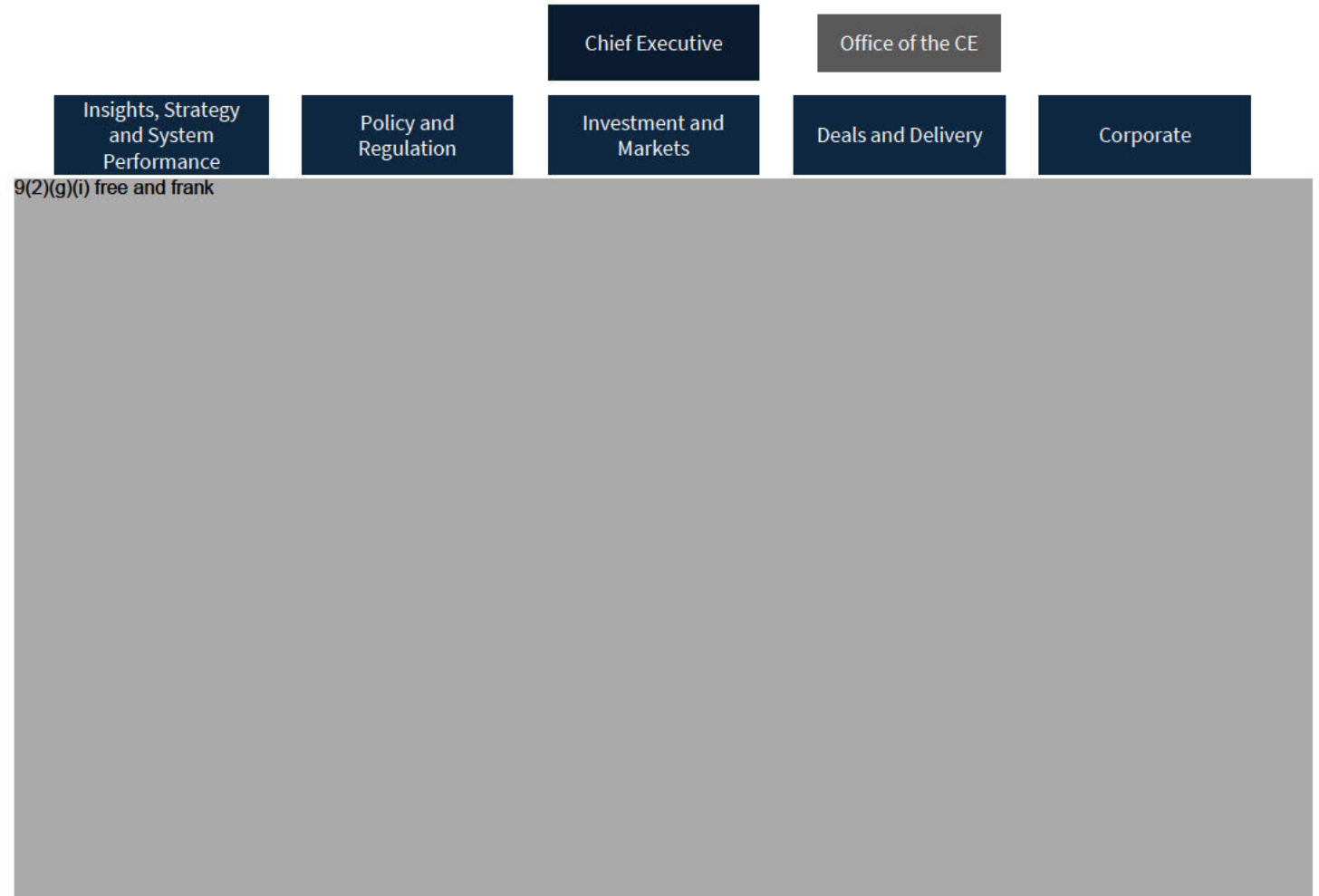


MCRE's organisation design offers a leaner operating structure

Developed in line with the proposed organisational design principles (Appendix Two), this preliminary structure aims to support innovation, collaboration, and integrated delivery. This design follows a value chain design, with flexibility for geographic or sector alignment at Tier 4 and below.






Each directorate's purpose and core skills are outlined below

Function	Focus	Key Skills
Insight, Strategy and System Performance	Sets strategic direction; draws on data, evidence and agency insights to guide performance.	<i>Strategic leadership, system thinking, strategy development, performance management.</i>
Policy and Regulation	Defines system rules and provides clarity; removes barriers and integrates solutions.	<i>Policy development, regulatory expertise, system leadership.</i>
Investment and Markets	Manages investment, pricing, and financing to ensure optimal economic outcomes.	<i>Economic analysis, capital investment, commercial acumen, financial strategy.</i>
Deals and Delivery	Delivers investment solutions and ensures partnerships and projects are executed effectively.	<i>Relationship management, delivery leadership, deal structuring, programme management.</i>
Māori Crown Relations	Advice on Treaty negotiations and meeting Treaty commitments	<i>Treaty of Waitangi expertise - in relation to Treaty negotiations and commitments.</i>
Corporate	Supports the agency's success through finance, digital transformation, and people management.	<i>Finance, HR, governance, assurance, legal services, digital and change management.</i>



The MCRE workforce would enable delivery and innovation

Alongside the structural design of MCRE, its workforce strategy will align with wider public service goals. It will also support the implementation of the organisational design principles as detailed design is undertaken. The workforce principles outlined on this page - which naturally overlap with elements of the organisational design principles - will guide the creation of an enabling organisation that attracts, retains, and empowers its people.

Workforce principles	How detailed organisational and workforce design may enable these
<p>01 Scalable and dynamic team design</p> <ul style="list-style-type: none"> • Enable modular team structures that adapt as priorities shift • Right-size teams to match complexity <small>9(2)(g)(i) free and frank</small> 	<ul style="list-style-type: none"> • <i>Within broad structure, determining appropriate team size for different focus areas of MCRE</i> • <i>Application of matrix teams and reporting lines for agility</i>
<p>02 Attract and grow our future leaders and talent</p> <ul style="list-style-type: none"> • Redefine leadership requirements – focusing on behaviours, mindsets, masteries, expertise • Create clear, transferable career pathways that support growth, mobility, and retention 	<ul style="list-style-type: none"> • <i>Design of leadership roles and performance development expectations</i> • <i>Pathway mapping to support mobility across or within specific functional areas of MCRE</i>
<p>03 Flat and simplified structures</p> <ul style="list-style-type: none"> • Eliminate duplication and streamline functions to reduce complexity • Flatten reporting lines to speed up decisions and clarify accountability 	<ul style="list-style-type: none"> • <i>Design of governance and accountability framework to support reduced ‘hand-off’ points and empower leadership</i> • <i>Simplification, where possible, of team design within broad structure</i>
<p>04 Nationally and regionally responsive</p> <ul style="list-style-type: none"> • Balance national consistency with local responsiveness • Establish market-facing roles to strengthen two-way stakeholder engagement 	<ul style="list-style-type: none"> • <i>Consideration of a regional or market-facing (customer) based team focus at T4 and below (such as in the Deals Delivery space)</i>
<p>05 Innovative, digitally enabled and future ready</p> <ul style="list-style-type: none"> • Automate routine tasks and invest in AI to unlock human potential and realise long-term gains. • Prioritise cross-functional teams to foster interdisciplinary innovation and leaner operations. 	<ul style="list-style-type: none"> • <i>AI implementation with a focus on agent development across higher-volume, routine tasks, allowing investment into other value add activities or further workforce efficiencies</i>

MCRE aspires to build a unified, outcome-driven workforce that attracts exceptional talent, empowers people to perform at their best, and delivers outstanding results for all New Zealanders.

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There are a range of risks associated with large scale transformation, but also with retaining the status quo

Large-scale transformation carries inherent risks, particularly when consolidating people, systems, and functions across agencies. Establishing MCRE will require careful sequencing to protect priorities while building capability, culture, and governance. The status quo also carries risk - smaller agencies may be unable to absorb reductions, eroding capability and service quality. The table below summarises key risks, impacts, and mitigations. While some risks can be mitigated, none can be eliminated; active monitoring, clear accountability, and early engagement will be essential to sustain confidence.

'Status Quo' scenario			MCRE establishment scenario		
Risk description/impact	Mitigation focus	Relative exposure	Risk description/impact	Mitigation focus	Relative exposure
Strategic fragmentation across housing, transport, and environment systems limits integrated outcomes . Misalignment across portfolios and planning cycles continues to impede system reform .	<i>Strengthen inter-agency coordination.</i>	Very High	Reform alignment and prioritisation; change fatigue. Competing reforms and unclear sequencing could weaken focus and momentum.	<i>Early ministerial alignment; clear sequencing and communication; visible early wins to sustain momentum.</i>	Moderate
Operational inefficiencies persist ; declining baselines force reactive management and service degradation. Stop-start planning cycles create sunk costs and uncertainty .	<i>Incremental process improvement and shared service initiatives to slow capability decline.</i>	High	Service continuity and technology integration. Functional shifts and system migration may disrupt delivery or data quality.	<i>Phased transition; clear accountability; IT integration roadmap and continuity protocols.</i>	Moderate
Workforce contraction and leadership fatigue result in capability loss and morale decline .	<i>Implement joint workforce strategies, secondments, and talent-sharing.</i>	High	Workforce retention, capability, and culture. Uncertainty, skill gaps, and differing cultures could limit delivery and adoption.	<i>Targeted retention and engagement plans; leadership visibility; digital and AI capability uplift; co-designed culture initiatives.</i>	High
Fragmented direction and inconsistent engagement erode trust among local government, Iwi, and delivery partners .	<i>Strengthen communication, regional forums, and joint planning.</i>	Moderate	Trust and collaboration. Perceived loss of autonomy or unclear roles may affect confidence and cooperation.	<i>Transparent engagement; clear governance and accountability.</i>	Moderate
Shrinking baselines outpace savings, creating unmanaged fiscal risk and constraining investment flexibility .	<i>Targeted baseline protection and reprioritisation.</i>	Very High	Cost estimation and resourcing. Transition costs and dependencies may be underestimated.	<i>Robust cost modelling; contingencies; strong financial oversight.</i>	High
Lack of ministerial alignment, reform, and short-term planning cycles perpetuates inefficiency and siloed investment .	<i>Incremental improvements in planning alignment.</i>	Very High	Compliance and statutory alignment. Legislative gaps may cause delays or compliance issues.	<i>Early legal review; continuity of statutory functions; regular Crown Law input.</i>	Moderate

Both scenarios carry material risks.

The *status quo* scenario presents **slow erosion of capability and growing fiscal stress**, while the *establishment* scenario introduces **transitional and implementation risks**.

An MCRE establishment scenario, however, provides a **strategic opportunity to address system fragmentation**, secure long-term fiscal sustainability and potential wider economic benefits.




Appendices


List of appendices

- 9(2)(g)(i) free and frank, 9(2)(f)(iv) confidentiality of advice
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- Appendix Two: Informal and formal elements of MCRE design will drive success
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- Appendix Four: Driving Alignment and Results Throughout the Value Chain
- Appendix Five: Current State Overview

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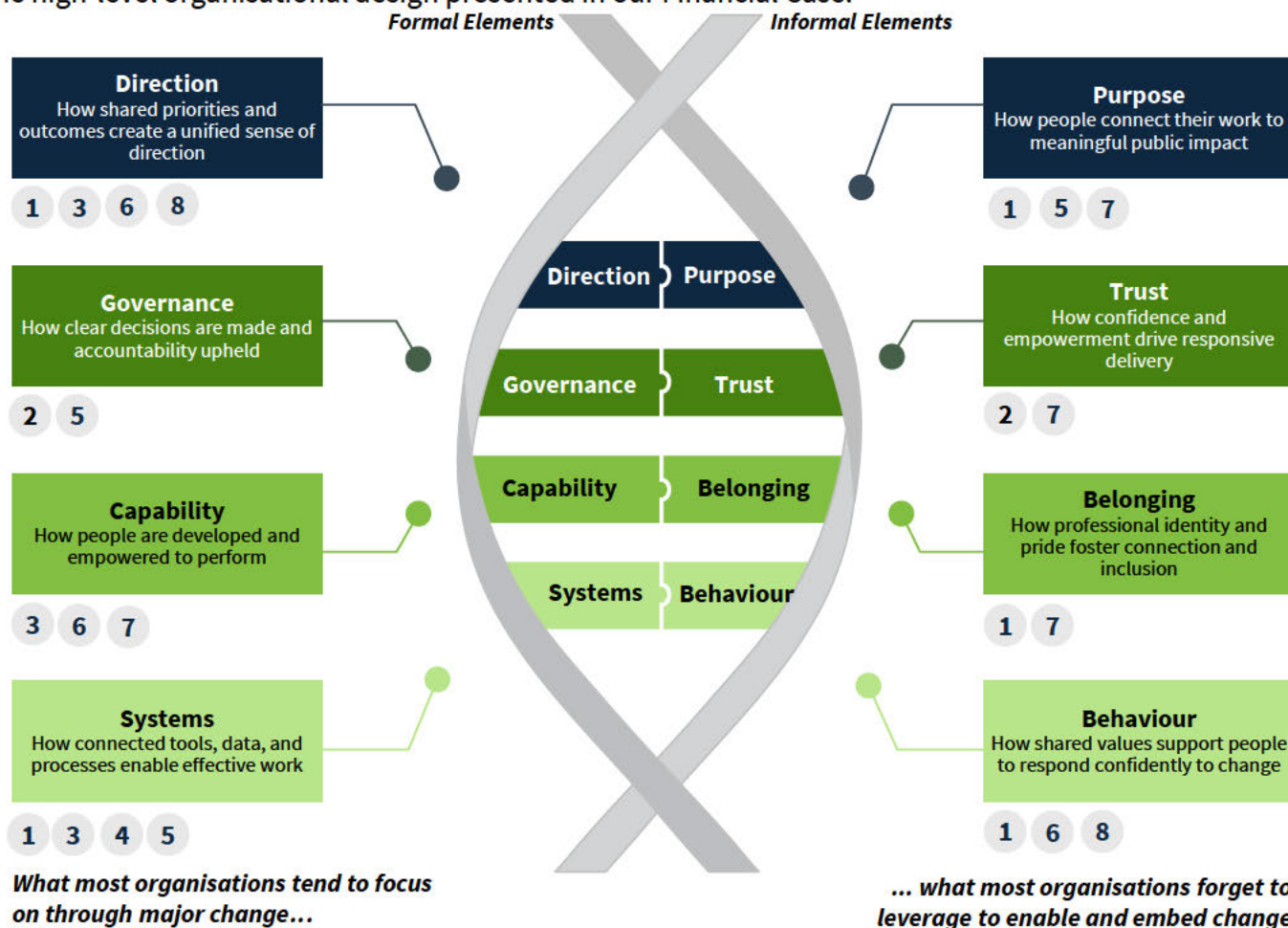
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Appendix Two: Informal and formal elements of MCRE design will drive success

This investment case considers both the MCRE's structural design and the workforce strategy enablers that will support its success, noting the need to support enhanced collaboration, integration and agility. While structure is a key component of design, it is only one factor influencing performance. This page outlines an adapted version of the Katzenbach Center Organisational DNA model, with formal and informal elements and shows how our organisational design principles align to them. These principles have shaped the high-level organisational design presented in our Financial Case.



Proposed Organisational Design Principles

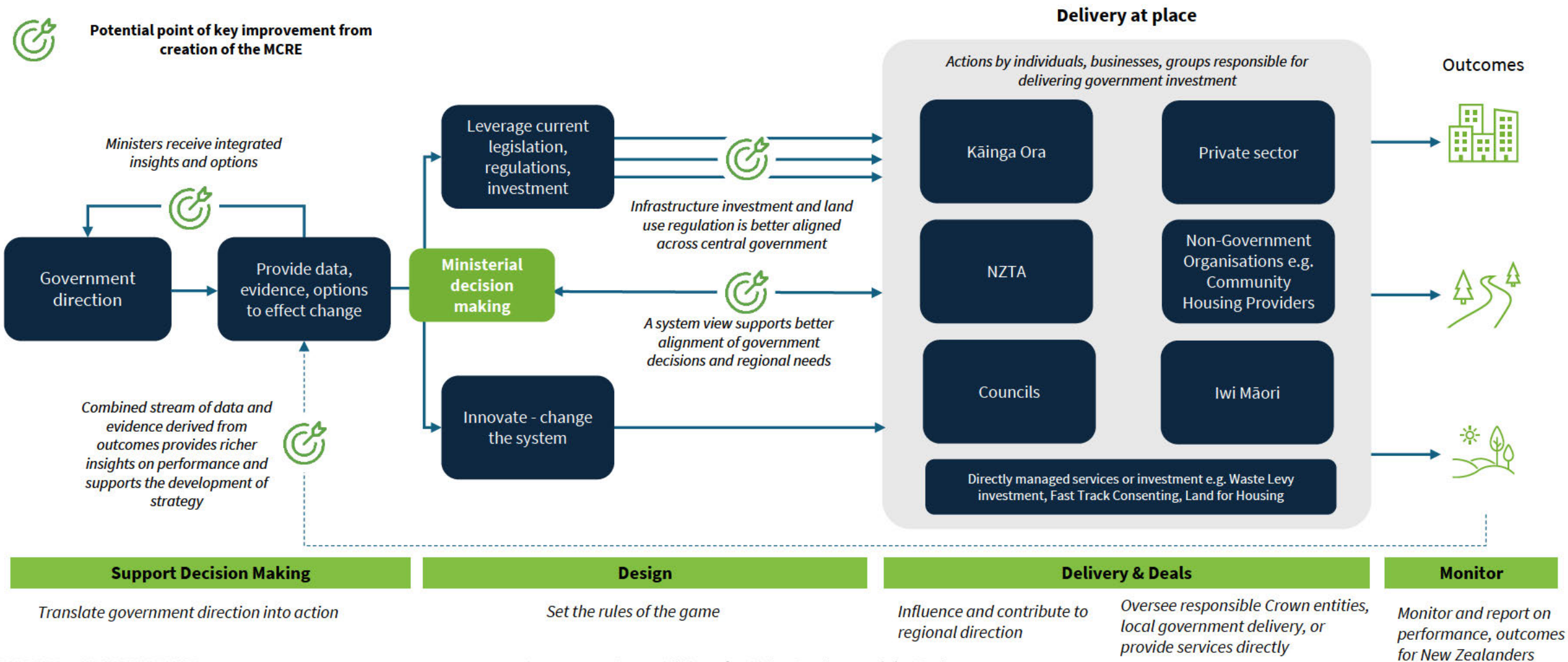
Several principles link to multiple elements of the organisational DNA model, meaning the relationships are not one-to-one.

- 1 Drives integrated, responsive policy and investment services to Ministers through a new, collaborative approach to system delivery.
- 2 Creates clear accountability and governance through a lean structure with appropriate spans and layers, empowering leaders to drive strong financial, people, and digital performance.
- 3 Groups like-for-like functions to drive synergies, collaboration, and innovation, providing a scalable structure.
- 4 Enables digital transformation of the wider system it supports, ensuring data assets are protected and future digital capability enhanced.
- 5 Minimises silos within functions, supporting investment toward areas of greatest need and impact, and improving the local/central government interface.
- 6 Drives agility in service delivery for customers by empowering selected teams to operate 'close to market', act within clear accountabilities, supported by system-wide data, governance, and capability.
- 7 Establishes best-in-class policy, investment and performance monitoring functions, prioritising attraction, retention and pathways for specialist capability and drawing upon external expertise where it adds the greatest value.
- 8 Is flexible and adaptable to respond to emerging and evolving system and environmental changes.



Appendix Four: Driving Alignment and Results Throughout the Value Chain

To design an effective MCRE, we have considered the value chain of the proposed organisation and its role within the wider planning system. The diagram below shows how the MCRE strengthens the link between government direction and delivery on the ground.



Appendix Five: Current State Overview

A current state overview of 'in scope' agencies is included below.

Agency performance compared to Public Service benchmark, Public Service Census 2025

	Structure	Government Priorities	Function: Planning Policy & System Oversight	Function: Funding & Investment	Function: Oversight & compliance	Function: Safety & Sector Specific Regulation	Function: Climate	Function: Social & Policy Outcomes	Engagement Index (0.77)	Productivity Index (0.69)	Innovation Index (0.73)
MFE	1 CE 5 DCEs 867 FTE 4 Ministers, 1 Associate Minister, 1 Parliamentary Undersecretary	<ul style="list-style-type: none"> Going for Growth RMA reforms Climate Change Targets and Emissions Budgets Climate Adaptation 	Legislation responsible for: 10 Entities monitored: 2 Hosts Climate Change CE Board	<ul style="list-style-type: none"> Resource management and planning policy Fast track consenting National oversight and regulatory stewardship National direction and natural environment limits Marine and exclusive economic zone policy Environmental reporting 	<ul style="list-style-type: none"> Environmental investment 	<ul style="list-style-type: none"> Monitoring Climate Change Commission, EPA 	<ul style="list-style-type: none"> Hazardous substances policy Waste minimisation and litter 	<ul style="list-style-type: none"> Climate mitigation/adaptation policy, including ETS Waste/resource efficiency policy 	→ 0.77	→ 0.70	↑ 0.76
MHUD	1 CE 5 DCEs 306.5 FTE 1 Minister, 1 Associate Minister	<ul style="list-style-type: none"> Going for Housing Growth Housing investment system for local and affordable housing Progressing Better Social Housing Kāinga Ora Turnaround Plan 	Legislation responsible for: 11 Entities monitored: 2	<ul style="list-style-type: none"> National housing and urban development oversight Place-based partnerships Social housing settings Homelessness Retirement Village Act changes 	<ul style="list-style-type: none"> Infrastructure funding and financing Funding for housing segments 	<ul style="list-style-type: none"> Kāinga Ora monitoring 	<ul style="list-style-type: none"> Regulation of social housing market 	<ul style="list-style-type: none"> Homelessness response programmes 	→ 0.76	→ 0.70	↑ 0.75
MOT	1 CE 4 DCEs 193 FTE 1 Minister, 1 Associate Minister	<ul style="list-style-type: none"> Going for Growth Land transport revenue system Advice on Roads of National Significance Review of drivers licensing Regulatory settings for 'advanced aviation' 	Legislation responsible for: 20 Entities monitored: 5	<ul style="list-style-type: none"> System performance Transport policy, inc rail and ports 	<ul style="list-style-type: none"> GPS (guides national land transport fund) 	<ul style="list-style-type: none"> Monitoring NZTA and transport regulators (Maritime, Civil Aviation, TAIC, CRL) 	<ul style="list-style-type: none"> Transport safety Sector regulator oversight Search and rescue 	<ul style="list-style-type: none"> Emergency management (inc. adaptation) 	↓ 0.72	↓ 0.64	→ 0.73
DIA	1 CE 1 DCEs 129.5 FTE 1 Minister (for Local Government unit)	<ul style="list-style-type: none"> Water reform City + regional deals Rates capping Local government simplification 	Legislation responsible for: 25 Entities monitored: 9	<ul style="list-style-type: none"> Local Government policy System stewardship for local democracy and governance Reform design and simplification 	<ul style="list-style-type: none"> Regional Deals Infrastructure Funding and Financing 	<ul style="list-style-type: none"> Monitoring of local government performance Interventions under LGA provisions Local elections legislation and policy 	<ul style="list-style-type: none"> Oversight of civil defence and emergency management linkages. 	<ul style="list-style-type: none"> Facilitation of central-local partnerships Māori-Crown-local government engagement. 	→ 0.75	→ 0.70	↑ 0.78



Te Kawa Mataaho
Public Service Commission

Economic Case: Establishing the Ministry of Cities, Regions and the Environment

7 November 2025



Context, purpose and scope of the report

Context

The public sector delivers vital outcomes for New Zealanders every day, often under intense pressure and without fanfare. However, the current operating model has evolved organically over a period and therefore includes a number of challenges:

- Processes designed to ensure whole-of-government perspectives can be cumbersome, and internally focused.
- A focus on risk management can crowd out a focus on value creation.
- Consensus mechanisms can leave progress hostage to the slowest moving actor.

At the same time, the world around us is changing fast. The result is a public sector where people achieve outcomes despite the machinery, rather than supported by it.

The consolidation of four government entities:

- the Ministry for the Environment (MfE),
- the Ministry of Transport (MoT),
- the Ministry of Housing and Urban Development (MHUD), and
- the Local Government functions of the Department of Internal Affairs

into the Ministry of Cities, Regions and the Environment (MCRE), is a practical first step towards addressing some of these system-level challenges.

At the same time, the Government is making a number of policy and legislative changes regarding how New Zealand plans, funds, maintains and builds core infrastructure. This entity consolidation is anticipated to support these policy and legislative changes.

Purpose

The purpose of this report is to consider the evidence that supports the hypothesis that establishing MCRE generates economic benefits for New Zealand.

This report forms part of the broader Investment Case for establishing MCRE. The Investment Case also includes the Financial Case which details potential savings, organisational design and a target end-state for MCRE. This report utilises that end-state.

This report builds on earlier advice provided to the Prime Minister [*PSC to provide reference*], Minister for the Public Service [MoSR 2025-0623 refers] and Minister for Housing, Transport, Infrastructure and Responsible for RM Reform [MoSR 2025-0677 refers].



Scope

This report identifies and where possible, quantitatively estimates, the potential economic benefits associated with establishing MCRE. The scope of the analysis has been defined by the time, available information, and the parameters of the broader Investment Case. A full description of the scope is detailed at annex one.

The structure of the report is as follows:

- Section 1: Details the approach adopted.
- Section 2: Analyses each the three categories of benefits identified to consider the hypothesis:
 1. Better outcomes through improved decision making.
 2. Potential productivity gains from reduced fragmentation.
 3. Reduced transaction costs from a more integrated system.



The hypothesis: establishing MCRE generates economic benefits

Three categories of benefits were considered in this analysis:



1

Benefit 1:

Better outcomes through improved decision making.



2

Benefit 2:

Potential productivity gains from reduced fragmentation.



3

Benefit 3:

Reduced transaction costs from a more integrated system.

Benefit 1: Integration can support improved advice, informing better decision making, leading to improved outcomes (1/2)

- MCRE may enable better outcomes through taking a joined up view of the entire system. This occurs through bringing together insights and options for housing, transport, and the environment to understand system strengths, weaknesses and opportunities, ultimately supporting faster, better decision making. As part of a suite of reforms, it can create a more certain planning environment, where the goals and rules of the system are clear.
- The diagram to the right maps how MCRE enables faster, better decision making, and how this can lead to improve outcomes.

MCRE's establishment enables ...

- A single source of truth, with data, modelling and digital capability combined in one agency
- Joined up policy advice across portfolios (planning, environment, housing, transport) with integrated use of levers (regulation, investment, pricing)
- Aligned performance and monitoring framework for Crown Entities and Councils
- A coordinated national/ local planning and investment timetable (sequencing of strategies, plans, funding rounds etc.)
- Enhanced organisational efficiency



Supporting decision-makers to ...

- Align national direction(s), regulatory instruments and processes (consistent, non-conflicting signals)
- Make explicit cross-portfolio trade-offs e.g. housing supply vs transport capacity vs environmental limits
- Sequence investment and regulatory decisions
- Apply a place-based lens to decisions (reflecting metropolitan and regional differences)
- Provide clearer market signals that developers and infrastructure providers can act on



Improving the following outcomes ...





- A more certain and supportive business environment
- Coherent direction for local government
- More integrated urban and environmental outcomes
- Reduced transaction costs including unnecessary fiscal waste and rework
- Improved regulatory coherence and reduced burden (simpler instruments & fewer duplicative consultations and processes)



Benefits and associated metrics
(next page)

Benefit 1: Integration can support improved advice, informing better decision making, leading to improved outcomes (2/2)

- The table opposite outlines benefits of this change and associated metrics. It is not possible to isolate the contribution MCRE could make to these metrics, however where data is available, New Zealand's current performance is compared with international benchmarks drawn from jurisdictions with more integrated systems, to illustrate the possible opportunities considered within this benefit.
- As such, this analysis is directional rather than definitive: it highlights the gap between New Zealand's current position and the levels achieved in more integrated systems. A summary of benchmark sources and selection criteria is provided in annex two.
- The following page highlights the possible benefits that could have occurred if MCRE had existed at the time of the CRL project.

Economic Benefit	Indicative Metric	International Benchmark Comparison	Impact if aligned with benchmarks...
 More affordable houses in the "right places" to support thriving communities	No. of dwellings per 1000 residents	International Benchmark: 440 New Zealand: 396 -10.0%	A better balance between housing supply and population growth, easing affordability pressures
	Monthly new residential building consents per 1000 residents	International Benchmark: 0.63 New Zealand: 0.6 -4.8%	A more responsive planning and construction system, more capable of meeting demand in growth areas
	% of private dwellings with dampness or mould	International Benchmark: 6.10% New Zealand: 18.10% +197%	Improved health and wellbeing outcomes, incl. fewer respiratory illnesses, lower healthcare costs, and improved energy efficiency
 Flourishing natural environment with climate change targets met	Transport GHG emissions per 1000 residents (kt CO ₂ -e)	International Benchmark: 1.9 New Zealand: 2.85 +50.0%	Improved natural environment through better air quality and lower greenhouse gases
	Urban Water Quality (% meeting quality std.)	International Benchmark: 96.30% New Zealand: 54% -43.9%	Improved healthcare outcomes in the short term (fewer illnesses and potential deaths), and in the longer term (through improving child growth and cognition)
	No. of residential buildings currently situated in flood zones	219,000 (No International Benchmark Available)	No benchmark, but a downward trend would reduce exposure to climate-related hazards, strengthening community resilience
 A well functioning, affordable transport system connecting New Zealand	Total freight movements (tonnes) per 1000 residents	International Benchmark: 25k New Zealand: 11.7k -53.2%	A proxy for increased economic activity through more production, purchasing and trading in physical goods
	Yearly public transport boardings per 1000 residents	International Benchmark: 107 New Zealand: 30 -72.0%	More accessible, reliable services that reduce congestion, emissions, and household costs, while supporting urban growth
	Road Quality (QRI Score)	International Benchmark: 5.81 New Zealand: 4.68 -19.4%	Enhanced safety, reduced vehicle operating costs, and improved connectivity between regions
 High performing Local Government sector, delivering affordable services	% of resource consents granted within statutory timeframe	82% (No International Benchmark Available)	No benchmark, but if improved would reduce uncertainty for developers and investors, accelerating housing and infrastructure delivery
	Average resource consent fee	\$3.1k (No International Benchmark Available)	No benchmark, but lowering consent costs relative to service value would enhance affordability for housing and infrastructure delivery (flowing through to businesses and homeowners)

An example of where MCRE could add value is CRL which delivered less than its full city-shaping potential

Treating CRL as a transportation project missed two key opportunities...

1. Maximising overall benefits by integrating CRL with land-use changes and complementary network improvements.
2. Considering and planning for value-capture activities and tools to cross-subsidise the cost of the infrastructure.



MCRE could enable...

Land use and transport planning

Pre-zoning, coordinated station-area redevelopment.



Future-focused development

Stations (and station boxes) are designed in a way that efficiently integrates with future development.



Value capture and reinvestment

Value capture to cross-subsidise the cost of infrastructure.



Opportunity 1: view CRL as a “city-change”, not a transportation project

- MCRE could have identified the key development areas of the project and identified opportunities to de-risk and optimise development, for example, simplifying consenting or removing binding constraints on land use (e.g. Volcanic Viewshafts).
- MCRE could have identified Mt. Eden as a flagship precinct and utilised the Government’s 1.7ha crown-controlled land beside the station to support additional housing.
- MCRE could have engaged with development entities earlier to ensure the project had the best chance to deliver market attraction.

Opportunity 2: understand, and integrate the use of value capture tools into project

- MCRE could have defined a value capture package (activities and tools) at the same time the project concept was being formed (e.g., strategic business case stage). Property markets typically capitalise transport benefits at announcement/ early construction, rather than opening.
- MCRE could work with Central & Local Government to enable necessary legal powers, governance, and revenue instruments as part of project planning.
- MCRE could align project phasing with the value capture instruments so the Crown (likely through a special vehicle) can credibly borrow against (or pre-collect) revenues.

These opportunities could have helped realise the value outlined below

A share of \$3.3bn² missed value uplift

9(2)(b)(ii) prejudice commercial position

Potential for ~800 apartments on CRL land

9(2)(b)(ii) prejudice commercial position

Benefit 2: Evidence also suggests that reducing institutional fragmentation enhances productivity

If the economic outcomes outlined over the previous pages are achieved, New Zealand's productivity may also improve.

There is also evidence¹ that fragmented municipal governance is consistently associated with lower productivity in metropolitan areas:

- Doubling the number of local jurisdictions or municipalities is associated with a 3–6% reduction in productivity.
- The presence of a coordinating metropolitan governance body roughly halves this productivity penalty.

This presents evidence that more integrated systems can perform better. The MCRE integration of central government entities can be seen as analogous to a coordinating governance body that interacts with local government as outlined in the literature. We therefore took a conservative approach to modelling economic benefits in a New Zealand context, for New Zealand as whole and four urban areas.

The approach

Productivity is measured as GDP per filled job. We modelled illustrative productivity uplifts from improved coordination (0.5–2.0% over five years), phased in from 2028, to allow timing for MCRE to be fully established.

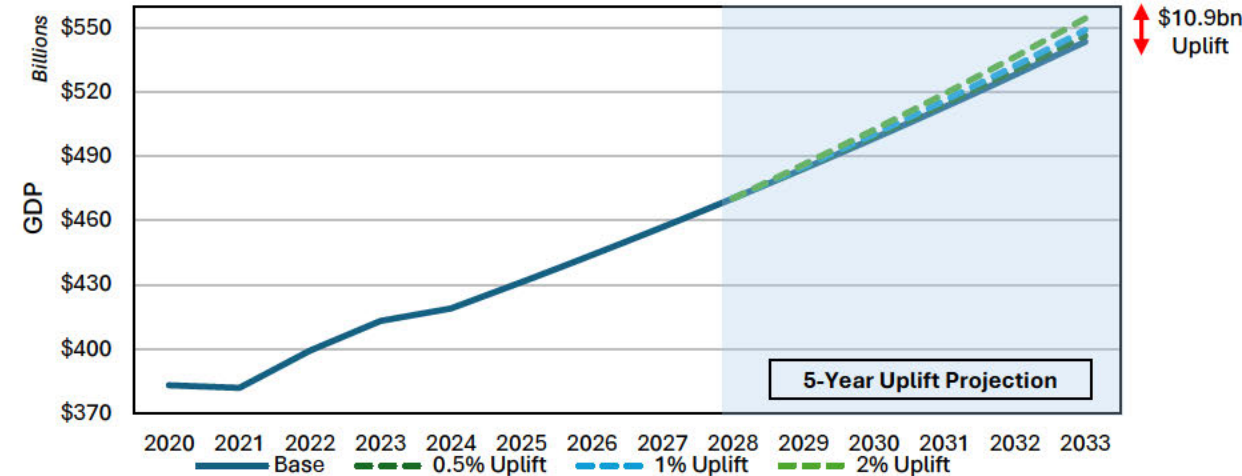
The model converts these uplifts into GDP impacts using current employment and recent baseline growth trends.

The projections are indicative and directional, not a forecast; they illustrate the potential scale if integration and coordination improves.

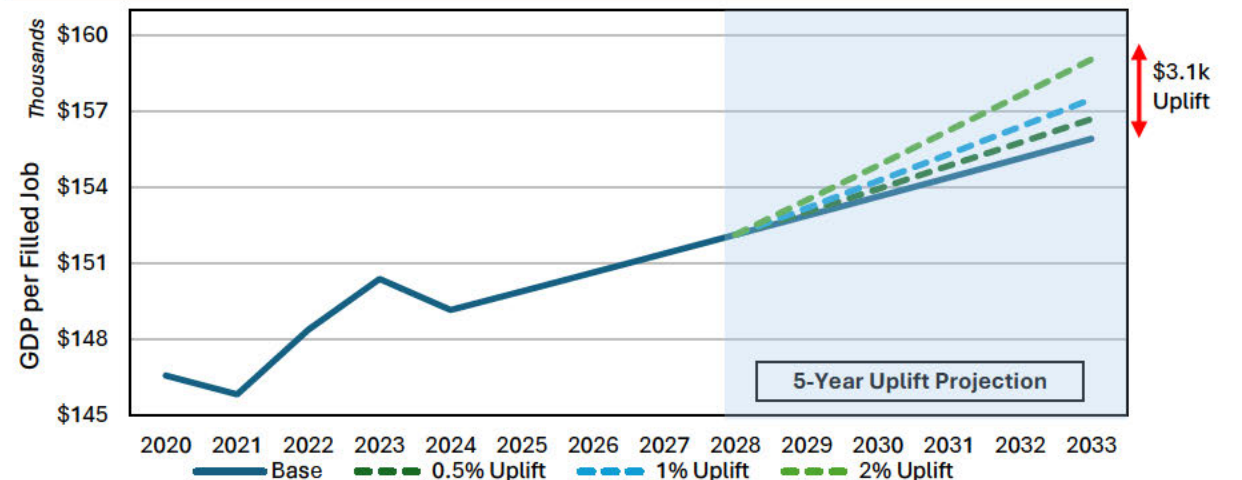
Annex three details the approach and results in further detail.

1: Ahrend et al. (2017) OECD study — “What Makes Cities More Productive? Evidence from Five OECD Countries on the Role of Urban Governance”. Countries studied: Germany, Mexico, Spain, United Kingdom, and United States.

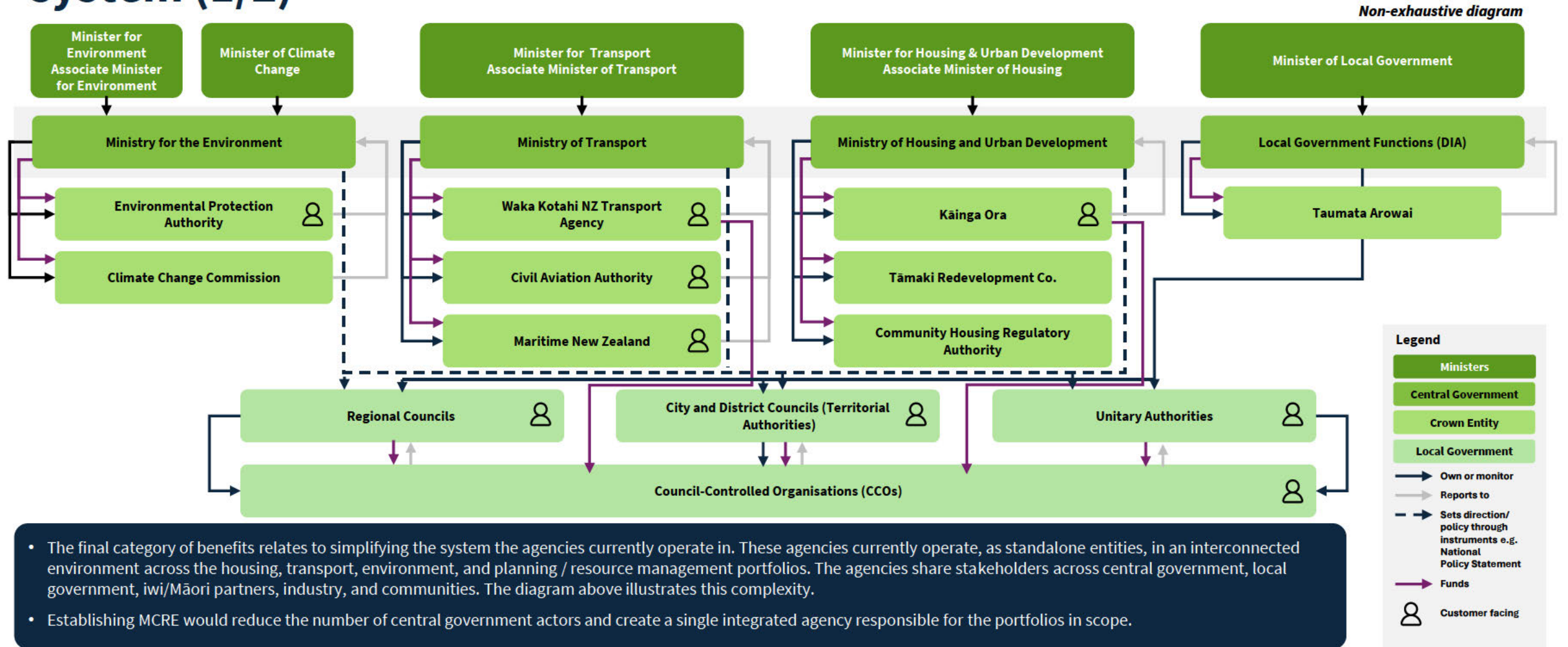
National GDP Projections



National Productivity Uplift (GDP per filled job)







Benefit 3: Reduced transaction costs from a more integrated system (1/2)



- The final category of benefits relates to simplifying the system the agencies currently operate in. These agencies currently operate, as standalone entities, in an interconnected environment across the housing, transport, environment, and planning / resource management portfolios. The agencies share stakeholders across central government, local government, iwi/Māori partners, industry, and communities. The diagram above illustrates this complexity.
- Establishing MCRE would reduce the number of central government actors and create a single integrated agency responsible for the portfolios in scope.

Benefit 3: Reduced transaction costs from a more integrated system (2/2)

- We expect this integration to generate benefits. Consolidation should produce a more integrated, connected system, and lower transaction costs by reducing:
 - Coordination costs (fewer engagements to reconcile, clearer sequencing).
 - Information and search costs (shared evidence, guidance, and data).
 - Delay and rework (aligned timetables and requirements across portfolios).
- Evidence¹ from complex systems literature indicates fragmentation drives nonlinear increases in these costs; integration reduces them.
- The table below shows a qualitative assessment of how costs could reduce if MCRE is established. This assessment relies on MCRE realizing its vision: a new agency that strengthens collaboration, integration and integrity, as set out in the Financial Case.

		Description of costs under the current system	Description of cost if MCRE were established	Qualitative assessment of impact ²	
Cost borne on ...	Ministers	<ul style="list-style-type: none"> • Pay a “price” for unreconciled/ competing advice, or trade-offs that aren’t clearly articulated • No clear system steward, making pain points hard to identify and fix 	<ul style="list-style-type: none"> • Receives reconciled advice, with clearly articulated trade-offs • Clear accountability for stewardship enables enhanced accountability and quicker resolution of issues 	7/12	
	Other Government Agencies	<ul style="list-style-type: none"> • Significant time in inter-agency processes to develop advice and obtain clear positions 	<ul style="list-style-type: none"> • Fewer inter-agency interfaces and clearer ownership of advice • Reduced need for formal coordination 	6/12	
	Local Government	<ul style="list-style-type: none"> • Mixed signals from each agency result in siloed (and potentially conflicting) investment directions for Local Government agencies to find, interpret, and reconcile requirements and timelines 	<ul style="list-style-type: none"> • Aligned Central Government direction and investment focus • Single point of contact to resolve trade-offs • Aligned requirements and timelines 	8/12	
	Users	<ul style="list-style-type: none"> • Guidance and data are dispersed across agencies; users duplicate analysis and interpretation to stitch together requirements • Need to engage with multiple agencies to progress plans and projects 	<ul style="list-style-type: none"> • Clearer, more predictable signals and aligned requirements reduce risk and time to decision • Consolidated guidance and a shared evidence base can make interpretation of the rules easier and faster 	7/12	

1. Thompson, J. (1967). Organizations in Action; Olson, M. (1965). The Logic of Collective Action; Christensen, T., and Lægreid, P. (2007). The Whole-of-Government Approach to Public Sector Reform; 2. Overview of assessment contained in annex four



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Public Service Commission

Thank you





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Annexes



Annex one: analytical framing

Context for the advice

- This advice assesses the case for consolidating the Ministry for the Environment (MfE), the Ministry of Transport (MoT), the Ministry of Housing and Urban Development (MHUD), and the Local Government functions of the Department of Internal Affairs (DIA) into a new entity, the Ministry for Cities, Regions and the Environment (MCRE).
- The work was completed under rapid timeframes, using publicly available data, and in parallel with the Financial Case (which included the design and target state of MCRE). These factors informed a fit-for-purpose analytical approach calibrated to the project's objectives.

Economic case under optimal conditions

- Outlined below is a comprehensive approach that would map agency functions and assess the each function's cost and benefit in order to provide a clear baseline for comparison. Due to the project's constraints, it was not possible to adopt this approach.
 - Map agency functions at a broad level (e.g., regulation, policy development, monitoring).
 - For each agency-function, identify:
 - Direct costs to administer and deliver the function.
 - Costs borne by downstream partners and stakeholders (e.g., Ministers as decision-makers, other government agencies, local government, and regulated parties/the public).
 - Benefits associated with each function. Attribution to economy-wide outcomes is typically not feasible; use contribution analysis and pathways to impact.
 - Under the consolidated entity (MCRE), assess for each function:
 - Changes in delivery/administration costs relative to the status quo.
 - Changes in costs borne by partners and stakeholders, reflecting MCRE's ways of working.
 - Expected benefits from integration, isolating effects attributable to consolidation versus concurrent reforms (e.g., Resource Management Act reform).
 - Estimate transition and implementation costs.
 - Compare net benefits of MCRE versus the status quo, combining quantitative estimates with qualitative evidence where appropriate.

Fit for purpose economic case

- Outlined below is the approach adopted to test the hypothesis, shaped by time and data constraints, that still provides insights into the economic benefits of the new entity, MCRE.
 - Identified the transaction costs imposed on others: identified the costs of the current way of working, who bears these costs, and how these costs could be reduced under MCRE – assuming its target state is achieved.
 - Identified the benefits realised: Identified the broader economic outcomes targeted by these agencies, relevant metrics of progress/performance, and how consolidation could improve performance against these metrics.
 - Reviewed the evidence base: Reviewed empirical literature on agency consolidation and integration to assess the plausibility and magnitude of potential benefits.

Interpretation and caveats

- Results should be read as directional and further analysis would be required to substantiate these.
- Economy-wide outcome changes are treated through contribution analysis; concurrent reforms and external factors may also influence observed outcomes.

Annex two: outcome indicators and benchmarks (1/3)

Economic Benefit	Indicative Metric	NZ Baseline	Year	International Benchmarks	Data Sources
More affordable houses in the “right places” to support thriving communities	No. of dwellings per 1000 residents	396	2024	Australia = ~420 (2022), Norway = ~ 490 (2025), Ireland = ~ 410 (2022)	New Zealand: https://www.stats.govt.nz/information-releases/dwelling-and-household-estimates-september-2024-quarter/
					Australia: https://www.abs.gov.au/statistics/industry/building-and-construction/estimated-dwelling-stock
					Norway: https://www.ssb.no/en/bygg-bolig-og-eiendom/bolig-og-boforhold/statistikk/boliger?
					Ireland: https://iscf.ie/housing-data-in-ireland/
	Monthly new residential building consents per 1000 residents	0.6	August 2025	Australia = 0.63 (2025)	New Zealand: https://www.stats.govt.nz/information-releases/building-consents-issued-august-2025/
					Australia: https://www.abs.gov.au/statistics/industry/building-and-construction/building-approvals-australia/latest-release
% of private dwellings with dampness or mould	18.1%	2023	Australia = 8% (2020) , Finland = 5.3% (2023), Norway = 5.0% (2023)	New Zealand: https://www.stats.govt.nz/reports/housing-in-aotearoa-new-zealand-2025/	
				Australia: https://www.abs.gov.au/statistics/people/housing/housing-mobility-and-conditions/latest-release	
				Finland: https://ec.europa.eu/eurostat/databrowser/view/tessi292/default/table	
Flourishing natural environment with climate change targets met	Transport GHG emissions per 1000 residents (kt CO ₂ -e)	2.85 kt CO ₂ -e	2022	Singapore = 1.07 (2022), Ireland = 2.2 (2022), Norway = 2.5 (2022), Finland = 1.7 (2022), South Korea = 2.1 (2022)	All Countries: https://ourworldindata.org/grapher/co2-emissions-transport
	Urban Water Quality (% meeting quality std.)	54%	2024	Australia = 90% (2020); Ireland = 99.5% (2020); Norway = 99% (2016)	New Zealand: https://environment.govt.nz/publications/our-environment-2025/freshwater/
					Australia: https://www.bom.gov.au/water/npr/npr_2019-20.shtml
					Ireland: https://www.epa.ie/publications/compliance--enforcement/drinking-water/annual-drinking-water-reports/drinking-water-quality-in-public-supplies-2020-.php
Norway: https://www.ssb.no/en/natur-og-miljo/artikler-og-publikasjoner/overall-satisfactory-tap-water					
No. of residential buildings currently situated in flood zones	219,000	2023	No International benchmark available.	New Zealand: https://environment.govt.nz/publications/estimated-number-and-valuation-of-residential-properties-within-inundationflood-zones-impacted-by-climate-change/	

Annex two: outcome indicators and benchmarks (2/3)

Economic Benefit	Indicative Metric	NZ Baseline	Year	International Benchmarks	Data Sources
A well functioning, affordable transport system connecting New Zealand	Total freight movements (tonnes) per 1000 residents	11.7k	2024	Australia = 34.2k (2025), South Korea = 25.5k (2023), Finland = 15.3k (2024)	<p>New Zealand: https://www.transport.govt.nz/statistics-and-insights/freight-and-logistics/trade-trends/</p> <p>Australia: https://datahub.freightaustralia.gov.au/explore/interactives/Imports%20and%20Exports</p> <p>South Korea: https://tradecouncil.org/south-korea-sees-1-growth-in-export-import-cargo-in-2023-amid-export-recovery/#:~:text=South%20Korea's%20export%2Dimport%20cargo,percent%20year%2Don%2Dyear</p> <p>Finland: https://shipowners.fi/en/competitiveness/key-figures-of-maritime-in-finland/#:~:text=The%20majority%20of%20Finland's%20foreign,10%25%20from%20ports%20outside%20Europe.</p>
	Yearly public transport boardings per 1000 residents	30	FY23/24	Finland = 61 (2023), Singapore = 130 (2024), Norway = 131 (2024)	<p>New Zealand: https://nzta.govt.nz/planning-and-investment/learning-and-resources/transport-data/data-and-tools</p> <p>Finland: https://www.hsl.fi/en/hsl/hsl-in-2023/2023-in-figures</p> <p>Singapore: https://citytransit.uitp.org/singapore/schedule-compliancepunctuality/metro</p> <p>Norway: https://www.ssb.no/en/transport-og-reiseliv/landtransport/statistikk/kollektivtransport</p>
	Road Quality (QRI Score)	4.68	2019	Singapore = 6.45 (2019), South Korea = 5.73 (2019), Finland = 5.26 (2019)	All Countries: https://worldpopulationreview.com/country-rankings/road-quality-by-country
High performing Local Government sector, delivering affordable services	% of resource consents granted within statutory timeframe	82%	FY23/24	No international benchmark available.	New Zealand: https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/national-monitoring-system/
	Average resource consent fee	\$3.1k	FY23/24	No international benchmark available.	New Zealand: https://environment.govt.nz/what-government-is-doing/areas-of-work/rma/national-monitoring-system/

Annex two: outcome indicators and benchmarks (3/3)

International benchmarks were chosen using two key criteria:

1. Similarity to MCRE (i.e., enhanced integration compared to New Zealand’s current system).
2. Availability of comparable data.

Country	Core coordinating ministry	Similarities to MCRE	Key Differences
Singapore	Ministry of National Development (MND)	<ul style="list-style-type: none"> • Integrates housing, urban development, and land-use planning. • Strong vertical integration between planning and housing agencies (Housing & Development Board, Urban Redevelopment Authority). 	<ul style="list-style-type: none"> • Transport and environment managed by separate ministries. • No tier of local government comparable to New Zealand; coordination via statutory boards.
Australia (Federal)	Department of Infrastructure, Transport, Regional Development, Communications and the Arts (DITRDCA)	<ul style="list-style-type: none"> • Includes transport policy and regional coordination. • Provides some urban and regional planning policy advice. 	<ul style="list-style-type: none"> • Housing, environment, and local government functions all separate. • Fragmented system with weak integration across sectors.
Ireland	Department of Housing, Local Government and Heritage (DHLGH)	<ul style="list-style-type: none"> • Integrates housing, local government, and spatial planning. • Oversees urban development, planning frameworks, and local authority systems. 	<ul style="list-style-type: none"> • Transport and environment/climate sit in separate ministries.
Norway	Ministry of Local Government & Regional Development (KDD)	<ul style="list-style-type: none"> • Combines housing, regional development, spatial planning, and local government policy. • Provides integrated regional and local governance policy advice. • Aligns planning legislation with housing and land use. 	<ul style="list-style-type: none"> • Transport and environment remain fully separate.
South Korea	Ministry of Land Infrastructure and Transport (MOLIT)	<ul style="list-style-type: none"> • Integrates transport, housing, and urban/regional planning. • Coordinates national spatial policy and local development guidance. • Strong cross-sector policy coherence between housing and transport. 	<ul style="list-style-type: none"> • Environmental policy/regulation handled separately by the Ministry of Environment. • Local government oversight is limited — Korea has strong central control but no direct local government policy leadership within MOLIT.
Finland	Ministry of the Environment (YM)	<ul style="list-style-type: none"> • Oversees housing, built environment, land use, and environmental protection. • Coordinates with transport and local government through national spatial and climate policy. • Promotes integrated land-use and environmental planning. 	<ul style="list-style-type: none"> • Transport functions remain in a separate ministry. • Local government finance and structure led by Ministry of Finance.

Annex three: productivity modelling and urban results (1/2)

Rationale

- A cross-country OECD study, *Ahrend et al. (2017) OECD study – “What Makes Cities More Productive? Evidence from Five OECD Countries on the Role of Urban Governance”*, found that fragmentation in governance is associated with lower economic productivity in urban areas.
- Doubling the number of local jurisdictions or municipalities was linked to a 3-6% productivity reduction unless a coordinating governance body existed, which halves the productivity penalty.
- The study provides evidence supporting the hypothesis that reducing institutional fragmentation through MCRE could yield measurable productivity gains.
- MCRE would act as a single coordinating system, mitigating the productivity-draining effects of fragmentation identified in the OECD research.

Assumptions & Approach





- GDP per filled job will be used as the measure of economic productivity. This is consistent with standard practice used by Stats NZ, Infometrics, and the OECD.
- We have modelled three productivity uplift scenarios: 0.5%, 1%, and 2%.
 - These uplifts are distributed evenly over five years, with 2029 as the first year of benefits realisation (e.g., under the 1% scenario, a 0.2% uplift would occur each year from 2029 to 2033).
- The modelling estimates productivity uplifts for New Zealand as a whole and for four major urban regions: Auckland, Hamilton City, Wellington City, and Christchurch City.
- The productivity uplift in GDP per filled job has been translated into a total GDP impact, by applying the uplift to the total number of filled jobs in each area.
- For each region, a baseline productivity and economic growth rate has been established using the average annual change in GDP per filled job and number of filled jobs across the five most recent non-pandemic years (e.g., 2018, 2019, 2022–2024).
- The results illustrate directional, evidence-based productivity improvements, rather than asserting direct causality, consistent with OECD empirical findings.
- All data is sourced from Infometrics.

Annex three: productivity modelling and urban results (2/2)

2033 Regional Productivity		Auckland City		Hamilton City		Wellington City		Christchurch City	
Metric	GDP per Filled Job	GDP	GDP per Filled Job	GDP	GDP per Filled Job	GDP	GDP per Filled Job	GDP	
Uplift Scenario	Base	\$175.6k	\$224.6b	\$147.3k	\$21.6b	\$174.3k	\$39.2b	\$142.1k	\$44.4b
	0.5%	+\$0.8k	+\$1.0b	+\$0.7k	+\$0.10b	+\$0.9k	+\$0.22b	+\$0.7k	+\$0.22b
	1%	+\$1.7k	+\$2.01b	+\$1.5k	+\$0.19b	+\$1.9k	+\$0.43b	+\$1.4k	+\$0.44b
	2%	+\$3.4k	+\$4.04b	+\$2.9k	+\$0.39b	+\$3.8k	+\$0.87b	+\$2.9k	+\$0.89b

Annex four: qualitative assessment of reduced transaction costs

The table below describes the qualitative assessment undertaken to assess the cost reduction from establishing MCRE, utilising the categories referenced in the body of the report: coordination, information/search, and delays/rework.

	Coordination Costs (0-4)	Info/Search Costs (0-4)	Delays/Rework Costs (0-4)	Score
Ministers	<p>3</p> <ul style="list-style-type: none"> Having a single system steward, and receiving aligned advice reduces coordination costs 	<p>2</p> <ul style="list-style-type: none"> Indirect benefit as advice is coordinated and developed using a shared evidence base 	<p>2</p> <ul style="list-style-type: none"> Alignment in advice from a single agency should shorten decision cycles and required reworks 	<p>7/12</p> 
Other Government Agencies	<p>3</p> <ul style="list-style-type: none"> Fewer Agencies reduces the number of formal consultations required to develop policy positions 	<p>2</p> <ul style="list-style-type: none"> MCRE will combine data, modelling, and digital capability currently sitting across the four agencies 	<p>1</p> <ul style="list-style-type: none"> Alignment in advice from a single agency should reduce time in Government processes e.g. Cabinet paper consultations 	<p>6/12</p> 
Local Government	<p>3</p> <ul style="list-style-type: none"> A single “front door” for Central Government, with aligned national direction and timetables reduces the need for Local Government to work across multiple Agencies 	<p>3</p> <ul style="list-style-type: none"> Consolidated guidance and shared data reduces interpretation timeframes, and makes it quicker and easier to sequence investment decisions and align Local Government instruments e.g. Regional Plans 	<p>2</p> <ul style="list-style-type: none"> Fewer reworks / delays due to consistent, sequenced policy/investment signals 	<p>8/12</p> 
Users	<p>1</p> <ul style="list-style-type: none"> A single “front door” for Central Government can reduce the need for users to go between agencies for cross-portfolio queries 	<p>3</p> <ul style="list-style-type: none"> More consistent, consolidated guidance and shared data reduces interpretation timeframes, and makes it quicker and easier to take action Digital services could provide standard templates, geospatial overlays and API access to rules and standards 	<p>3</p> <ul style="list-style-type: none"> Clearer, more predictable signals and requirements mean fewer delays and rework Reduced conflicts across national policies/directions, and between national and local policies/directions can result in fewer appeals/ variations 	<p>7/12</p> 

Score: 0=no reduction; 4=high reduction