



# Regulatory Impact Statement: Amendments to the Public Service Act 2020

Decision sought	Cabinet decisions on amendments to the Public Service Act 2020
Agency responsible	Te Kawa Mataaho Public Service Commission
Proposing Minister	Hon Judith Collins KC, Minister for the Public Service
Date finalised	19 March 2025

The National-Act coalition agreement includes a commitment to “amend the Public Service Act 2020 to clarify the role of the public service, drive performance and ensure accountability to deliver on the agenda of the government of the day”.

The Minister for the Public Service (the Minister) has proposed amendments to the Public Service Act 2020 (the Act) that will help re-focus chief executives and the public service on efficiency and government priorities, remove distractions, drive performance of the system, reinforce the basic principles of efficiency, professionalism and political neutrality, and ensure appointment on merit to all positions.

The Act provides the statutory framework for the operation of the Public Service and is an important influence on how well it serves government and society. Amendments to the Act are proposed in six packages:

- Clarify the role of the Public Service,
- Streamline chief executive responsibilities,
- Reinforce the principle of merit-based appointments,
- Improve chief executive and agency performance management,
- Improve tools to reduce silos, and
- Better risk management.

Of these packages, ‘streamline chief executive responsibilities’ and ‘better risk management’ have been identified by the Ministry for Regulation as having proposals that require a Regulatory Impact Statement.

## Summary: Problem definition and options

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### What is the policy problem?

1. The Minister has noted that the Public Service Act 2020 (the Act) has added new responsibilities to the core role of chief executives, which has de-emphasised the responsibility to implement the government's policies and make efficient use of taxpayer money. She has indicated a need to remove prescriptive provisions (some of which she considers duplicate other legislation) that are distracting agencies from their core mission.
2. The Government also seeks a greater focus on and stronger levers for driving performance of chief executives and agencies, and for achieving efficiency and effectiveness gains from working across agency boundaries and breaking down silos where appropriate.
3. The Act provides the statutory framework for the operation of the Public Service and is an important influence on how well it serves government and society. In the Government's view, the Act confuses the role of the Public Service by de-emphasising the responsibility to serve the government of the day, and includes provisions that distract chief executives and agencies from that mission.
4. The Minister has proposed amendments to the Act in six packages: Clarify the role of the Public Service, streamline chief executive responsibilities, improve tools to reduce silos, reinforce the principle of merit-based appointment, improve chief executive and agency performance management, and better risk management.

### What is the policy objective?

5. The proposed amendments seek to:
  - a. Provide clarity for chief executives and public servants around their roles and responsibilities, to guide Public Service culture and behaviour.
  - b. Emphasise the fundamental characteristics of the Public Service: efficient and economical with taxpayers' funds, working in a way that is professional, politically neutral, provides free and frank advice, and with all appointments strictly on the basis of merit.
  - c. Build flexibility and drive behaviour in the Public Service so that departments can join up effectively to achieve cross-cutting priorities and gain efficiencies.
  - d. Drive agency and chief executive performance through more rigorous, robust and transparent chief executive appointment and performance assessment processes.
6. This aims to deliver a statutory framework that better supports the Public Service to:
  - a. Work in the best interest of New Zealanders, serving the Government of the day in a timely and cost-efficient way; and
  - b. Operate in a professional, politically neutral and competent manner, supported by all appointments being made on merit.
7. Clarifying the role and purpose of the Public Service and streamlining responsibilities is expected to improve agency efficiency and performance. This will potentially deliver an increase in value for money and therefore better outcomes for the current spend. It also improves the ability of the Public Service to serve the government of the day and deliver for New Zealanders. These are indirect and largely unquantifiable benefits.

8. We propose to measure the effectiveness of implementation in the short term (within 2-3 years of legislation being passed), the impacts for the Public Service in the medium term (3-6 years) and realisation of broader policy objectives/outcomes over a longer time horizon (5-10 years). This will draw on data, information and established baselines about chief executive and agency performance, Public Service integrity and conduct, Public Service workforce, and the Commission's regular engagements with chief executives.<sup>1</sup>

**What policy options have been considered, including any alternatives to regulation?**

9. As described above, the Minister has proposed a range of amendments to the Act in six packages. Of these packages, 'streamline chief executive responsibilities' and 'better risk management' contain proposals requiring a Regulatory Impact Statement.
10. The Ministry for Regulation determined that the remaining proposals are exempt on the grounds that they have no or only minor economic, social or environmental impacts given the changes are to the internal administrative or governance arrangements of the New Zealand government.
11. In the two packages of proposals that require regulatory impact analysis, the legislative amendments preferred by the Minister have been treated as an option for comparison against the status quo, alternative legislative changes and/or use of non-legislative levers (where these are possible or applicable).

**What consultation has been undertaken?**

12. Public Service chief executives were invited to provide feedback following a speech by the Minister in February 2025. Their feedback was broadly consistent with and supportive of the Minister's policy objectives, and informed options development and analysis where appropriate.
13. We also undertook targeted engagement with departments on specific proposals, with feedback reflected in the discussion below. Departmental consultation on the Cabinet papers was undertaken in parallel with Ministerial consultation, and further consultation will take place during the Bill's development.
14. Where possible and appropriate, the analysis has been informed by evidence, reviews and commentary, including comparison with other countries.

**Is the preferred option in the Cabinet paper the same as preferred option in the RIS?**

15. In the two packages subject to regulatory impact analysis, the Minister's preferred option (legislative amendments) is also the preferred option resulting from analysis.

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<sup>1</sup> The measurable impacts of these reforms are unlikely to be realised until the subsequent work programmes and plans enabled by this legislation have been prepared (some of which may require separate impact assessments).

## Summary: Minister's preferred option in the Cabinet paper

<b>Costs (Core information)</b>	
16.	The proposals have small, unquantified, potential financial implications for departments resulting from changing or decreasing their responsibilities. Where responsibilities are changed, the Minister expects agencies to continue delivering their responsibilities through reprioritising effort from within baselines.
17.	The proposal to introduce provisions to restrict the use of specific products, services or vendors by the Public Service, where there is a national security or other national interest, has the potential for a loss of revenue for a vendor and/or equivalent gain by another vendor, or impacts on the costs incurred by agencies where particular vendors or products are restricted. As an enabling provision, this is unquantifiable until the provision is exercised.
<b>Benefits (Core information)</b>	
18.	Clarifying the role and purpose of the Public Service and streamlining responsibilities is expected to improve agency efficiency and performance. This will potentially deliver an increase in value for money and therefore better outcomes for the current spend. It also improves the ability of the Public Service to serve the government of the day and deliver for New Zealanders. These are indirect and largely unquantifiable benefits.
19.	Where agency responsibilities are changed or lessened, and costs marginally decrease, the Minister expects agencies to reprioritise any savings toward the achieving the government's priorities.
<b>Balance of benefits and costs (Core information)</b>	
20.	Given the indirect and unquantifiable nature of benefits and costs, it is difficult to determine whether the Minister's preferred overall package of proposals is likely to bring greater benefits for the government and the Public Service than costs.
21.	The proposal to introduce provisions to restrict the use of specific products, services and/or vendors by the Public Service, where there are national security or other national interest grounds, is for an enabling provision, supported by a framework for decision-making. The framework requires separate cost/benefit analysis of the potential impacts on a case-by-case basis (with an underlying assumption being that the security gains to New Zealand would need to outweigh any negative impacts).
<b>Implementation</b>	
22.	The Public Service Amendment Bill is proposed to be enacted by the end of 2025. Once enacted, the Public Service Commission will be responsible for administering the Act.
23.	The implementation and monitoring of progress will be led by the Commission, working collectively with Public Service chief executives. The Public Service Leadership Team – a group of chief executives from across the State services regularly convened to help drive improvements in the system and embed new ways of working to deliver better for the government and for New Zealanders – is well-positioned to drive the necessary changes to embed the legislative change.

**Limitations and Constraints on Analysis**

- 24. The Act has not undergone a comprehensive policy review (it has only been four years since it was passed), so it is difficult to attribute specific successes or challenges in the Public Service to the legislation.
- 25. The tightly constrained timeline for policy development has meant there were limits to consultation and the options discussed are not exhaustive. They are limited to proposals that would most likely fulfil the Minister’s policy objectives, but were informed by reviews and expert commentary around the Act’s implementation and available information on the performance of the Public Service.
- 26. There are also limits to how the impacts of the proposals in this statement can be assessed specifically or quantitatively, because the amendments are intended to have a clarifying and enabling effect on the operation of the Public Service. Where they are clarifying, the changes are largely indirect, meaning that the anticipated impact on the overall performance of the Public Service will be difficult to attribute and quantify. Where they are enabling, the impact will depend on implementation and/or whether a provision is exercised by the Public Service Commissioner (the Commissioner) or the Government.

**I have read the Regulatory Impact Statement and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the preferred option.**

**Responsible Manager(s) signature:**



**Callum Butler**  
**Manager, Strategy, Policy and Integrity**  
**19 March 2025**

**Quality Assurance Statement**

**Reviewing Agency:**

Public Service Commission (internal independent panel)

**QA rating:**

Meets

**Panel Comment:**

Overall, the panel assesses that this RIS meets the criteria for quality assurance. It provides information to enable the merits and costs of the proposals to be assessed by Ministers.

Some sections could be strengthened, including the assessment of costs and benefits. However, we also note that the analysis is inherently limited because the amendments are intended to have a clarifying and enabling effect on the operation of the Public Service. It is therefore difficult to directly connect the proposals to concrete outcomes. We also note the challenging timeframes for the analysis.

The limitations and constraints are identified in the analysis.

## Section 1: Policy context

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**This section introduces the overall package of proposed amendments to the Public Service Act 2020 (the Act), with broad policy context and problem background. For each of the specific proposals that require a Regulatory Impact Statement, more detailed problem working is provided in Section 2 alongside options.**

### Policy context

27. The Public Service Act 2020 (the Act) provides the statutory framework for the operation of the Public Service and is an important influence on how well it serves government and society.
28. The Act was a replacement for the State Sector Act 1988. When introduced four years ago under the previous government, it sought to unify the Public Service around a clear constitutional role, with a shared sense of purpose, foundational principles and core values. It included provisions to support strong system leadership, collaboration and flexibility, helping the Public Service join up services around New Zealanders' needs. All of these work to ensure the Public Service retains the trust and confidence of Ministers and citizens through successive governments.
29. The National-Act coalition agreement includes a commitment to “amend the Public Service Act 2020 to clarify the role of the public service, drive performance and ensure accountability to deliver on the agenda of the government of the day”.
30. The Government seeks a greater focus on and stronger levers for driving performance of chief executives and agencies, and for achieving efficiency and effectiveness gains. They report longstanding concerns – held before coming into Government - about the way the Public Service functions and performs, including specific concerns about the growth in its size and cost and the consequent drag on New Zealand's economic performance.
31. The Minister has noted that the Act has added new responsibilities to the core role of chief executives, which has de-emphasised the responsibility to implement the government's policies and make efficient use of taxpayer money. She has indicated a need to remove prescriptive provisions (some of which she considers duplicate other legislation) that are distracting agencies from their core mission. This includes, for example, provisions around diversity and inclusion and pay equity that were added to the Act in 2020.
32. The Government also seeks a greater focus on and stronger levers for driving performance of chief executives and agencies, and for achieving efficiency and effectiveness gains from working across agency boundaries and reducing silos where appropriate.

### *Previous attempts to address the problem*

33. Since coming into government, Ministers have taken direct steps to address the issues:
  - a. Controlled the size and cost of the Public Service, and used the Government's Targets to focus agencies on government priorities.<sup>2</sup>
  - b. Asked the Public Service Commissioner to reorient and strengthen the process for setting expectations and reviewing the performance of Public Service chief executives.

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<sup>2</sup> Department of Prime Minister and Cabinet (2024) Government Targets. Accessed at: <https://www.dPMC.govt.nz/our-programmes/government-targets>

34. Alongside, the Commissioner is working on further actions to increase the capacity and capability of the system to respond flexibly to changing demands and priorities.
35. These steps reflect similar efforts and concerns around the time the State Sector Act 1988 was introduced. Successive efforts at reform over the past 100 years can be categorised as a 'quest for efficiency'.<sup>3</sup> The State Sector Act 1988 aimed to strengthen performance and find greater efficiencies by transforming the Public Service from a unified organisation with one employer into multiple departments, each with their own chief executive and employees.<sup>4</sup> The reforms were intended to enable sharper focus, clearer accountability, and autonomy for chief executives, while also providing for the ethical responsibilities of State servants, including political neutrality in the performance of duties.
36. There is broad consensus that the reforms were successful in enhancing the performance of government agencies. Chief executives were more focused on productivity and efficiency (a marked improvement from the previous centrally run system). The Public Service became more efficient in delivering outputs that were the responsibilities of a single agency, and more responsive to changes in direction by the elected government.<sup>5 6 7 8</sup>
37. However, reviews of Public Service in 1991, 2001, 2006, and 2011 reported that silos and fragmentation were defining problems.<sup>9 10 11 12</sup> Agencies were incentivised to focus on the production of their own outputs and make decisions in their own best interests, weakening their ability to connect with others and focus on achieving better outcomes. This led to significant observed variation in agency operating models, information and data systems, and human resource management practices, reinforcing public servants' identities as intrinsic to their departments rather than belonging to a unified service serving the interests of New Zealanders.<sup>13 14 15 16</sup>
38. Non-legislative changes over the past 30 years, as well as significant amendments to the State Sector Act in 2004 and 2013 attempted to remedy these problems, which built additional

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<sup>3</sup> Henderson, A., (1990). *The quest for efficiency: The origins of the State Services Commission*. State Services Commission.

<sup>4</sup> This includes the decoupling (and corporatisation and later privatisation) of many Government trading functions, and the separation of service, regulatory and funding functions from departments into stand-alone agencies with their own governance and employees.

<sup>5</sup> Schick, A. 2001. Reflections on the New Zealand Model. Based on a lecture at the New Zealand Treasury in August 2001. Accessed at: <https://treasury.govt.nz/sites/default/files/2008-02/schick-rnzm01.pdf>

<sup>6</sup> Boston, J., J. Martin, J. Pallot and P. Walsh. 1996. *Public Management: The New Zealand Model*. Auckland: Oxford University Press

<sup>7</sup> Boston, J. and Eichbaum, C. 2007. 'State Sector Reform and Renewal in New Zealand: Lessons for Governance.' *The Repositioning of Public Governance*. Caiden, G. and Su, T. (ed). Taiwan: Best-Wise Publishing

<sup>8</sup> Better Public Services Advisory Group. (2011). *Better Public Services Advisory Group Report*. State Services Commission: Wellington.

<sup>9</sup> Steering Group on the Review of the State Services Reforms (1991). *Report of the Steering Group on the Review of State Services Reforms*. State Services Commission: Wellington.

<sup>10</sup> Advisory Group on the Review of the Centre (2001). *Report of the Advisory Group on the Review of the Centre*. State Services Commission: Wellington.

<sup>11</sup> State Services Commission (2006). *Review of Central Agencies' Role in Promoting and Assuring State Sector Performance*. State Services Commission: Wellington.

<sup>12</sup> Better Public Services Advisory Group. (2011). *Better Public Services Advisory Group Report*. State Services Commission: Wellington.

<sup>13</sup> Schick, A. (1996). *The spirit of reform. Report prepared for the State Services Commission and the Treasury, New Zealand*.

<sup>14</sup> Gregory, R. (2006). Theoretical faith and practical works: de-autonomizing and joining-up in the New Zealand state sector. In *Autonomy and Regulation* (pp. 137-161). Edward Elgar Publishing.

<sup>15</sup> Duncan, G., & Chapman, J. (2010). New millennium, new public management and the New Zealand model. *Australian Journal of Public Administration*, 69(3), 301-313.

<sup>16</sup> Pallot, J. (1998). New public management reform in New Zealand: the collective strategy phase. *International Public Management Journal*, 1(1), 1-18.

complexity and workarounds. The sequence of amendments resulted in a patchwork of uneven provisions that did not set out a clear or consistent vision for the Public Service.<sup>17 18 19 20</sup>

39. The Act reforms of 2020 sought to clarify the common and unifying mission for the Public Service,<sup>21 22</sup> enabling and incentivising agencies to join up and reduce duplication,<sup>23 24 25 26</sup> with strong system leadership in areas of collective focus.<sup>27 28</sup> At the core of this was shared behavioural and cultural foundations for a unified and apolitical Public Service,<sup>29</sup> including the introduction of additional provisions reflecting good employer responsibilities and the make-up of the Public Service.<sup>30</sup> However, Ministers report that they do not believe chief executives are clear on their responsibilities and are focusing effort in the wrong places, and while tools to address silos have been used, coordination between agencies is a perennial problem that is never fully solved.
40. Since the statute underpins the operation of the Public Service, and should seek to be stable over time, Ministers have expressed concern that some provisions relate to policies for which there is not broad cross-party support. The Minister seeks to create more stability by allowing individual Governments more flexibility to express certain policy objectives using non-legislative levers.

## Overall package of proposals

41. The Cabinet policy papers set out the Minister's proposals for amendments to the Act, grouped in six broad areas:
- a. Clarify the role of the Public Service;
  - b. Streamline chief executive responsibilities;
  - c. Improve tools to reduce silos;

<sup>17</sup> Chapman, J., & Duncan, G. (2007). Is there now a new 'New Zealand model'?. *Public Management Review*, 9(1), 1-25.

<sup>18</sup> Lodge, M., & Gill, D. (2011). Toward a new era of administrative reform? The myth of post-NPM in New Zealand. *Governance*, 24(1), 141-166.

<sup>19</sup> Scott, R. J., & Donadelli, F. (2024). Policy that doesn't Burn Out, but Merely Fades Away: Ageing and Drift of Performance Specification in New Zealand. *International Journal of Public Administration*, 47(13), 877-881.

<sup>20</sup> Scott, R. J., Donadelli, F., & Merton, E. R. (2023). Administrative philosophies in the discourse and decisions of the New Zealand public service: is post-New Public Management still a myth?. *International Review of Administrative Sciences*, 89(4), 941-957.

<sup>21</sup> Scott, R. J., & Macaulay, M. (2020). Making sense of New Zealand's 'spirit of service': Social identity and the civil service. *Public Money & Management*, 40(8), 579-588.

<sup>22</sup> Scott, R. J., & Merton, E. R. (2023). (Non) rationality and choice architecture: a behavioural approach to public administrative discretion in New Zealand. *International Journal of Organizational Analysis*, 31(5), 1257-1278.

<sup>23</sup> Scott, R., & Boyd, R. (2022). *Targeting Commitment: Interagency Performance in New Zealand*. Brookings Institution Press.

<sup>24</sup> Scott, R. J., & Bardach, E. (2019). A comparison of management adaptations for joined-up government: Lessons from New Zealand. *Australian Journal of Public Administration*, 78(2), 191-212.

<sup>25</sup> Scott, R. J., & Boyd, R. (2023). Determined to succeed: can goal commitment sustain interagency collaboration?. *Public Policy and Administration*, 38(1), 3-33.

<sup>26</sup> Scott, R. J., & Merton, E. R. (2021). When the going gets tough, the goal-committed get going: overcoming the transaction costs of inter-agency collaborative governance. *Public Management Review*, 23(11), 1640-1663.

<sup>27</sup> Scott, R. J., Donadelli, F., & Merton, E. R. (2023). Administrative philosophies in the discourse and decisions of the New Zealand public service: is post-New Public Management still a myth?. *International Review of Administrative Sciences*, 89(4), 941-957.

<sup>28</sup> Scott, R. J., & Merton, E. R. (2022). *Contingent Collaboration: When to use which Models for Joined-up Government*. Cambridge University Press.

<sup>29</sup> Donadelli, F., Scott, R. J. (2025). Dynamics of public administration reform processes: contrasting top-down purity and meso-level managerial bricolage reform in New Zealand. Accepted, forthcoming.

<sup>30</sup> Scott, R. J., Hughes, P. S. (2025). *Contemporary Public Administration in New Zealand: Stories, culture, values*. Bristol University Press.

- d. Standardise and increase rigour of chief executive appointment processes;
  - e. Improve chief executive and agency performance management; and
  - f. Better risk management.
42. The whole package of proposals is summarised in **Table 1** below.
43. The Ministry for Regulation has determined that a number of proposals in the Cabinet paper are exempt from the requirement to provide a Regulatory Impact Statement. The exemptions are on the grounds that the proposals have no, limited, or only minor economic, social or environmental impacts given the changes are to the internal administrative or governance arrangements of the New Zealand government. The remaining proposals requiring analysis, falling under ‘streamline chief executive responsibilities’, and ‘better risk management’, are discussed in Section 2 of this Statement. We include more specific problem definition or context for these proposals to inform the discussion of options.

**Table 1: Summary of proposals**

Package	Minister’s proposal	Exempt from RIS
<b>A. Clarify the role of the Public Service</b>	(1) Amend the Purpose statement for the Public Service (s 11) to focus on supporting the government to develop and implement their policies, delivering high quality and efficient public services, meeting the needs of New Zealanders and acting in accordance with the law.  The ‘spirit of service’ section (s 13) be removed and reference to a spirit of service to the community be restored to the ‘purpose of the Public Service’, in line with previous legislation.	✓
	(2) Move chief executive responsibilities to the front of the Act, to follow the purpose statement, to clarify that they are key mechanisms to give effect to the purpose of the Act.	✓
	(3) Re-title the section to ‘principal responsibilities’ for chief executives to place priority on these and distinguish them from other responsibilities.	✓
	(4) Re-order and clarify text of the list of chief executive responsibilities to focus effort on: Giving advice to Ministers, Implementing Ministers’ lawful instructions, The efficient and economical delivery of the goods and services provided by the agency, Working to ensure that those goods and services contribute to the intended outcomes, The operation of their agency, Improving ways of working across Public Service agencies, The agency’s responsiveness on matters relating to the collective interests of government, and Supporting Ministers to act as good stewards of public institutions, assets, and liabilities.	✓
	(5) Streamline obligations related to the Public Service principles (in terms of who is responsible for upholding them) in s 12.	✓
<b>B. Streamline chief executive responsibilities</b>	(1) Remove responsibilities of chief executives related to having policies recognising the importance of achieving pay equity and the importance of decisions about remuneration being free from bias (ss 73(3)(i) and (j))	No

Package	Minister's proposal	Exempt from RIS
	<p>(2) Remove responsibilities of chief executives relating to diversity and inclusion (s 75) in favour of addressing the same through Government workforce policy statements where necessary, and amend/remove references to diversity and inclusion in:</p> <ul style="list-style-type: none"> <li>• the Commissioner's general functions (s 44(c)),</li> <li>• the lists of matters that may be addressed by the content of Government workforce policy statements (s 97(2)(e)), and</li> <li>• the content of the Commissioner's state of the public service briefing (Sch 3, Cl 16(4)(a)(v)).</li> </ul>	No
	(3) Streamline the requirement for long-term insights briefings, requiring DPMC to coordinate one briefing each term of government (Sch 6 ss 8-9)	✓
	(4) Amend the establishment provisions for Interdepartmental Executive Boards and Functional Chief Executives to require that the Order in Council specify an end date for their operation.	✓
<b>C. Utilise and improve tools to reduce silos</b>	(1) Re-introduce provisions for 'key positions' and require chief executives to seek Commissioner (or their delegate, e.g. system leads) to provide approval for appointments in those positions.	✓
<b>D. Reinforce the principles of merit-based appointment</b>	(1) Remove re-appointment provisions and require that a contestable process be conducted each time a chief executive fixed-term appointment ends.	✓
	(2) Adjust chief executive appointment provisions to require appointments solely on the basis of merit.	✓
	(3) Transfer the provision regarding appointment of the Government Statistician to the Data and Statistics Act 2020.	✓
	(4) Amend s 47 to provide that the Government will appoint one Deputy Public Service Commissioner.	✓
	(5) Add a new provision to allow for members of the Department of Prime Minister and Cabinet Policy Advisory Group (PAG) to be appointed on a fixed-term basis.	✓
<b>E. Improve chief executive and agency performance management</b>	(1) Require the Commissioner to seek the input of appropriate Ministers in setting performance expectations and conducting performance reviews of chief executives.	✓
	(2) Require the Commissioner to develop and publish a plan for chief executive performance reviews in consultation with the Minister for the Public Service (process and assessment criteria).	✓
	(3) Allow the Commissioner to conduct agency Performance Improvement Reviews by agreement with the appropriate Minister, and to recover reasonable and actual costs from the agency subject to the review.	✓
	(4) Require that the Commissioner <u>must</u> (not may) set minimum standards of integrity and conduct (s17)	✓
	(5) Agencies be required to notify the Public Service Commissioner when they commence a misconduct or serious misconduct investigation in relation to senior Public Service leaders.	✓

Package	Minister's proposal	Exempt from RIS
	(6) Agencies be required to report annually to the Public Service Commissioner on the outcomes of misconduct and serious misconduct investigations ceased or concluded in the past year and that the Commissioner publish a report on this information.	✓
<b>F. Better risk management</b>	(1) Allow Commissioner to restrict (including prohibit) the use of specific products, services or vendors by or within the Public Service, where there is a national security or other national interest.	No

## Broad policy objectives

44. The Minister seeks to ensure that the governing statute for the Public Service, the Public Service Act 2020, is fit for purpose by making amendments that:
- Provide clarity for chief executives and public servants around their roles and responsibilities, to guide Public Service culture and behaviour.
  - Emphasise the fundamental characteristics of the Public Service: efficient and economical with taxpayers' funds, working in a way that is professional, politically neutral, provides free and frank advice and with all appointments strictly on the basis of merit.<sup>31</sup>
  - Build flexibility and drive behaviour in the Public Service so that departments can join up effectively for cross-cutting priorities and gain efficiencies.
  - Drive agency and chief executive performance through more rigorous, robust and transparent chief executive appointment and performance assessment processes.
45. This aims to deliver a statutory framework that better supports the Public Service to:
- Work in the best interest of New Zealanders, serving the government of the day in a timely and cost-efficient way; and
  - Operate in a professional, politically neutral and competent manner, supported by all appointments being made on merit.
46. The proposed amendments are expected to change how the Public Service operates and how it delivers for New Zealanders. The measurable impacts of these reforms are unlikely to be realised until the subsequent work programmes and plans enabled by this legislation have been prepared. These work programmes may also be subject to their own regulatory impact assessments.
47. Where there are more specific objectives for the proposals subject to impact analysis, we note these in our discussion of options in Section 2 below. We have also accounted for the objectives in our assessment criteria.

## Consultation

48. This analysis was developed under constrained timelines following the Minister's decision in January 2025 to progress legislative amendments to the Act, and direction on specific

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<sup>31</sup> The Minister is not proposing any changes to the public service principles: [Principles Guidance - Te Kawa Mataaho Public Service Commission](#)

proposals in February 2025. The analysis has been informed by evidence, reviews and commentary, including comparison other jurisdictions where appropriate.

49. The Public Service Leadership Team provided feedback following a speech by the Minister (11 February 2025) in which she set out broad objectives for amendments to the Act.<sup>32</sup> Their feedback was broadly consistent with and supportive of the Minister’s policy objectives.
50. Specific ideas raised by chief executives were discussed with the Minister and informed further development of the overall package. Proposal D (5), to appoint PAG advisors on a fixed-term basis, and proposal F, to allow the Commissioner to restrict the use of specific products, services or vendors by the Public Service, emerged from this consultation process.
51. We undertook targeted engagement with departments to develop specific proposals. This included the New Zealand Security Intelligence Service (NZSIS), the Government Communications Security Bureau (GCSB), the Department of Prime Minister and Cabinet, and the Ministry of Foreign Affairs and Trade (MFAT) on the proposal to give the Commissioner powers to restrict the use of specific products, services or vendors by the Public Service. Their feedback informed the analysis of options in this Statement, and technical changes were incorporated into final versions of the Cabinet papers.
52. Departmental consultation on the Cabinet papers and this impact statement took place in parallel with Ministerial consultation.
53. Feedback was received from: Charter School Agency; Department of Conservation; Department of Internal Affairs; Department of the Prime Minister and Cabinet; Government Chief Digital Officer (DIA); Inland Revenue Department; Ministry of Business, Innovation, and Employment; Ministry for Culture and Heritage; Ministry of Defence; Ministry for Ethnic Communities; Ministry for Pacific Peoples; Ministry of Transport; Ministry for Women; Ministry of Foreign Affairs and Trade; New Zealand Security Intelligence Service; New Zealand Police; Parliamentary Counsel Office; Ministry of Māori Development—Te Puni Kōkiri; The Treasury; and Ministry of Disabled People.
54. Chief executives were broadly supportive of the Minister’s overall policy objectives in relation to clarifying roles and responsibilities, building flexibility and breaking down silos, and clarifying appointment and performance management processes.
55. We received mixed feedback from agencies on proposals relating to: Diversity and inclusion (proposals B (1) and (2)); Long-Term Insights Briefings (proposal B (3)); Key positions (proposal C (1)); Contestability of chief executive appointments (proposals D (1) and (2)); and Flexible organisational forms (proposal B (4)). Some favoured keeping the provisions, while others favoured the Minister’s proposals to amend or remove. We also received technical feedback on proposal F, which was incorporated. Their feedback and our proposed response was discussed with the Minister prior to finalising the Cabinet proposals. Their feedback is also reflected in the options analysis in this Statement.
56. There will be further consultation during the Bill’s development to inform detailed drafting.

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<sup>32</sup> Hon Judith Collins KC (2025) Address to Public Service Leaders. Accessed at: [Address to Public Service Leaders | Beehive.govt.nz](https://www.beehive.govt.nz/address-to-public-service-leaders)

## Section 2: Policy problems and options assessment for proposals requiring impact analysis

### Proposals requiring impact analysis

57. As noted in Table 1 above, three proposals require impact analysis:

- Proposal B (1): Remove responsibilities of chief executives related to having policies recognising the importance of achieving pay equity and the importance of decisions about remuneration being free from bias (ss 73(3)(i) and (j)).
- Proposal B (2): Remove responsibilities of chief executives relating to diversity and inclusion (s 75) in favour of addressing this through Government workforce policy statements where necessary, and amend/remove references to diversity and inclusion in:
  - the Commissioner’s general functions (s 44(c)),
  - the lists of matters that may (without limitation) be addressed by the content of Government workforce policy statements (s 97(2)(e)), and
  - the content of the Commissioner’s state of the public service briefing (Sch 3, Cl 16(4)(a)(v)).
- Proposal F: Restrict the use of specific products, services or vendors by or within the Public Service, where there is a national security or other national interest

### Assessment criteria

58. All options are assessed against the following criteria:

Criteria	Description of criteria
<b>Effectiveness</b>	The extent to which the proposals respond to the policy problem or objectives.
<b>Clarity</b>	The extent to which the proposals are clear, or clarify an existing area of law, and establish certainty for public servants and the public on how they will be applied.
<b>Stability</b>	The extent to which the proposals will continue to provide a stable and sustainable framework for the operation of the Public Service, including supporting stewardship of its institutions
<b>Feasibility</b>	The extent to which the proposals can be implemented in practice, including whether any financial costs can be met.

59. A qualitative judgment is made of the effectiveness of each option using the following rubric:

- ++ much better than doing nothing/the status quo
- + better than doing nothing/the status quo
- 0 about the same as doing nothing/the status quo
- worse than doing nothing/the status quo
- much worse than doing nothing/the status quo

## Scope, and constraints on analysis

### *Scope*

60. The Act sets out the framework for the operation of the New Zealand Public Service. It has no direct bearing on private businesses, organisations or citizens. As such, changes to the legislative framework would not introduce any new regulatory burden for private businesses, organisations or citizens but may change the regulatory environment within which publicly owned organisations operate.
61. However, amendments to the Act are likely to influence the attitude, culture and ways of working adopted by the Public Service, which will in turn influence its relationship with Ministers and how it delivers for New Zealanders.
62. The Act's provisions sometimes vary in their application/scope, ranging from 'core' Public Service (as defined in Section 10(a) of the Act) to the wider State sector. Unless explicitly stated, the proposals subject to impact analysis apply to the core Public Service.

### *Constraints*

63. The policy development for this work has been tightly constrained. In late January 2025, the Minister confirmed her preference that legislative amendments be completed during 2025. She then confirmed her policy objectives in early February, and provided direction on her preferred proposals in late February. As a result, the options are not exhaustive.
64. The Act has not undergone a comprehensive policy review to inform analysis. It has only been four years since the Act was passed and it is therefore difficult to attribute specific successes or challenges in the Public Service to the legislation.
65. Options are limited to proposals that would fulfil the objectives confirmed by the Minister (ensuring the Act is fit for purpose in defining the roles, responsibilities and accountabilities of public servants, especially chief executives).
66. There are also limits to how the impacts of the proposals in this statement can be assessed specifically or quantitatively. This is mainly because the reforms are intended to have a clarifying and enabling effect on operations of the Public Service. They will provide the tools and instruments to bring about change in a managed way to meet current and future requirements.
67. Where they are clarifying, the changes are largely indirect, meaning that the anticipated impact on the overall performance of the Public Service will be difficult to attribute and quantify. Where they are enabling, the impact will depend on implementation and/or whether a provision is exercised by the Commissioner or the Government.
68. To mitigate this, the options were informed by various reviews and public commentary around the Act's implementation and available information on the performance of the Public Service (including the discussion in Section 1).

## Streamline chief executive responsibilities (Proposals B (1) and (2))

69. As noted earlier, two specific proposals in the package to streamline chief executive responsibilities were identified for regulatory impact analysis. These focus on diversity and inclusion, equal pay, and pay equity, which form part of public service workforce policy.
70. Since proposals (1) and (2) are linked matters related to workforce policy around diversity and inclusion, the proposed amendments are analysed together.

Package	Minister's proposal	Exempt from RIS
<b>B. Streamline chief executive responsibilities</b>	(1) Remove responsibilities of chief executives related to having policies recognising the importance of achieving pay equity and the importance of decisions about remuneration being free from bias (ss 73(3)(i) and (j))	No
	(2) Remove responsibilities of chief executives relating to diversity and inclusion (s 75) in favour of addressing the same through Government workforce policy statements where necessary, and amend/remove references to diversity and inclusion in: <ul style="list-style-type: none"> <li>• the Commissioner's general functions (s 44(c)),</li> <li>• the lists of matters that may (without limitation) be addressed by the content of Government workforce policy statements (s 97(2)(e)), and</li> <li>• the content of the Commissioner's state of the public service briefing (Sch 3, Cl 16(4)(a)(v)).</li> </ul>	No
	(3) Streamline the requirement for long-term insights briefings, requiring DPMC to coordinate one each term of government (Sch 6 ss 8-9)	✓

### Background and problem working

71. The design of the New Zealand public management system places significant emphasis on the relationship between the chief executive and the appropriate Minister. The chief executive role requires clarity of responsibilities to allow them to support Ministers effectively.
72. The Act added new responsibilities relating to pay equity and diversity and inclusion on chief executives. It is the Minister's proposal that those provisions should be removed on the basis that they either duplicate existing law or could be more appropriately be set and modified through other levers.
73. All governments have some policy objectives in relation to the public service workforce, and the relative priority of objectives in relation to diversity and inclusion and pay equity will increase and decrease over time. There are various options available to governments to implement their workforce objectives:
- a. *Legislation*: Best used when objectives are stable and there is broad consensus that they will remain stable over time.
  - b. *Legislative instruments*: Some policy objectives may be pursued through Government Workforce Policy Statements (GWPS) which are issued under the provisions of the Public Service Act. These are flexible and a more efficient way of regulating where policy objectives may change frequently over time.

- c. *Cabinet mandates*: Less often used now as GWPS are the preferred instrument, but remain as an option for Cabinet to simply direct chief executives on workforce policy matters. This is faster than the GWPS route as it does not require a formal consultation process with affected agencies.
  - d. *Commissioner guidance and standards*: The Public Service Commissioner may issue standards or guidance on a range of matters; these commonly support interpretation and/or implementation of legislation, legislative instruments and Cabinet mandates.
74. The components of the Act that the Minister’s proposals concern are matters which are subject to shifts in the Government’s policy views: pay equity, equal pay, and diversity and inclusion in the workforce. While much of the workforce provisions have been stable over time, particularly the bulk of the good employer provisions in s73, the specific provisions in ss 73(3)(i) and (j), and s 75 (and mirrored clause in s 44(c), the Commissioner’s functions), were added in 2020.
75. These are matters which, over time, will receive greater or lesser emphasis, or assume greater or lesser importance relative to other workforce policy objectives. This has been considered in the development of options.
76. The Minister’s proposed amendments to provisions around diversity and inclusion and pay equity support the overall policy objectives by providing clarity around responsibilities for chief executives and public servants. They also provide additional emphasis to the principle of merit-based appointment by removing a diversity and inclusion provision which may be perceived as detracting from the merit principle, even though it does not necessarily conflict with the principle of merit appointment if properly implemented.

### Options

77. The options to streamline chief executive responsibilities are:
- **Option 1: Make no changes to the Act** (status quo)
  - **Option 2: Remove some chief executive responsibilities in relation to diversity and inclusion and pay equity from the Act** (Minister’s proposal)
  - **Option 3: Change chief executive responsibilities in relation to diversity and inclusion and pay equity in the Act to align to the Government’s workforce policy objectives**

<b>Option 1: Make no changes to the Act</b>
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78. Making no change to the Act is unlikely to achieve the policy intent of the Government or shift practice within the Public Service.
79. In 2024, the Government signalled its commitment to pay equity and meeting its obligations under the Equal Pay Act 1972<sup>33</sup>, noting that public sector agencies would be expected to take responsibility as employers to meet their obligations in future.<sup>34</sup> Given this, leaving the provisions in the Act risks creating the impression that the public service is expected to be more committed to pay equity than is required of private sector employers. This would not fulfil the Minister’s desired policy objectives around clarification, reducing distractions and improving efficiency.
80. Were the provisions to be left in the Act, the government could attempt to use the Government Workforce Policy Statement as a lever for directing priorities, but this is unlikely to have the

<sup>33</sup> Equal Pay Act 1972. Accessed at: [New Zealand Legislation](#)

<sup>34</sup> Hon Nicola Willis, on [beehive.govt.nz](#) (2024) *Government recommit to equal pay*. Accessed at: [Government recommit to equal pay | Beehive.govt.nz](#)

desired effect while the provisions remain in legislation. There is a risk of confusion or contradiction between Government policy objectives and Act requirements.

81. Reference to diversity and inclusion in s 75 is similarly considered by Ministers to be a distraction from the overriding principle of appointment on merit (discussed further below).

**Option 2: Remove some chief executive responsibilities in relation to diversity and inclusion and pay equity from the Act** (Minister's preferred option), specifically:

- Remove requirement for chief executives to have policies recognising: the importance of achieving pay equity between male and female employees (s 73 (3)(i)), and the importance of decisions about remuneration being free from bias (s 73(3) (j)).
- Remove requirement for chief executives to promote diversity and inclusion (s 75), with this to instead be addressed by the Government workforce policy statement where necessary.
- Amend or remove references to diversity and inclusion in the Commissioner's general functions (s 44(c)), the lists of matters that may (without limitation) be addressed by the content of Government workforce policy statements (s 97(2)(e)), and the content of the Commissioner's state of the public service briefing (Sch 3, Cl 16(4)(a)(v)).

82. The Minister's proposals indicate to us that the policy objectives behind these provisions may be less stable and more open to shifts in policy between successive governments than other good employer responsibilities appearing in the same section of the Act. For example, the provisions in ss 73(3)(i) and (j) were added in 2020, to underline the Government's commitment to gender pay principles and close interest in seeing progress on pay equity.
83. Because the workforce policy objectives in these areas are subject to change, we consider they may be less suitable for inclusion in primary legislation. Changing the emphasis, priority or direction on these matters through legislation is cumbersome, and it may be more appropriate for them to be directed – if needed – by governments outside legislation and through other instruments. This has the benefit of making the Act more stable over time.
84. The Minister has signalled to Cabinet that since different governments take different stances on these matters in their workforce policies, it should not be the default that this is a focus of the Public Service, which is why she proposes removing references to diversity and inclusion from the list of matters which may (without limitation) be addressed by the content of Government workforce policy statement and Commissioner reporting. She signals that any expectations relating to diversity and inclusion and pay equity *could* still be made through the Government workforce policy statement where necessary, allowing governments flexibility in how they address their policy objectives. We consider that the changes would not limit future Governments from addressing diversity and inclusion policy objectives using Government workforce policy statements.
85. The removal of ss 73(3)(i) and (j) relate to the Government's already-signalled intent that matters relating to equal pay and pay equity in the Public Service be addressed strictly in line with the provisions of the Equal Pay Act 1972. This statute applies to all employers, public and private. The Government has signalled that it does not intend to go beyond the provisions of the Equal Pay Act 1972 in the Public Service.
86. Removal of s 73(3)(j) from the Act might receive specific adverse public comment, especially from unions, because freedom from bias in remuneration is not specifically addressed by any other enactment. However, it may be argued that it is unnecessary to include a requirement to be free from bias in the Act or other instruments because it is implicit in the concept of being a good employer, natural justice, and human rights law.

87. Freedom from bias is also supported by the rest of the good employer requirements in s 73. That is, it is hard to see how bias in remuneration decisions could be consistent with the ‘fair and proper’ treatment of employees or with the operation of employment policies that recognise the ‘employment requirements’ of women, Māori, members of ethnic and minority groups, and people with disabilities.
88. More broadly, the remaining responsibilities placed upon chief executives by s 73 support equal employment opportunities and promote a good employment relationship. In particular, they support unbiased, merit-based appointment processes, recognise the needs of certain groups, and support other features of a good working environment.
89. Section 75 of the Act requires chief executives to be “guided by the principle that the group comprising all public servants should reflect the makeup of society”. The words “guided by the principle” were carefully chosen to ensure that the general principle does not conflict with the Public Service principle of merit-based appointment (s 12 of the Act) in the case of any particular appointment or position. However, there is still a risk that this subsection may be taken to supplant or modify the merit principle and that is undesirable given the Government’s strong desire to emphasise the primacy of the merit principle.
90. Removal of these provisions may attract public criticism, being perceived as a lessening of the commitment to pay equity and fairness and diversity in employment overall, and a weakening of reporting levers. Diverse perspectives may help to shape effective services for a diverse population, and there is some evidence that it may promote creativity and innovation.<sup>35</sup> In addition, diversity and inclusion may increase the talent pool for hiring, may improve staff morale and retention, and may improve the quality of knowledge work by incorporating a range of viewpoints and backgrounds. Companies with greater gender and ethnic diversity in leadership teams or boards may perform better financially,<sup>36</sup> though evidence in this area is mixed.
91. The provisions were originally inserted on the assumption that a Public Service that broadly mirrors society in its composition will be more likely to be trusted by all of the diverse groups that make up society. That is, the provision was intended to drive a change that is not provided for in any other enactment. Removal of this provision, if the assumptions on which it was enacted are valid, might over time lead to a decline in trust in the Public Service among some groups.
92. However, there is some evidence that questions the validity of the assumptions underpinning the provision. The OECD’s country study, *Drivers of Trust in Public Institutions in New Zealand* identified that the strongest predictors of trust in the Public Service in New Zealand were perceptions of responsiveness of services, satisfaction with administrative services and reliability, followed by integrity and fairness.<sup>37</sup> Representativeness of the Public Service workforce has not been demonstrated to be a strong direct determinant of trust.

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<sup>35</sup> See for example: Te Kawa Mataaho (2022) *Te Kahu Tuatini | State of the Public Service*. Accessed at: [State-of-the-Public-Service-Digital.pdf](#); Te Kawa Mataaho (2025) *Papa Pounamu Public Service work programme*. Accessed at [Papa Pounamu Public Service work programme](#); Harvard Business Review (2017) *Teams solve problems faster when they’re more cognitively diverse*. Accessed at: [Teams Solve Problems Faster When They’re More Cognitively Diverse](#); Te Kawa Mataaho (2021) *Kia Toipoto. Guidance eliminating bias and discrimination in recruitment*. Accessed at: [Guidance-eliminating-bias-and-discrimination-in-recruitment.pdf](#)

<sup>36</sup> See for example: McKinsey (2023) *Diversity matters even more: The case for holistic impact*. Accessed at: [Why diversity matters even more | McKinsey](#); Creary SJ, Rothbard, N and Scruggs, J (2021) *Evidence-Based Diversity, Equity and Inclusion Practices*. The Wharton School of the University of Pennsylvania. Accessed at: [Applied-Insights-Lab-Report.pdf](#)

<sup>37</sup> OECD (2023) *Drivers of Trust in Public Institutions in New Zealand*. Accessed at: [Full Report | OECD](#)

Representativeness may, of course, be part of what drives factors like responsiveness but nonetheless we do not have direct evidence to support this.

93. Papa Pounamu is the diversity and inclusion work programme across the Public Service. It contains a set of focus areas that Public Service chief executives have agreed to make mandatory in their organisations to achieve diversity and inclusion goals and obligations. The Commission supports this work, and both the Commission and agencies use annual and other reports to highlight progress against objectives. Mandatory reporting is one way of maintaining transparency and accountability in the absence of legislative mandates. However, removing provisions related to diversity and inclusion from s 73, s 75, and making amendments to s 44, s 97 and Schedule 3 would likely trigger reconsideration of mandatory focus areas and reporting requirements through this programme and more broadly.
94. There is also potential for costs to emerge through collective bargaining as unions may seek to place more specific diversity and inclusion commitments in collective employment agreements. These are potential and unquantified/unquantifiable, as they are dependent on the actions and views of parties outside the Crown and relate to specific agreements.
95. Chief executives will remain responsible for employment matters within their agencies, for the content of employment policies, and for employment relationships which treat all people with respect and dignity and offer opportunities based on merit. While there is a risk of a more fragmented approach to diversity and inclusion, s 73 will continue to provide for equal opportunities (including mandatory reporting on its compliance with those policies, see s 73(1)(c)). Outside the Act, protections and guardrails for diversity and inclusion – such as the Equal Pay Act 1972, and the Human Rights Commission and other institutions – will continue to monitor and seek to address discrimination against particular groups, including within the Public Service as appropriate.
96. Overall, we consider that changes to these provisions will not effect change immediately or rapidly, as workforce and employment policy is given effect indirectly through its influence on employer policies and employment agreements (both individual and collective). These are unlikely to be changed immediately by agencies. Rather, the statutory change signals a change in emphasis which will be reflected in practice over time, and which may be counteracted by a future Government workforce policy statement on the issues.

**Option 3: Change chief executive responsibilities in relation to diversity and inclusion and pay equity in the Act to align to the Government's workforce policy objectives**

97. As an alternative to removing the provisions, the provisions could be amended to align more closely to the current Government's preferred workforce policy objectives and the Minister's specific emphasis on political neutrality and merit-based appointments.
98. Given these signals from the Government, amendments would likely comprise:
  - a. A provision requiring the Public Service address pay equity and equal pay through the provisions of the Equal Pay Act 1972, and
  - b. A provision reiterating the merit-based appointment principle.
99. In our view, amending the provisions in this way would only duplicate provisions elsewhere in the Act and other legislation, and would not meet the policy objectives.

*How do the options compare to the status quo/counter-factual?*

<b>Criteria</b> <i>(see Section 2 for a full description)</i>	<b>Option 1: Make no changes to the Act and reinforce policy objectives using existing levers</b> (status quo)	<b>Option 2: Remove some provisions relating to diversity and inclusion and pay equity and address through other levers</b> (Minister’s proposal)	<b>Option 3: Change chief executive responsibilities in relation to diversity and inclusion and pay equity in the Act to align to the Government’s workforce policy objectives</b>
<b>Effectiveness</b> Responds to policy problem/objectives	<b>0</b>	<b>+</b> Streamlines and removes duplication of responsibilities	<b>+</b> Clarifies responsibilities, and shifts focus toward Government’s preferred workforce priority objectives
<b>Clarity</b> Establishes certainty for public servants	<b>0</b>	<b>-</b> Secondary legislative instrument allows for more frequent change in policy settings (and consequently employment policies)	<b>-</b> Alternative would likely duplicate existing statutes and create risk of confusion
<b>Stability</b> Provides a stable and sustainable framework, supporting stewardship	<b>0</b>	<b>0</b> Removes provisions most likely to change with different governments’ public sector workforce priorities, but may create some workforce instability	<b>-</b> Likely to require amendment if future government has a different workforce policy focus
<b>Feasibility</b> Implementable in practice	<b>0</b>	<b>+</b> Makes signalling and direction setting more flexible if a future government has a different workforce policy focus	<b>0</b>
<b>OVERALL ASSESSMENT</b>	<b>0</b>	<b>+</b> <b>PREFERRED OPTION</b>	<b>-</b>

Guide to assessment: **++** much better than status quo **+** better than status quo **0** about the same as status quo **-** worse than status quo **--** much worse than status quo

*What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?*

**Option 2 is the preferred option.** Given the analysis above and overall policy objectives, removing provisions relating to diversity and inclusion and pay equity (and addressing those matters through other levers where appropriate) is the best way forward. At this stage, the costs of Option 2 are potential and largely unquantifiable; any benefits (such as efficiency gains from streamlined responsibilities) are indirect and largely unquantifiable. However, it is the best option for legislative sustainability and offers current and future Governments greater flexibility in directing workforce policy. Option 2 is also the Minister’s preferred option.

**Better risk management, by allowing for restriction of use of products, services or vendors on national security or national interest grounds (Proposal F)**

- 100. The New Zealand Public Service is highly decentralised and there is a longstanding tension between freeing up chief executives to deliver on their responsibilities and reducing silos where appropriate. Since 1988, the Public Service has generally avoided centralised rules in favour of chief executive freedom to manage. However, increasingly, the Public Service is looking for ways to better work in alignment to improve performance, efficiency and effectiveness, in areas including digital technology and information security.
- 101. The mechanisms available to the Public Service to enable this have changed over time and the Act included new provisions to support system leadership, collaboration and flexibility. As discussed above, some of these are yet to be fully realised.
- 102. As discussed further below, a key instance of this is the varied approach to considering the use of specific vendors, services or products in the Public Service, in particular where there may be concerns about information security and national interest. The Minister has proposed an amendment to allow for better risk management in this space, by restricting the use of specific products, services or vendors by or within the Public Service, where there is a national security or other national interest. As noted earlier, and reflected in the table below, this proposal has been identified for regulatory impact analysis.

Package	Minister’s proposal	Exempt from RIS
<b>F. Better risk management</b>	<p>Give the Commissioner power to restrict (including prohibit) the use of specific products, services or vendors by or within the Public Service, where there is a national security or other national interest.</p> <p>The Commissioner’s direction on the use of a specific product, service or vendor may also form the basis of corresponding guidance issued to one or more agencies within the State Services.</p>	No

*Background and problem working*

- 103. The New Zealand government holds confidential and sensitive information and data, and has trusted access to senior officials and political leaders. The Public Service needs to manage the risk that using certain products, services or vendors may allow malicious actors to access and control sensitive information, inadvertently provide those actors with the ability to disrupt critical infrastructure, or otherwise give rise to risks to national security or the broader national interest. While this risk can be partially addressed through, for example information security and procurement rules, we understand there are certain cases where clearer and legally binding direction is needed to manage risk.
- 104. The Minister’s relevant policy objectives are:
  - a. Managing the risk to national security and the national interest from the use of particular products, services or vendors
  - b. Confidence that the risk is managed and the particular products, services and vendors are not being used

- c. The desirability that there not be a perception that any direction set is seen as being politically motivated rather than informed by a balanced view of the national interest.
105. The Minister is of the view that there needs to be a mechanism to restrict (including prohibit) the use of specific products, services or vendors within the Public Service, where there are grounds to manage risk to national security or national interest. Of note, this includes both products that would be purchased for use, and free-to-use web-based or downloadable applications that do not require purchasing.
106. Other jurisdictions have approached this problem with legislation targeted at a specific product or vendor (which we do not consider particularly flexible in response to emerging technology risks), or a framework that delegates authority to a specific Minister for making decisions.
107. The Minister's objective is to address this problem for the Public Service. There may be risks associated with information held by other public agencies (for example, Crown entities, legislative branch departments), however, that is out of scope for this analysis. (The Minister proposes that any direction issued by the Commissioner to the Public Service may form the basis of corresponding guidance issued to one or more agencies within the State Services.)
108. At this stage, agencies have only raised with us issues resulting from the use of digital technologies (interpreted broadly, such as software, hardware and infrastructure), and we are not aware of any products that may be likely to be restricted that are not digital technologies. While we do not see the need to restrict the solution to digital technologies, our analysis assumes that this is the most likely use case.
109. We have interpreted the Minister's objective that there is confidence that such products, services or vendors are not being used to mean that a single authority should set restrictions. We believe that taking an agency-by-agency approach would not be cost-effective, and would create silos of practice. This would not manage risk as effectively as a whole of Public Service approach.
110. We have interpreted the Minister's policy objective to avoid the perception that any direction set is seen as being politically motivated rather than informed by a balanced view of the national interest as meaning that the decision should be taken by a statutory officer and not Ministers.
111. Currently, agencies have some ability to guide and set standards for agency decision-making around information security but on relatively narrow grounds (e.g. cybersecurity threats). These existing tools and requirements provide organisations to make decisions for themselves that ensure their information and assets are protected. Some of these include:
- a. *Protective Security Requirements (PSR)*<sup>38</sup> – which mandate that every Public Service agency must consider their Supply Chain security, including identifying and managing risks to people, assets and information that may arise from working with external suppliers (e.g. to ensure ICT systems are appropriately safeguarded).
  - b. *New Zealand Government Procurement Rules*<sup>39</sup> – which set out the grounds for an agency to exclude a supplier from participating in a contract opportunity. This includes guidance that supports agencies to identify and manage national security risks in procurement.

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<sup>38</sup> New Zealand Protective Security Requirements. Accessed at: [Supply chain security | Protective Security Requirements](#)

<sup>39</sup> New Zealand Government Procurement Rule 44: Reasons to exclude a supplier. Accessed at: [Reasons to exclude a supplier | New Zealand Government Procurement](#)

- c. *New Zealand Information Security Manual* which is the New Zealand Government's manual on information assurance and information systems security.<sup>40</sup>
112. In comparison to the above standards, that can have a narrow or technical focus, a direction would enable a broader and consistent view to be taken on restricting Public Service use of a product or vendor on national security or national interest grounds.
113. The Government Communications Security Bureau (GCSB) has two roles relevant to this objective:
  - a. a broad function to do anything necessary or desirable to protect information infrastructures of importance to the Government of New Zealand (under section 12 of the Intelligence and Security Act 2017, as part of its information assurance and cybersecurity function).<sup>41</sup>
  - b. to, through the Government Chief Information Security Officer system lead role, issue guidance to agencies on how they can apply existing standards in a particular case (which may examine factors broader than cyber security and include jurisdictional risks).
114. While these tools may be used to achieve agency compliance, they do not amount to a broad directive power that can be used in response to wider risks to national security or interest. We consider that the development and implementation of a direction would not limit or restrict the value of these existing tools and that they will continue to support the Public Service and others to make informed decisions about information security, and to identify and appropriately manage potential risks in the performance of their functions.
115. In the context of this proposal, national security and national interest are assumed to have the same definition/threshold as in existing legislation. The national interest is a broad concept, and is best understood as a trade-off between competing values rather than being a purely technical exercise. National security is about protecting New Zealand from threats that would do us harm.
116. The analysis below specifically looks at how a central direction to agencies could be achieved, including who the appropriate statutory officer would be to hold this power. Depending on the option that is pursued, different scopes of application in terms of the agencies or entities covered may be appropriate.
117. Note that following implementation, all options considered would require some analysis of individual proposals for directives, including potential proposals for restrictions on use of particular products or vendors in the public service. This analysis will impact on the workload of agencies expected to contribute to it, with the magnitude of the impact depending on the frequency proposals are considered.

### *Options*

118. Options to achieve this proposal include:
  - **Option 1: Cabinet direction** – Cabinet direction restricting the Public Service from using specific products, services or vendors.

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<sup>40</sup> NZISM is a practitioner's manual designed to meet the needs of agency information security executives as well as vendors, contractors and consultants who provide services to agencies. Accessed at: [Home | New Zealand Information Security Manual](#)

<sup>41</sup> Intelligence and Security Act 2017 s 12. Accessed at: [New Zealand Legislation](#)

- **Option 2a: Amend the Act to add to Public Service Commissioner’s powers (preferred option)** – Public Service Commissioner could issue a direction to the Public Service as necessary to manage risk to national security or national interest.
- **Option 2b: Amend the Act to expand system leads powers** – Public Service system leads could set direction restricting use of specific vendors, services or products as necessary to manage risk to national security or national interests.
- **Option 3: Amend other legislation relating to national security as appropriate** – Providing a statutory power to another statutory officer as appropriate through a change to national security legislation.

#### **Option 1: Cabinet direction**

119. Cabinet directions allow Cabinet to simply direct the Public Service, in this case to restrict the use of a specific product, service or vendor. Public Service agencies are required to implement government policy, which is set by Cabinet. Another approach could be for the decision-making power to be delegated by Cabinet to a single Minister, or assigned to a single Minister by legislation (discussed further in Option 3).
120. The issuing of such a direction requires the assessment of options against the national interest. As mentioned above, national interest is a broad concept, and is best understood as a trade-off between competing values rather than being a purely technical exercise. Generally, we would therefore recommend that Ministers, Cabinet or Parliament are best placed to make determinations of the national interest, noting that these bodies are also comprised of elected officials who have been selected to represent the views of the public.
121. Cabinet or relevant Ministers also make determinations on the international obligations New Zealand will enter into, making them best placed to consider any trade-offs against these obligations. This is consistent with the Cabinet Manual 2023<sup>42</sup> which considers that matters relating to portfolio interests of a number of Ministers, international treaties and significant matters concerning international relationships and security should be submitted to Cabinet. We would consider it less appropriate for a statutory officer to be making decisions regarding the consistency of a direction with international obligations and national interest.
122. Cabinet could, on a case-by-case basis, take decisions to restrict the use of specific vendors, services or products within the Public Service as a matter of Government policy. This option would not require legislative change. However, as discussed above, the decision sitting with a statutory officer rather than an elected official is more likely to meet the objective of directions not being seen as politically motivated. Therefore, this option would not meet the Minister’s policy objectives.
123. This option, in practice, would follow a standard Cabinet process, which if expedited, could be implemented at pace as needed. We consider that option 2a (discussed below) would (once enacted) allow directives to be implemented faster than a standard Cabinet process.

#### **Option 2a: Amend the Act to add to Public Service Commissioner’s powers (preferred)**

124. This option would amend the powers of the Public Service Commissioner so that they may issue any direction, to one or more agencies within the Public Service, that they consider necessary to manage risk to national security or other national interests.

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<sup>42</sup> Cabinet Manual 2023 ss 5.12-5.13. Accessed at: [Cabinet Manual 2023](#)

125. Under the Act, the Commissioner cannot currently direct the Public Service in this way. The Commissioner may set minimum standards of integrity and conduct for the Public Service, and can set specific expectations to chief executives as their employer. This option would therefore require legislative change.
126. It is arguable that the Commissioner is not the office holder best placed to make decisions about matters relating to national security or national interests. As discussed above, in matters of national interest, Cabinet (or a Minister with delegated authority) have the benefit of a wide range of perspectives and have been elected to represent the views of the public. In matters relating to national security, national security agencies would arguably have more ready access to the necessary information and support to make informed decisions.
127. However, given that this proposal focuses on a direction power over the Public Service there is also an argument that the Commissioner would be the appropriate statutory officer to hold this power. The Commissioner does already have a role in overseeing and managing the performance of the Public Service and, in the context of the Act, is a more appropriate statutory officer to issue a direction than system leads (discussed in option 2b). While the Commissioner does not have specific expertise in each of the areas that ought to be considered before issuing a direction (including national security, international obligations, market impacts), the Commissioner is also independent of any specific policy interest and therefore arguably well-placed to balance trade-offs between these interests.
128. It is important for a power of this nature to be tightly scoped, which includes being clear about the specific officer that has the power and how the power is exercised. We therefore consider that this option could be appropriate if amendments to the Act were drafted to involve other office holders with relevant perspectives or positions, and to ensure appropriate factors are considered in any decision:
  - a. **seek advice or information from the relevant public sector chief executives** – the Commissioner is not responsible for advising Government in matters of national security or other aspects of national interest and does not carry out assessments of risk in these areas as part of their general functions. Therefore, the Commissioner would need to rely on the advice of others to effectively perform the proposed function. This could include the Director(s)-General of the New Zealand Security Intelligence Service (NZSIS) and the GCSB, and the Chief Executive and Secretary of DPMC, about national security, and the Chief Executive and Secretary of the Ministry of Foreign Affairs and Trade (MFAT) for international obligations and interests. For matters of national interest, these statutory officers are considered no better placed than the Commissioner to assess the broader national interest.
  - b. **consult the Minister for the Public Service** – the Commissioner is responsible to the Minister for the Public Service and it is considered appropriate that they are consulted in the process of issuing a direction to the Public Service, to ensure a direction is not conflicting with Government policy.
  - c. **ensure that the direction is consistent with international obligations** – it should not be a power of a statutory officer to override international agreements entered into by the New Zealand Government, and so any direction will need to be consistent with existing obligations, and the Commissioner will need to seek advice from MFAT in this regard.

- d. **have regard to the range of considerations** that will ensure the different elements of the national interest are accounted for, including:
- the nature and extent of the national security interest or the national interest;
  - the principle that the direction should be proportional to the nature of the risk;
  - the anticipated benefits to New Zealand from preventing, sufficiently mitigating or removing the risk;
  - New Zealand's international obligations and relationships;
  - where the direction relates to a restriction on the use of a particular product, service or vendor, the potential impact that the direction may have on the user;
  - the potential impact of the direction on markets and trade; and
  - any other matters the Commissioner considers relevant.

129. This proposed framework is consistent with language seen in existing legislation.<sup>43</sup> We consider these to be genuine policy considerations that the Commissioner should be required to work through before deciding in these circumstances.

130. If held by the Commissioner, the appropriate scope of this power would be agencies within the Public Service. This is consistent with the Commissioner's general mandate (but different to the Cabinet Mandate for the Protective Security Requirements (PSR)).<sup>44</sup> This is a potential limitation of the power's effectiveness, as there may be entities (Crown entities and third-party service providers contracted by government) who hold relevant information and could be appropriately covered if the power we included as part of a broader set of tools under national security legislation. This can be mitigated by the Commissioner's direction forming the basis of corresponding guidance to the wider State Services.

#### *Protection of classified information*

131. Where the Commissioner seeks information from relevant experts to support a decision, there may be circumstances where the information acquired is classified (e.g. related to national security). This option should include an appropriate provision to protect any classified information used in the decision-making process in the event of review procedures or court proceedings. The Immigration Act 2009<sup>45</sup> has been identified as including a comparable, good practice regime for protecting classified information used in decision-making.

132. If this option is implemented, consideration should also be given to whether this power should be delegable by the Commissioner (e.g. to a chief executive), and therefore whether current provisions in the Act that prevent the delegation of specific powers of the Commissioner should be updated. In practice, if the Commissioner did obtain classified advice or information, we expect that consideration would also be given to the security clearance of the Commissioner, and any staff that may in practice support the implementation of this function.

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<sup>43</sup> Telecommunications (Interception Capability and Security) Act 2013 s57(2)(a). Accessed at: [New Zealand Legislation](#)

<sup>44</sup> The Protective Security Requirement Cabinet mandate extends further than the Commissioner's general mandate and s10 of the Act. It includes NZDF, NZ Police, Office of the Clerk, RBNZ, but does not specifically address departmental agencies, interdepartmental executive boards, or interdepartmental ventures.

<sup>45</sup> Immigration Act 2009 Part 2, *Reliance on classified information in decision making*. Accessed at: [New Zealand Legislation](#)

**Option 2b - Amend the Act to expand system leads' powers**

133. As an alternative to option 2a, this option would also require an amendment to the Act but to allow system leads to set directives as they consider necessary to manage risk to national security or other national interests.
134. System leads are existing chief executives that are given additional responsibilities, by the Commissioner, to lead or co-ordinate a particular subject matter area (usually a back-office function like digital, property management, or procurement). They can set standards with the agreement of the appropriate Minister. Other chief executives must then ensure that the agencies they lead implement the standards that apply to them. These powers to set standards and guidance do not allow system leads the ability to restrict the use of specific products, services or vendors. Therefore, this option would be an expansion of their current mandates.
135. We consider it inappropriate to confer such a power on all system leads. As mentioned above, we think that it is most appropriate for a power like this to be tightly scoped, which includes being clear about the specific officer that has the power and how the power is exercised. There can be any number of system leads designated and these are not defined in the Act, so it would potentially be extended to a wide range of chief executives (for many of whom the power would not seem relevant or appropriate). A system lead focused on a particular subject matter areas is also unlikely to be capable of balancing the required trade-offs between different policy interests or risks.
136. We consider that, if this option was taken, a larger number of constraints would have to be placed on system leads using this power. However, given the wide range of back-office functions that the system leads cover collectively, we consider that it would be difficult for a provision to be both tightly scoped, and also applicable to the context of each individual system lead, noting that it may not be applicable to additional system leads that could be added under the Act in the future.
137. It is desirable to have a balance between agency autonomy (ability to take decisions flexibly to deliver within their individual agencies) and coordination. As this option looks at strengthening direction powers for system leads in a broad way (e.g. not specific to an individual lead) it would potentially inhibit agencies' ability to operate efficiently if the diffuse power resulted in a proliferation of directions.

**Option 3 - Amend legislation relating to national security, as appropriate**

138. This option would give the equivalent direction power to a statutory officer with existing functions relating to national security. As for the above options 2a and 2b, this would include but would not be limited to a restriction on the use of a specific vendor, service or product, or class of vendors or products, by or within agencies to which the directive applies.
139. Legislative change would be required to implement this option, as the relevant statutory officers do not currently have the mandates to issue directions of the desired scope to the Public Service under relevant national security legislation. Appropriate statutory officers could include the Director(s)-General of the NZSIS and the GCSB or the Director of the National Assessments Bureau given their roles in protecting national security and public order.
140. There is a strong argument that these alternative legislative frameworks and statutory officers would be more appropriate for the power in question, particularly where directions

would concern national security. Conferring the power on a national security official would also make directions to agencies in the wider state sector or third-party providers holding government information potentially more appropriate. However as discussed in consideration of option 2a, there are multiple possible uses of the direction power, and a range of considerations that need to be balanced. Each of the possible officers have a narrower remit and are potentially not as well-placed to mediate between different views.

141. As the content of the proposed power is not limited to a particular subject matter area, it is also unclear which legislation would include or which specific statutory officer would most appropriately hold the role (for example, whether relating to cyber security, protective security, or some aspect of national interest). As the power would most appropriately sit in national security legislation, there is also currently no appropriate legislative vehicle for these changes, and given the pace of technological change this would not likely provide a timely solution.
142. Currently, the Public Service is not restricted from using specific vendors. However, under the Telecommunications (Interception Capability and Security) Act 2013 (for example) there are clear, independent regulatory processes that must be followed to ensure the security of public telecommunications networks. This has resulted in some network operators incorporating network security considerations into their vendor choices when they are making changes to their networks. The decision to make a direction under this Act sits with the Minister responsible for GCSB. Other legislation that includes statutory powers that can be exercised on the grounds of protecting or avoiding risk to national security or national interest include the Outer Space and High Altitude Activities Act<sup>46</sup> and the Overseas Investment Act.<sup>47</sup>
143. It is likely that such regimes under national security legislation confer powers on relevant Ministers or a direct ministerial appointee, rather than a Public Service official, as elected officials who represent the public and who also have the ability to confer with Cabinet colleagues to balance competing views regarding the public interest. Some of the above issues with determining an appropriate officer may be mitigated by instead pursuing a ministerial power. In this context, it could be appropriate for a relevant Minister (e.g. the Minister for National Security and Intelligence) to be given the necessary power to set such a direction. However, as discussed in our assessment of Option 1 this is not consistent with the Minister's policy objectives for this proposal.

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<sup>46</sup> Outer Space and High-altitude Activities Act 2017. Accessed at: [New Zealand Legislation](#)

<sup>47</sup> Overseas Investment Act 2005. Accessed at: [New Zealand Legislation](#)

*How do the options compare to the status quo/counter-factual?*

<b>Criteria</b> <i>(see Section 2 for a full description)</i>	<b>Option 1: Cabinet direction to restrict</b>	<b>Option 2a: Public Service Commissioner given power to restrict</b>	<b>Option 2b: System lead given power to restrict</b>	<b>Option 3: Amend other national security legislation</b>
<b>Effectiveness</b> Responds to policy problem/objectives	- Not aligned with the policy objectives	+ Aligns with the policy objective	+ Aligns with the policy objective	+ Aligns with policy objective
<b>Clarity</b> Establishes certainty for public servants	+ Clear decision by Cabinet	+ Clear decision by a statutory officer	- Decision by a statutory officer but could raise confusion as system leads' powers would be greater than initially intended under the Act	+ Clear decision by a statutory officer
<b>Stability</b> Provides a stable and sustainable framework, supporting stewardship	++ Approach consistent with comparable legislation and current Cabinet mandates	++ Clear framework would be established in the Act	- Lack of clarity over specific decision makers given ability to appoint multiple system leads	++ Clear framework would be established for the decision-maker in the appropriate legislation
<b>Feasibility</b> Implementable in practice	+ Does not require legislation, but individual directives may not be issued as quickly given need for Cabinet process	+ Option would include required process, and protections for information obtained (as necessary)	- Option would include required process, though potential for complexity from overlapping directives, or from the proposed scope	- Would require additional legislative changes, with no immediate legislative vehicle to progress
<b>OVERALL ASSESSMENT</b>	+	+ <b>PREFERRED OPTION</b>	-	+

Guide to assessment: ++ much better than status quo + better than status quo 0 about the same as status quo - worse than status quo -- much worse than status quo

*What option is likely to best address the problem, meet the policy objectives, and deliver the highest net benefits?*

144. **Option 2a is the preferred option.** Considering the analysis above, the preferred option is to amend the powers of the Public Service Commissioner so that they may issue any direction, to one or more agencies within the Public Service, that the Commissioner considers necessary to manage risk to national security or other national interests. This option is also the Minister’s preferred option. Note that Options 1 and 3 are also favourable compared to the status quo, and could be preferred if there was not a clear objective to avoid perceptions that directions are politically motivated or an appropriate legislative vehicle for amending national security legislation was available.

## Section 3: Marginal costs and benefits of the overall package of proposals

145. The marginal costs and benefits for the overall package of proposals, including brief commentary for those subject to impact analysis, are described in **Table 2**.

**Table 2: Marginal costs and benefits**

Affected groups	Comment	Impact	Evidence Certainty
<b>Additional costs of the preferred option compared to taking no action</b>			
Regulated groups [Public Service]	Potential for costs to emerge through collective bargaining as unions may seek to place more specific D&I commitments in collective employment agreements (proposal B)	Uncertain	Low – will depend on response of parties outside Crown to the changes
	Potential additional impacts for agencies re: talent pools, staff morale and retention, and quality of work if diversity reduced (proposal B)	Uncertain	Low – will depend on Government policy objectives, and approach by individual agencies to employment policies
Regulators [the Commission]	Potential legal costs if vendors raise challenge to Commissioner direction (proposal c)	Uncertain	Low – will depend on when and how the provision is used
Others (e.g. wider govt, consumers, etc.) <i>For fiscal costs, both increased costs and loss of revenue could be relevant</i>	Potential loss of revenue for vendor restricted by Commissioner direction (proposal c), equivalent gain by another vendor	None or very low	Low - will depend on when and how the provision is used
<b>Total monetised costs</b>	-	Uncertain	Low
<b>Non-monetised costs</b>	-	Low	Low
<b>Additional benefits of the preferred option compared to taking no action</b>			
Regulated groups [Public Service]	Clarifying the role and purpose of Public Service will improve agency efficiency, increase value for money, and therefore offer better outcomes for the current spend	Uncertain	Low – indirect and mostly unquantifiable agency efficiency and performance gains
Regulators [the Commission]			
Others	Clarifying role and purpose of Public Service improves ability of Public Service to serve govt of the day and deliver for New Zealanders	Uncertain	Low – very indirect effect, requires several logical steps
<b>Total monetised benefits</b>		Uncertain	Low
<b>Non-monetised benefits</b>		Uncertain	Low

- 146. The costs of the proposals subject to impact analysis are potential, but unquantified/ unquantifiable until the provisions are exercised because they are dependent upon actions of parties outside the Crown (e.g. unions, vendors).
- 147. The monetised and non-monetised costs for Public Service agencies as a result of the overall package of proposals are expected to be low, potential and unquantifiable. The benefits will be largely indirect and mostly unquantifiable.
- 148. If costs marginally decrease, the Minister expects agencies to reprioritise any savings toward the achieving the Government’s priorities. Where responsibilities change, the Minister expects agencies to deliver these through reprioritising effort from within baselines.

## Section 4: Delivery

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### Implementation

- 149. Legislation is required to implement the proposals set out in this impact statement, including amendments to the Public Service Act 2020. The Public Service Amendment Bill is proposed to be enacted by the end of 2025. The proposed timeline to achieve this is:

Stage	Proposed timing 2025
Initial consultation (departmental and ministerial)	3 – 14 March
Policy decisions	EXP – 25 March Cabinet – 31 March
Drafting instructions to PCO	1 April 2025
Draft Bill checks (NZBORA, LDAC, consultation)	June/July 2025
Bill considered by Cabinet for introduction	End of July 2025
Introduction of Bill	End of July 2025
Report back from Select Committee	End of November 2025
Enactment	End of December 2025

- 150. We also anticipate consequential amendments to the Data and Statistics Act 2020, relating to the proposal to transfer provisions regarding the appointment of the Government Statistician from the Public Service Act 2020.
- 151. Once an initial draft of the Bill is prepared, we will engage with public servants and other specific stakeholder groups in targeted consultation to allow for the refinement of the policy proposals before the Bill is introduced, and to discuss the process of implementing and embedding the changes.
- 152. The implementation process, including the development of an implementation plan and monitoring of progress against this plan, will be led through the Commission working collectively with Public Service chief executives. Once enacted, the Commission will be responsible for administering the Act.
- 153. The Public Service Leadership Team – a group of chief executives from across the State services regularly convened to help drive improvements in the system and embed new ways of working to deliver better for the Government and fore New Zealanders – is well-positioned to drive the necessary changes to embed the legislative reforms.

- 154. The wider group is divided into smaller, more targeted working groups responsible for different areas of system leadership across the Public Service, who are well-placed to provide advice and support on implementation of specific proposals. The Commissioner is also working with a small group of chief executives on further actions to increase the capacity and capability of the system to respond flexibly to changing demands and priorities.
- 155. No additional funding is required for implementation. Since most proposals seek to reduce or streamline responsibilities, the Minister expects any changes to practice be funded from baselines and/or incorporated into existing work programmes, and any efficiencies gained to be redirected toward Government priorities.

### Monitoring, evaluation and review for the package of proposals

- 156. The Commission will monitor progress. A high-level measurement framework is outlined below. The framework measures relate to the Minister’s overall package of proposals, including specific proposals addressed by analysis in Section 2. We expect that process measures will allow us to measure the effectiveness of implementation within 2-3 years of legislation being passed, but that improvements in reform objective measures will be over a longer time horizon (5-10 years).
- 157. The Commission already collects data – to varying degrees of detail – on chief executive and agency performance, and integrity and conduct. It also collects and publishes a range of information on the Public Service workforce size, composition and capability. The Commission’s Assistant Commissioners have regular engagements with chief executives on performance, providing an important ‘real time’ mechanism for understanding whether and how the amendments are having an effect.
- 158. Some of the measures proposed below already have established baselines in data collected by Public Service agencies (e.g. Kiwis Count survey, Public Service census<sup>48</sup> and workforce data) or international organisations (e.g. OECD).
- 159. **Process measures** will help us to monitor the effectiveness of the implementation of proposed amendments in the short to medium term (or, as and when enabling provisions are exercised). These are likely to include:

Process measure	Source & frequency	Desired trend
CE appointment – CEs apply for reappointment through contestable process	Approximately 10 per year	No more reappointments without contestable process
CE performance – Ministerial input sought	Annual	Each appropriate Minister consulted, input sought
CE performance – Minister for the Public Service consulted on performance framework	Consulted before first (annual) performance review following enactment	Completed
CE performance – plan published	Published before first (annual) performance review following enactment	Completed

<sup>48</sup> This year’s Public Service Census | Te Taunaki includes specific questions for public servants about productivity, ethics and integrity, which will improve our evidence base in future *if* the survey is run regularly and with a consistent set of questions.

Process measure	Source & frequency	Desired trend
The Commission meets its statutory requirements for appointment and transfer of Public Service chief executives ( <i>annual report performance measure</i> )	Annual	100% meet statutory requirements
The Commission develops and maintains workforce guidance to support agencies in line with Government expectations in any current or future Government Workforce Policy Statement ( <i>annual report performance measure</i> )	Annual or as needed	Guidance maintained
'Key position' provisions are exercised (powers to designate positions and/or delegate approval to system leaders)	Enabling provision – at Commissioner's discretion	n/a ( <i>monitor if used</i> )
Restriction (including prohibition) on products, services and/or vendors are exercised	Enabling provision – at Commissioner's discretion	n/a ( <i>monitor if used</i> )
Performance Improvement Reviews	Enabling provision – at Commissioner and Minister discretion	Reviews completed
Lead agencies produce delivery plans and progress reports to support achieving Government Targets	Quarterly progress reports	Plan and progress reports approved by Ministers

160. **Impact measures** will help us to identify relevant shifts in Public Service behaviour and practice, and whether these are “sticking” over the medium to longer term. These are likely to include:

Impact measure	Source & frequency	Desired trend
Public servants have a good understanding of what it means to be a politically neutral public servant	Public Service Census Te Taunaki <i>March 2025 census to provide baseline, next census TBD</i>	Maintain or improve in across censuses
Public servants are confident that in their organisation people get jobs based on merit	Public Service Census Te Taunaki <i>March 2025 census to provide baseline, next census TBD</i>	Maintain or improve across censuses
Public servants agree the agency they work for supports and actively promotes a	Public Service Census Te Taunaki <i>March 2025 census to provide baseline, next census TBD</i>	Maintain or improve across censuses

<b>Impact measure</b>	<b>Source &amp; frequency</b>	<b>Desired trend</b>
workplace where people are respectful towards one another		
Public servants agree it is important to them that their agency is careful in how it uses taxpayer money	Public Service Census Te Taunaki <i>March 2025 census to provide baseline, next census TBD</i>	Maintain or improve in next census
Kiwis Count survey public satisfaction and trust results maintain or improve	Kiwis Count survey, collected continually and reported quarterly	<i>Satisfaction with service experience, and Trust in public service based on most recent experience, is maintained or improved across surveys.</i>
Chief executives provide feedback that they have clarity around role and responsibilities	Ad hoc feedback to Assistant Commissioners through normal engagement	n/a

161. **Outcome measures** will help us understand whether the policy objectives have been realised over a longer time horizon (5-10 years). These are likely to include:

<b>Outcome measure</b>	<b>Source &amp; frequency</b>	<b>Desired trend</b>
Kiwis Count survey public satisfaction and trust results maintain or improve	Kiwis Count survey, collected continually and reported quarterly	<i>Satisfaction with service experience, and Trust in public service based on most recent experience, is maintained or improved across surveys.</i>
New Zealand's scores in international public administration rankings maintain or improve	Blavatnik Index of Public Administration (international comparative study), reported annually	Maintain or improve ranking (equal 6 <sup>th</sup> 2024).
Ministers provide feedback that the Public Service is operating in a professional and politically neutral manner	Annual <i>Ministerial Policy Satisfaction Survey</i> as reported in Estimates and Annual Reports	Agencies maintain or improve their score against benchmark/target