



Approval of the Government Workforce Policy Statement on employment relations and timing of release

Date: 15 April 2021

Security Level: IN CONFIDENCE

Report No: 2021/0087

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	Actions Sought	Due Date
Hon Chris Hipkins, Minister for the Public Service	Approve the Government Workforce Policy Statement	19 April 2021

Enclosures: Yes: Government Workforce Policy Statement

Minister's Office Comments

Comments:	
Date returned to Te Kawa Mataaho:	

Recommended Action

We recommend that you:

- a **approve** the attached Government Workforce Policy Statement (Policy Statement).
Agree/disagree
- b **agree** that the Policy Statement and the Public Service Commissioner's guidance on pay restraint will be released together, expected to be in the week beginning 19 April 2021.
Noted
- c **agree** that Te Kawa Mataaho Public Service Commission (the Commission) release this briefing in full once it has been considered by you.
Agree/disagree

Hon Chris Hipkins
**Minister for the Public
Service**

PROACTIVELY RELEASED BY TE KAWA MATAAHO PUBLIC SERVICE COMMISSION

Te Kawa Mataaho Report: Government Workforce Policy Statement for the public sector

Purpose of Report

- 1 This report seeks your approval of the Government Workforce Policy Statement on employment relations expectations

Context

- 2 On 12 April 2021, Cabinet considered the attached Government Workforce Policy Statement (Policy Statement) which sets out how the Government expects agencies in the public sector to operate and behave as employers, and how they align their employment relations policies and practices with the Government's objectives.
- 3 Cabinet agreed that the Policy Statement would replace the current *Government Expectations on Employment Relations in the State Sector* [CAB-21-MIN-0103].
- 4 Cabinet authorised you to make any minor amendments which are consistent with the Policy Statement and noted that you would approve the Policy Statement under s99 of the Public Service Act 2020 (the Act) [CAB-21-MIN-0103].
- 5 There are no amendments required as a result of Cabinet's consideration. The Policy Statement can now be approved.
- 6 The consultation on the draft Policy Statement has fulfilled the statutory requirements for consultation on the Policy Statement set out in Part 4 of the Act.
- 7 Following your approval, the Public Service Commissioner will be issuing guidance on the operation of the Policy Statement to give effect to the expectation of recognising the need for pay restraint.
- 8 The pay guidance applies to Public Service agencies'¹ decision making on pay (meaning they must give effect to the Guidance), other public sector agencies are asked to take this guidance into account in their decision making.
- 9 Because the Policy Statement and pay guidance are interlinked, we need to release them at the same time. The Policy Statement sets the direction, while the pay guidance refers to and gives effect to it. The Public Service Act 2020 requires the Policy Statement to be made public as soon as practicable after the Minister approves it.
- 10 We understand from your office that a public announcement of the Policy Statement and pay guidance is likely to be in the week beginning 19 April. We recommend a two-day window between your approval and the announcement. This would enable agencies to prepare communications to their staff, meets the requirement of 'as soon as practicable' and ensures the Policy Statement and pay guidance are available ahead of imminent collective bargaining.
- 11 The Public Service Commissioner has verbally briefed the CTU and PSA in confidence regarding the pay guidance, broadly outlining the reasons for ongoing pay restraint and the direction of travel of the Guidance. Departmental secretaries and chief executives of the Public Service Leadership Team have also been briefed.

¹ Departments, Departmental Agencies, Interdepartmental Executive Boards and Interdepartmental Ventures

- 12 We suggest you release the Policy Statement (by media release) making reference to the pay guidance the Commissioner will publish.
- 13 The draft release provided to your office includes a statement that due to the fiscal situation, the Government has been clear that pay restraint will need to continue to be exercised across the Public Service at least until reviewed in mid-2023. It also references the Remuneration Authority decision in December 2020 that Ministers and MPs will not be getting pay rises for three years and links to the Public Service Commissioner's Public Service Pay Guidance.

PROACTIVELY RELEASED BY TE KAWA MATAAHO PUBLIC SERVICE COMMISSION



Te Kawa Mataaho

Public Service Commission

Government Workforce Policy Statement on the Government's expectations for employment relations in the public sector

This is a Government Workforce Policy Statement (Workforce Policy) issued under Part 4 of the Public Service Act 2020. In accordance with s97, it is issued for the purpose of fostering a consistent, efficient, and effective approach to the negotiation of employment agreements and effective management of employment relations across agencies set out below.

This Workforce Policy replaces the *Government Expectations on Employment Relations in the State Sector*, which Cabinet agreed in March 2018.

Appendix 1 lists the agencies to which this Workforce Policy applies. This encompasses:

- (a) all Public Service agencies;
- (b) all Crown agents, including District Health Boards;
- (c) the New Zealand Police, the New Zealand Defence Force, and the Parliamentary Counsel Office; and
- (d) other organisations as specified in Appendix 1.

As set out in s101 of the Public Service Act 2020, Public Service agencies and crown agents must give effect to this statement. All other agencies listed above must have regard to this Workforce Policy.

The Public Service Commissioner (the Commissioner) may issue advice and guidance on workforce matters and on the operation of this Workforce Policy. This Workforce Policy should be read in conjunction with any other guidance on workforce matters. Examples of other guidance include:

- The Gender Pay Taskforce's guidance to support agencies deliver Te Mahere Mahi Rerekētanga Ira Tangata | The Gender Pay Gap Action Plan and give effect to the Gender Pay Principles.
- Positive and Safe Workplaces model standards.
- Any principles and guidance issued on pay in the public sector.

Goals and priorities

The Government seeks to establish the Public Service as an exemplar employer for Aotearoa. This Workforce Policy relates to the employment relations and negotiation of employment agreements elements of exemplar employment practice. While not directly covered by this Workforce Policy, the Government also has an expectation of fair wages and conditions for contracted Public Service workers and will progress work to implement that expectation.

This Workforce Policy contributes to goals that:

- Establish the Public Service as an exemplar to other employers in the public sector and beyond.
- Make the Public Service an exemplar of modern, progressive employment practice and a great place to work.
- Have a productive, unified Public Service workforce grounded in a spirit of service to the community.

- Ensure these goals are achievable within the Government's fiscal settings.

Achievement of these goals means adopting innovative ways to put into practice the partnership of Te Tiriti o Waitangi and having employment processes and practices that take account of tikanga and different cultures.

The key priorities to deliver these goals are:

1. Employ people fairly, equitably and in a way that allows them to live good lives and participate in the economy.
2. Work collaboratively with unions and other groups to achieve shared goals.
3. Create an inclusive environment for all workers with the aim of achieving a diverse workforce.
4. Achieve the goals within the fiscal context of the Government.

Priority 1:

Employ people fairly, equitably and in a way that allows them to live good lives and participate in the economy

For negotiating collective and individual employment agreements, this means:

- Building on gains made to date in reducing the gender pay gap to make further progress and accelerating reductions in pay gaps faced by Māori, Pacific and Asian employees.
- Adjusting minimum pay rates in line with Cabinet's decision in 2018 that subsequent adjustments to the minimum pay rate in the core Public Service will occur through the normal process of employment negotiations.
- Recognising the need for pay restraint in the environment of the COVID response and recovery by targeting any pay increases to low paid roles consistent with any pay guidance issued by the Commissioner.
- Using any opportunities in bargaining to modernise terms and conditions of employment and to enhance consistency and commonality across the Public Service.

For collective bargaining, in particular:

- Realising the Government's legislative changes to promote and strengthen collective bargaining and union rights in the workplace, which include the requirement to negotiate pay rates in collective agreements.
- Conducting negotiations in a manner consistent with this Workforce Policy including the ability to recognise any union contribution to outcomes.
- Agencies committing to efficient and productive bargaining by having completed preparations for bargaining at least 60 days prior to the expiry of a collective agreement.
- Agencies aiming to complete bargaining by the expiry date of the previous agreement so avoiding backdating.
- Ensuring workforce strategies uphold the integrity of collective agreements and the collective bargaining process.

Procedural requirements:

- Public Service agencies conducting bargaining under delegation from the Commissioner must have a bargaining strategy consistent with this Workforce Policy approved by the Commissioner before starting bargaining. They must not commit to an outcome (including final Terms of Settlement) without further approval from the Commissioner.
- Other agencies with a statutory requirement to consult with either the Commissioner or a monitoring department, must have bargaining and remuneration strategies consistent with this Workforce Policy as the basis for that consultation.
- Any agency seeking additional Crown funding to cover workforce costs through the annual Budget process must comply with any additional stipulations included in the Budget guidance issued annually by Te Tai Ōhanga, the Treasury (the Treasury).
- If the Commissioner or monitoring department considers any agency's proposed approach could have adverse system wide implications or is inconsistent with this Workforce Policy, the agency must seek approval from its responsible Minister, the Minister for the Public Service, the Minister of Finance and the Minister for Workplace Relations and Safety through the Ministerial Oversight Group on State Sector Employment Relations.

Priority 2:**Work collaboratively with unions and other groups to achieve shared goals****For effective employment relations, this means:****Union relationships**

- Working with unions in the workplace to establish a shared vision.
- Agreeing how the parties will deliver on the shared vision and provide employees with a voice in their workplace.
- Committing to take a collaborative approach to managing and resolving issues.
- Having protocols to ensure the parties work together respectfully and in good faith.
- Agreeing protocols to ensure employees can exercise their right to join a union.

Employee relations

- All employees should be treated with respect, including their choice in regard to union membership or not.
- Negotiation of individual employment agreements should look for opportunities to enhance consistency and commonality of terms and conditions of employment in the Public Service.
- All employees should have access to information about remuneration and other human resources policies and practices of the agency in a transparent way.
- Improving support for retraining and transitions across the broader Public Services in collaboration with other agencies and unions.
- Ensuring opportunities for individual learning through ongoing work-based skills development to support careers in the Public Service.
- Having exemplar worker engagement in health and safety including through unions.

Priority 3

Create a diverse and inclusive environment for all workers

For effective employment relations this means:

- Promoting ways of working that enable inclusion, attract, and retain Māori and all other ethnic groups in the Public Service, and support a diverse workforce reflective of New Zealand's society and including a wide range of experience, outlook, and expertise.
- Ensuring fairness and consistency in pay for all people engaged by the Public Service.
- Supporting Māori Crown relations through workforce and workplace practices that recognise Te Ao Māori.
- Exemplifying implementation of the Positive and Safe Workplaces model standard issued by the Commissioner.
- Proactively working to eliminate all forms of discrimination and bias in workplaces, including workplace systems, policies, practices, and behaviour.
- Ensuring the workforce, and its leadership, are representative of and understand the communities they serve.
- Building workplace cultures that are inclusive, diverse, and safe for all workers.

Priority 4

Achieve priorities within the fiscal context of the Government

For negotiating employment agreements and effective employment relations this means:

- Having regard to the fiscal context and strategic objectives set out in the Government's annual Budget Policy Statement.
- Having strategic workforce planning that supports implementation of the priorities within known baselines, including management of cost pressures.
- Recognising the challenges to the Government of the COVID response and recovery when setting expectations for any remuneration and other cost increases.
- Where priorities are unable to be met from within baselines, following any guidance set out in the annual Budget guidance issued by the Treasury and fiscal management rules issued through the Cabinet Office circular CO(18)2 on 'Proposals with Financial Implications and Financial Authorities'.

Appendix 1

Application of Government Workforce Policy Statement

Below are two tables indicating which agencies 'Must give effect to' or 'Must have regard to' the Workforce Policy.

Must give effect to

Public Service Agencies	Departmental Agencies
Departments Crown Law Office Department of Conservation Department of Corrections Department of Internal Affairs Department of the Prime Minister and Cabinet Education Review Office Government Communications Security Bureau Inland Revenue Department Land Information New Zealand Ministry for Culture and Heritage Ministry for the Environment Ministry for Pacific Peoples Ministry for Primary Industries Ministry for Women Ministry of Business, Innovation and Employment Ministry of Defence Ministry of Education Ministry of Foreign Affairs and Trade Ministry of Health Ministry of Housing and Urban Development Ministry of Justice Ministry of Māori Development – Te Puni Kokiri Ministry of Social Development Ministry of Transport New Zealand Customs Service New Zealand Security Intelligence Service Oranga Tamariki—Ministry for Children Serious Fraud Office Te Kawa Mataaho Public Service Commission Statistics New Zealand Te Kāhui Whakamana Rua Tekau mā Iwa—Pike River Recovery Agency The Treasury	Cancer Control Agency National Emergency Management Agency Social Wellbeing Agency Office for Māori Crown Relations—Te Arawhiti
	Crown Entities
	Crown Agents District Health Boards (20) Accident Compensation Corporation Callaghan Innovation Civil Aviation Authority of NZ Earthquake Commission Education NZ Energy Efficiency and Conservation Authority Environmental Protection Authority Fire and Emergency NZ Health Promotion Agency Health Quality and Safety Commission Health Research Council of NZ Kāinga Ora – Homes and Communities Maritime New Zealand NZ Antarctic Institute NZ Blood Service NZ Qualifications Authority NZ Tourism Board NZ Trade and Enterprise NZ Transport Agency NZ Walking Access Commission Pharmaceutical Management Agency Real Estate Agents Authority Social Workers Registration Board Sport and Recreation NZ Taumata Arowai Tertiary Education Commission WorkSafe NZ

Must have regard to

Crown Entities Autonomous Crown Entities (ACEs) Accreditation Council Arts Council of NZ Toi Aotearoa Broadcasting Commission Government Superannuation Fund Authority Guardians of NZ Superannuation Heritage NZ Pouhere Taonga Museum of NZ Te Papa Tongarewa Board NZ Artificial Limb Service NZ Film Commission NZ Lotteries Commission NZ Symphony Orchestra NZ Infrastructure Commission/Te Waihangā Public Trust Retirement Commissioner Te Reo Whakapuaki Iirangi (Māori Broadcasting Funding Agency) Te Taura Whiri i Te Reo Māori (Māori Language Commission)	School Boards of Trustees All Crown Entity Companies Crown Research Institutes (7) Crown Irrigation Investments Limited New Zealand Growth Capital Partners Limited Radio New Zealand Limited Television New Zealand Limited Other public sector organisations Non-Public Service Departments New Zealand Defence Force New Zealand Police Parliamentary Counsel Office Tertiary Education Institutions Universities (8) Wananga (3) Te Pūkenga – NZ Institute of Skills and Technology (including its subsidiaries)
Independent Crown Entities (ICEs) Broadcasting Standards Authority Children's Commissioner Climate Change Commission Commerce Commission Criminal Cases Review Commission Drug Free Sport New Zealand Electoral Commission Electricity Authority External Reporting Board Financial Markets Authority Health and Disability Commissioner Human Rights Commission Independent Police Conduct Authority Law Commission Mental Health and Wellbeing Commission NZ Productivity Commission Office of Film and Literature Classification Privacy Commissioner Takeovers Panel Transport Accident Investigation Commission	