

# The Treasury

## Treasury Advice on Public Service Pay Guidance Information Release

July 2021

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<https://treasury.govt.nz/publications/information-release/treasury-advice-public-service-pay-guidance>

Additional information has been released and can be found on the Public Service Commission's website at

<https://www.publicservice.govt.nz/our-work/information-releases/advice-seen-by-our-minister/> and

<https://www.publicservice.govt.nz/assets/SSC-Site-Assets/OIA-Releases/Update-on-the-State-Sector-Employment-Relations-Environment-September-2020-Joint-Report.pdf>

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Where this is the case, the relevant sections of the Act that would apply have been identified.

Where information has been withheld, no public interest has been identified that would outweigh the reasons for withholding it.

Key to sections of the Act under which information has been withheld:

9(2)(f)(iv) - to maintain the current constitutional conventions protecting the confidentiality of advice tendered by ministers and officials

9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

9(2)(g)(ii) - to maintain the effective conduct of public affairs through protecting ministers, members of government organisations, officers and employees from improper pressure or harassment;

9(2)(j) - to enable the Crown to negotiate without disadvantage or prejudice

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**From:** Richard Baird [TSY]  
**Sent:** Wednesday, 31 March 2021 1:17 PM  
**To:** ^Parliament: Talei Pasikale  
**Cc:** Nick Carroll [TSY]; s9(2)(g)(ii)  
**Subject:** FYI - pay restraint - update on joint report and Cabinet paper

FYI Talei – to keep you in the loop.

## 1. Joint report – Consideration of middle earners under public sector pay restraint

- By now, you should have received this report via Minister Hipkins' Office
- Short summary below, but let us know if any comments/questions:
  - The Commissioner has outstanding decisions on treatment of middle-earners (\$60,000-100,000). To provide a sense of scale, Te Kawa Mataaho has developed indicative cost scenarios with quality assurance from the Treasury.
  - The Public Service Commissioner intends to issue further pay restraint guidance, covering an indefinite period and targeting pay increases to low-earners (under \$60,000) and halting increases for higher-earners (over \$100,000)
  - The results shows pay restraint could make a notable difference to cost growth, but the outcomes are highly dependent on outcomes in the wider Public Sector (including Health and Education).  
s9(2)(j) [REDACTED] The vast majority of the 61% of Public Sector employees employed under collective agreements are likely to have pay progression entitlements.
  - Treasury has had high-level visibility of pay restraint, but has not been involved in policy and option development. We have not seen a full set of analysis around expected impacts, implementation risks, an exit strategy, or ongoing monitoring arrangements. There may be an opportunity for Cabinet to consider these arrangements when pay restraint (now being called "pay guidance") is considered at SWC on 7 April 2021.

## 2. Government Workforce Policy Statement for the Public Sector

- This paper is now going to SWC on 7 April, rather than straight to Cabinet on 6<sup>th</sup>.
- We understand the paper will be lodged late, and content/language is fluctuating a bit at the moment reflecting Ministerial/PMO consultation.

Cheers,  
Richard



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