



29 April 2020

Mr Jordan Williams
Executive Director
Taxpayers' Union

By email: Jordan@taxpayers.org.nz

Dear Jordan

I am writing on behalf of Public Service chief executives in response to your letter of 18 April 2020 seeking information about any measures that Public Service departments and leaders might take in relation to remuneration, further to those announced by the Prime Minister recently.

I want to reiterate my support for the actions of the Public Service chief executives, and of Ministers as announced by the Prime Minister, for voluntarily taking a pay reduction of 20 per cent over the next six months. As the Prime Minister said, it is a show of leadership and the right thing to do in acknowledgement of the economic challenges many New Zealanders are now facing. It is not about New Zealand's fiscal position or about cost saving. I commend other public sector and private sector leaders, who have committed to similar actions, for their leadership.

Cabinet has agreed that visible pay restraint in the public sector is appropriate given the context of Covid-19. Accordingly, today I have issued guidance to State Services agencies on pay restraint – that guidance is available on the SSC website (<https://ssc.govt.nz/our-work/er/>). The guidance I have issued today means that we will restrain pay through to June 2021, we will work to keep people in jobs, and any pay increases will be minimal and focused on those who are lower paid. But I want to be clear that the voluntary pay sacrifices agreed by chief executives will not be extended beyond the chief executive level, nor will they be requested of staff below that level. Now is not the time to take money out of the economy.

Public servants have a critical role in the Government's response to Covid-19. Right now, public servants right across New Zealand are working harder than ever to ensure that we can continue to deliver the services that New Zealanders rely on, to implement the Government's Covid-19 response, and to ensure the health, safety, and wellbeing of our workforce. That is our mission and we are completely dedicated to it.

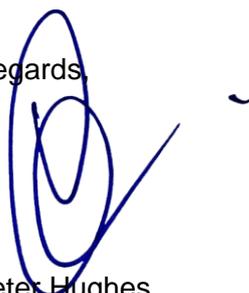
In your letter, you make the claim that the average public sector salary is a third higher than that of the private sector. However, there is no evidence that Public Service workers earn any more than private sector workers in the same type of role. In fact, those in Public Service senior leadership roles earn less than their private sector counterparts. This discount is around 50% for the most senior roles in the Public Service compared to the private sector. Public sector wage growth has also tracked below the private sector over the past decade – over that time Public Service wages increased 13.5% compared with 18.9% in the private sector.

However, you are right to point out the impact to families and businesses as a result of the current measures to stop the spread of Covid-19 and eliminate it. This is being felt in communities across New Zealand and will continue for some time to come. The Public Service is here to support those who are impacted – by delivering services and by creating conditions that promote a strong recovery where businesses can again earn and grow.

I am proud of the thousands of public servants who work hard every day to make a difference for New Zealand and New Zealanders. Many of them, especially those on the frontline have tough jobs which they do without expecting any thanks. They deserve our respect.

Thank you again for writing to me.

Regards,

A handwritten signature in blue ink, consisting of a large, stylized 'P' followed by a horizontal line and a small flourish.

Peter Hughes
State Services Commissioner