

# PUBLIC SERVICE BLOAT: THE EVIDENCE

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## Introduction

New Zealanders need a competent, productive, merit-based public service. Those attributes matter for effective government and, thereby, community wellbeing.

New Zealand's public service employs many competent people. It pays them handsomely by the standards of the median income earner.<sup>1</sup>

Their performance is impaired when the public service is poorly led, ill-structured, or hamstrung by poor quality government. Any or all of those can easily happen.<sup>2</sup>

This research note looks at public service performance overall. It is not about public servants as individuals.

Is New Zealand's public service bloated, as many have claimed and others have disputed?<sup>3</sup> What is the yardstick, anyway? How competent is it, and in what respects? Is it focused on serving the elected government and the public interest, impartially? Is it overly preoccupied with ethnicity, inequality, diversity, gender and 'the Treaty'?

These questions are topical. New Zealand's public service has grown hugely under the current government. The number of public servants on a full-time equivalent (FTE) basis, at 60,381 in June 2022, was 28% higher than in June 2017. The economy-wide employment increase was 12%.

This 28% rise even understates the increase in the employment of people in public service activities. Central government spending on consultants was \$1.25 billion in 2022. To put that in perspective, core Crown spending on personnel in 2021-22 was just under \$10 billion.

In the absence of comparable New Zealand statistics, Australian statistics illustrate the degree to which public service numbers could underestimate the jobs under its control. A recent article for ABS news reported a Commonwealth Finance Ministry estimate that the public service's use of private contractors amounted to about 54,000 equivalent full-time staff. That is very significant in the context of the Commonwealth government's 150,000 public servants.

In addition, remuneration for contracted staff in Australia was much higher than for in-house staff, although the degree to which this is a like-with-like comparison is not clear.<sup>4</sup>

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<sup>1</sup> In February 2023, the median income in New Zealand was \$61,692.80 for a 40-hour week compared to an annual average salary in the public service of \$90,800. (Of course, skill mixes differ.)

<sup>2</sup> Richard Epstein, "How Big Should Government Be?", New Zealand Business Roundtable, February 2005, lists tasks that governments need to undertake and cautions about over-reach. He does not put a number on how big it should be. He focuses instead on the relevant considerations from a wellbeing perspective.

<sup>3</sup> Geraden Cann, "Bloated or rebuilt: Battle over public sector size", DomPost, March 2023.

<sup>4</sup> Markus Mannheim, "Public servants may get a real pay rise, but salaries are unlikely to lure contractors back", ABS news, 18 May 2023. <https://www.abc.net.au/news/2023-05-18/public-service-pay-rise-is-not-enough-for-specialists/102358438>

Nor was New Zealand's increase forced by the advent of Covid in 2020. As is shown below, such an increase did not occur in Australia.<sup>5</sup>

The outcomes accompanying New Zealand's big increase in public servants are widely troubling. Major areas of concern include health, housing, education, the welfare system, and crime.

These are the broad grounds for concern that have motivated this research note.

But was the public service too lean, too fat, or just right before 2017? Finding answers to that question requires a longer perspective. One comparison in this report reviews the numbers back to 1913. Others use cross-country yardsticks.

Moreover, the important question for people's wellbeing is not whether staff numbers are great or small. Instead, it is whether they are too great or too small relative to the outputs that the community is willing to pay for. Is there serious waste and incompetence?

Section 2 clarifies some definitional issues and tabulates the different sizes of the private sector, public sector and public service.

Section 3 elaborates on the case for concern about the recent expansion. It documents concerns expressed by close observers, particularly the Controller and Auditor-General.

Sections 4-7 describe international studies assessing government performance and effectiveness across countries. New Zealand is only where we would like it to be on the civil service effectiveness measure.

The final section, bar the conclusion, is not for those who are impatient with statistics. Unfortunately, no serious discussion of government employee numbers can avoid statistical complexity. The public service has many natural defenders, and for every statistic apparently showing one thing, another can be proffered in contrast or rebuttal.

Real discipline, time, and knowledge is needed if statistical comparisons are to be kept on a like-with-like basis, and if the yardstick being proposed is to be fit for purpose. Even then there will be room for debate, but it will be a better-reasoned debate.

The writer apologises in advance to readers who do not wish to be distracted by such arcane matters as the differences between measures on head count, filled jobs, a full-time-equivalent, industrial group, sectoral, general, local, or central government basis or any other basis.

With the reader I mind, this note relegates as much of this statistical material as it reasonably could to a series of appendices.

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<sup>5</sup> In both countries government employment in health rose markedly, but these employees are not part of the public service. (See Appendix 1 for the distinctions.)

The choice of yardstick is also critical. One cannot tell if someone is obese by comparing their weight with that of an anorexic person. Nor will someone who is obese necessarily look obese compared to an obese yardstick. The defence that New Zealand's public sector employment ratio is not too out of line with the ratios for Australia, the UK, or Europe begs the question of which countries excel.

### Defining the Public Sector, Public Service, and the Civil Service

The following two statements from different sources succinctly clarify the different statistical measures one encounters when attempting to assess degrees of bloat.

The term "public sector" refers to all government organisations and their employees, as distinct from the private sector (private companies, non-government organisations, and their employees).<sup>6</sup>

The public service and civil service are much narrower concepts. In New Zealand and the UK, the two terms are commonly used synonymously. Others make the following distinction:

The terms civil service and public service seem to refer to very similar concepts but there is a significant difference between the two. Civil service is performed by a civil servant, a bureaucrat hired by the country's government who works for the public sector; conversely, public service is performed by a public servant, a person appointed by a member of the government to serve the population and perform public duties. Civil servants are top ranked employees who work in various government's departments and offices and whose duties vary according to their role and position. Public servants are not as high ranked and provide basic services to the population and to the most needy segments of society.<sup>7</sup>

Presumably, many of those employed in the Department of Internal Affairs would count as public servants rather than civil servants under this distinction. However, New Zealand does not make this distinction; all this department's employees are public servants. Some other countries do make this distinction, so cross-country comparisons need to be alert to the difference.

Table 1 below puts the different components of government employment into an economy-wide perspective. (Reader alert, these statistics are on a head-count basis. As is shown below, different measures give different perspectives on the size of the public sector relative to the private sector.<sup>8</sup>)

<sup>6</sup> Public Service Commission, Malta, "The Public Service and the Public Sector", website. <https://publicservice.gov.mt/en/Pages/The%20Public%20Service/PublicServicePublicSector.aspx#:~:text=The%20term%20%E2%80%9Cpublic%20sector%E2%80%9D%20refers,ministries%20and%20departments%20of%20Government>. Also see DifferenceBetween.net, "Difference between public and private sectors", website. <http://www.differencebetween.net/business/difference-between-public-and-private-sectors/>

<sup>7</sup> DifferenceBetween.net "Difference between Civil Service and Public Service", website. <http://www.differencebetween.net/miscellaneous/politics/difference-between-civil-service-and-public-service/>

<sup>8</sup> Statistics New Zealand (SNZ) publishes statistics for some of these categories on an effective full-time basis by sector, but apparently not by industry. It also publishes employment on a filled job basis, for a subset of all industry groups. It does not publish a sectoral breakdown within each industry group. However, SNZ does publish an institutional (sectoral)

New Zealand's public sector employs over seven times the number of people employed in the public service. The former includes non-public service entities (such as the Police, Defence Force, and the Parliamentary Counsel Office), Crown Entities, the Reserve Bank, State-owned enterprises, local government, and government health and education providers. In 2022, there were 2,896 general government institutions according to Statistic New Zealand's institutional sector and industry statistics.

Table 1: Total Employment by Sector 2000-2022

Employment in New Zealand by Sector from 2000 - grouped by category of Government Administration										
Year	Total Employment (head count)	Private Sector	Public Sector	Local Government	Central Government	Components of Central Government				
						Public Service	Other Government Entities	SoEs	Education	Health
2000	1,599,569	1,311,010	288,559	33,588	254,971	30,004	35,489	24,695	110,370	54,413
2009	1,935,083	1,568,650	366,433	43,211	323,222	47,052	45,585	40,735	123,045	66,805
2018	2,238,285	1,836,360	401,925	48,755	353,170	51,358	47,488	36,257	138,845	79,222
2022	2,393,417	1,945,260	448,157	53,155	395,002	62,043	55,220	36,946	145,398	95,395
Proportions of total head count employment										
2000	100.0%	82.0%	18.0%	2.1%	15.9%	1.9%	2.2%	1.5%	6.9%	3.4%
2009	100.0%	81.1%	18.9%	2.2%	16.7%	2.4%	2.4%	2.1%	6.4%	3.5%
2018	100.0%	82.0%	18.0%	2.2%	15.8%	2.3%	2.1%	1.6%	6.2%	3.5%
2022	100.0%	81.3%	18.7%	2.2%	16.5%	2.6%	2.3%	1.5%	6.1%	4.0%
Increases (numbers)										
2000-2009	335,514	257,640	77,874	9,623	68,251	17,048	10,096	16,040	12,675	12,392
2009-2018	303,202	267,710	35,492	5,544	29,948	4,306	1,903	-4,478	15,800	12,417
2018-2022	155,132	108,900	46,232	4,400	41,832	10,685	7,732	689	6,553	16,173
Increases (%)										
2000-2009	21.0%	19.7%	27.0%	28.7%	26.8%	56.8%	28.4%	65.0%	11.5%	22.8%
2009-2018	15.7%	17.1%	9.7%	12.8%	9.3%	9.2%	4.2%	-11.0%	12.8%	18.6%
2018-2022	6.9%	5.9%	11.5%	9.0%	11.8%	20.8%	16.3%	1.9%	4.7%	20.4%
Increases (% pa)										
2000-2009	2.1%	2.0%	2.7%	2.8%	2.7%	5.1%	2.8%	5.7%	1.2%	2.3%
2009-2018	1.6%	1.8%	1.0%	1.4%	1.0%	1.0%	0.5%	-1.3%	1.4%	1.9%
2018-2022	1.7%	1.5%	2.8%	2.2%	2.8%	4.8%	3.8%	0.5%	1.2%	4.8%
Source: SNZ (Business Demography basis) and Public Service Commission <a href="https://www.publicservice.govt.nz/research-and-data/guidance-data-drilldown-and-technical-guidance">https://www.publicservice.govt.nz/research-and-data/guidance-data-drilldown-and-technical-guidance</a>										

In 2022 the public sector employed around 448,200 people on a head count basis.<sup>9</sup> This was 18.7% of New Zealand's total workforce headcount of 2,393,400 persons.

breakdown of employment for every industry group. This series is on its NZ Stats website. This information is population-based, not survey-based. On average, between 2000 and 2022, 95% of public employees were employed in just three industry groups: Public Administration and Safety, Education and Training, and Health Care and Social Assistance. The a2000-2022 averages for these groups were 34%, 40% and 22% respectively.

<sup>9</sup> On a filled jobs basis, it was 396,100 in 2022. On a full-time equivalent basis, it was 368,100 in the March quarter 2022.

Private employees totalled 1,945,260 in 2022. That represents 4.3 private employees for every public sector employee.

Local government employment contributed 2.2 percentage points to the 18.7% figure. Public service employment contributed another 2.6 percentage points. Public service numbers are small relative to public sector employees in education and health.

### Documenting the domestic disquiet about the public sector

Compared with 2000, or even 2017, tens of billions of dollars more are being spent annually for little discernible public benefit. Journalist Danyl McLauchlan cites then-Minister of Health, Andrew Little, as noting that billions more had been spent on health, and that “it did not appear to have made a difference”.<sup>10</sup>

Outcomes are a concern almost across the board where government is dominant. There are concerns about housing affordability, emergency housing supply, hospital and GP capacity, literacy and numeracy in education, immigration processing capacity, smash and grab crime, development-crippling planning laws, inadequate public infrastructure, resurgent inflation, the biggest deficit in the current account of the balance of payments since the 1970s and more and more people of working age on the dole.

Anecdotes in Wellington about public service excess and waste abound, from management level down. Some head offices have built up large public relations, media, and communications units. Journalists are finding that former access to departmental experts is being hampered or blocked. Official Information Act requests are being frustrated, and departmental spin is to the fore.

McLauchlan cites a former editor of what was then the Dominion Post commenting that the total cost of today’s public sector communications teams could be as much as \$250-500 million a year and that:

... most of the time, its purpose is not to inform the media or the public but to conceal and obfuscate, to prevent anyone from finding out how the government works or what it is doing.<sup>11</sup>

Public Service Commission statistics show that salaries of “information specialists” increased by \$380 million, or 85%, between 2017 and 2022. Spending on managerial salaries rose by \$429 million or 61%. Spending on policy analysts rose by 55%, at \$140 million. By 2022 spending on the salaries of information professionals was double the spending on policy analysts.<sup>12</sup>

Such figures indicate spending priorities. They do not tell us anything about value for money.

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<sup>10</sup> Danyl McLauchlan, “State of Inertia”, The Listener, 29 May 2023.

<sup>11</sup> The prospect of public service job opportunities for seasoned journalists could weaken the incentive of private sector journalists to criticise the public sector.

<sup>12</sup> Grade drift could be a factor. Promotions can boost pay that cannot be boosted otherwise.

Lack of expertise at the top is another worry. Few insiders can say much. Some speak out when they leave the public service. Former deputy chief adviser at the Treasury, Tony Burton is one who did.<sup>13</sup>

Burton saw chief executives as having become administrators rather than experts in their departments. They oversee their agencies' real experts. To stamp their mark, these administrators effectively harass those experts with "a herd of strategy, systems, HR, and other 'advisers'" who "produce largely meaningless organisational, IT and recruitment strategies" that increasingly suck up time.

It is easy to understand why such administrators and comms teams would not want their real experts to be communicating directly with journalists.

Nor is there any doubt that the Public Service Commission has an agenda of its own. Its focus in its 2021 survey of public servants "in Aotearoa New Zealand" was "on diversity, inclusion and wellbeing at work, a unified Public Service and strengthening Māori Crown capability".<sup>14</sup>

The Commission's survey apparently did not ask respondents much about how well their agencies were performing. Was there much waste? It was as if public service productivity in delivering services to ministers and the public was not important.

High salaries for poor or hamstrung performance are a related concern. Other organisations, including The New Zealand Initiative, compete with the Reserve Bank and other Public Service agencies for economists. The public service is a pay leader in this category of employment but there is little evidence that public sector productivity warrants the high salaries it pays.

Anecdotes never provide a full picture. Good quality public sector statistics are the starting point for assessing the fuller picture.

A preliminary comparison of relative public service pay rates in Australia, New Zealand and the United Kingdom is in Appendix 1. Public servants in Australia and New Zealand appear to be well paid compared to their United Kingdom counterparts. Arguably, pay rates in New Zealand are closer to those in Australia than one might expect, given the differences in scale and national income per capita between the two countries. More in-depth analysis is needed to reach a robust conclusion.

Regardless, the public service is hardly going to take a lead in making the case that it is bloated and a poor performer. Its incentives to suppress relevant information on this matter is likely to be stronger than its incentive to publish it.

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<sup>13</sup> Tony Burton, "How bosses' obsession with vapid slogans borked the public service", The Spinoff, 20 June 2019.

<sup>14</sup> Public Service Commission, "05 Raraunga Ohumahi – Wairua, Whakarato Workforce Data – Spirit of Service", <https://www.publicservice.govt.nz/research-and-data/workforce-data-working-in-the-public-service/workforce-data-spirit-of-service/>

Nor is a government that has presided over such a large expansion of the public service likely to tell the public that it did so because public service productivity and capability was low. Yet the large increase in recourse to contractors for policy assessment and advice suggest this.

As is illustrated below by the Controller and Auditor-General's comments, the smoking gun about performance is the failure of ongoing governments and public service agents to provide relevant information, let alone credible evidence, that spending programmes are providing benefits for the community that exceed the costs.

The previous government set up a social investment structure for moving in this direction. That initiative has disappeared from public view.

Ill-judged restructuring and direction of the public sector is likely a factor. In 2019, pre-Covid, then Minister of Social Services, Chris Hipkins announced the "biggest shake-up in 30 years" for the public service. The Public Service Act 2020 replaced the State Sector Act 1988. Groups of chief executives would somehow be made "jointly accountable" for delivering on complex government priorities".<sup>15</sup>

The restructurings of the hospital system, polytechnics, the control of 'three waters', the planned replacements for the Resource Management Act, and the planned merger of Radio New Zealand and Television New Zealand look variously ill-timed, ill-designed and impractical.

Disruption caused by the restructuring may be a factor in the high turnover rate of staff in the public sector (17.3% in 2022).<sup>16</sup>

The criticisms do not come solely from outsiders. The Controller and Auditor-General, John Ryan, has publicly expressed concern about the quality of spending processes on several occasions in recent years.

In May 2021 he wrote an article that guardedly pointed to "improvement opportunities at several levels" for responsible agencies to better identify where they are delivering services efficiently, focussed on the right outcomes, and producing value for money. He concluded that:

The government's public reports still don't allow Parliament and the public to easily answer these important questions, if at all.<sup>17</sup>

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<sup>15</sup> The Beehive, "Public Service undergoes biggest shakeup in 30 years", 26 June 2019", <https://www.beehive.govt.nz/release/public-service-undergoes-biggest-shake-30-years>

<sup>16</sup> Anna Whyte, "Union goes after National's claims of 'bloated bureaucracy', calls for release of plan, *Stuff*, 8 December 2022. <https://www.stuff.co.nz/national/politics/130693563/union-goes-after-nationals-claims-of-bloated-bureaucracy-calls-for-release-of-plan. Promotions associated with the expansion and restrictions on pay increases otherwise could also be factors.>

<sup>17</sup> John Ryan, "Auditor-General says better quality reporting needed on government spending", NBR article 12 May 2021, but now accessible here: <https://oag.parliament.nz/2021/better-quality-reporting>

That article also reminded readers of earlier concerns his office had expressed about spending on the Provincial Growth Fund and Whanau Ora.

Later, in November 2021, he found himself duty-bound to criticise the Minister of Finance and Treasury for “difficult to track” public spending;<sup>18</sup> This was in the context of the \$74 billion of public spending in response to Covid-19.

In March 2022, his office released a report pointing to deficiencies in a \$290 million Strategic Tourism Assets Selection programme. After acknowledging the urgent need for ministers to respond to the Covid situation he reminded them that:

... all decisions to spend public money come with an obligation to ensure that the decision-making is consistent and transparent. We saw limited evidence explaining the reasons for the decisions. Without those records, those who have made the decisions are not able to adequately explain why funding was provided. In my view, this is not acceptable practice, regardless of the circumstances. To ensure that the public can be confident in the integrity of the decisions made, the reasons for this should be clearly explained and well documented.

His office has also reminded those in power to be proper about “sensitive expenditure” – spending that could be seen as giving a private benefit to oneself, family, or friends. In October 2020, his office issued a Guide for such spending, commenting in the process about such decisions as having “featured in a number of my Office’s reports over recent years”.<sup>19</sup>

A recent article by economist Brian Easton, usually no critic of big government, attributed the debate over the increase in public service numbers to complacency, although the more important issue is, arguably, too much poor performance. He summed up his views and concerns as follows:

... there seems to be a case that the public service is not fit for purpose, no matter how many or few public servants there are. Is anyone exploring this? Certainly not the State Service Commission which benefits from defending the status quo. Certainly not consultants who depend upon the ineptitude of the public service for their income. I do not see much genuine activity in the universities either; they get rewarded for preparing their students for the current system and from contracts from it.<sup>20</sup>

The Productivity Commission should be exploring this, but the current Minister of Finance has neutered it. Treasury and MBIE should be interested, but likely lack ministerial encouragement. Hopefully, this report is a contribution to that inquiry.

A thorough analysis will distinguish between the quality of government decisions and how well the public service performs with the tasks it is given. The performance of the core

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<sup>18</sup> Thomas Manch, “Auditor-General criticises Government’s “difficult to track” accounting of public spending”, 3 November 2021. <https://www.stuff.co.nz/national/politics/126867424/auditor-general-criticises-governments-difficult-to-track-accounting-of-public-spending>

<sup>19</sup> Controller and Auditor-General, “Controlling sensitive expenditure: Guide for public organisations”, October 2020, 4.

<sup>20</sup> Brian Easton, “Budgeting the Merry Month of May, Pundit, 6 May 2023, <https://www.pundit.co.nz/content/budgeting-the-merry-month-of-may>

public service should also be distinguished from the performance of the public sector more broadly. State schools are part of the public sector, but not the public service. The Ministry of Education is part of the public service and should bear final responsibility for literacy and numeracy outcomes.

Of course, there is much that is good about New Zealand's public service. As shown below, it ranks very well internationally in a number of important respects.

CTU economist, Craig Renney, points out that it does valuable work. That is not in dispute. Many public servants are hard-working, bear a lot of responsibility, and try to do their best. The frustrations and problems they face are largely structural.

Public Service Association President, Benedict Ferguson, has told the public that "we have a very efficient public service". He defended the growth in 'backroom bureaucracy' as being "critical to an efficient public service". The same article cited Public Service Commission Peter Hughes as saying that in the last few years the government has invested more in frontline services in response to population growth.<sup>21</sup> New Zealand's high ranking for lack of corruption was also cited.

None of these points and assertions dispose of the above concerns.

Worrying incidents in recent years suggest that New Zealanders cannot even be complacent about the country's high international rankings for absence of corruption. Recently, an expert in auditing for corruption drew the New Zealand Initiative's attention to something called "the fraud triangle" – the combination of opportunity to commit fraud, the motivation to do so and the ease of rationalising fraudulent actions, whether as entitlement or revenge for perceived injustice. A self-righteous 'victim' culture in conjunction with loose government spending controls invites trouble.

### Government effectiveness – a 209-country comparison

New Zealand underperforms its peers on the World Bank's biannual index of government effectiveness.<sup>22</sup>

The index assesses the quality of public services, the quality and degree of independence of the civil service, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies. To underperform on these aspects is not good.

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<sup>21</sup> Anna Whyte, "Union goes after National's claims of 'bloated bureaucracy', calls for release of plan", Stuff, 8 December 2022. <https://www.stuff.co.nz/national/politics/130693563/union-goes-after-nationals-claims-of-bloated-bureaucracy-calls-for-release-of-plan> and <https://www.stuff.co.nz/opinion/129864996/we-may-have-more-public-servants-but-nzs-public-sector-isnt-bloated>

<sup>22</sup> World Bank, "Worldwide Governance Indicators", website. <https://info.worldbank.org/governance/wgi/>

Country scores for this index rely considerably on surveys of perceptions.<sup>23</sup> Such rankings should not be interpreted as definitive evidence of relative quality.

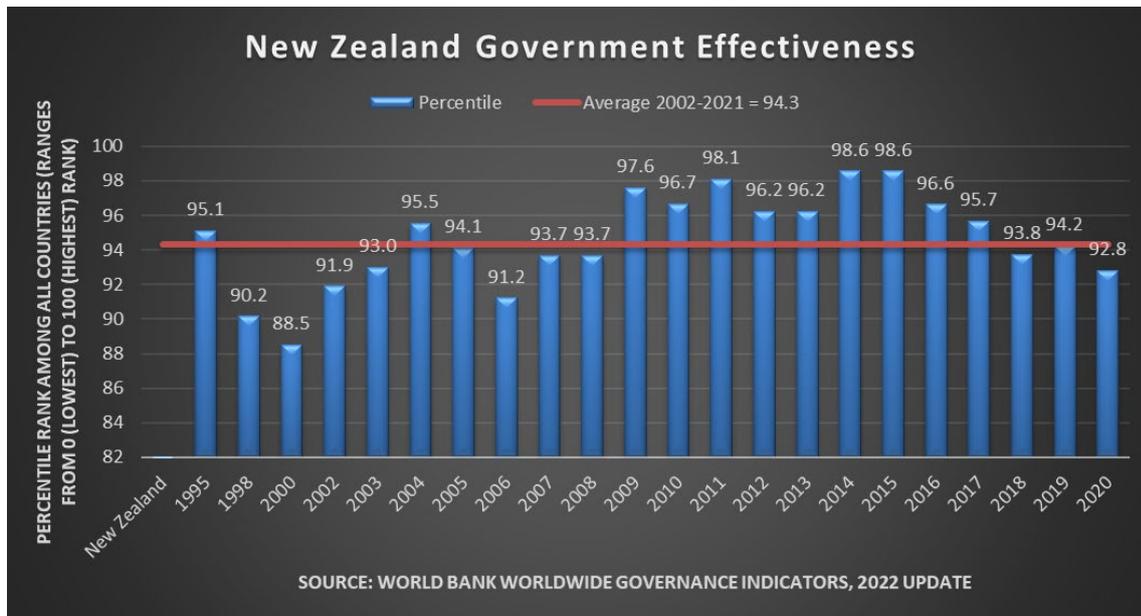
In 2021, the World Bank ranked 23 of 209 countries above New Zealand for government effectiveness. Singapore took top place with Switzerland 2nd. The Scandinavian countries scored highly. Australia was 16<sup>th</sup>.

That represents a lot of countries that New Zealand could learn from. Most of the countries ranked ahead of New Zealand are also more prosperous.

Countries with smaller state sectors that ranked ahead of New Zealand for government effectiveness include Singapore, Hong Kong, Taiwan, and Korea. Details are in Appendix 2.

Another aspect is the trend. New Zealand's percentile rank (out of 100) for government effectiveness has declined in recent years, albeit remaining in the nineties (see Figure 1).

Figure 1: World Bank scores for New Zealand Government Effectiveness 1995-2020



The World Bank does not appear to publish sub-components of its Government Effectiveness Index, for example an index of its public service effectiveness component.

### Public sector performance and efficiency – a 21-country assessment prior to 2000

In the last three decades economic researchers have published many assessments of public sector performance and efficiency across countries. Europe-based academics, Vito Tanzi, Ludger Schuknecht and Antonio Afonso have been prominent in this literature.

<sup>23</sup> A list of the data sources is obtainable from:

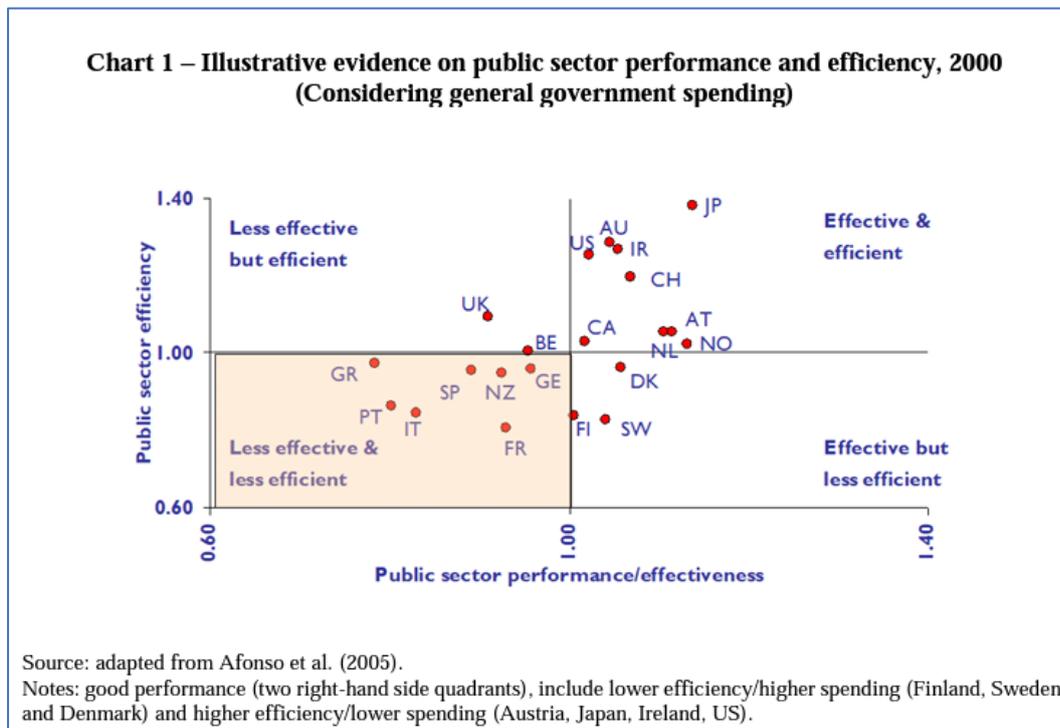
<https://info.worldbank.org/governance/wgi/Home/downloadFile?fileName=ge.pdf>

A common approach is to relate economic and social outcomes across countries to the government-related inputs. This research is inevitably indicative rather than definitive, but the findings lend statistical weight to the case that some governments outperform others.

Figure 2 charts of the results of various such research. It was published by Tanzi and colleagues in 2020.<sup>24</sup> New Zealand (NZ) is in the quadrant that contains the countries with the worst scores amongst 21 OECD-member countries for public sector performance/effiveness and public sector efficiency. Japan, Australia, Ireland, the US, and Switzerland formed the top-performing cluster (but note that the group does not include high performers in other comparisons, for example, Singapore, Hong Kong, Korea, and Mexico).

The gap between Australia and New Zealand shows that, even before 2000, the performance of New Zealand's public service was poor.

Figure 2: Public Sector Performance and Efficiency 2000



Source: Antonio Afonso, Ludger Schuknecht and Vito Tanzi, "The Size of Government", *EconPol Working Paper*, 46, Vol 4, June 2020.

<sup>24</sup> Antonio Afonso, Ludger Schuknecht and Vito Tanzi, *The Size of Government*, *EconPol Working Paper*, 46, Vol 4, June 2020. [https://www.ifo.de/DocDL/EconPol\\_Working\\_Paper\\_46\\_Size\\_Govt.pdf](https://www.ifo.de/DocDL/EconPol_Working_Paper_46_Size_Govt.pdf)

## Taxation and spending efficiency – a 36-country comparison prior to 2019

A 2019 paper by Antonio Afonso, Joao Jalles and Ana Venancio assessed the contribution of tax structures to public spending efficiency for 36 OECD-member countries during 2003-2017.<sup>25</sup>

Public sector spending was used as a primary indicator of public sector inputs. Outputs were measured as a composite of administration performance (e.g., degree of corruption), and education, health, and infrastructure outcomes.

Australia outperformed New Zealand consistently in all three of the authors' models for input efficiency and output efficiency.<sup>26</sup> Ireland, Korea, and Mexico were consistently top performers during the 2003-2017 period.<sup>27</sup>

The estimates for any given country must be regarded as at best indicative. New Zealand's are summarised in Table 2 for each of the three models. They indicate that New Zealand could potentially reduce government inputs by between 28% and 49% for no loss of outputs, depending on the model. Alternatively, outputs could be increased by 7% to 22% for unchanged inputs, again depending on the model.

*Table 2: Estimates of the degree to which New Zealand government spent too much to achieve too little in 2013-2017*

<b>Score for most efficient country = 1</b>	<b>Model 0</b>	<b>Model 1</b>	<b>Model 2</b>
Scores for New Zealand 2013-2017			
Input	0.506	0.717	0.571
Output	1.282	1.069	1.263
Implied potential to reduce NZ's inputs for unchanged outputs	49%	28%	43%
Implied potential to increase NZ's outputs for unchanged inputs	22%	6%	21%
Source: Antonio Afonso, Joao Jalles and Ana Venancio, Taxation and Public Spending Efficiency: An International Comparison, Research in Economics and Mathematics Working Paper 080-2019, May 2019. Tables B.0-B.2, 11, 32-34.			

This study did not include some high-performance countries in the World Bank's government effectiveness index, such as Singapore, Hong Kong, and Taiwan. If it had, New Zealand's performance could have looked even more suspect.

<sup>25</sup> Antonio Afonso, Joao Jalles and Ana Venancio, Taxation and Public Spending Efficiency: An International Comparison, Research in Economics and Mathematics Working Paper 080-2019, May 2019. [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=3382355](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3382355)

<sup>26</sup> Op. cit., tables B.0-B.2, 32-34.

<sup>27</sup> Op. cit., table 2, 25.

Such estimates indicate that there is considerable waste in New Zealand government spending. Given its scale – operational spending is above 30% of GDP – the cost to New Zealander’s wellbeing must be significant.

Such studies should provoke real concern in New Zealand about the performance of our public sector, particularly amongst public service policy advisers. There is not much evidence that it does.

### Civil Service Effectiveness – a 38-country comparison

In sharp contrast to the poor rankings for New Zealand, one UK study ranked New Zealand 2nd for civil service effectiveness in 2019 amongst the 38 member countries of the OECD.

This study was by the Blavatnik School of Government in the University of Oxford and was published by the UK Institute for Government. Great Britain topped the overall index in 2019 followed by New Zealand, Canada, Finland, and Australia, in that order.

Regrettably – in the light of their performance for government effectiveness -- this study excluded Singapore, Hong Kong, Taiwan, and Korea.

The International Civil Service Effectiveness Index measures eight core functions: policy making, fiscal and financial management, regulation, crisis and risk management, procurement, HR management, tax administration and digital services. It also measures four attributes: integrity, openness, capabilities, and inclusiveness.

These rankings are primarily based on information for 2018. Switzerland was ranked 13<sup>th</sup>. It scored below the 38-country average for digital services and inclusiveness.

New Zealand’s reforms in the late 1980s and 1990s to put public administration on a much sounder footing appear to be a factor in our high ranking. The State Sector, Public Finance and Fiscal Responsibility Acts increased disciplines and transparency, for a time.

The authors stressed that the index is purely relative. It makes no assessment of the absolute quality of the top-ranked civil service; or indeed of any of the other countries.

Hopefully, the authors will get the funding to publish assessments using more recent information. Meanwhile, it is good to see New Zealand ranking so highly, overall. More details are in Appendix 3.

### Public Sector Employment Measures

Clarity about government employment statistics is important because the potential for confusion is great, even amongst those who do not have an axe to grind.

Table 1 showed that employment growth in the public sector, central government and the public service has outstripped the 6% growth in private employment since 2018. Government employment increased by 12%, 9%, 12%, 21% and 20% respectively for the public sector, local government, central government, the public service, and health.

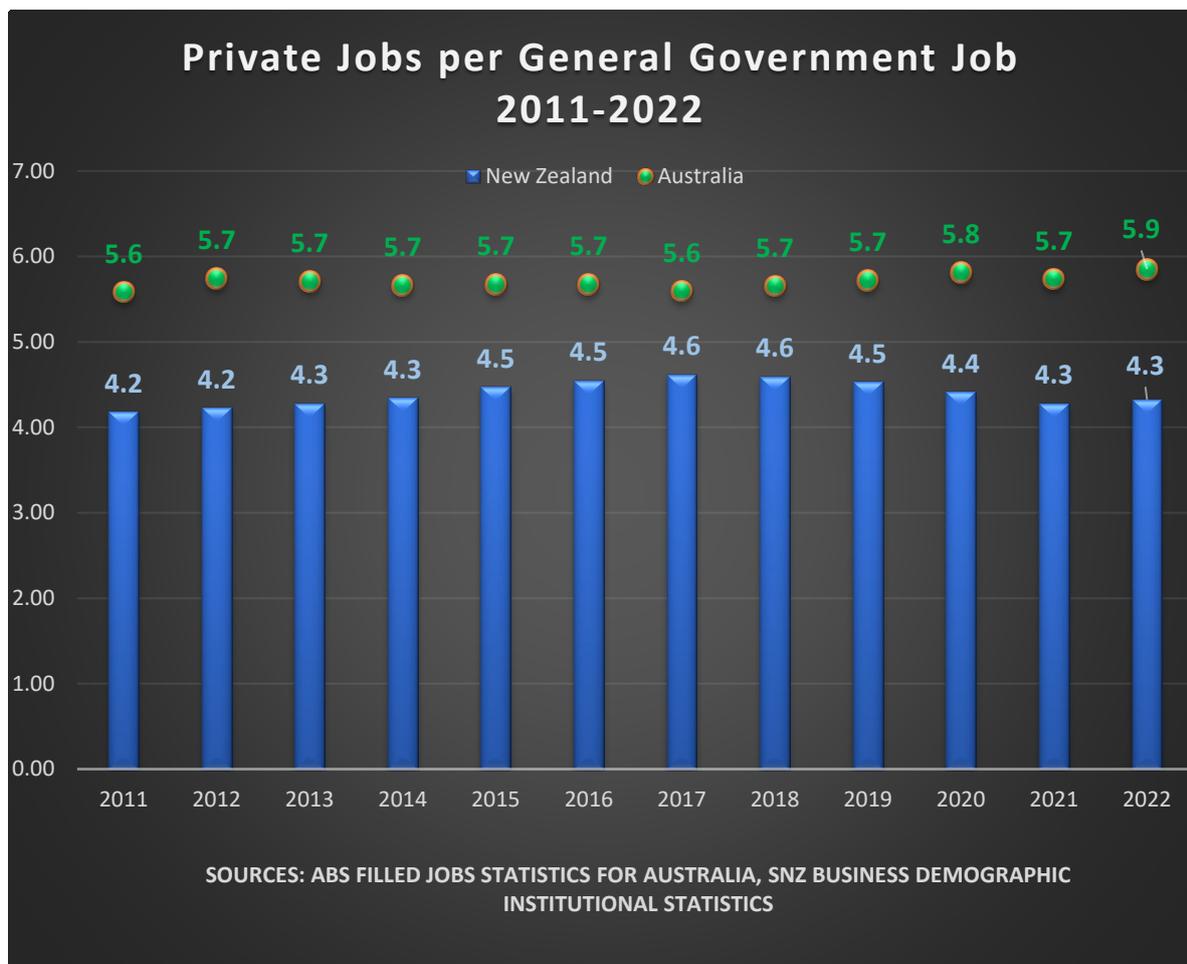
**Private versus Public Sector growth – New Zealand, Australia, and the UK**

The finding that New Zealand’s government employment growth since 2017 or 2018 has been faster than private sector employment is robust whether one looks at hours worked, effective full-time equivalents, or on a filled-jobs basis. Details are in Appendix 4.

The same conclusion holds if the comparison compares growth in government employment in the Public Administration and Safety industry group with the growth in total employment across all industries.

Appendix 4 also shows that those relative growth rates from 2017 and 2018 to 2022 have been the opposite for Australia, where private employment growth has outstripped government employment growth. Again, this is on a range of measures. Figure 3 illustrates the divergent movements between the two counties since 2017 or 2018. Private jobs have risen relative to government jobs in Australia since 2017 or 2018 and fallen in New Zealand.

Figure 3: Private jobs per public sector job Australia and New Zealand 2011-2022



Australia’s federal structure makes it harder to assess the relative size of the public service, state and commonwealth government combined, in Australia relative to New Zealand. Appendix 4 compares government employment in the public administration and safety

industry as a proportion of total employment across all industries. The share in New Zealand in 2022 was 26% larger.

As another indicator, the 20.8% increase in public service numbers in New Zealand since 2018 greatly exceeds the 6.1% increase in public service numbers in the Commonwealth government in Australia.<sup>28</sup>

It follows that the decisions to greatly increase public service employment in New Zealand were not forced by the advent of the Covid epidemic. They have deeper roots.

Nevertheless, the UK is like New Zealand in this respect. Between 2018 and 2022 total public sector employment in the UK rose by 7% from 5.347 million to 5.740 million. Civil service employment rose by 19% from 431,000 to 512,000. Employment in public administration rose by 11% from 1.029 million to 1.144 million.

In sharp contrast, in the UK private sector employment declined fractionally between 2018 and 2022 – from 27.048 million to 26.998 million.

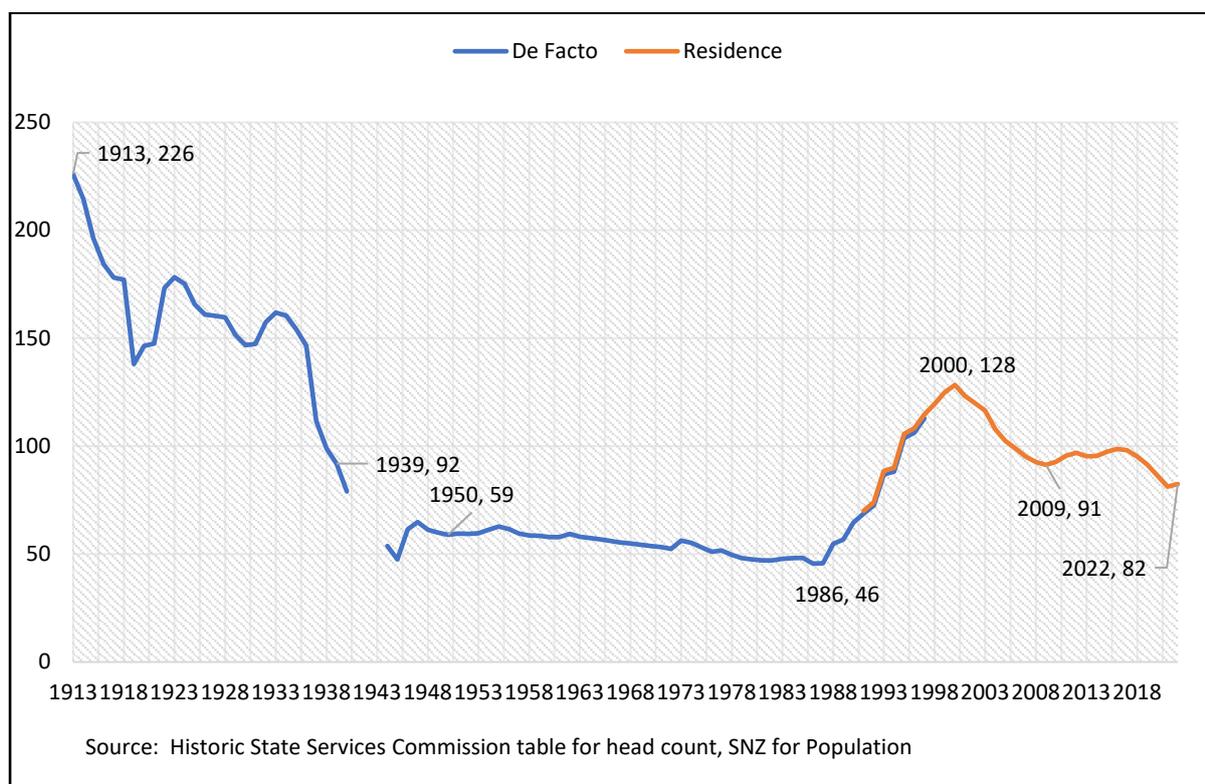
### **A population-based historical perspective 1913-2022**

It is also instructive to put today's public service numbers into a historical context. Figure 4 does this.

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<sup>28</sup> Australia Public Service Commission statistics. Public service numbers increased from 150,258 in June 2018 to 159,469 in June 2022. Total Commonwealth government employment was 254,000 people in June 2022. See <https://www.apsc.gov.au/employment-data/aps-employment-data-30-june-2022/appendix-1-online-table-index#downloads>

Figure 4: NZ Population per public servant 1913-2022



In 1913 New Zealand's public service was very lean relative to its population. There was one public servant per 226 people in a population of 1.1 million.

World War I and the government response to the Great Depression radically changed that. By the start of World War II in 1939, it was one public servant per 92 people in a population of 1.6 million. By 1950 the ratio had become one public servant per 59 in the population. Wars and depressions expand government, until something gives.

The proportion of public servants rose further from the late 1960s. Britain joined the European Union and two world oil price shocks in the next 15 years saw governments increase public sector numbers to disguise increasing unemployment. In 1986, the proportion of public servants peaked at one in 46 people in a population of 3.3 million. NZ Rail and NZ Post had been turned into sumps for the underemployed.

Something gave in 1984. The government ran out of foreign exchange, it faced temporarily suppressed inflation, rising (concealed) unemployment, state trading enterprises that did not pay their way, and a public debt spiral.

Pain delayed by debt had become pain magnified. By 1996 the proportion had risen to one in 106 of the de facto population. By 2000 there was one public servant per 128 resident New Zealanders.

The long-run annual average between 1913 and 1997 was one public servant per 93 in the de facto population.

Expansionary government from 2000-2009 lifted public service numbers again to one in 91 of the resident population.

By 2017 public service numbers had dropped to one in 99. In 2022 it was 82, based on a head count of 62,403 and a year average population of 5.113 million.

Expressed differently, the number of public servants per head of population rose 56% between 2000 and 2022. That is a wild swing.

This historical summary establishes that New Zealand's public service numbers today are nowhere near as bloated relative to the total population as they were at their historical peak in the first half of the 1980s. Nor are they bloated by much against the long-run average of 93 from 1913.

However, public service staff numbers were enormously inflated relative to population by the mid-1980s. Politics, ideas and events have caused a lot of volatility in public servant numbers since 1913.

### **Another bloated yardstick – the OECD member country average**

CTU economist Craig Renney defended government employees against the claims of bloat in an article in September 2022.<sup>29</sup> One of his points was that his 20% public sector employment ratio for New Zealand was not far above the OECD-wide average of 18% and the ratios for the UK and Australia were, in his view, not very different.

In his favour, his 20% ratio for New Zealand overstates the proportion of employees in the public sector. It does so because the measure of total full-time employment excludes employment in agriculture, and some other considerations. His proportion is too high because his denominator is too small.<sup>30</sup>

Table 1 puts New Zealand's ratio in 2018 at 18%. Australia's ratio in 2019 appears to have been significantly lower at 15%.<sup>31</sup>

Renney's OECD average of 18% is consistent with the OECD's published statistics for 33 of its member countries for 2019. The extremes were filled by Norway (30%) and Japan (6%). Slovenia was the median country with 17%.

The OECD's table did not include Australia and New Zealand. An augmented chart that includes Australia and New Zealand is shown in Figure 5. These statistics for the public sector include all levels of government in each country.

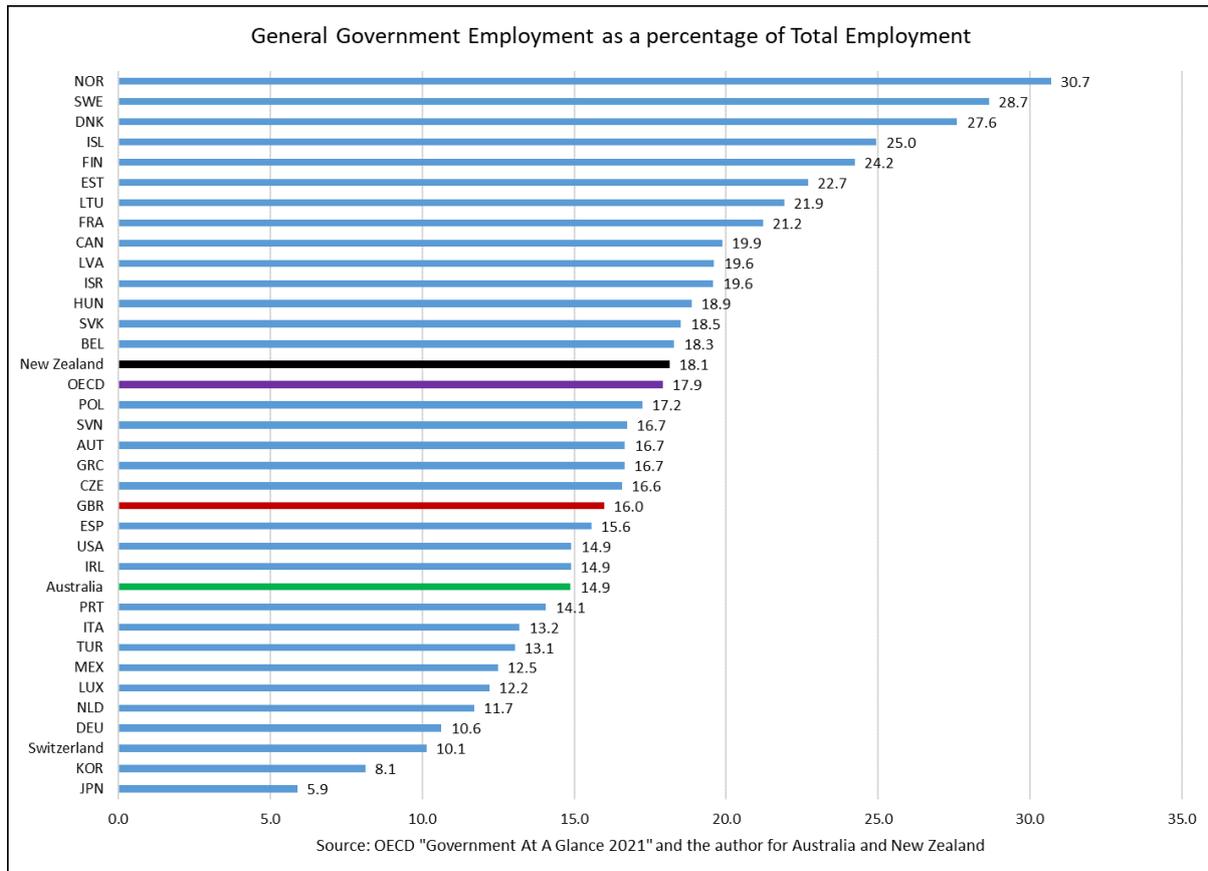
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<sup>29</sup> Craig Renney, "We may have more public servants, but NZ's public service is not bloated", Stuff, 14 September 2022.

<sup>30</sup> Correspondence with SNZ established that the denominator is too small by about 305,000 jobs due to the exclusion of working proprietors, some industries, including agriculture, and jobs that did not exist during the survey week for filled job numbers.

<sup>31</sup> Australia's ratio is calculated from the ABS's filled jobs series, 2.065 million in the public sector against 13.872 million economy-wide.

Figure 5: OECD General Government Employment Share 2019



The differences between the proportions for New Zealand, the UK and Australia are material. The public sector unions in New Zealand would surely enter combat mode were a government to announce it was going to close the gap with Australia on this measure.

The problem with the CTU case is that it does not attempt to establish that the OECD average of 18% is not bloated. OECD member countries tend to have large governments compared to global averages and compared to the pre-1960s decades when they became prosperous.

The OECD's and New Zealand's 18% ratios are extraordinarily bloated relative to Japan and Korea, whereas Norway is extraordinarily bloated relative to New Zealand and most other member countries.

In short, the argument that New Zealand's public sector employment is acceptable because others are as bad or worse is not, itself, acceptable. The real question is what New Zealand could and should learn from those who – on the evidence – are doing much better with their public service resources.

Another distracting aspect of the CTU's defence is that these statistics measure the public sector as a whole. They do not address specific concerns about the performance of the core public service.

## A lean yardstick -Hong Kong Singapore and South Korea

The OECD's comparison is for central and local government combined. To defend the large expansion in the civil service on that basis is a distraction.

Comparisons with successful Asian countries are pertinent, but harder to document. Table 3 shows an extract from an official Hong Kong publication that was focused on comparing arrangements for incentivising public servants to be productive and service focused.<sup>32</sup> (In New Zealand today, that looks like a quaint objective.)

Table 3: Civil Servants in Southeast Asia

	Hong Kong	Singapore	South Korea
Civil servants mid-2020	177,300	85,000	1,113,900
Percent of total employment	4.9%	2.3%	4.1%
Global rank for government effectiveness			
1998	31	1	66
2015	3	1	43
2019	9	1	25
Source: Hong Kong Research Office Information Note, 1N11/20-21, Appendix			

The statistics in Table 3 indicate that, while civil service employment in Hong Kong and South Korea accounts for a higher percentage of total employment than the public service in New Zealand, it may not be very different for Singapore.<sup>33</sup>

There may be definitional differences. As the OECD comparison above shows, the general government employment share of total employment in Korea is less than half that for in New Zealand. Singapore may be leaner than Korea.

Public service employment in 2022 in Singapore is reported to be around 150,000 public officers, working in 16 Ministries and more than 50 Statutory Boards. New Zealand's public service includes 32 core government institutions (e.g., ministries or government departments).

The distinction between public and private *sector* employment does not appear to exist in Singapore's employment statistics. Perhaps this reflects the mixed ownership Singapore's corporate sector due to Singapore's two major state investment funds.

<sup>32</sup> Hong Kong Research Office, Legislative Council Secretariat, "Monitoring of civil service performance in Singapore and South Korea", Information Note, IN11/20-21. <https://www.legco.gov.hk/research-publications/english/2021in11-monitoring-of-civil-service-performance-in-singapore-and-south-korea-20210526-e.pdf>

<sup>33</sup> Hong Kong's official Annual Digest of Statistics reports that the number of civil servants in Hong Kong in December 2021 was 176,618. This represents 4.8% of mid-2021 employed persons in industry of 3.67 million and one civil servant per 40,039 persons in the mid-year 2021 population of 7.07 million.

Singapore's statistical office reports employment by industry on a headcount basis. Its statistics include the self-employed. Instead of reporting for a "public administration and safety" industry group category, it reports for a "public administration and education" category. In December 2022, employees in this industry totalled 263,600, which was a 7.2% increase on the 245,800 employed in December 2017. Total employment growth was a bit lower at 6.1%. The slightly higher growth of the public administration and education sector took it from 6.7% to 6.8% of total employment.

In contrast, for New Zealand, employment in the sum of the "public administration and safety" and "education and training" industries was 15.8% of total employment in December 2022 – using effective full-time employment statistics. Between March 2018 and March 2023 effective full-time employment in these two government-dominated industry groups combined, increased by 54,900 or 22%. This was three times the 7% increase in Singapore.

This employment share comparison also indicates that New Zealand's public administration activity is bloated by the standards of the most prosperous Asian countries.

The other key finding relates to the response to Covid. Neither Singapore nor Australia markedly increased employment in public administration after 2018. New Zealand and the UK starkly contrast with that.

## Conclusions

The large, ill-justified increase in New Zealand's public service is disturbing. The Controller and Auditor-General's reports point to an utterly inadequate interest in New Zealander's wellbeing when spending taxpayers' money. This situation will foster fraud and corruption. New Zealand's past high rankings for low corruption are at risk.

Lack of in-house competence is suggested by an increased reliance on outside contractors. Spending on managers and comms teams has outstripped spending on analysts, and most other occupational categories.

Those wishing to get quality information from government agencies often find that they hinder more than help. Part of the problem here may be that the public service, headed by the Public Service Commission has goals of its own – to do with gender, diversity, and race.

The international comparisons reviewed in this note are a welcome reminder that New Zealand does a lot better than many countries on important indicators. The message is not New Zealand is awful, it is that we can and should be doing better in important respects.

The following table summarises this material:

Table 4: Summary of international performance rankings

Indicator	Source	NZ rank	Comment
Government Effectiveness Index	World Bank	23 of 209 countries scored ahead of NZ in 2021. Singapore top	This measure assesses both civil service and government effectiveness. Australia was 16 <sup>th</sup> ranked. A cautionary point is that this measure makes considerable use of surveys of perceptions. NZ's score has trended down since 2015s.
International Civil Service Effectiveness Index	Blavatnik School of Government (Oxford University)	NZ 2 <sup>nd</sup> of 38 countries in 2019. UK 1 <sup>st</sup> , Australia, 5 <sup>th</sup> .	NZ is top rated for capability, integrity, and procurement. While welcome these comparisons also rely considerably on surveyed perceptions. The author's stress they are relative not absolute. NZ should not be complacent.
Academic studies of Public Sector performance and efficiency in 2000	Afonso, Shucknecht and Tanzi	New Zealand in bottom quadrant for OECD member countries	Japan a top performer and Australia is in the top quadrant. These academic studies use 'hard' data.
Academic study of tax and public spending efficiency in 2019	Afonso, Jailles and Venancio	New Zealand well inside an estimated efficiency frontier for OECD member countries	Best performing countries, such as Korea could achieve much greater outputs than NZ for the same inputs or the same outputs with much less input. Australia outperforms NZ.

If it is true that the best performing countries during 2013-17 could produce the same public service outputs as New Zealand with only a fraction of our inputs, it should be a priority to learn from the best about how to do better. The waste has surely worsened with the expansion in the public service since 2017.

Yet, if government and interest groups remain pre-occupied by redistributive issues that polarise the community, unproductive angst will persist.

Those who profess to care for the future wellbeing of New Zealand only care superficially if they are not focused on productivity growth, that is, on getting more value out of current and future resources.

Does anyone senior in government or the public sector care enough to make that a priority? There is no obvious interest in Treasury or the Public Service Commission in assessing public service performance in a rigorous way, producing better information for that purpose, or

investigating what can be learnt from overseas about options for better incentivising public sector performance.

Treasury has put a decade into its Living Standards framework, yet this framework is at too high a level to offer anything of material use to improve public sector productivity. Does a New Zealand public service performance study exist along the lines of that cited above by Korea?

We should even be able to learn from Australia. Its government is leaner than ours on the above evidence both for general government and for employment in public administration and safety. It also ranks more highly for performance and effectiveness and incomes per capita.

The most positive finding for New Zealand is its second-placed position in 2019 for civil service effectiveness. We should welcome this, but not use it as a reason for failing to address the very real problem of poor outcomes relative to resource inputs. First, that study excluded south-east Asian countries, which scored very highly for government effectiveness. Second, it relies quite heavily on surveys that may be subject to mood swings. Third the report's authors were clear that a high ranking does not necessarily denote satisfactory performance.

Let those who care and are in positions of responsibility step up. Waste, distractions, and slack spending disciplines comprise a recipe for an increasingly troubled future.

## Appendix 1: Public Sector Pay Information NZ, Australia, and the UK

Easily obtainable cross country salary comparisons are likely to be suggestive rather than definitive.

### **New Zealand**

New Zealand's Public Service Commission reports that the median public service salary in 2022 was \$79,100. The average was \$90,800. That is very similar to Australia average.

Managers are the highest paid occupational category. The average at this level was \$148,200 in 2022 compared to an average of \$108,000 for policy analysts. The department paying the highest average salary was the Public Service Commission itself – at \$139,000.

Pay rates at the top level require a bit more digging. In late 2019, the New Zealand Taxpayers Union succeeded in getting New Zealand's Public Service Commission to release remuneration levels of 140 of the top-paid chief executive officers in the public sector in 2019.<sup>34</sup>

The median remuneration, among the 140, was \$415,500, the average was \$442,921. The lowest paid rate was \$181,000 and the highest \$1,065,000 (Guardians of New Zealand Superannuation). Amongst the public service, the then Secretary for the Treasury appears to have been the highest remunerated at \$687,000. The Commissioner of Police was paid \$709,000.

The onset of Covid in March 2020 saw chief executives widely take a 'voluntary' 20% pay cut. It is not clear to what degree normality has been restored in this respect.

The author downloaded the Public Service Commission's spreadsheets for Public Sector Departments Chief Executive Remuneration on 31 December 2022. Selecting those for which there was full year remuneration for at least one of the three years from 2021 to 2023, produced a list of 28 departments. The average remuneration was \$475,265 and the median \$494,000. (This is not a mistake; the median was higher.) The range was from \$292,00 to, for the Solicitor General, \$637,000.

### **Australia**

In Australia, the average wage cost of a federal government employee in 2021-22 was A\$90,272, although the total employment cost including superannuation, leave, and other

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<sup>34</sup> New Zealand Taxpayers Union, "Revealed: The Public Sector CEO Rich List", 12 December 2019. [https://www.taxpayers.org.nz/ceo\\_rich\\_list](https://www.taxpayers.org.nz/ceo_rich_list)

benefits was A\$205,000.<sup>35</sup> Public servants on the top pay grade had remuneration of A\$376,578 in 2021.<sup>36</sup>

The same source reported that those in the top pay grade had mid-point base salaries of A\$376,578 and the most senior executive level bureaucrats had remuneration of A\$448,253.

The secretary to the Treasury in Australia was listed on the government's official "transparency" website as having a base salary in 2021-22 of A\$775,193 and total remuneration of A\$809,496. Clearly this is much greater than the remuneration for the New Zealand counterpart.

### **United Kingdom**

On 31 March 2022, the median civil service salary in the UK was £30,110 and the average was £34,470. The median salary for top-paid male senior civil servants was £84,560.<sup>37</sup>

The UK government provides a downloadable list of senior officials in the UK earning at least £150,000 in 2021. There were 623 such officials. From those, the author of this note selected a short list of 89 officials comprising chief executives, permanent secretaries and senior Director-Generals.

The average pay floor for this group was £201,311. The median was £180,000. The maximum was £620,000. This was paid to a Chief Executive of a commercial high-speed project in the Department of Transport.

The permanent secretary to the Treasury's pay floor was £195,000, with a ceiling of £199,999.

### **An indicative comparison**

Table 4 puts these statistics into a common currency (US\$) perspective. It uses the OECD's purchasing power parity exchange rates to convert the UK and Australian currencies into New Zealand dollars.

The comparisons in this table suggest that public sector pay rates in Australia and New Zealand tend to be ahead of those in the United Kingdom. Perhaps the comparison with the Secretary to the Treasury/Permanent Secretary to the Treasury most puts this on a like-like-with basis.

Even in the case of the Treasury comparison, base pay is one thing and full remuneration may be another. There is also the issue of internal relativity within each country. A thorough

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<sup>35</sup> Markus Mannheim, "Public servants may get a real pay rise, but salaries are unlikely to lure contracts back", ABC news, 18 May 2023.

<sup>36</sup> Australian Daily Mail, "The taxpayer-funded jobs that pay salaries of more than \$400,000 – so could you do them?", 15 August 2022. <https://www.dailymail.co.uk/news/article-11111329/What-Australian-public-servants-grade-really-paid.html>

<sup>37</sup> Table 7 in the UK Civil Service Statistics for 2022

going assessment would look for evidence of recruiting difficulties for public service positions – or the opposite.

Table 5: Comparison of Public Service Pay NZ, Australia, and the UK

	Value in home currency	Date	PPP Exchange rates (OECD)		Notes
			NZ\$	NZ Dollar	
<b>Public service average</b>					
Australia	AUD 90,272	2022	0.9742	\$92,661	
New Zealand	90,800	2022	1.0000	\$90,800	
United Kingdom	£ 34,470	2022	0.4652	\$74,098	
<b>Public service median</b>					
Australia	Not found				
New Zealand	79,100	2022	1.0000	\$79,100	
United Kingdom	£ 30,110	2022	0.4652	\$64,726	
<b>Top Paid Median</b>					
Australia	AUD 376,578	2021	0.9681	\$388,976	Median base salary in 2021 SE3 group
New Zealand	494,000	2022	1.0000	\$494,000	Median of 28 Departmental heads
United Kingdom	£ 180,000	2021	0.4661	\$386,176	Top 89 "high Earners" Salaries at Sept 2021
<b>Secretaries to the Treasury/Permanent Secretary</b>					
Australia	AUD 809,496	2022	0.9742	\$830,920	
New Zealand	687,000	2019	1.0000	\$687,000	
United Kingdom	£ 195,000	2021	0.4661	\$418,358	
Sources: Australia, Public Service Commission, Daily Mail , New Zealand, Taxpayers Union and Public Service Commission, UK Government					

## Appendix 2: The World Bank's Index of Government Effectiveness

For 2021, twenty-three countries had more effective governments than New Zealand according to the World Bank's Government Effectiveness Index for 2021. This was out of 209 ranked countries.

The World Bank's measure assesses the quality of public services, the quality of the civil service and its degree of independence, the quality of policy formulation and implementation, and the credibility of the government's commitment to such policies.

Singapore topped the list. It was well-ahead of second-placed Switzerland which was closely followed by Denmark and Finland. Below in table 6 is a list of the countries with the 30 highest scores.

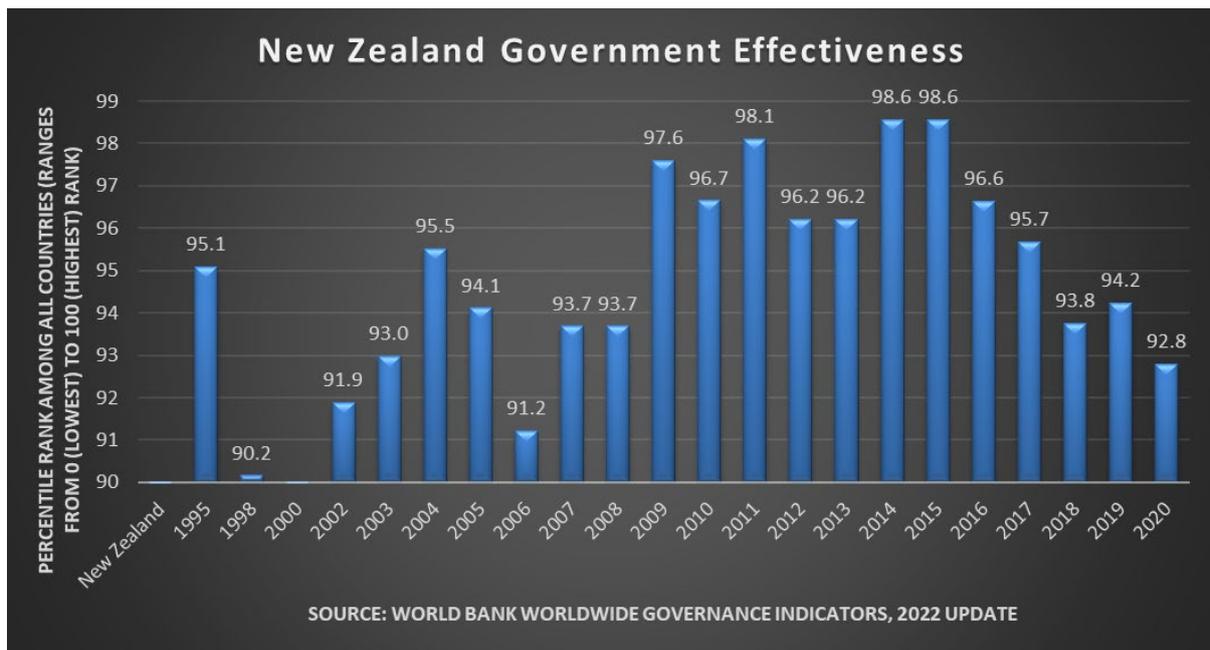
*Table 6: World Bank Scores for Government Effectiveness for the top thirty countries in 2021*

Country scores for Government Effectiveness in 2021		
1	Singapore	2.29
2	Switzerland	2.03
3	Denmark	2.00
4	Finland	1.96
5	Norway	1.84
6	Andorra	1.82
7	Netherlands	1.77
8	Luxembourg	1.72
9	Sweden	1.65
10	Iceland	1.64
11	Canada	1.60
12	Austria	1.57
13	Bermuda	1.54
14	Hong Kong SAR, China	1.53
15	Liechtenstein	1.51
16	Australia	1.51
17	Ireland	1.50
18	Taiwan, China	1.47
19	Brunei Darussalam	1.45
20	Korea, Rep.	1.41
21	Japan	1.40
22	United Arab Emirates	1.40
23	Estonia	1.38
24	<b>New Zealand</b>	<b>1.35</b>
25	United States	1.34
26	Germany	1.33
27	Israel	1.29
28	Cayman Islands	1.29
29	United Kingdom	1.28
30	France	1.27

Singapore has topped the list for 13 of the last 21 years. Finland (t times) and Denmark (twice) have topped it in the other eight years.

New Zealand's score slid sharply after the adoption of MMP but recovered subsequently. It has fallen markedly again in recent years. (See figure 6 but note that its score has remained well above 90.)

Figure 6: World Bank percentiles for New Zealand Government Effectiveness, 1995-2020



### Appendix 3: The International Civil Service Effectiveness Index

The international civil service index (InCiSE) is a collaboration between the Blavatnik School of Government, University of Oxford, and the UK Institute for Government. The Open Society Foundation has funded the index project.

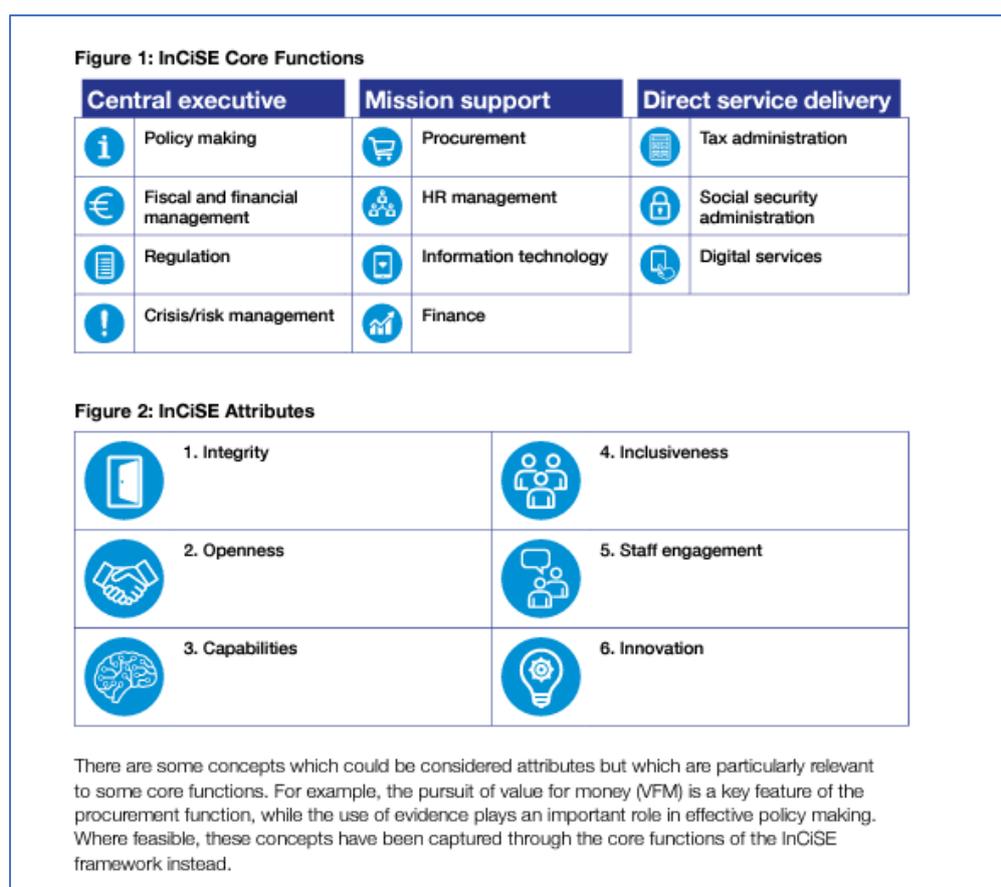
It aims to assess the relative performance of central government civil services around the world. It does not attempt to assess absolute performance. The top country gets a score of 1 for an attribute and the bottom country gets a zero score.

The collaborators published a pilot index in 2017 and a full one in 2019. The 2019 index covered 38 countries.

The index aims to assess the relative performance of countries for 11 core functions and 6 core attributes.

Below, as figure 7, is figure 1 in its 2017 report. It lists these core functions and attributes.<sup>38</sup>

Figure 7: Breakdown of Civil Service Effectiveness Components



<sup>38</sup> InCiSR, The International Civil Service Effectiveness (InCiSE) Index 2017, 10.  
<https://www.instituteforgovernment.org.uk/sites/default/files/publications/International-civil-service-effectiveness-index-July-17.pdf>

The 2017 pilot index measured 7 of the 11 core functions and 5 of the 6 core attributes. Canada topped the index, with New Zealand second and Australia third.

The 2019 index covered 38 countries, all of whom look to be member countries of the OECD.<sup>39</sup> It measured 8 core functions: Policy making, Fiscal and financial management, Regulation, Crisis and risk management, Procurement, HR Management, Tax Administration and Digital Services. It also measured four attributes: Integrity, Openness, Capabilities, and Inclusiveness.

In all, the 2019 Index used 116 metrics to calculate values for these twelve indicators. Data availability varied from country to country. Great Britain was the only country to have data on all 116 metrics. Only 83% of these could be measured for New Zealand, putting it in the bottom half of the 38 countries for data quality. The study collected no information on New Zealand for digital services, low quality only for inclusiveness, and medium quality only for HR, Integrity, and Procurement.

Great Britain topped the overall index followed by New Zealand, Canada, Finland, and Australia, in that order. These rankings are primarily based on statistics for 2018.

New Zealand was top-ranked country for integrity, capabilities, and procurement.

Below are copies of two tables from the paper's Annex. The first, table 7, shows the scores for each country for each attribute. The second shows the data sources used for each measure.

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<sup>39</sup> <https://www.bsg.ox.ac.uk/sites/default/files/2019-04/InCiSE%202019%20Results%20Report.pdf>

Table 7: Civil Service Effectiveness scores by Country in 2019

Civil Service Effectiveness 2019 Index and Indicator country scores (1 = top scoring country, 0 = bottom scoring country)														
Overall Rank	Country	Index	Capability	Crisis and Risk Management	Digital Services	Fiscal and Financial Management	Human Resources Management	Inclusiveness	Integrity	Openness	Policy Making	Procurement	Regulation	Tax administration
1	GBR	1.000	0.800	0.835	0.507	0.955	0.846	0.712	0.680	0.921	0.951	0.898	1.000	0.839
2	NZL	0.980	1.000	0.726	0.641	0.899	0.817	0.708	1.000	0.866	0.926	1.000	0.760	0.606
3	CAN	0.916	0.863	0.638	0.625	0.679	1.000	1.000	0.864	0.832	0.927	0.660	0.762	0.626
4	FIN	0.883	0.849	0.979	0.835	0.734	0.664	0.794	0.791	0.902	1.000	0.571	0.528	0.627
5	AUS	0.863	0.664	0.935	0.684	0.725	0.814	0.776	0.790	0.823	0.848	0.655	0.666	0.723
6	DNK	0.832	0.884	0.338	0.977	0.636	0.762	0.452	0.839	0.927	0.960	0.949	0.606	0.657
7	NOR	0.830	0.709	0.679	0.879	0.722	0.694	0.712	0.815	1.000	0.808	0.559	0.562	0.768
8	NLD	0.794	0.690	1.000	0.851	0.754	0.672	0.748	0.676	0.867	0.494	0.585	0.617	0.765
9	KOR	0.785	0.636	0.781	0.632	1.000	0.971	0.256	0.501	0.718	0.765	0.767	0.808	0.718
10	SWE	0.785	0.698	0.981	0.746	0.969	0.615	0.677	0.819	0.715	0.866	0.360	0.523	0.626
11	USA	0.765	0.939	0.935	0.597	0.803	0.775	0.874	0.707	0.703	0.492	0.589	0.572	0.589
12	EST	0.674	0.795	0.486	1.000	0.738	0.584	0.306	0.629	0.652	0.572	0.510	0.654	1.000
13	CHE	0.650	0.688	0.910	0.338	0.788	0.742	0.529	0.796	0.549	0.560	0.581	0.641	0.605
14	IRL	0.625	0.723	0.645	0.524	0.594	0.991	0.588	0.678	0.476	0.670	0.691	0.153	0.896
15	FRA	0.619	0.403	0.773	0.595	0.735	0.825	0.460	0.673	0.845	0.610	0.661	0.360	0.555
16	AUT	0.617	0.557	0.610	0.972	0.561	0.506	0.757	0.731	0.633	0.393	0.620	0.485	0.763
17	ESP	0.599	0.622	0.817	0.821	0.716	0.512	0.626	0.595	0.612	0.603	0.499	0.272	0.743
18	MEX	0.507	0.572	0.601	0.693	0.811	0.132	0.583	0.000	0.550	0.525	0.622	0.865	0.746
19	DEU	0.505	0.541	0.000	0.732	0.828	0.679	0.767	0.773	0.676	0.365	0.315	0.697	0.394
20	LTU	0.487	0.291	0.654	0.841	0.544	0.614	0.460	0.498	0.384	0.686	0.481	0.519	0.635
21	BEL	0.485	0.498	0.523	0.647	0.328	0.756	0.670	0.682	0.487	0.691	0.464	0.260	0.655
22	JPN	0.472	0.477	0.647	0.618	0.462	0.917	0.000	0.638	0.682	0.648	0.592	0.412	0.460
23	LVA	0.466	0.604	0.554	0.976	0.238	0.483	0.730	0.448	0.495	0.757	0.485	0.179	0.635
24	CHL	0.454	0.587	0.456	0.594	0.461	0.555	0.647	0.534	0.485	0.803	0.654	0.266	0.412
25	ITA	0.419	0.388	0.695	0.664	0.418	0.586	0.630	0.150	0.474	0.458	0.698	0.600	0.429
26	SVN	0.369	0.688	0.792	0.431	0.690	0.608	0.790	0.531	0.417	0.000	0.273	0.290	0.480
27	ISR	0.315	0.484	0.558	0.636	0.000	0.646	0.517	0.434	0.411	0.521	0.713	0.317	0.358
28	POL	0.282	0.727	0.267	0.472	0.559	0.456	0.884	0.545	0.381	0.468	0.335	0.287	0.000
29	PRT	0.259	0.641	0.243	0.900	0.491	0.357	0.548	0.375	0.386	0.447	0.263	0.077	0.521
30	CZE	0.245	0.644	0.752	0.492	0.498	0.481	0.133	0.264	0.370	0.327	0.581	0.501	0.080
31	ISL	0.228	0.523	0.502	0.704	0.120	0.205	0.457	0.590	0.070	0.409	0.410	0.334	0.709
32	TUR	0.189	0.000	0.674	0.473	0.689	0.365	0.730	0.219	0.000	0.408	0.438	0.034	0.601
33	SVK	0.172	0.713	0.536	0.463	0.515	0.000	0.414	0.084	0.455	0.196	0.367	0.461	0.412
34	BGR	0.147	0.535	0.580	0.297	0.490	0.228	0.708	0.232	0.305	0.176	0.441	0.443	0.021
35	HRV	0.140	0.550	0.408	0.000	0.415	0.514	0.524	0.351	0.248	0.070	0.380	0.366	0.567
36	ROU	0.127	0.571	0.476	0.001	0.576	0.399	0.821	0.220	0.297	0.052	0.000	0.419	0.430
37	GRC	0.107	0.158	0.495	0.227	0.274	0.342	0.926	0.185	0.343	0.359	0.496	0.000	0.319
38	HUN	0.000	0.544	0.530	0.218	0.068	0.299	0.033	0.243	0.091	0.463	0.434	0.098	0.465

Source: International Civil Service Effectiveness (InCISE) Index, 2019, Table C.2, page 80.

Table 8 summarises the data sources for each measure. It is Table B.1 from page 77 of the 2019 Report.

Table 8: Data sources for Civil Service Effectiveness components

<b>Table B.1 Data sources of the InCiSE indicators</b>	
<b>Indicator</b>	<b>Data sources</b>
Policy making	Bertelsmann Stiftung (2018) Sustainable Governance Indicators 2018
Fiscal and financial management	International Budget Partnership (2018) Open Budget Survey 2017
	OECD (2013) Government at a Glance 2013
	OECD (2017) Government at a Glance 2017
	World Bank (2017) FMIS and open budget
Regulation	World Economic Forum (2017) Global Competitiveness Index 2017-18
	Bertelsmann Stiftung (2018) Sustainable Governance Indicators 2018
Crisis and risk management	OECD (2018) Composite Indicators of Regulatory Policy and Governance
	OECD (2016) Dataset on the Governance of Critical Risks
HR management	UNIDRR (2016) Hyogo Framework for Action National Progress Query Tool
	Dahlström et al (2015) Quality of Governance Expert Survey
Tax administration	OECD (2017) Government at a Glance 2017
	OECD (2017) Tax Administration Comparative Information Series
Digital services	World Bank (2018) Doing Business 2019
Procurement	European Commission (2018) eGovernment Benchmark Report 2018
	DIGIWHIST (2018) Opentender
Integrity	OECD (2016) Dataset on public procurement
	Bertelsmann Stiftung (2018) Sustainable Governance Indicators 2018
	Dahlström et al (2015) Quality of Governance Expert Survey
	OECD (2015) Government at a Glance 2015
	Transparency International (2017) Global Corruption Barometer
Openness	World Economic Forum (2017) Global Competitiveness Index 2017-18
	Bertelsmann Stiftung (2018) Sustainable Governance Indicators 2018
	OECD (2017) Government at a Glance 2017
	Open Knowledge International (2017) Global Open Data Index
	UNDESA (2018) United Nations E-Government Survey 2018
	World Justice Project (2018) Rule of Law Index 2017-18
Capabilities	World Wide Web Foundation (2017) Open Data Barometer: 4th Edition
	OECD (2018) Survey of Adult Skills (PIAAC)
Inclusiveness	Dahlström et al (2015) Quality of Governance Expert Survey
	OECD (2017) Government at a Glance 2017

The following twelve paragraphs summarise the information for each measure.

A country's score for policy making uses 8 metrics from the Bertelsmann Stiftung's Sustainable Government Indicators. They are chosen to match four themes – quality of policy advice, degree of strategic planning, coordination across government, and policy monitoring during implementation. In 2019 New Zealand was ranked fifth, behind top ranked Finland, followed by Denmark, the UK and Canada.

A country's score for fiscal and financial management uses 6 metrics from four data sources (the World Economic Forum, the OECD, the World Bank, and the International Budget Partnership's Open Budget Survey). The metrics are chosen to match three themes, effectiveness of public spending, transparency of that spending and budget practices. New Zealand was ranked fourth, behind top-ranked Korea, followed by Sweden and the UK.

A country's score for regulation uses 9 metrics from two sources (the OECD and the Bertelsmann Stiftung's Sustainable Government Indicators). They are chosen to match three themes: the use and appraisal of information, the extent of stakeholder engagement and the nature of impact assessment. New Zealand was ranked 5<sup>th</sup>, behind top-ranked UK followed by Mexico, Korea and Canada.

A country's score for crisis and risk management uses 13 metrics from two sources (the UN Hyogo Framework for Action and an OECD survey). They are chosen to assess the degree of strategic approach to risk, preparedness, communications, and evaluation. New Zealand was ranked 13<sup>th</sup> on this measure, with the Netherlands in top position followed by Sweden, Finland, USA, and Australia.

A country's score for HR management uses 9 metrics from two survey sources (an OECD survey and a Quality of Government Expert Survey by the University of Gothenburg). They are chosen to assess the degree to which recruitment is meritocrat, ability to attract and retain talent, performance management systems and practices, and the extent of HR data collection. New Zealand was ranked 7<sup>th</sup> (despite the absence of data). The UK was top ranked, followed by Mexico, Korea, and Canada.

A country's score for tax administration uses 6 metrics from two survey sources (the OECD and the World Bank). They are chosen to assess the efficiency of tax collection, the degree of user focus and the quality of digital provision. New Zealand was ranked 19<sup>th</sup>. Estonia was top, followed by Ireland, the UK and Norway. Australia was 7<sup>th</sup>.

A country's score for digital services uses 13 metrics from a single source: the EC's E-Government Benchmark Report. They are chosen to assess cross-border availability and 'key enablers'. New Zealand was ranked 18<sup>th</sup>. Estonia was top, followed by Denmark, Latvia, and Austria. Australia was 15<sup>th</sup>.

A country's score for procurement uses 6 metrics from two sources: an OECD Survey and an analysis of European public procurement data. They are chosen to assess procurement systems and practices. New Zealand scored highest for the extent of its e-procurement functions, the role of its central procurement body, and the extent to which it allows SMEs to participate.

A country's score for integrity uses 17 metrics from five data sources. They are chosen to assess adherence to rule, and procedures, work ethics, fairness and impartiality, minister- and public-serving focus, and integrity-focused processes. New Zealand was top ranked, overall and for 8 of the 17 metrics. It was followed by Canada, Denmark, Sweden, and Norway.

A country's score for openness uses 10 metrics from six data sources. They are chosen to assess the degree and quality of public consultation and complaint mechanisms, government data availability accessibility and impact, right to information and publication of laws. New Zealand was ranked 6<sup>th</sup>, behind Norway, Denmark, UK, Finland and the Netherlands (in descending order).

A country's score for capabilities uses 14 metrics, all from the OECD's Programme for the International Assessment of Adult Competencies. They are chosen to assess problem solving, numeracy, and literacy, use of core skills at work organisational skills and learning and development. New Zealand was top ranked, closely followed by the US. Denmark, Canada, and Finland filled the next three slots.

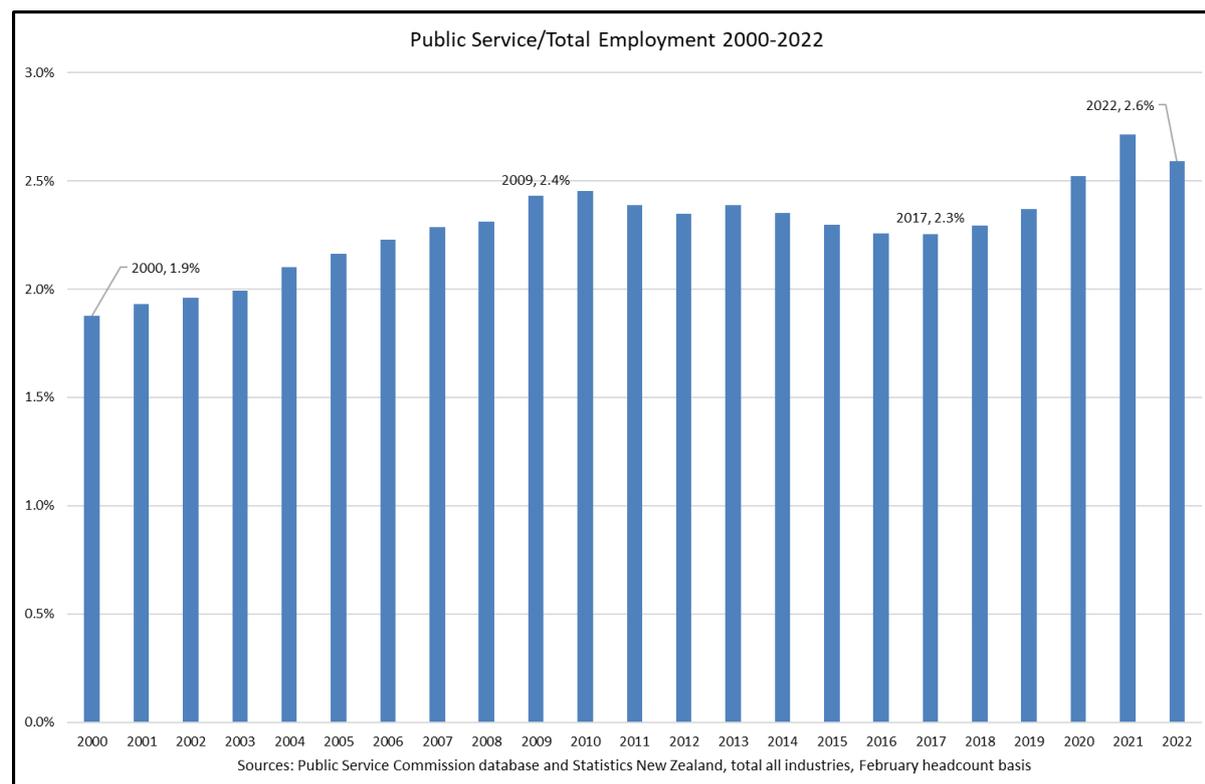
A country's score for inclusiveness uses 5 metrics, and 3 data sources, all relating to the employment share of women (the OECD, University of Gothenburg's Survey of Government and the ILO. They aim to assess gender representation in the public service and ethnic minority representation. New Zealand ranked 17<sup>th</sup> on this measure which was topped by Canada followed by Greece, Poland, the USA, and Romania. Australia was 8<sup>th</sup>.

## Appendix 4: A deeper look at the rise in government employment

### New Zealand

Public service employment rose as a percentage of total employment from 1.9% in 2000 to 2.4% in 2009. It dropped to 2.3% in 2017, peaked in 2021 and fell back to 2.6% in 2022. (See figure 8.)

Figure 8: Proportion employed in NZ's public service 2000-2022



This rise was not forced by the need to respond to Covid. As shown below, a comparable rise did not occur in Australia. Between 2018 and 2022 employment in the government-dominated industry “Public Administration and Safety” rose by 4.0% in Australia and 31.9% in New Zealand (see Figure 2).

The following statistics elaborate on the statistics underlying table 1.

On a head count basis, between 2017 and 2022, the numbers employed in the private sector rose by only 9.4% compared to 15.3% for the public sector and 27.0% for the public service. (The next two largest increases within the public sector were for health (24.3%) and other government entities (19.4%)). The head counts in education, local government and State-owned enterprises only rose by 9.1%, 12.4% and 2.0% respectively.<sup>40</sup>

<sup>40</sup> These statistics are all from the Public Service Commission’s 2022 report: <https://www.publicservice.govt.nz/research-and-data/workforce-data-public-sector-composition/workforce-data-workforce-size/>

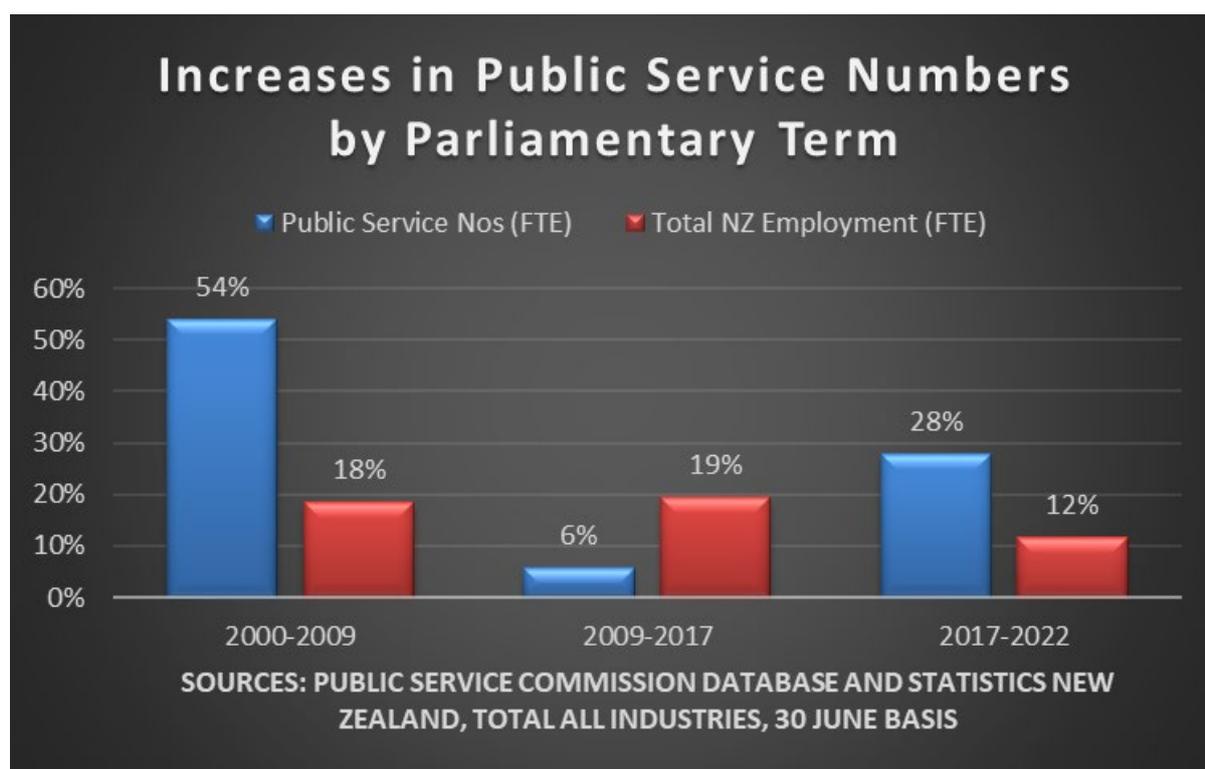
The head count in the public sector from 2000 varied between 21.8% of private sector employment (in 2006) and 24.6% (in 2010). It increased from 21.9% to 23.0% between 2017 and 2022.

The 62,043 people in the public service in June 2022 represented 2.3% of total employment, the 448,157 in the public sector represented 18.7%. Back in June 2000, those proportions were 1.9% and 18.0% respectively.

The increase since 2000 in the proportion of the workforce in the public service is extraordinary. The proportion of full-time equivalent (FTE) employment in New Zealand's public service increased from 2.5% in June 2000 to 2.9% in June 2017 and 3.3% in June 2022.<sup>41</sup>

The bottom portion of table 1 indicates that the rate of growth of employment in the public service is political. Since 2000 employment growth in the public service has been markedly faster both absolutely and relative to private employment when government has been Labour-led. The following chart illustrates this point. Government was Labour led from 1999-2008 and from 2017 to today.

Figure 9: Increases in Public Service Numbers by Parliamentary Term 2000-2022



<sup>41</sup> The rise in the proportion is also extraordinary in a head count basis, but the proportions themselves are lower. This is because effective full time employment economy wide is disproportionately lower than head-count employment economy wide.

In short, since 2000, if the public service was bloated in 2000, as the evidence in sections three to five of this note suggest, it is even more bloated today.

## **Australia**

The close links between Australia and New Zealand and our common heritage make Australia a useful yardstick for assessing New Zealand.

### *Total Public Sector comparison*

New Zealand's public sector share of total employment was 18.0% in 2018 and 18.7% in 2022. The share in Australia fell, from 15.0% to 14.6%. The five-year average share for that period was 18.4% for New Zealand and 14.8% for Australia.<sup>42</sup>

New Zealand's public sector looks appreciably more bloated than Australia on this comparison, particularly given Australia's additional layer of government from its federal structure.

In February 2022, for New Zealand there were 4.33 employees in the private sector per public sector employee compared to 5.85 for Australia. Moreover, the proportions have moved in the opposite directions since 2017. The share of government employment has risen in New Zealand and fallen in Australia.

### *Comparison of employment growth in the industry group Public Administration and Safety from 2018*

Statistical classifications of industry groups that follow international guidelines also facilitate cross-country comparisons of public sector trends. The sector of immediate relevance to the size of the core public sector is the category Public Administration and Safety. It expands on the public service in including police and fire services, border control, regulatory services, and other physical, social economic and safety services.

In New Zealand there were 140,100 central government employees in this industry in February 2022. This is over twice the number of employees in the public service.

This 140,100 total was 20,900 higher than in February 2018, an 18% increase. The increase across all industries was only 7%. The 140,100 represented 5.9% of total employment of 2.3925 million.

In Australia, public sector employment in the public administration and safety industry category rose by 10% between June 2018 and June 2022 (from 615,000 to 673,500). This was barely above the 9% increase across all industries. Moreover, on the Australian Bureau of Statistics' annual "balanced" time series the same public sector component rose by a

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<sup>42</sup> The statistics for New Zealand include local government and use SNZ's Business Demography measure for total employment and thereby private non-government employment. For New Zealand, the reference month is February each year.

mere 2% from 671,000 to 687,000. The rise on this basis for all industries was 7%. The 687,000 represented 4.7% of total filled jobs across all industries of 14.512 million.

Either way, New Zealand has grown government employment in this activity much faster than has Australia, both absolutely and relative to all-industry employment growth.

Other measures for New Zealand support this impression. Hours worked in this industry for New Zealand were 21% higher in the March quarter 2023 than in the March quarter 2018. The total rise across all industries was only 12%.

Hours worked in the same industry rose 5% in Australian between 2018 and 2022. The rise across all industries was 6%. Again, the employment growth has been faster in New Zealand absolutely and relatively.

On a full-time equivalent basis, the rise in New Zealand government and non-government employment in this industry group between March 2018 and March 2023 was 38,300 (from 97,800 to 136,100). This is a 39% increase. The increase for all industries was just 13%.<sup>43</sup>

Employment in this industry group on a filled jobs basis was 34,800 higher than in June 2017, a rise of 40 percent. This was approaching three times the economy-wide increase in employment of 16 percent.

In stark contrast, between 2017 and 2022, Australia employment in the same industry group increased by only 5% as against an 11% increase for total employment.

Similarly, filled jobs in New Zealand rose from 104,100 to 142,800 between March quarters 2018 and 2023. This rise of 38,700 jobs represents a 37% increase.

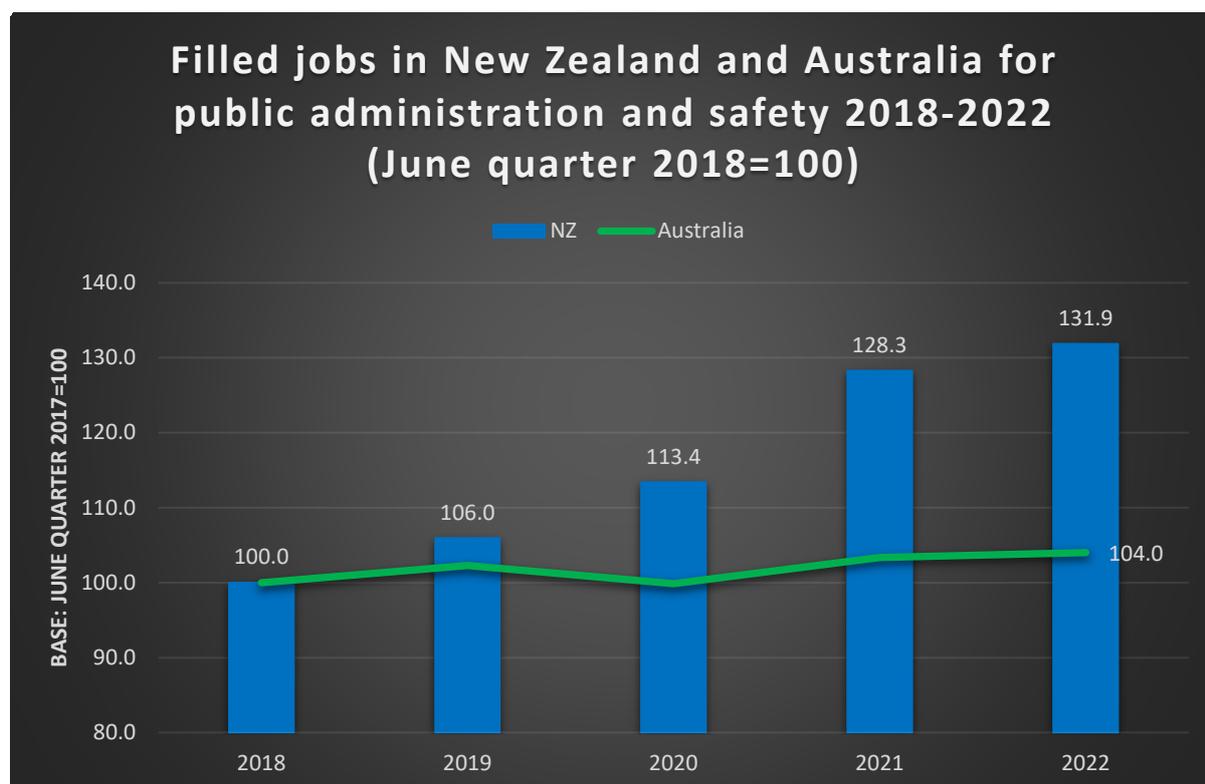
Figure 10 compares the rise in New Zealand to the June quarter 2022 with the rise in Australia. The rise in New Zealand from the June quarter 2018 was 32%, compared to a rise of just 4% in Australia. The economy-wide increase in Australia was 7%.

The differences in these measures of the growth rates since early 2018 are considerable. Statistical measures and time periods differ. However, they all concur that the percentage growth in employment in this industry group has greatly exceeded the economy-wide increase.

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<sup>43</sup> Central government accounts for around 88% of employment in this industry group. Published statistics for the contribution of local government do not appear to be available.

Figure 10: Employment in Public Administration and Safety in NZ and Australia, 2018-2022



*Comparison of employment growth in the New Zealand public service and in Australian Commonwealth government*

The 20.8% increase in public service numbers in New Zealand since 2018 greatly exceeds the 6.1% increase in the Commonwealth government in Australia.<sup>44</sup>

The Commonwealth government public service headcount in 2022 represents 0.6% of the Australian population in June 2022 of 26.0 million, or one public servant per 163 head of population. Since these statistics exclude state government, that ratio should not be compared directly with New Zealand's ratio of one in 85.

Government employment in public administration and safety relative to total employment across all industries might be a better guide to the relative size of the public services in each country. On the statistics cited above, the New Zealand proportion of 5.9% in 2022 is 26% higher than the Australian proportion of 4.7%.

New Zealand's relatively high rate of growth in government employment in this industry group since 2016 is marked.

<sup>44</sup> Australia Public Service Commission statistics. Public service numbers increased from 150,258 in June 2018 to 159,469 in June 2022. Total Commonwealth government employment was 254,000 people in June 2022. See <https://www.apsc.gov.au/employment-data/aps-employment-data-30-june-2022/appendix-1-online-table-index#downloads>

## United Kingdom

Unlike Australia, the head count of civil servants in the United Kingdom rose sharply in recent years. In March 2022, at 510,070, it was 18.6% higher than the March 2018 figure of 430,070.<sup>45</sup>

There are far fewer civil servants in the UK relative to total employment and total population than there are public servants in New Zealand. Unfortunately, this research has not found more comparable public service figures. For the record, the UK 510,070 number for the civil service represents 0.8% of the UK population of 67.5 million and 1.6% of total UK employment of 32.7 million in Feb-April 2022. It also represents only one civil servant per 133 people in that population and one in 64 in the labour force.

Public sector employment in the United Kingdom averaged 17.0 percent of total employment on a head count basis during the five years 2018-2022.<sup>46</sup> Between 2018 and 2022 it rose by 7.3% compared to a 0.2% *fall* in total private sector employment.

Civil service numbers rose 18.8% (see table 9).

Table 9: UK Employment by Sector 2018-2022

UK Head Count Employment by Sector								
June	Central Government	Local Government	General Government	Public Corps	Total Public Sector	Civil Service	Total Private Sector	Total Employment
2018	3,114	2,060	5,175	172	5,347	431	27,048	32,395
2019	3,214	2,022	5,236	155	5,391	448	27,374	32,765
2020	3,341	2,001	5,342	208	5,550	459	26,982	32,532
2021	3,473	2,001	5,475	200	5,675	498	26,718	32,393
2022	3,550	1,995	5,545	194	5,740	512	26,998	32,738
Changes between 2018 and 2022								
Percent	14.0%	-3.2%	7.1%	12.8%	7.3%	18.8%	-0.2%	1.1%
Source: UK Office of National Statistics, "Public sector employment time series", <a href="https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremplimenttimeseriesdataset">https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremplimenttimeseriesdataset</a>								

Overall, the share of public sector employment in total employment fell between 2014 and 2018. The subsequent increase to 17.5% in 2022 has not quite restored its 2014 share of 18.1%. (See table 10.)

<sup>45</sup> <https://www.gov.uk/government/statistics/civil-service-statistics-2022/statistical-bulletin-civil-service-statistics-2022>

<sup>46</sup> UK Office of National Statistics, <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremplimenttimeseriesdataset>. This is an average of June values.

Table 10: UK Employment shares by sector 2014-2022

UK Employment Shares in Total Employment by Sector								
June	Central	Local	General	Public Corps	Total Public Sector	Civil Service	Total Private Sector	Total Employment
2014	9.2%	7.7%	17.0%	1.1%	<b>18.1%</b>	1.4%	<b>81.9%</b>	<b>100%</b>
2015	9.2%	7.3%	16.6%	1.1%	<b>17.6%</b>	1.4%	<b>82.4%</b>	<b>100%</b>
2016	9.2%	7.0%	16.2%	1.1%	<b>17.3%</b>	1.3%	<b>82.7%</b>	<b>100%</b>
2017	9.4%	6.6%	16.0%	1.0%	<b>17.1%</b>	1.3%	<b>82.9%</b>	<b>100%</b>
2018	9.6%	6.4%	16.0%	0.5%	<b>16.5%</b>	1.3%	<b>83.5%</b>	<b>100%</b>
2019	9.8%	6.2%	16.0%	0.5%	<b>16.5%</b>	1.4%	<b>83.5%</b>	<b>100%</b>
2020	10.3%	6.2%	16.4%	0.6%	<b>17.1%</b>	1.4%	<b>82.9%</b>	<b>100%</b>
2021	10.7%	6.2%	16.9%	0.6%	<b>17.5%</b>	1.5%	<b>82.5%</b>	<b>100%</b>
2022	10.8%	6.1%	16.9%	0.6%	<b>17.5%</b>	1.6%	<b>82.5%</b>	<b>100%</b>
Changes between 2017 and 2022								
Actuals	17%	-6%	8%	-40%	<b>4.8%</b>	21%	<b>1.3%</b>	
FTEs	18%	-3%	10%	-39%	<b>6.9%</b>	22%	<b>1.3%</b>	

Between 2018 and 2022 UK employment in Public Administration rose by 11.2% from 1.029 million to 1.144 million. That was faster than the 1.1% growth in total employment. (See table 11.)

Table 11: UK government employment by industry group 2014-2022

UK Shares in total public sector employment by industry group									
	Construct ion	HM Forces	Police	Public Admin	Education	NHS	Other Health & Social	Other Public Sector	Total Public Sector
			4.6%	19.1%	27.3%	27.4%	5.8%	12.0%	100.0%
			4.6%	18.6%	27.6%	28.1%	5.5%	11.9%	100.0%
			4.5%	18.3%	27.6%	28.9%	5.3%	11.7%	100.0%
			4.5%	18.5%	27.5%	29.5%	5.0%	11.4%	100.0%
			4.6%	19.2%	28.1%	30.7%	4.2%	9.6%	100.0%
			4.6%	19.6%	27.7%	31.3%	4.0%	9.2%	100.0%
			4.7%	19.3%	26.7%	32.0%	3.8%	10.0%	100.0%
			4.7%	19.8%	26.3%	32.4%	3.7%	9.7%	100.0%
			4.7%	19.9%	26.1%	32.7%	3.7%	9.4%	100.0%
Changes between 2018 and 2022									
Head count	-2.9%	2.0%	10.1%	11.2%	-0.1%	14.2%	-4.5%	5.2%	<b>7.3%</b>
			11.0%	13.7%	1.8%	15.8%	-2.4%	7.9%	<b>9.6%</b>

Source:

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/publicsectorpersonnel/datasets/publicsectoremploymenttimeseriesdataset>

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