

GOVERNMENT

# UNSCRAMBLING GOVERNMENT

Less Confusion, More Efficiency

Roger Partridge and Jemma Stevenson

Foreword by Dr Murray Horn CNZM



**THE  
NEW ZEALAND  
INITIATIVE**

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# THE NEW ZEALAND INITIATIVE

**Published September 2025 by**  
The New Zealand Initiative  
PO Box 10147  
Wellington 6143  
New Zealand  
[www.nzinitiative.org.nz](http://www.nzinitiative.org.nz)

Views expressed are those of the authors and do not necessarily reflect the views of The New Zealand Initiative, its staff, advisors, members, directors or officers.

**ISSN**  
2624-0092 (print)  
2624-0106 (online)

RR91

Printing arranged by TBD Digital



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## About The New Zealand Initiative

The New Zealand Initiative is an independent public policy think tank supported by chief executives of New Zealand businesses. We believe in evidence-based policy and are committed to developing policies that work for all New Zealanders.

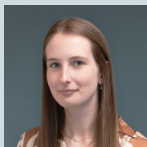
Our mission is to help build a better, stronger New Zealand. We are taking the initiative to promote a prosperous, free and fair society with a competitive, open and dynamic economy. We are developing and contributing bold ideas that will have a profound, positive and long-term impact.

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## ACKNOWLEDGEMENTS

We have received valuable assistance with this report from former senior public servants and cabinet ministers, public sector experts and colleagues. Particular thanks go to Dr Oliver Hartwich for his helpful advice and assistance. Notwithstanding the help we have received, we are solely responsible for the views expressed in this report and for any errors or omissions.

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# Foreword



No one would design the current set of 81 ministerial portfolios and 43 executive agencies that we have today. Indeed, the current structure of our executive government has not been designed at all. It has developed, as much does in the public sector, by adding new agencies, new portfolios and new spending rather than trying to make what we have work better. No surprise that increasing numbers of us wonder why we seem to get so little from so much extra effort and expense.

This issue is important because the way we govern ourselves matters more for our collective prosperity and security than anything else that we can control. Our overly complex executive structure makes almost every aspect of good government very much harder than it needs to be.

In *Unscrambling Government*, Partridge and Stevenson make a compelling case for streamlining our executive. They draw on the experience of ministers and officials to describe the problems created by complexity. Accountability is undermined because complex issues are “everyone’s problem but no one’s responsibility.” The effective cross-portfolio and cross-agency collaboration required to address complex and long-standing issues is frustrated by different ministers and departments each advancing their particular priorities. The multiplicity of portfolios and departments focuses the attention of the executive on negotiating with itself to try and “coordinate” activity across so many different Ministers and agencies with different priorities and multiple opportunities to slow or stop useful reforms.

Moreover, the Minister of Finance has to try and reconcile demands from a large number of Ministers and departments, rather than being able to rely on senior Ministers, with broader

oversight of policy across 15 – 20 natural policy domains, to set priorities within those domains. No wonder Partridge and Stevenson can cite several studies that show public spending and deficits tend to be higher as the number of ministers and departments increases.

Finally, Ministers with a number of unrelated portfolios find it difficult to develop an in-depth understanding of each one.

Drawing on international experience, Partridge and Stevenson show that it does not have to be this way. Indeed, New Zealand stands out, with far more portfolios and departments than countries of similar size and development: Ireland, Norway, Australia, Singapore, Finland and Denmark. The authors draw the key lessons from the first four of these countries to demonstrate that unscrambling government is both desirable and achievable.

The Australian experience is particularly interesting. Australia’s 1987 Cabinet reform reduced portfolios from 28 to 16 and merged multiple departments into “super-ministries”. Each of the 16 portfolios had one senior minister, focusing on policy, with some having one or more junior ministers assigned to more detailed administrative functions. It is telling that this reform has proved durable, surviving multiple administrations. If Hawke considered 28 portfolios antithetical to strategic policy co-ordination, decision-making efficiency and fiscal discipline, one can only wonder what he would make of having 81 portfolios!

The remainder of the report draws on this experience to advocate a thoughtful and practical reform agenda that is relevant to New Zealand today.

Portfolio consolidation needs to precede departmental reorganisation. This makes sense because it is a matter of Prime Ministerial discretion and because the benefits from streamlining the executive depend on portfolio consolidation. Policy coherence requires cabinet-level discipline. Officials will typically weight the relatively narrow interests of their minister(s) ahead of the collective interest of the whole government. As Partridge and Stevenson note, “departmental mergers cannot deliver coherence from below.”

The authors suggest two alternative portfolio allocations that would conform to four sensible design principles: either 15 portfolios with up to 10 junior ministers in support, or 20 portfolios with up to 5 junior ministers. Current portfolio responsibilities have been mapped into each of the alternative consolidated portfolios to demonstrate how the latter are based on natural policy domains. While it is easy to quibble with some of their specific suggestions, each alternative has a clear logic and either would be far better than what we currently have.

The second set of steps involves reorganising departments to ensure they align with the consolidated portfolio structure and passing the legislation necessary to support this realignment and to create the role of junior minister.

The authors outline five design principles to guide this departmental reorganisation. The resulting alignment reduces the number of departments from 43 to 20. While application of the principles drives a significant consolidation at departmental level, this is not always the case. Most tellingly, the various functions of MBIE – the existing “super-ministry” – end up in five different agencies.

Partridge and Stevenson recognise the complexity and potential disruption involved in implementing this second set of steps and recommend they be phased in over 12–24 months. They also identify some of the additional actions that need to be taken to mitigate the obvious risks in such a complex reorganisation.

*Unscrambling Government* is a compelling critique of the current structure of executive government and sets out a well-argued and practical set of suggestions for change that would end up making executive government much more effective and efficient.

While structural change is no substitute for the policy reforms we need to secure a safer, fairer and more prosperous society, it will make it far easier to identify and implement those reforms. I can only hope that those who must be convinced to take the time to “sharpen the saw” give this important and timely report the attention it deserves.

**Dr Murray Horn CNZM**

Former New Zealand Treasury Secretary  
(1993–1997)



# Executive Summary

New Zealand has built one of the most complex executive governments in the developed world. With 81 ministerial portfolios, 28 ministers and 43 departments, it has more portfolios than any other developed country of similar size – and far more portfolios and departments than peers like Ireland, Norway or Singapore.

Ireland, with a similar population, has a Cabinet of 15 ministers and 18 departments. Norway manages with 20 ministers and 17 ministries. Singapore has 18 ministers and 16 ministries. In contrast, New Zealand operates with over three times as many portfolios per capita and more than one and a half times as many departments.

This scale is not the result of deliberate design. It is the by-product of successive political decisions: portfolios created to appease coalition partners, signal priorities or reward party loyalty. Over time, this has produced an executive structure that is sprawling, incoherent and misaligned with the country's policy challenges.

This report proposes a plan to unscramble New Zealand's executive: reducing the number of portfolios to around 15–20, aligning departmental structures to match and introducing a statutory role for junior ministers. The goal is not tidiness but more focused ministers, clearer accountability and more coherent policy leadership.

Other important levers for improving executive productivity – such as stronger performance reporting frameworks and better alignment of public service workforce size with function – lie beyond the scope of this report. These issues are being addressed through other processes, including a parliamentary select committee inquiry into performance reporting and public

accountability launched in April 2025. Structural reform, however, is an effective first step – and one that can be implemented now.

The effects of New Zealand's complex executive are not just visual – though the comparison between New Zealand's tangled “flowchart” of ministerial responsibilities and Norway's streamlined structure is striking. The practical consequences include overlapping portfolios, multiple ministers per department (MBIE reports to 20), blurred accountability and reduced ministerial expertise. Challenges like reducing long-term welfare dependency, tackling housing unaffordability or cutting reoffending span multiple ministers and departments. Each is everyone's problem and no one's responsibility.

The structure also carries fiscal consequences. International research shows a consistent pattern: larger Cabinets are associated with higher government spending and bigger budget deficits. While these associations do not confirm causality, they provide sufficient reason to explore reform. One plausible explanation is the “common pool” problem: when many ministers share the fiscal pot, each has an incentive to spend in their domain without bearing the full cost.

New Zealand's historical trends point in the same direction. Between 1997 and 2019, both ministerial headcount and public spending rose steadily. While the data does not allow for definitive causal conclusions, the pattern is consistent with the international evidence. Structural reform could help reinforce fiscal discipline as well as improve administrative coherence. Other countries have confronted similar challenges and succeeded.

- **Ireland** constitutionally caps its Cabinet at 15 ministers. Cabinet ministers delegate to junior “Ministers of State” specific responsibilities within their portfolios, but without expanding the Cabinet itself.
- **Norway** aligns its ministries with broad policy domains and uses formal coordination mechanisms to handle cross-cutting issues. Its ministerial and departmental structures are tightly mapped, with minimal overlap.
- **Australia** restructured its Cabinet in 1987, reducing 28 portfolios to 16 and consolidating departments into “mega-ministries.” The reform, led by Prime Minister Bob Hawke, introduced a two-tier structure of senior and junior ministers and improved Cabinet efficiency. Later governments retained the model.
- **Singapore**, with a similarly sized population, operates with just 21 ministerial portfolios. Its whole-of-government approach has consistently delivered high ratings for government effectiveness.

These examples demonstrate that leaner, more focused executive structures are both possible and effective.

This report proposes a two-stage plan to streamline the executive. First, the government should consolidate New Zealand’s fragmented 81 ministerial portfolios into a smaller number of coherent, sector-based groupings. Two alternative models are presented:

- A Compact Cabinet model of 15 senior ministers, each responsible for a broad domain (such as Health and Wellbeing or Finance), supported by up to 10 junior ministers; and
- A Realigned Portfolios model of 20 ministers, each overseeing a more focused but still consolidated portfolio, with up to 5 junior ministers.

Both models are illustrative rather than prescriptive. They are designed to demonstrate how portfolio consolidation could improve accountability, reduce coordination costs and support better policy delivery. Figures and tables in the report map current portfolios to each model and show how streamlined ministerial responsibility would function in practice.

Second, departments should be reorganised to align with these consolidated ministerial portfolios, reducing the current 43 departments to 20. This would clarify administrative responsibility and eliminate duplication. Some departments – such as the Treasury and the Ministry for Regulation – could be merged into a unified ministry. Others, such as the Police, Statistics New Zealand and the intelligence agencies, would sit under one ‘ministerial umbrella’ but retain operational independence through departmental agency status.

The Ministry of Business, Innovation and Employment (MBIE) would be disaggregated to focus on Commerce, with ancillary functions like immigration unified in separate, more coherent ministries.

These changes should be phased to avoid system-wide disruption.

To support the new consolidated portfolios, a new role of ‘junior minister’ should be created. Junior ministers should be delegated defined statutory powers from a ‘senior,’ budget-holding Cabinet minister, improving delegation without adding new portfolios.

This approach mirrors the two-tier ministerial systems used in Ireland, Australia and the UK. It allows for specialisation without fragmentation and provides a politically flexible mechanism to support coalition management without continually expanding the number of portfolios.

To illustrate the impact of the proposed reform, the following diagrams compare New Zealand's current ministerial structure with streamlined alternatives. The first shows the existing allocation of portfolios and departmental reporting lines – a complex and often overlapping web. The second and third show how consolidation into either 15 or 20 coherent portfolios and 20 departments would clarify accountability, reduce duplication and better align ministerial responsibility with departmental function.

Reform would be phased in, supported by a central unit, necessary law changes and early engagement with key stakeholders. Phasing reforms over time will allow for testing, adjustment and feedback. Careful process design would preserve service continuity and respect institutional integrity. Statutory Crown entities and constitutionally independent agencies would retain their existing safeguards.

New Zealand's executive is larger and more fragmented than it needs to be. The costs – in coordination failures, fiscal pressures and blurred accountability – are visible but not inevitable.

This report shows that a leaner, more focused executive is both desirable and achievable. It offers a clear path forward – one grounded in evidence, informed by international experience and suited to the realities of New Zealand's political and constitutional landscape.

Public Policy Responsibility Flowchart – New Zealand

TIER 1  
Departments

- Department of the Prime Minister and Cabinet
- The Treasury
- Ministry for Regulation
- Inland Revenue Department
- New Zealand Customs Service
- Ministry of Defence
- New Zealand Defence Force
- Government Communications Security Bureau
- New Zealand Security Intelligence Service
- Ministry of Foreign Affairs and Trade
- Department of Internal Affairs
- Statistics New Zealand
- Ministry for Culture and Heritage
- Ministry for Pacific Peoples
- Ministry for Ethnic Communities
- Ministry for Women
- Te Tari Whakatau – Office of Treaty Settlements and Takutai Moana
- Te Puni Kōkiri – Ministry of Māori Development
- Public Service Commission
- Ministry for the Environment
- Department of Conservation
- Land Information New Zealand
- Ministry of Justice
- New Zealand Police
- Department of Corrections
- Serious Fraud Office
- National Emergency Management Agency
- Crown Law Office
- Parliamentary Counsel Office
- Ministry of Health
- Cancer Control Agency
- Ministry of Education
- Education Review Office
- Charter School Agency
- Oranga Tamariki – Ministry for Children
- Ministry of Disabled People
- Social Investment Agency
- Independent Children's Monitor
- Ministry of Social Development
- Ministry of Housing and Urban Development
- Ministry of Transport
- Ministry of Business, Innovation, and Employment
- Ministry for Primary Industries

TIER 2  
Portfolios

- Prime Minister
- Ministerial Services
- Customs
- Finance
- Revenue
- State Owned Enterprises
- Regulation
- Defence
- GCSB
- National Security and Intelligence
- NZSIS
- Foreign Affairs
- Trade and Investment
- Arts, Culture and Heritage
- Community and Voluntary Sector
- Immigration
- Internal Affairs
- Media and Communications
- Racing
- Sport and Recreation
- Statistics
- Ethnic Communities
- Pacific Peoples
- Seniors
- Women
- Māori Crown Relations: Te Arawhiti
- Māori Development
- Treaty of Waitangi Negotiations
- Digitising Government
- Public Service
- Climate Change
- Conservation
- Environment
- Hunting and Fishing
- Land Information
- RMA Reform
- Corrections
- Courts
- Emergency Management and Recovery
- Justice
- Police
- Prevention of Family and Sexual Violence
- Attorney-General
- ACC
- Health
- Mental Health
- Education
- Universities
- Vocational Education
- Child Poverty Reduction
- Children
- Disability Issues
- Social Development and Employment
- Social Investment
- Veterans
- Whānau Ora
- Youth
- Auckland
- Building and Construction
- Housing
- Local Government
- Regional Development
- South Island
- Infrastructure
- Rail
- Transport
- Commerce and Consumer Affairs
- Economic Growth
- Science, Innovation and Technology
- Small Business and Manufacturing
- Space
- Tourism and Hospitality
- Workplace Relations and Safety
- Energy
- Resources
- Agriculture
- Biosecurity
- Food Safety
- Forestry
- Oceans and Fisheries
- Rural Communities

TIER 3  
Ministers

- RT Hon Christopher Luxon
- Hon Nicola Willis
- Hon Chris Bishop
- Hon Simeon Brown
- Hon Erica Stanford
- Hon Paul Goldsmith
- Hon Louise Upston
- Hon Judith Collins KC
- Hon Dr Shane Reti
- Hon Mark Mitchell
- Hon Todd McClay
- Hon Tama Potaka
- Hon Matt Doocey
- Hon Simon Watts
- Hon Chris Penk
- Hon Penny Simmonds
- Hon Nicola Grigg
- Hon James Meager
- Hon Scott Simpson
- Hon David Seymour
- Hon Brooke van Velden
- Hon Nicole McKee
- Hon Andrew Hoggard
- Hon Karen Chhour
- RT Hon Winston Peters
- Hon Shane Jones
- Hon Casey Costello
- Hon Mark Patterson

Key

- Minister
- Associate Minister
- Minister Outside Cabinet
- Minister Outside Cabinet, Associate Minister



Source: Department of the Prime Minister and Cabinet; Public Service Commission.

# "Compact Cabinet" Public Policy Responsibility Flowchart – New Zealand

## TIER 1

### Consolidated Departments

Department of the Prime Minister and Cabinet  
Ministry of Finance  
New Zealand Revenue and Customs  
Ministry of Defence and Security  
Ministry of Foreign Affairs and Trade  
Department of Home Affairs  
Ministry for Communities  
Ministry of Māori Development and Crown Relations  
Public Service Commission  
Ministry of Environment and Conservation  
Ministry of Justice and Law  
Department of the Attorney General  
Ministry of Health and Wellbeing  
Ministry of Education and Skills  
Ministry of Social Development  
Ministry of Local Government, Housing and Regional Development  
Ministry of Infrastructure and Transport  
Ministry of Commerce  
Ministry of Energy and Resources  
Ministry for Primary Industries

## TIER 2

### Consolidated Portfolios

Prime Minister  
Finance  
Defence and Security  
Foreign Affairs and Trade  
Home Affairs  
Māori Development and Crown Relations  
Public Service  
Environment and Conservation  
Justice and Law  
Health and Wellbeing  
Education and Skills  
Social Development  
Built Environment  
Commerce  
Primary Industries

## TIER 3

### Junior Ministers

Regulation  
Trade and Investment  
Communities  
Attorney-General  
Justice and Courts  
ACC  
Housing  
Transport  
Energy and Resources  
Workplace Relations and Safety

# "Realigned Portfolios" Public Policy Responsibility Flowchart – New Zealand

## TIER 1

### Consolidated Departments

Department of the Prime Minister and Cabinet  
Ministry of Finance  
New Zealand Revenue and Customs  
Ministry of Defence and Security  
Ministry of Foreign Affairs and Trade  
Department of Home Affairs  
Ministry for Communities  
Ministry of Māori Development and Crown Relations  
Public Service Commission  
Ministry of Environment and Conservation  
Ministry of Justice and Law  
Department of the Attorney General  
Ministry of Health and Wellbeing  
Ministry of Education and Skills  
Ministry of Social Development  
Ministry of Local Government, Housing and Regional Development  
Ministry of Infrastructure and Transport  
Ministry of Commerce  
Ministry of Energy and Resources  
Ministry for Primary Industries

## TIER 2

### Consolidated Portfolios

Prime Minister  
Finance  
Regulation  
Defence and Security  
Foreign Affairs and Trade  
Home Affairs  
Communities  
Māori Development and Crown Relations  
Public Service  
Environment and Conservation  
Justice and Law  
Attorney-General  
Health and Wellbeing  
Education and Skills  
Social Development  
Local Government, Housing and Regional Development  
Infrastructure and Transport  
Commerce  
Energy and Resources  
Primary Industries

## TIER 3

### Junior Ministers

Trade and Investment  
Justice and Courts  
ACC  
Housing  
Workplace Relations and Safety

## CHAPTER 1

# Introduction

Once admired for its clarity and coherence, New Zealand's system of government has become unnecessarily complex. Ministerial portfolios have proliferated, lines of accountability have blurred and coordination has become more difficult – with implications for governance, fiscal management and democratic transparency.

Max Salmon's 2024 research note, "Cabinet Congestion: The Growth of a Ministerial Maze,"<sup>1</sup> documented the remarkable expansion of New Zealand's executive. His analysis traced this growth from 11 ministers and 34 portfolios in 1924 to 28 ministers and 78 portfolios across 43 public and non-public service departments. The number of portfolios has now reached 81 (See Appendix 1).<sup>2</sup>

Compared with similar nations, New Zealand has 55% more budget-holding ministers, over three times the number of portfolios and more than one and a half times as many departments.<sup>3</sup>

Salmon identified several factors driving this expansion, including coalition politics under Mixed Member Proportional (MMP), the creation of portfolios for political signalling and the use of ministerial positions as rewards for loyal MPs. He highlighted the practical problems of this arrangement: ministers experiencing "portfolio stretch" as they attempt to master multiple unrelated areas; coordination difficulties when ministers are distributed inside and outside Cabinet; and departments facing conflicting direction from multiple ministers.<sup>4</sup>

This report builds on Salmon's foundational work in three important ways. First, it examines the economic and governance implications of ministerial congestion. Second, it draws upon

international literature, comparative case studies and New Zealand's historical fiscal trends to answer critical questions about the costs of New Zealand's outsized executive and the potential benefits of reform. Third, it presents two models for reforming New Zealand's ministerial portfolios (Chapter 5) and sets out a complementary plan for aligning government departments with the proposed consolidated portfolios (Chapter 6).

The report presents two illustrative reform models, each combining ministerial and departmental consolidation. One proposes a compact Cabinet of 15 senior ministers supported by junior ministers; the other proposes a more moderate consolidation of portfolios across 20 Cabinet ministers, supported by a fewer number of junior ministers. In both cases, ministerial responsibilities are aligned with a reorganised departmental structure that reduces the current 43 departments to 20. These models are not prescriptive but demonstrate how reform could restore coherence, reduce duplication and improve executive performance.

International experience insights suggest that portfolio reform is the logical place to begin: it requires no legislation, can be implemented at the start of a new parliamentary term and unlocks the biggest coordination gains. As a former senior minister observed to us, "*if a policy proposal needs sign-off from six different ministers, that's six chances for other ministers or officials to slow or stop it.*" Fewer ministers with broader domains reduce these veto points and align political authority with administrative accountability.

## 1.1 The Research Questions

This report addresses three questions.

First, what are the economic costs of New Zealand's Cabinet congestion? International literature suggests larger Cabinets are associated with higher public expenditure and larger budget deficits. Do these findings hold true in the New Zealand context?

Second, what can New Zealand learn from international examples of executive structure and reform? Countries like Ireland, Norway and Singapore maintain much smaller executive branches while governing populations similar to New Zealand's. Australia's 1987 Cabinet reforms demonstrate that significant reorganisation is possible. What lessons do these examples offer for New Zealand?

Third, what would a practical reform pathway look like for New Zealand? Given the political realities of MMP, the practical constraints of parliamentary talent pools and the inertia of existing structures, how might New Zealand move from its current 81 portfolios and 43 departments toward a more streamlined and effective executive?

The report does not examine two closely related issues: the performance management frameworks applied across government, and the size and composition of the public service workforce. Yet both are central to the productivity and efficiency of executive government. In relation to the former, there is widespread recognition – both internationally and within New Zealand – that existing reporting is overly focused on activities and inputs and provides too little insight into whether public spending is delivering meaningful outcomes.<sup>5</sup>

New Zealand has made previous attempts to improve this, including the Better Public Services programme and the Treasury's Living Standards

Framework and wellbeing budgeting.<sup>6</sup> But the shift toward outcome-based accountability remains partial, and incentives for public agencies to focus on long-term results are weak.<sup>7</sup> These concerns are now being examined in a major inquiry by Parliament's Finance and Expenditure Committee, launched in April 2025. The inquiry's purpose is to assess how the Executive should be held to account for its performance, and to recommend changes to performance reporting and public accountability settings to ensure they are fit for 21st-century New Zealand.<sup>8</sup>

While this report argues that executive reform is essential to improving government performance, it does not claim to be exhaustive. Further gains in productivity and value-for-money may be achievable through strengthening outcome-based performance frameworks and ensuring that the size of the public service is aligned with its functions. These are beyond our scope, but they warrant serious and parallel attention.

## 1.2 The Methodology

To answer the three questions posed above, this report:

- Reviews international academic literature on Cabinet size and fiscal outcomes and presents a time-series analysis of New Zealand data from 1997 to 2019, illustrating trends in ministerial growth and government expenditure.
- Examines case studies of executive structure and reform from comparable nations. It pays particular attention to Ireland, Norway, Singapore and Australia's 1987 reforms.
- Draws on interviews with former ministers, public service leaders and academic experts to develop practical reform proposals. These proposals acknowledge the political realities of New Zealand's MMP system while seeking pathways toward a more streamlined and effective executive structure.



## 1.3 The Context

New Zealand's Cabinet congestion exists within a broader political and economic context. The MMP electoral system, adopted in 1996, has produced a series of coalition governments requiring the distribution of ministerial positions among multiple parties. This has created structural pressures for portfolio proliferation as coalition partners demand ministerial positions proportionate to their electoral contribution.

Beyond coalition dynamics, portfolio creation is sometimes used to deflect political accountability. Senior ministers may delegate contentious or operationally risky responsibilities to others, preserving strategic control while distancing themselves from delivery challenges. This practice further fragments responsibility and blurs lines of ministerial accountability.

The expansion of the executive has occurred alongside significant changes in the public service. The 1988 State Sector Act and subsequent reforms separated policy advice from operational functions, created Crown entities and state-owned enterprises and established a more disaggregated public sector. These changes may have contributed to executive expansion as ministers required broader oversight capacities.

New Zealand's economic context also matters. Following the 2008 global financial crisis, the 2010–11 Canterbury earthquakes and most recently the COVID-19 pandemic, the country has faced significant fiscal pressures. Government debt has risen, inflationary pressures persist and productivity growth remains sluggish. In this environment, the efficiency of government structures takes on renewed importance.

Meanwhile, countries facing similar challenges operate with far leaner structures, showing that New Zealand's complexity is a choice, not a necessity.

## 1.4 Structure of the Report

The report is structured as follows:

- Chapter 2 briefly recaps the findings in Salmon's earlier report.
- Chapter 3 presents the economic evidence, using international literature and New Zealand trend data to illustrate the relationship between executive size and fiscal outcomes.
- Chapter 4 examines executive structures in comparable countries.
- Chapter 5 sets out two alternative reform pathways for portfolio consolidation.
- Chapter 6 presents a complementary departmental reorganisation model.
- Chapter 7 addresses implementation challenges.
- Chapter 8 summarises the key recommendations.
- Appendices provide detailed descriptions and technical analysis.

## 1.5 Why This Matters

Cabinet congestion is not merely an administrative concern. It affects how well government functions and ultimately how effectively New Zealand addresses the complex challenges facing the nation. An inefficient executive structure impairs policy coordination, dilutes ministerial expertise and weakens accountability. It also has tangible economic costs through its effect on public expenditure and fiscal balance.

While many decisions are made by an informal inner Cabinet or through Cabinet committees, this does not eliminate the costs imposed by a bloated formal structure.

This report does not suggest that reducing the size of the executive is a panacea for New Zealand's policy challenges. Governance reform alone cannot substitute for sound policy design or effective policy implementation.

However, it does argue that the current structure creates unnecessary friction in the policy process and imposes economic costs that New Zealand can ill afford.

By combining economic evidence, international case studies and practical proposals, this report aims to move the conversation from diagnosis to treatment. It offers a pathway toward a more coherent, accountable and effective executive structure better equipped to serve New Zealand's needs in the 21st century.

CHAPTER 2

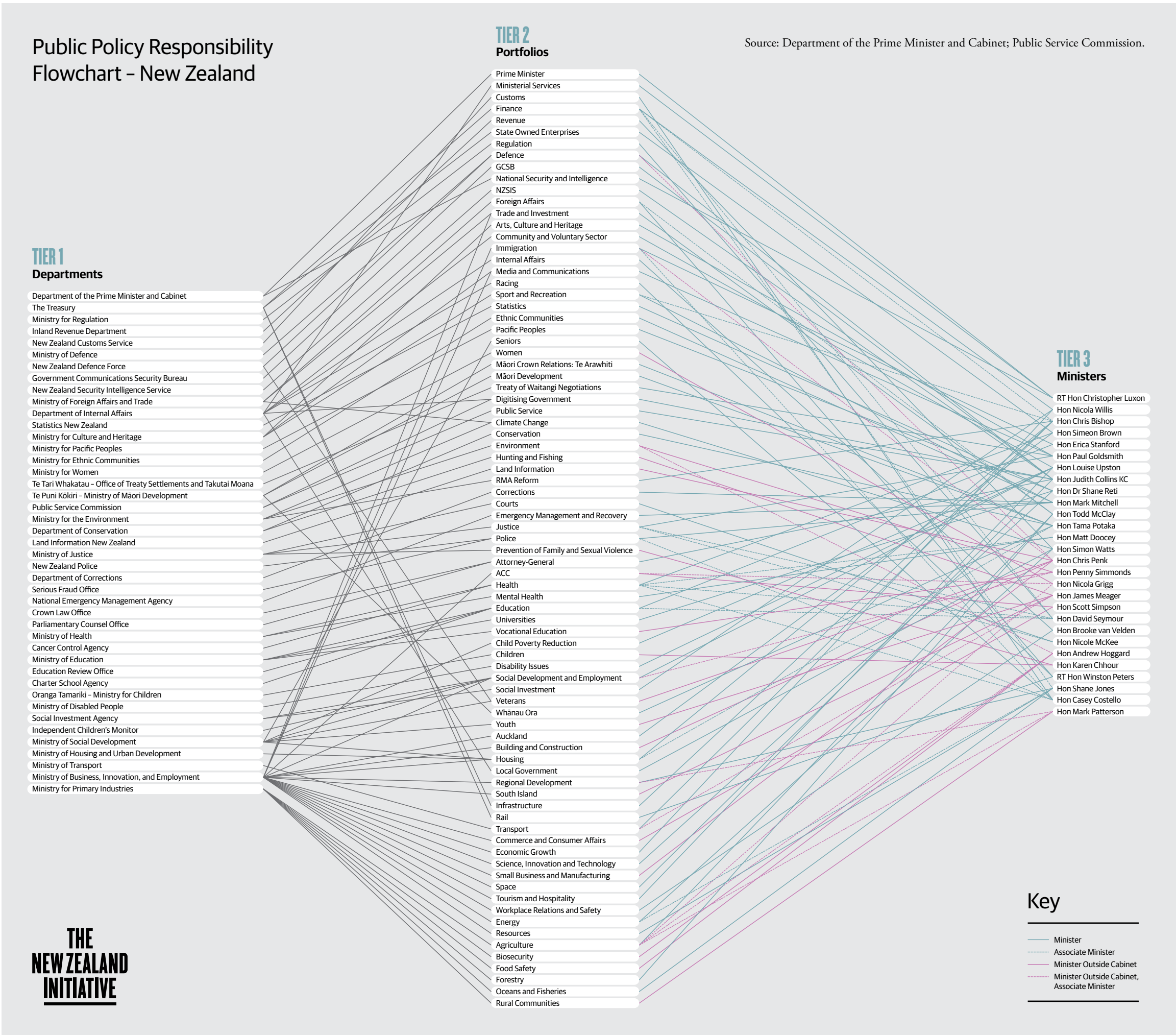
# New Zealand's Ministerial Maze

Salmon’s “Cabinet Congestion” report established that New Zealand has departed dramatically from international norms in the size and complexity of its executive structure.<sup>9</sup> The flowchart in Appendix A of Salmon’s report, updated to reflect subsequent changes and reordered to match the figures later in this report, is reproduced as Figure 2.1.<sup>10</sup> It provides a striking visual representation of this complexity. The diagram maps the tangled web of relationships between ministers, portfolios and departments in New Zealand’s current system.

Among developed parliamentary democracies with similar populations, New Zealand stands apart. With 28 ministers managing 81 portfolios across 43 departments, New Zealand’s executive branch dwarfs those of comparable nations.<sup>11</sup> The data reveals striking disparities:<sup>12</sup>

- Ireland, with a population of 5.3 million, operates with 15 Cabinet ministers managing 18 portfolios across 18 departments.
- Norway, population 5.5 million, functions with 20 ministers managing 20 portfolios across 17 ministries.
- Finland, population 5.6 million, maintains 19 ministers handling 20 portfolios through 12 departments.
- Singapore, population 5.9 million, has 18 ministers overseeing 21 portfolios across 16 departments.
- Denmark, population 5.9 million, has 25 ministers managing 25 portfolios through 24 departments.

Figure 2.1:



When normalised for population size, these disparities become even more apparent. New Zealand has 0.54 ministers per 100,000 people, compared with Ireland's 0.28, Finland's 0.34, Norway's 0.36, Singapore's 0.30 and Denmark's 0.42. For portfolios, the contrast is starker: New Zealand's 1.55 portfolios per 100,000 people vastly exceeds Ireland's 0.34, Finland's 0.36, Norway's 0.36, Singapore's 0.36 and Denmark's 0.42. The same pattern holds for departments, with New Zealand's 0.82 departments per 100,000 people far exceeding Ireland's 0.34, Norway's 0.31, Finland's 0.22, Singapore's 0.27 and Denmark's 0.40.<sup>13</sup>

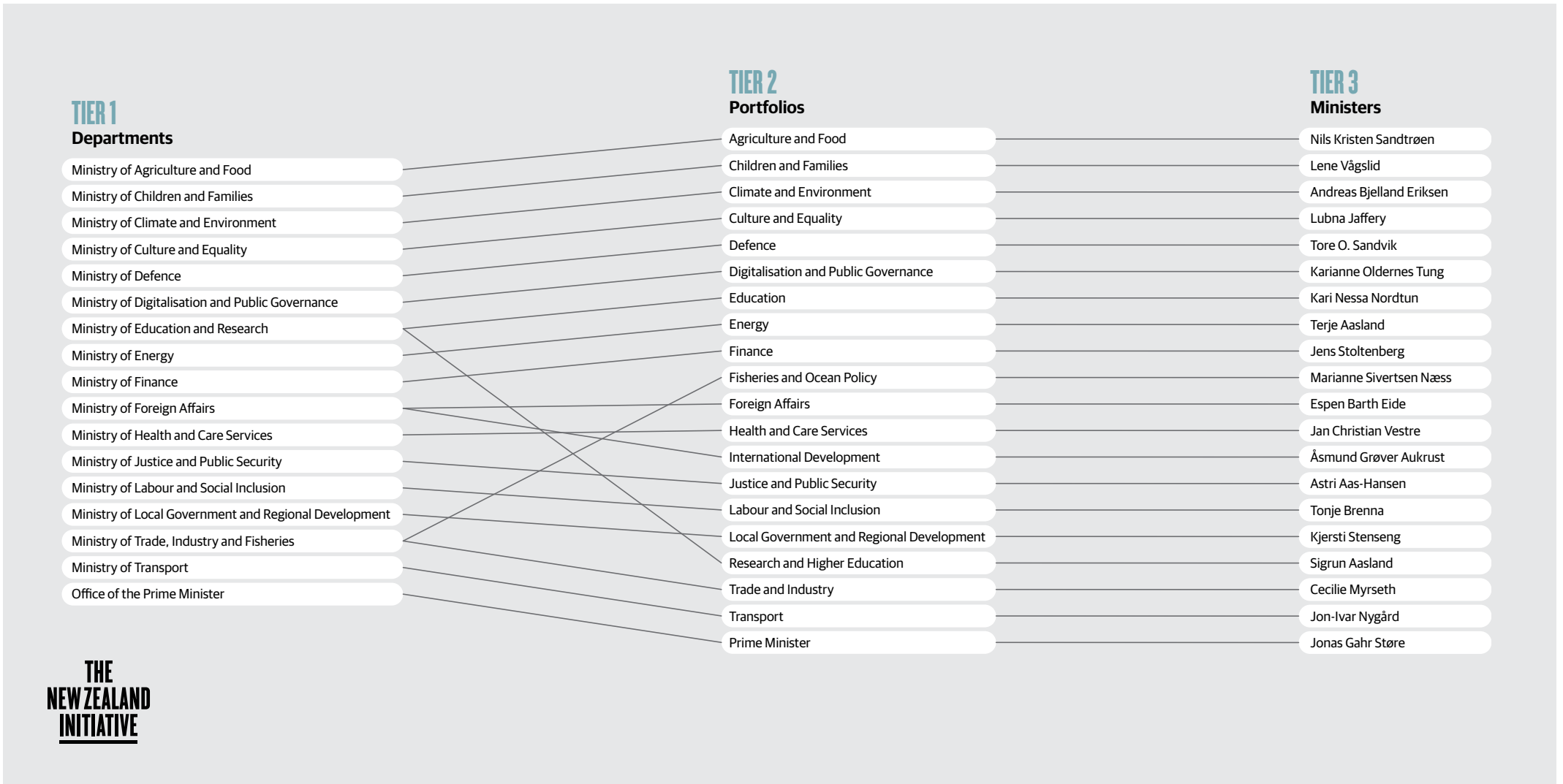
On average, comparable nations maintain about 0.34 ministers, 0.37 portfolios and 0.31 departments per 100,000 people. New Zealand exceeds these benchmarks by 57%, 322% and 168% respectively. This is not merely quantitative excess – it represents a qualitative difference in governance approach that carries significant implications for policy coordination and fiscal discipline.

Perhaps most tellingly, this misalignment has developed gradually rather than through deliberate design. Unlike Ireland, which has maintained a constitutional cap of 15 ministers since 1937,<sup>14</sup> New Zealand has allowed steady portfolio proliferation without an overarching structural framework to guide executive organisation. This incremental growth has resulted in an executive structure that lacks coherence and clear lines of accountability.

The complexity illustrated in Figure 2.1 stands in stark contrast to the more streamlined executive structures of comparable nations. While New Zealand's "spaghetti" flowchart has numerous overlapping connections, as Figure 2.2 shows, Norway maintains clearer, more direct relationships between ministers, portfolios and ministries.

The visual comparison makes tangible what the statistics only suggest: New Zealand has developed an unusually complex and potentially unwieldy governance structure.

**Figure 2.2:**  
Public Policy Responsibility Flowchart – Norway



Source: Norwegian Ministries Digitalisation Organisation.

## 2.2 The Ministry of Confusion: Overlapping Responsibilities

The abstract problem of portfolio proliferation manifests in concrete examples of confusion, duplication and inefficiency across New Zealand's government. The most vivid illustration is the Ministry of Business, Innovation and Employment (MBIE), which might fairly be renamed the Ministry of Confusion.

MBIE reports to 20 ministers and two Parliamentary undersecretaries who collectively hold 19 portfolios.<sup>15</sup> A flowchart of MBIE's reporting lines is set out in Figure 2.3.

In practical terms, MBIE's Chief Executive must navigate the priorities, preferences and sometimes contradictory demands of 20 political masters. Not only does this create an administrative burden, but it also blurs accountability. When 20 ministers share responsibility, in effect, no one is truly responsible.

The problem extends beyond MBIE. The Treasury reports to seven ministers: the Minister of Finance, three Associate Ministers of Finance, the Minister for Infrastructure, the Minister for State Owned Enterprises and the Minister of Rail.<sup>16</sup> These seven ministers must coordinate on economic and fiscal policy, creating opportunities for conflicting priorities and mixed messages to officials.

Cross-cutting policy areas create additional layers of complexity. Environmental policy requires ministers from the Department of Conservation, Department of Internal Affairs, Land Information New Zealand, Ministry for Primary Industries, Ministry for the Environment and the Ministry of Transport to collaborate.<sup>17</sup> Each may approach an issue from a different perspective, with different priorities and accountabilities.

Officials must navigate these competing demands, risking compromised solutions that lack coherence or effectiveness.

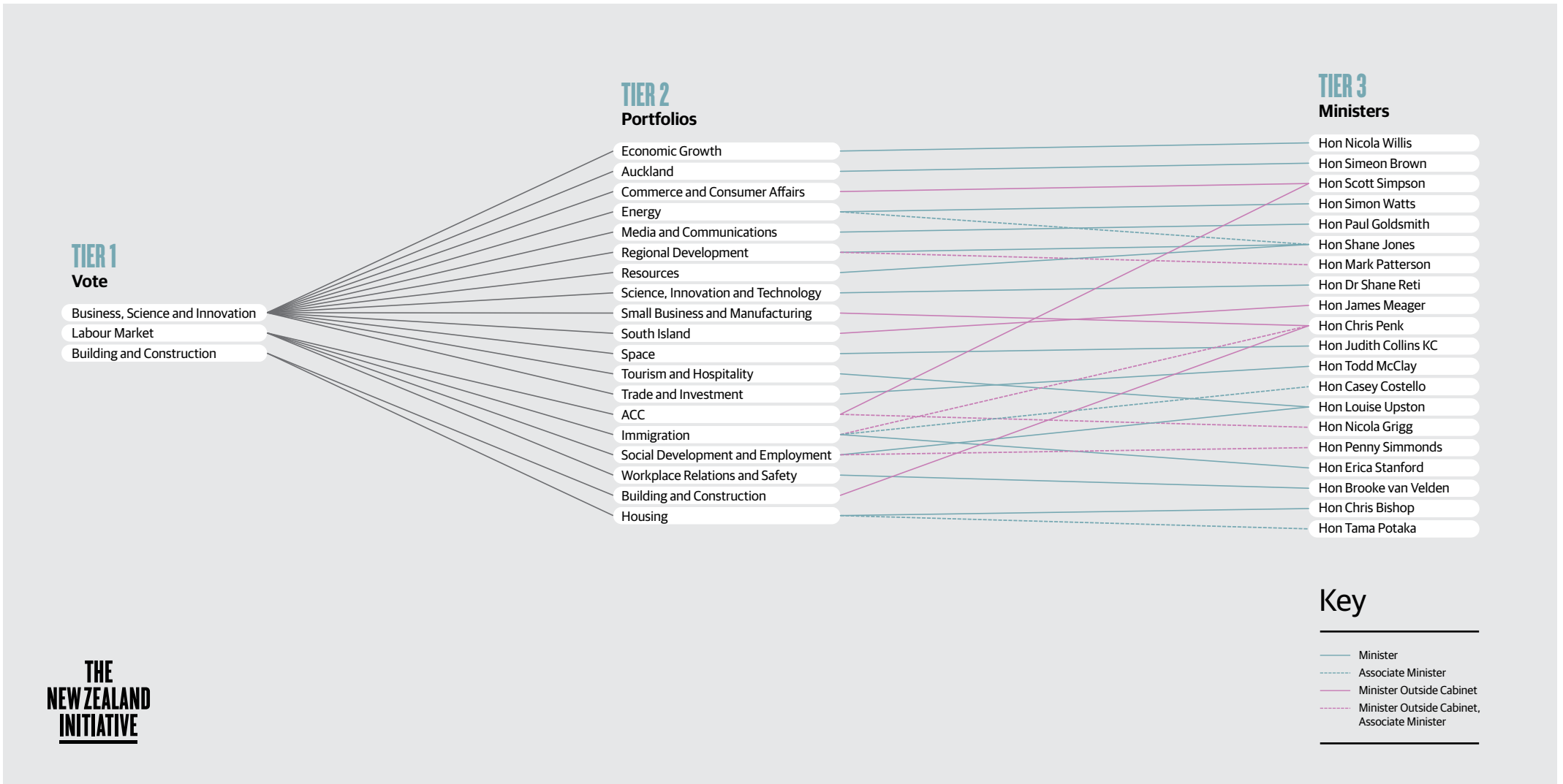
In a particularly striking example of portfolio overlap, the Housing portfolio spans at least six departments and involves multiple ministers:

- The Minister of Housing oversees the Ministry of Housing and Urban Development.
- The Minister for Social Development and Employment oversees housing support, administered by the Ministry for Social Development.
- The Minister for Building and Construction oversees MBIE's building regulatory functions.
- The Minister for Local Government oversees the parts of the Department of Internal Affairs responsible for councils, which control local planning rules, zoning and consenting.
- The Minister for the Environment and the Minister Responsible for RMA Reform; and
- The Minister for Infrastructure, who oversees infrastructure funding through Treasury.<sup>18</sup>

Consequently, no single minister has both the responsibility and authority to address New Zealand's housing affordability crisis comprehensively.

These examples illustrate how portfolio proliferation creates not just administrative bloat but actual governance problems. When responsibilities are fragmented across multiple ministers and departments, policy development becomes slower, more contested and less coherent. Implementation faces similar challenges, as officials must satisfy multiple ministerial masters with potentially divergent views.

**Figure 2.3:**  
Reporting Lines of the Ministry of Business, Innovation and Employment – New Zealand



Source: Department of the Prime Minister and Cabinet; MBIE.

## 2.3 Recent Developments: Proliferation Continues

Despite widespread recognition of the problem of Cabinet congestion, recent governments have continued to add ministerial portfolios rather than consolidate them. The current administration, formed after the 2023 election, illustrates this tendency.

The coalition government created several new ministerial portfolios, including a Minister for Regulation, a Minister for Hunting and Fishing and a Minister for Space.<sup>19</sup> While these areas may warrant policy attention, creating standalone portfolios risks further fragmenting ministerial accountability and adding to the coordination burden across government.

Coalition arrangements have doubtless contributed to portfolio proliferation across successive governments. The allocation of ministerial responsibilities becomes a key negotiating point. Smaller parties may secure ministerial positions partly through the creation of new portfolios aligned with their policy priorities.

The trend toward greater fragmentation extends beyond ministerial appointments. Currently, 17 portfolios have associate ministers, with some portfolios having multiple associates. For example, the Health portfolio has three associate ministers, each responsible for different aspects of health policy.<sup>20</sup> While delegation can be effective, the current approach creates additional coordination challenges and risks blurring accountability.



## CHAPTER 3

# The Economic Cost of Ministerial Congestion

### 3.1 The International Evidence: Minister Numbers and Fiscal Outcomes

Repeated studies have identified a relationship between the size of a country's executive and its fiscal outcomes. This research provides context for New Zealand's complex approach to executive government.

Volkerink and de Haan studied 22 OECD countries from 1971 to 1996. They found that each additional minister was associated with increased budget deficits of about 0.08 percentage points.<sup>21</sup> Their work controlled for factors such as inflation, GDP growth rate and unemployment rate, to identify a relationship between the size of a country's executive and its fiscal outcomes.

Perotti and Kontopoulos looked at 19 OECD countries from 1970 to 1995. They found each extra ministry was associated with an increased deficit of about 0.12 percentage points of potential GDP yearly. Over time, this equated to a higher deficit of approximately 0.80 percentage points per extra minister.<sup>22</sup>

Wehner confirmed a similar pattern with a larger study of 58 countries from 1975 to 1998. He found each extra minister was associated with a 0.116 percent increase in the budget deficit and a 0.074 percent rise in public spending. These results were statistically significant, with significance at the 1% and 5% levels.<sup>23</sup>

While none of these studies establish a causal relationship, the consistency of the results across countries and time periods supports a robust association. The findings are consistent with the

“common pool problem” in public finance theory. Each minister tends to advocate for spending within their portfolio while internalising only a fraction of the budget as a common resource. As the number of ministers increases, so too does the number of budget claimants, diluting accountability and making aggregate spending restraint more difficult.

As ministerial numbers grow, each individual bears a smaller share of the reputational and political cost of excessive spending. In a Cabinet of 15 ministers, each bears roughly 6.7% of the reputational and political cost of excessive spending. In New Zealand's current executive with 28 ministers, that responsibility drops to just 3.6%. This dilution of accountability creates a structural bias toward higher spending.

The effect extends beyond ministers' individual incentives. Governments with numerous ministers generally face greater coordination challenges and higher transaction costs in budget negotiations.

### 3.2 New Zealand's Fiscal Trends

To explore whether international patterns apply to New Zealand, we reviewed ministerial and fiscal data from 1997 to 2019.<sup>24</sup> We chose this period to avoid COVID-19 distortions and maintain consistency in accounting methods.

Unfortunately, New Zealand's small dataset – just 23 annual observations – does not support reliable econometric modelling. Too few data points, combined with structural breaks and collinearity among key variables, undermine confidence in any formal statistical results.

As a result, we do not present regression estimates. Instead, we show a simple time-series chart that traces the number of ministers and total Crown expenditure from 1997 to 2019. The trends are visually striking.

Figure 3.1 illustrates that both ministerial headcount and public spending have trended upward across the period.

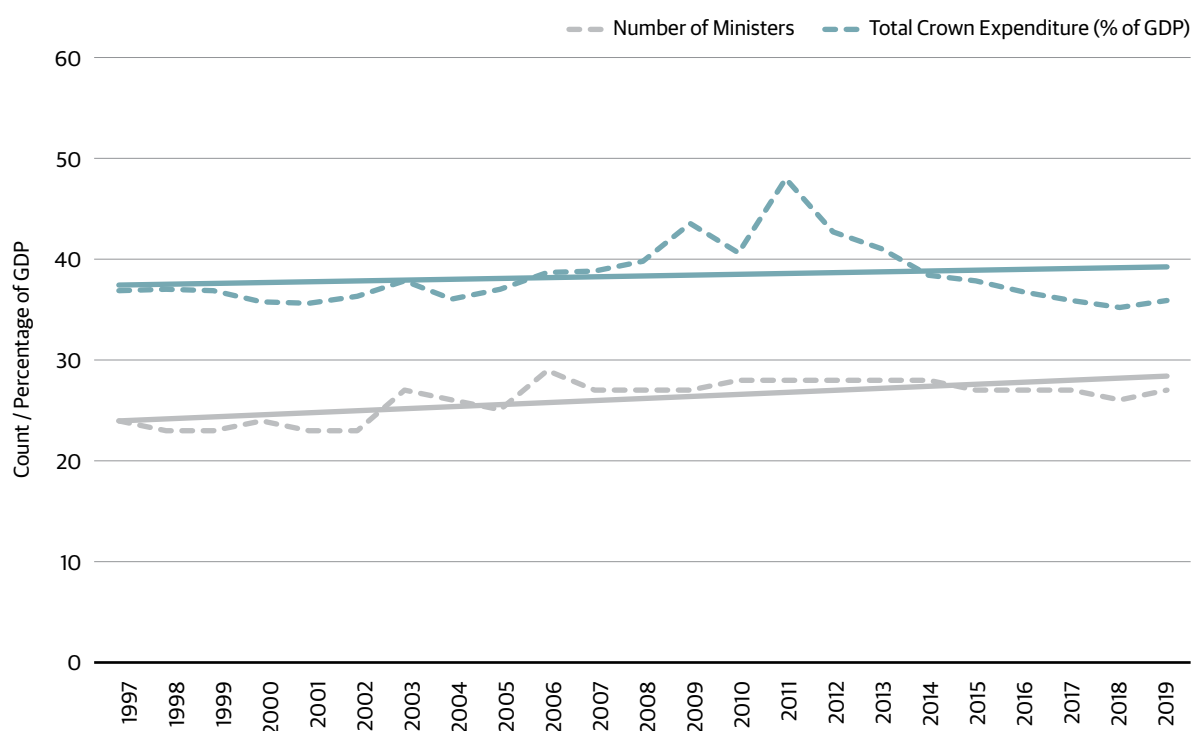
The visual alignment is consistent with international research showing that larger Cabinets tend to be associated with higher government spending.

The theoretical logic remains persuasive: the number of ministers with spending authority – each acting as a “spending baron” – contributes to upward pressure on expenditure.

### 3.3 The Case for Executive Reform

The evidence in this chapter suggests that Cabinet size is not just an administrative issue – it may have real fiscal consequences. International research links larger Cabinets to higher public spending, and New Zealand’s own historical trends point in the same direction. While the relationship is not mechanically simple, the direction is clear: a more streamlined executive is associated with greater fiscal restraint.

**Figure 3.1: Ministerial Count and Total Crown Expenditure in New Zealand (% of GDP), 1997–2019**



Source: The Treasury, DPMC, NZI analysis.

## CHAPTER 4

# International Lessons and Reform Models

New Zealand's ministerial expansion cannot be dismissed as an inevitable feature of modern governance. Around the world, countries of similar sizes operate with much leaner executive structures. Even larger nations often manage with fewer ministers and portfolios than New Zealand.

This chapter examines four countries that have taken deliberate steps to constrain Cabinet size and structure: Ireland, Norway, Australia and Singapore. Each provides relevant lessons for improving executive coherence, accountability and fiscal discipline in the New Zealand context.

### 4.1 Ireland: Constitutional Discipline and Ministerial Focus

Ireland provides perhaps the most striking contrast to New Zealand's executive expansion. Despite having a comparable population (5.3 million to New Zealand's 5.2 million), Ireland operates with no less than 7, and no more than 15 Cabinet ministers – a number fixed by constitutional provision since 1937.<sup>25</sup>

This constitutional cap has proven remarkably durable. Since 1966, every Irish Cabinet has been appointed at the maximum size of 15 members. What is remarkable is not the existence of this limit but how Ireland has adapted its governance structures to work effectively within it.

Irish ministers typically oversee broad departmental portfolios. For example, Ireland has a single Minister for Health, overseeing policies such as drugs and alcohol, primary

care and mental health.<sup>26</sup> When Ireland faces new policy challenges or priorities, it does not simply create new ministerial positions. Instead, the government must either reorganise existing departments or assign additional duties to existing ministers.

The Irish system also makes extensive use of Ministers of State – junior ministers who support Cabinet ministers in specific areas but who are not members of Cabinet themselves. For example, between May to July 2014, Taoiseach (Prime Minister) Enda Kenny was officially the Minister for Defence,<sup>27</sup> but delegated day-to-day running of the Defence Forces to Paul Kehoe, a Minister of State for Defence.<sup>28</sup>

The number of Ministers of State has grown over time: originally limited to 10 in 1977,<sup>29</sup> rising incrementally to the current cap of 23 in February this year.<sup>30</sup> This expansion reflects the reality that with only 15 senior ministers, Ministers of State play a crucial role in managing the breadth of government responsibilities.

Ireland also relies on Cabinet committees and cross-department coordination mechanisms to manage complex issues spanning multiple departments. These committees bring together relevant ministers and often include Ministers of State when appropriate. They are supported by interdepartmental teams of officials to ensure policies cutting across several ministries are aligned.

However, there are some limitations. With only 15 people at the Cabinet table, each minister's portfolio can be extremely broad, spanning

disparate policy areas.<sup>31</sup> The reliance on Ministers of State also presents challenges. While Ministers of State do much of the work, they lack Cabinet authority and cannot make final decisions on major policy issues.

Despite these critiques, Ireland has generally managed well with a small Cabinet. The trade-off has been heavy use of informal mechanisms like Ministers of State, multi-faceted departments and strong coordination processes to cover the governing workload. The Irish model demonstrates both the advantage of a formal size limit (clarity and restraint) and the need to pair it with robust supporting structures.

#### **4.2 Norway: Sector-Based Coherence and Coordination**

Norway offers another instructive model for New Zealand. With a population of 5.6 million (similar to New Zealand's 5.2 million), Norway operates with 20 ministers spread across 17 ministries.<sup>32</sup>

As shown in Figure 2.2, the Norwegian model is characterised by clear alignment of ministries to policy domains. Each of Norway's 17 ministries has a well-defined thematic remit, ensuring comprehensive policy coverage without significant overlap.<sup>33</sup> For instance, Norway maintains dedicated ministries for Finance; Justice and Public Security; Defence; Health and Care Services; Education and Research; Transport; Trade, Industry and Fisheries; Agriculture and Food; Labour and Social Inclusion; Climate and Environment; Culture and Equality; Local Government and Regional Development; and several others.<sup>34</sup>

This sectoral approach means that related functions are grouped together under one (or sometimes two) minister's oversight. Rather than having a separate department for primary industries, Norway places business and fisheries

policy in one ministry (reflecting that fisheries are a major industry), with two ministers cooperating in that ministry. Similarly, the Ministry of Climate and Environment consolidates environmental policy that might elsewhere be split into separate environment and climate change portfolios.

Notably, there are no "ministries without ministers" or vice versa – every minister has a ministry, and each ministry's responsibilities are distinct. It is also rare for Norwegian ministers to hold multiple ministerial posts simultaneously; each focuses on their sector. The outcome is a coherent policy mapping: for nearly any issue, one can identify which ministry (and which minister) is responsible, reducing confusion and increasing accountability.

Despite having a compact set of ministers, Norway devotes significant attention to coordination mechanisms to ensure government acts cohesively. The Ministry of Finance plays a critical role in coordinating policy proposals and ensuring fiscal discipline across government.<sup>35</sup> Virtually all policy proposals undergo scrutiny by the Ministry of Finance, and the Ministry must approve any initiative that entails additional expenditure. This gives the Finance Ministry substantial coordinating power as a gatekeeper, ensuring proposals align with the government's fiscal framework and priorities.

Almost all Norwegian governments are coalitions of two or more parties. To make these coalitions work, the parties negotiate a comprehensive coalition agreement at the outset of governing, significantly enhancing coordination.<sup>36</sup> This agreement functions as a common policy programme, binding all ministers. As a result, even though each minister controls a specific sector, they are guided by a collectively agreed platform, reducing unilateral initiatives.

Norway's small Cabinet is praised for effective coordination, falling into the top rank for coordination within Bertelsmann Stiftung's

Sustainable Governance Indicators.<sup>37</sup> The built-in fiscal discipline (via the Finance Ministry's oversight) and coalition programme consensus mean that major clashes between ministries are infrequent. When cross-sector issues do emerge, the government can create a temporary commission or task force to address them rather than establishing a permanent new ministry.

The Norwegian model offers several strengths. A smaller Cabinet can meet frequently and have thorough discussions. The model promotes fiscal and policy discipline, with the Finance Ministry's central role and the coalition agreement process act as a check on executive actions.

Norway shows that even in a multi-party system it is possible to keep the executive streamlined – provided there are reliable mechanisms to coordinate policy and a commitment among parties to govern collectively rather than carve the state into fiefdoms.

#### **4.3 Australia: Decisive Reduction and Two-Tier Ministerial Structure**

Australia's 1987 Cabinet reform provides a particularly relevant case study for New Zealand. As another Westminster democracy with similar political and cultural traditions, Australia's successful reduction of Cabinet portfolios under the leadership of Prime Minister Bob Hawke demonstrates that significant reorganisation is possible in a familiar system.

By the mid-1980s, Australia's federal government had a proliferation of portfolios and departments. In 1987, Hawke's Labor government embarked on a dramatic Cabinet restructure driven by both political and economic motivations. Hawke wanted to strengthen Cabinet cohesion and decision-making in the face of complex reform agendas. Cabinet had swollen to 27 members in his second term, including many overlapping or minor portfolios.<sup>38</sup>

Hawke's view, shared by some public service advisors, was that a tighter team at the top could formulate and implement policy more effectively. With so many ministers, Hawke considered collective responsibility was diluted and too much time was spent coordinating across siloed departments. Australia was also dealing with budget deficits and a push for efficiency in government. Reducing the number of departments promised cost savings and aligned with broader public sector reforms of the era.

Australia's 1987 Cabinet reform consolidated Cabinet portfolios dramatically, reducing them from 28 down to 16 and merging multiple departments into new "super-ministries."<sup>39</sup> For example, the portfolios of Transport and Communications were combined; Employment, Education and Training were merged into one; and Industry and Commerce were merged with smaller portfolios like Technology to form a large Department of Industry, Technology and Commerce.<sup>40</sup>

Hawke implemented a clear two-tier ministerial structure, dividing responsibilities between senior Cabinet ministers and junior ministers.<sup>41</sup> Each of the 16 consolidated portfolios had one senior minister at the top, but many also had one or more junior ministers assigned to specific aspects.

The senior ministers were thereby freed from some daily micro-management. As Hawke stated in Parliament, "under the new system portfolio Ministers [will be] released from some of the detailed administrative work, enabling them to give greater attention to policy."<sup>42</sup>

In practice, this meant senior ministers focused on strategic oversight and Cabinet-level decisions for their sector, while junior ministers handled routine decisions, operational matters and initial policy development in their narrower areas.

The Australian reforms improved strategic policy coordination, decision-making efficiency and

fiscal discipline.<sup>43</sup> With only 16 voices in Cabinet, discussions were more focused and decisions could be reached quicker. Cabinet agendas were less crowded, since each minister covered a whole sector and could bring a composite proposal rather than having multiple ministers each representing narrow interests.

Research by Aucoin and Bakvis found that the Australian consolidation improved coordination on interdependent policies – issues that spanned merged portfolios were now resolved internally by one minister and their juniors, rather than via protracted inter-ministerial negotiations.<sup>44</sup> Budgetary discipline also benefited: fewer ministers meant fewer spending barons around the table, and the mega-portfolio structure allowed the Finance Minister to deal with a concentrated set of colleagues.<sup>45</sup>

On efficiency, cost savings materialised in some areas: reducing 28 departments to 18 meant eliminating 10 departmental head positions and some duplication in corporate services. In governance terms, one clear improvement was strategic capacity. Senior ministers with broad portfolios were able to operate more holistically.

The 1987 reforms had enduring influence; subsequent governments of various political persuasions retained the streamlined structure.<sup>46</sup> When a new government (the Liberal-National Coalition under John Howard) took office in 1996, it did not revert to 28 ministries. Howard's initial Cabinet had 16 members, closely mirroring Hawke's template. Over the years, there has been a gradual increase in the number of departments again, but the Cabinet itself did not balloon proportionately, staying between 17–20 ministers.

Australia's example demonstrates that with determined political leadership significant executive restructuring is possible.

#### 4.4 Singapore: Whole-of-Government Excellence

Singapore offers a particularly instructive example of a lean ministerial structure paired with exceptional public service performance. With a population similar to New Zealand's at 5.9 million, Singapore operates with just 16 ministries and 18 ministers, contrasting sharply with New Zealand's 43 departments and 28 ministers.<sup>47</sup>

What makes Singapore's example compelling is not merely its smaller executive, but its outstanding governance outcomes. Since 2014, Singapore has maintained a 100th percentile ranking in government effectiveness according to World Bank indicators.<sup>48</sup>

The Singaporean government follows the Westminster model but has a disciplined approach to ministerial appointments. Each ministry has a focused mission statement defining its role, and ministers typically concentrate on one portfolio or at most two related ones.<sup>49</sup>

For example, Singapore has a single Minister of Education responsible for all education levels, rather than splitting responsibility between multiple ministers. Similarly, its Minister – and Ministry – of National Development handles housing, construction and urban design in a unified way, avoiding the fragmentation seen in New Zealand's approach to these areas.<sup>50</sup>

While some ministers hold responsibilities that span more than one department, this is managed selectively. For instance, before May 23, 2025, Mr. K Shanmugam served as both Minister for Home Affairs and Minister for Law, an intentional pairing aligning security and justice functions.

Singapore's success rests significantly on what officials describe as a "Whole-of-Government" approach. This philosophy recognises that the whole is greater than the sum of its parts,

particularly for complex policy challenges that cross ministerial boundaries. Rather than creating new ministerial portfolios for each emerging issue, Singapore emphasises cross-agency coordination and shared outcomes.<sup>51</sup>

The Singapore Civil Service College plays an important role in this coordination effort. It provides training that establishes a common language and problem-solving approach across the public service. Civil servants are taught to view problems at a national level rather than from the perspective of individual agencies, enabling more integrated responses to policy challenges.<sup>52</sup>

Singapore's experience demonstrates that excellence in governance comes not from ministerial proliferation but from clear accountability, strategic focus and effective coordination across a limited number of key portfolios.

#### **4.5 Lessons for New Zealand**

These four international examples offer valuable lessons for New Zealand.

In each case, the benefit of a small, focused executive is clearly understood – be it constitutional principle in Ireland, consensus efficiency in Norway, pragmatic outcomes in Singapore or coordinated policy in Australia.

Another commonality is the reliance on support mechanisms to handle workload. All four models suggest that simply cutting the number of ministers may be too heavy-handed; rather, the workload of ministers with broad portfolios is managed through junior ministers, strong civil service coordination and Cabinet committees.

A third shared factor is political leadership and buy-in. In Ireland, the constitutional limit provides an exogenous rule that all parties accept, making the 15-minister limit non-negotiable. In Norway, a long political tradition of coalitions

and consensus imparts discipline – parties know they won't all get the ministerial positions they may want, so they negotiate platforms instead. In Singapore, the focus on pragmatic governance over ideological considerations builds consensus around streamlined structures. In Australia, Hawke's personal leadership and the agreement of his Cabinet were critical in pushing through the 1987 reforms and persuading caucus to go along.

All four countries also exhibit institutional flexibility – with each model combining a firm principle (small Cabinet) with flexibility in execution. Ireland's flexibility lies in its creative use of Ministers of State. Norway's flexibility is in its informal coordination solutions. Singapore's flexibility comes through its whole-of-government approach to emerging issues. Australia's lies in creating a two-tier ministry structure, where an outer ministry of junior ministers handled detailed operational matters, allowing senior Cabinet ministers to concentrate on strategic oversight.

New Zealand could adopt aspects of all four models. From Ireland, it could take the idea of a fixed upper limit on Cabinet ministers. From Norway, it could adopt the sector-based ministerial structure with clear alignment of portfolios to natural policy domains. From Singapore, it could implement the whole-of-government approach and pragmatic focus on outcomes rather than administrative structures. From Australia, it could implement the two-tier ministry system, with a smaller number of senior portfolio ministers in Cabinet supported by junior ministers or under-secretaries for specific areas.

The experience of these countries demonstrates that a streamlined executive is not only possible but can enhance governance effectiveness. Their success provides a powerful counterargument to the notion that New Zealand's complex modern governance demands an ever-expanding ministerial structure.

## CHAPTER 5

# The Portfolio Reform Pathway: From 80+ Primary Portfolios to ~20

This chapter and the one that follows outline a practical reform pathway to transform New Zealand's executive structure from its current unwieldy state of 81 portfolios and 43 departments to a more streamlined and coherent model of 15–20 portfolios with aligned departmental structures.

Consolidating portfolios is the essential first step. Ministers frequently report coordination failures when they must negotiate with multiple colleagues to achieve even modest reforms – each with their own officials, priorities and veto points. Portfolio consolidation addresses this misalignment at its source by creating ministerial portfolios that map to coherent policy domains.

### 5.1 Principles for Reform

Any meaningful reform of New Zealand's executive must be guided by clear principles that go beyond administrative tidiness. Four key principles emerge from the international evidence discussed in Chapter 4 and from New Zealand's specific context.

**1. Clear accountability chains:** Each area of government activity should have a clearly identified minister and department responsible to Parliament and the public. The current situation – where departments like MBIE report to over a dozen ministers – undermines this principle. International models (Ireland, Norway, Australia) show that when one senior minister is responsible for a coherent policy domain, ministerial oversight, parliamentary scrutiny and public understanding improve.

**2. Minimise overlapping responsibilities:**

Where multiple ministers or departments are responsible for related policy areas, inefficiency, duplication and incoherence follow. Eliminating overlap clarifies leadership and reduces coordination costs – a key lesson from Australia's 1987 consolidation and from Singapore's tightly defined portfolios.

**3. Structural coherence over proliferation:**

New Zealand's current structure has evolved through incremental growth, not deliberate design. A more coherent structure would group functions based on natural policy domains (e.g. transport and infrastructure, or health and injury management). Countries such as Norway and Ireland maintain stable, aligned structures that reduce administrative churn and portfolio sprawl. New Zealand should aim to do the same, ensuring new portfolios are not created simply for political signalling or coalition balancing.

**4. Balance specialisation with coordination:**

Reform must balance specialisation with coordination. Complete centralisation is neither desirable nor practical. The goal is not to create unwieldy super-departments but to group related functions in ways that enhance coordination while preserving necessary expertise. The Australian model of portfolio ministers supported by junior ministers offers a useful template. Singapore's whole-of-government approach, emphasising coordination across agencies rather than ministerial proliferation, provides another instructive model.

Together, these principles provide a framework for reimagining New Zealand's executive



structure. While this chapter applies them to the design of ministerial portfolios, the same principles also underpin the departmental consolidation model proposed in Chapter 6. Whether in the allocation of ministerial responsibilities or the organisation of public service departments, the goals remain the same: clear accountability, reduced overlap, functional coherence and effective coordination.

## 5.2 Two Alternative Models for Cabinet Reform

The following sub-sections outline two illustrative models for reform. Each consolidates ministerial responsibilities into a smaller, more manageable set of core portfolios.

The first model – the Compact Cabinet – proposes a Cabinet of 15 senior ministers, each responsible for a broad sector, supported by a fixed number of junior ministers (up to 10). This “15+10” structure draws on international examples such as Ireland and Australia, where small, tightly focused Cabinets are complemented by a second ministerial tier with defined responsibilities.

The second model – the Realigned Portfolios approach – proposes a Cabinet of 20 ministers, each overseeing a consolidated but more focused portfolio, with fewer junior ministers required. This model aligns with the Cabinet sizes of countries such as Norway and Singapore with populations comparable to New Zealand’s.

These models are offered as ‘straw men’ – not prescriptive blueprints but plausible, internally coherent options to illustrate how reform might be practically achieved.

### 5.2.1 Compact Cabinet model (15+10)

Table 5.2.1 illustrates how New Zealand’s current 81 portfolios could be consolidated into 15 senior portfolios. The model creates a lean, strategically coherent executive with clearly defined lines of accountability.

This structure is designed to show how significant consolidation is practically achievable without sacrificing policy coverage or coalition flexibility.

**Table 5.2.1: Mapping Current Portfolios to Compact Cabinet Model**

No.	Proposed Consolidated Portfolio	Current Portfolios Included	Possible Junior Ministers and / or Undersecretaries (Capped at a maximum of 10)
1	<b>Prime Minister</b>	Ministerial Services; Prime Minister	--
2	<b>Finance</b>	Customs; Finance; Regulation; Revenue; State Owned Enterprises	Regulation
3	<b>Defence and Security</b>	Defence; GCSB; National Security and Intelligence; NZSIS	--
4	<b>Foreign Affairs and Trade</b>	Foreign Affairs; Trade and Investment	Trade and Investment
5	<b>Home Affairs</b>	Arts, Culture and Heritage; Ethnic Communities; Immigration; Internal Affairs; Media and Communications; Pacific Peoples; Racing; Seniors; Sport and Recreation; Statistics; Women	Communities
6	<b>Māori Development and Crown Relations</b>	Māori Crown Relations: Te Arawhiti; Māori Development; Treaty Negotiations	--
7	<b>Public Service</b>	Digitising Government; Public Service	--
8	<b>Environment and Conservation</b>	Climate Change; Conservation; Environment; Hunting and Fishing; Land Information; RMA Reform	--
9	<b>Justice and Law</b>	Attorney-General; Corrections; Courts; Emergency Management and Recovery; Justice; Police; Prevention of Family and Sexual Violence	Attorney-General; Justice and Courts
10	<b>Health and Wellbeing</b>	ACC; Health; Mental Health	ACC
11	<b>Education and Skills</b>	Education; Universities; Vocational Education	--
12	<b>Social Development</b>	Children; Child Poverty Reduction; Community and Voluntary Sector; Disability Issues; Social Development and Employment; Social Investment; Veterans; Whānau Ora; Youth	--
13	<b>Built Environment</b>	Auckland; Building and Construction; Housing; Infrastructure; Local Government; Rail; Regional Development; South Island; Transport	Housing; Transport
14	<b>Commerce</b>	Commerce and Consumer Affairs; Economic Growth; Energy; Resources; Science, Innovation and Technology; Small Business and Manufacturing; Space; Tourism and Hospitality; Workplace Relations and Safety	Energy and Resources; Workplace Relations and Safety
15	<b>Primary Industries</b>	Agriculture; Biosecurity; Food Safety; Forestry; Oceans and Fisheries; Rural Communities	--

Some groupings in Table 5.2.1 are straightforward. Finance unites fiscal management, economic policy, tax and SOE oversight, while Education and Skills brings together schooling, tertiary education, vocational training and charter schools.

Similarly, Health and Wellbeing consolidates the health system, mental health and injury compensation under a single lead minister.

Other portfolios involve more complex integration. Home Affairs combines statistics, culture and civic functions with Internal Affairs, in what is, in effect, a ‘Department of National Identity.’

The new Built Environment portfolio consolidates Local Government, Housing, Regional Development, Infrastructure and Transport. These interconnected policy areas strongly influence each other – local government decisions on zoning directly impact housing availability, infrastructure provision underpins regional development, and transport planning shapes urban growth patterns. Grouping these portfolios together enhances strategic alignment, ensures clear accountability and reduces coordination complexities.

Defence, national security and intelligence portfolios are combined into an integrated Defence and Security portfolio. Strategic coherence and international linkages support this integration under a single minister in a tightly focused executive.

The model retains Commerce and Primary Industries as dedicated portfolios. Commerce spans economic development, energy and resources, science and innovation, small business, tourism and consumer affairs – drawing together New Zealand’s growth and enterprise levers. Primary Industries groups agriculture, fisheries, forestry, biosecurity and food safety to support rural development. Environment remains distinct, recognising the breadth of its responsibilities and the need for clear Cabinet-level leadership on climate, conservation and the RMA.

Social Development is necessarily broad, encompassing welfare, children, youth and veterans. Māori Development and Crown Relations remains a standalone portfolio, reflecting the constitutional status of the Treaty of Waitangi and the importance of dedicated Māori policy leadership.

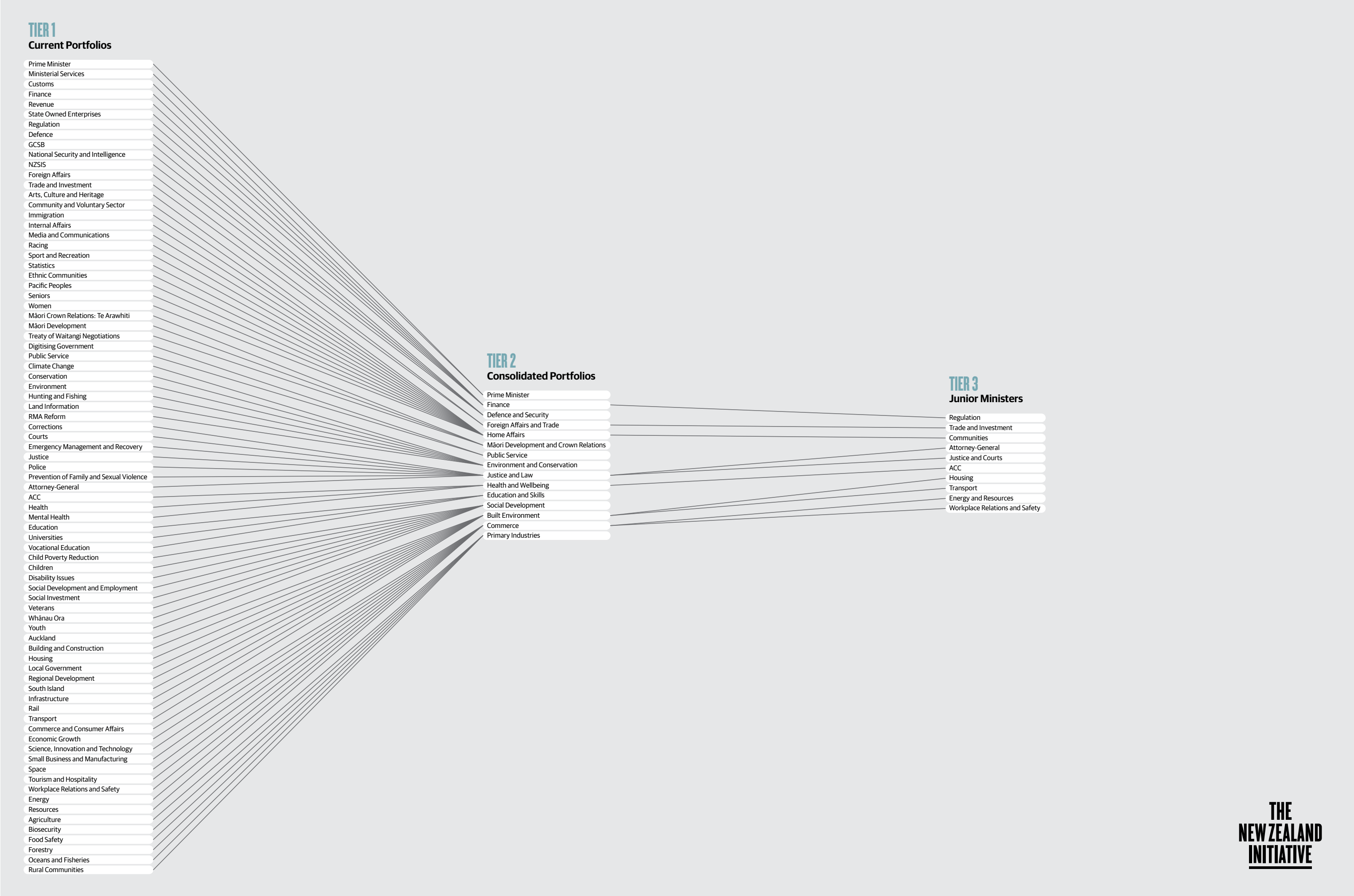
This consolidation involves trade-offs. Some portfolios that would be distinct in a 20-minister model – such as the Attorney-General, Minister for Regulation or Minister for Communities – are merged under broader umbrellas. Junior ministers are suggested for several of these functions. The result is a more disciplined and strategically aligned Cabinet that avoids duplication, fragmentation and portfolio proliferation.

Appendix 2 provides a portfolio-by-portfolio explanation of the logic behind each consolidation in this Compact Cabinet model. For each of the 15 senior ministerial roles, it sets out the functions and portfolios that have been grouped together, drawing on international precedents and natural policy alignments. Where relevant, it also notes which functions might be split into separate portfolios under a less consolidated structure, such as the 20-minister model presented in Section 5.2.2.

Even without consolidating departments, the Compact Cabinet model materially simplifies the structure of executive responsibility. With 15 clearly defined senior portfolios and a capped number of junior ministers, ministers can oversee policy domains in their entirety rather than in fragments.

Figure 5.2.1 illustrates this simplification: whereas Figure 2.1 showed overlapping ministerial lines across more than 40 departments and 81 portfolios, the Compact Cabinet model reduces the number of portfolios to a manageable and coherent structure. Full departmental realignment, proposed in Chapter 6, would enhance this further – but is not a precondition for portfolio consolidation.

Figure 5.2.1:  
Mapping Current Portfolios to Compact Cabinet Model



## 5.2.2 Realigned Portfolios Model (20 Portfolios)

Table 5.2.2 illustrates how New Zealand's current 81 portfolios could be mapped to a more moderately consolidated structure of 20 ministerial portfolios. This model offers a less radical option than the Compact Cabinet

structure in Section 5.2.1, while still significantly improving coherence, accountability and coordination. As with the previous model, the structure presented here is illustrative rather than prescriptive. It draws on international precedents and natural policy groupings to demonstrate one potential pathway for reform.

**Table 5.2.2: Mapping Current Portfolios to Realigned Portfolios Model**

No.	Proposed Consolidated Portfolio	Current Portfolios Included	Junior Ministers and / or Undersecretaries (capped at 5)
1	<b>Prime Minister</b>	Prime Minister; Ministerial Services	--
2	<b>Finance</b>	Customs; Finance; Revenue; State Owned Enterprises	--
3	<b>Regulation</b>	Regulation	--
4	<b>Defence and Security</b>	Defence; GCSB; National Security and Intelligence; NZSIS	--
5	<b>Foreign Affairs and Trade</b>	Foreign Affairs; Trade and Investment	Trade and Investment
6	<b>Home Affairs</b>	Arts, Culture and Heritage; Community and Voluntary Sector; Immigration; Internal Affairs; Media and Communications; Racing; Sport and Recreation; Statistics	--
7	<b>Communities</b>	Ethnic Communities; Pacific Peoples; Seniors; Women	--
8	<b>Māori Development and Crown Relations</b>	Māori Crown Relations; Te Arawhiti; Māori Development; Treaty of Waitangi Negotiations	--
9	<b>Public Service</b>	Digitising Government; Public Service	--
10	<b>Environment and Conservation</b>	Climate Change; Conservation; Environment; Land Information; Hunting and Fishing RMA Reform	--
11	<b>Justice and Law</b>	Corrections; Courts; Emergency Management and Recovery; Justice; Police; Prevention of Family and Sexual Violence	Justice and Courts
12	<b>Attorney-General</b>	Attorney-General	--
13	<b>Health and Wellbeing</b>	ACC; Health; Mental Health	ACC
14	<b>Education and Skills</b>	Education; Universities; Vocational Education	--
15	<b>Social Development</b>	Children; Child Poverty Reduction; Disability Issues; Social Development and Employment; Social Investment; Veterans; Whānau Ora; Youth	--
16	<b>Local Government, Housing and Regional Development</b>	Auckland; Building and Construction; Housing; Local Government; Regional Development; South Island	Housing
17	<b>Infrastructure and Transport</b>	Infrastructure; Rail; Transport	--
18	<b>Commerce</b>	Commerce and Consumer Affairs; Economic Growth; Science, Innovation and Technology; Small Business and Manufacturing; Space; Tourism and Hospitality; Workplace Relations and Safety	Workplace Relations and Safety
19	<b>Energy and Resources</b>	Energy; Resources	--
20	<b>Primary Industries</b>	Agriculture; Biosecurity; Food Safety; Forestry; Oceans and Fisheries; Rural Communities	--

The Realigned Portfolios model retains a Cabinet of 20 senior ministers – similar in size to Cabinets in successive New Zealand Governments – but resolves the accountability problems created by portfolio proliferation.

This model allows policy areas such as Energy and Resources, Regulation and Attorney-General to retain dedicated Cabinet-level oversight while still eliminating overlap and fragmentation in ministerial responsibilities.

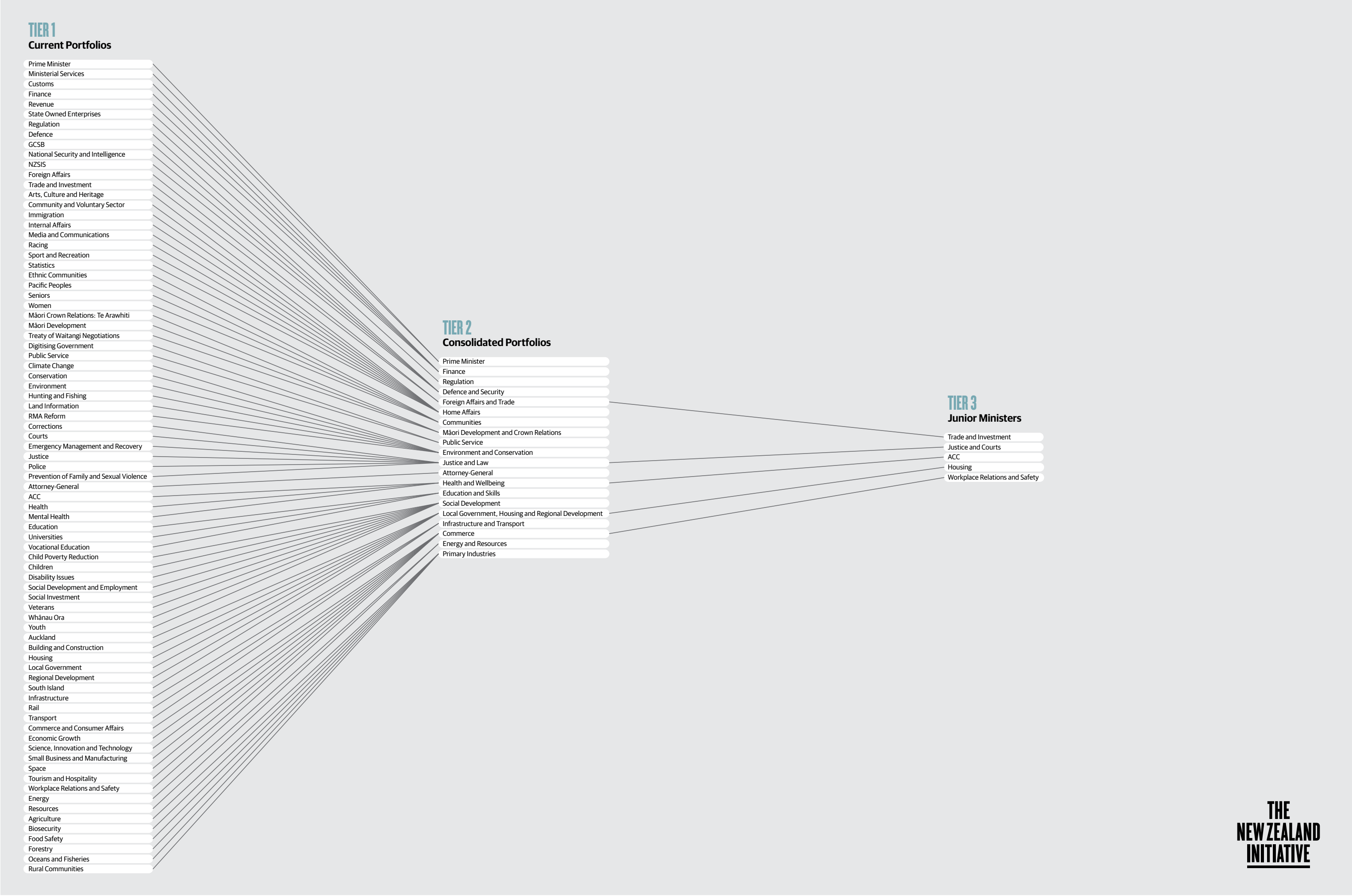
As in the Compact model, the groupings reflect functional logic rather than political compromise. For example, bringing together Environment, Conservation and Climate Change recognises that these areas require integrated policy responses, not fragmented approaches from multiple ministers with potentially competing priorities. Similarly, combining Infrastructure and Transport acknowledges that these domains are fundamentally interconnected.

The size aligns with international norms: Norway, Finland and Singapore all operate Cabinets of about 20 ministers.

Once again, each consolidated portfolio would be led by a “senior” Cabinet minister. Some may be supported by junior ministers, or Parliamentary under-secretaries, depending on portfolio breadth and workload. The model anticipates a maximum of 5 junior ministers or under-secretaries across government. This allows Cabinet ministers to delegate within broad portfolios – and enables greater coalition flexibility without reintroducing fragmentation.

The key benefit of this model lies not in reducing the number of Cabinet ministers, but in simplifying the structure of executive responsibility. Every department would have a clear senior minister to report to. Every major policy domain would be anchored by a single portfolio lead. Figure 5.2.2 illustrates this simplification.

Figure 5.2.2:  
Mapping Current Portfolios to Realigned Portfolios Model



Once again, even without changing departmental structures, this model reduces duplication, clarifies reporting relationships and restores functional coherence across the executive.

### **5.3 The Role of Junior Ministers and/or Under-Secretaries**

Both reform models anticipate a tiered ministerial structure in which Cabinet ministers are supported by a limited number of junior ministers or Parliamentary under-secretaries. Junior ministers provide a mechanism for targeted ministerial attention within large portfolios, without fragmenting formal accountability or reintroducing excessive portfolio proliferation.

In the Compact Cabinet model, junior ministers are essential to ensuring functional coverage across broad domains. That model proposes up to 10 junior ministers, each delegated responsibility for specific areas such as Trade and Investment, Housing or ACC. These roles enable strategic delegation while preserving a lean, decision-making Cabinet of 15.

In the Realigned Portfolios model, with approximately 20 Cabinet ministers, junior ministers still play a supporting role but are fewer in number – capped at 5. This reflects the narrower scope of several of the “senior” portfolios, but recognises that some domains will still benefit from delegated attention.

This two-tier structure mirrors practice in countries such as Ireland and Australia. In New Zealand, associate ministers and under-secretaries already perform similar roles – albeit within a less structured system. The proposed model formalises this arrangement while imposing greater discipline.

Junior ministers would have genuine authority and accountability within their domains.

They would:

- Answer parliamentary questions on their specific responsibilities.
- Lead stakeholder engagement in their area.
- Oversee the implementation of policies within their domain.
- Have delegated decision-making authority for routine matters.
- Bring proposals to Cabinet through their senior minister.

Importantly, the senior (Cabinet) minister would retain ultimate accountability for the entire portfolio. This ensures clear lines of responsibility.

Throughout this report, the term “junior minister” refers to any such supporting role – whether styled as an associate minister, Minister of State or under-secretary. The emphasis is on function rather than form. The proposed caps (10 and 5, respectively) are intended to preserve flexibility for coalition agreements while preventing the return of ministerial sprawl under another name.



## CHAPTER 6

# Departmental Reorganisation: Aligning Structures with Portfolios

Portfolio consolidation alone is unlikely to be sufficient. The current departmental structure – with its mixture of mega-departments like MBIE (answering to 20 ministers) and numerous small, specialised agencies – requires complementary reform.<sup>53</sup>

The challenges of the current structure are evident. The most obvious is the fragmentation of related functions. For example, housing policy is currently split between the Ministry of Housing and Urban Development, MBIE (building regulations), the Ministry for the Environment (Resource Management Act), Department of Internal Affairs (Local Government – Planning and building consents), Treasury (infrastructure funding) and the Ministry of Social Development (housing support payments). This fragmentation creates policy incoherence, administrative duplication and coordination issues.

Singapore's experience offers a counterpoint. Its Ministry of National Development handles all aspects of housing policy, urban planning and building regulations in a coordinated fashion.<sup>54</sup> This integrated approach has contributed to Singapore's success in addressing housing issues, with over 80% of its population housed in high-quality public housing.<sup>55</sup>

Just as problematic is the inverse situation, where a single department like MBIE encompasses functions ranging from tourism to workplace safety, science funding to immigration and competition policy to the mineral estate. Such departments risk becoming unmanageable conglomerates rather than focused organisations with clear missions.

In rethinking departmental structures, it is useful to observe that the proposed consolidation into approximately 20 departments falls naturally into three broad categories.

- First, *Machinery of Government* departments include core system stewards and central agencies: the Department of the Prime Minister and Cabinet, Ministry of Finance, Public Service Commission, Revenue and Customs and Foreign Affairs, etc.
- Second, *Public Service Delivery* departments cover domains where the state is directly responsible for citizen-facing outcomes, including Education, Health, Social Development, Justice, Housing and Environment.
- Third, *Productive Sector* departments oversee economic and regulatory functions such as Primary Industries, Infrastructure, Transport, Commerce and Workplace Relations.

While not rigid, this typology reflects functional distinctions observed in high-performing jurisdictions such as Norway, Ireland and Singapore, and provides a useful organising logic for departmental design.

## 6.1 Principles for Departmental Design

Just as ministerial portfolios must be organised for coherence and accountability, so too must the departments that support them. Departmental structures influence how effectively policy is developed, coordinated and implemented. Poorly designed departments – whether fragmented or sprawling – risk confusion, inefficiency and blurred accountability.

The principles below complement those in Chapter 5. They reflect lessons from international experience and provide a normative framework for the proposed departmental consolidation model.

1. **Functional coherence:** Departments should group together related functions that operate within a common policy or operational domain. This enables integrated policy development and service delivery while avoiding fragmentation – as seen in areas like housing.
2. **Clear ministerial reporting lines:** Each department should report primarily to one senior Cabinet minister, supported where necessary by junior ministers. The current practice of multiple ministers sharing oversight of the same department undermines strategic leadership and public accountability.
3. **Balanced span of control:** Departments should be large enough to support specialist capability and administrative efficiency, but not so broad that they become incoherent conglomerates. This principle justifies both breaking up mega-departments and avoiding the proliferation of micro-agencies.
4. **Integration of policy and delivery:** New Zealand's separation of policy and delivery functions across different departments and Crown entities has few international parallels. Effective departments – like those in Norway and Singapore – typically integrate strategy, policy and implementation under a single organisational roof. Such integration is also normal in the private sector – with company boards having ultimate responsibility for strategy (the private sector equivalent of policy) and operations. Consequently, we have not been guided by this somewhat idiosyncratic New Zealand approach in considering consolidation of departments and functions.
5. **Alignment with portfolios:** Departments should be logically aligned with the ministerial portfolios outlined in Chapter 5.

This ensures the machinery of government supports – not fragments – policy leadership.

While this chapter attempts to apply these principles to put forward a more coherent departmental structure, it is important to acknowledge the limits of structural design. Every organisational map involves trade-offs – between administrative coherence, ministerial workload, symbolic visibility and operational practicality. Some boundary choices are inevitably imperfect. Grouping certain agencies together may solve one coordination problem but create another. The aim is not perfection, but improvement.

Equally, structural reform cannot substitute for Cabinet-level discipline. Consolidating agencies into a single department may paper over a deeper issue: the absence of a joined-up political agenda. The creation of MBIE, for example, centralised many economic functions in a single department. But, over time, it has become accountable to as many as 20 ministers – a structure that no one would have consciously designed. This underscores the point that Cabinet must lead strategically across portfolios, rather than rely on departmental mergers to deliver coherence from below.

## 6.2 Departmental consolidation model

Figure 6.1 illustrates how New Zealand's current 43 departments would map to the proposed consolidated structure of approximately 20 departments. The consolidation brings together related functions while maintaining necessary specialisation. Once again it is presented as a 'straw man', representing just one of several approaches to reorganising New Zealand's government departments based on logical groupings and international precedents.

**Figure 6.1: Mapping Current Departments to Consolidated Structure**

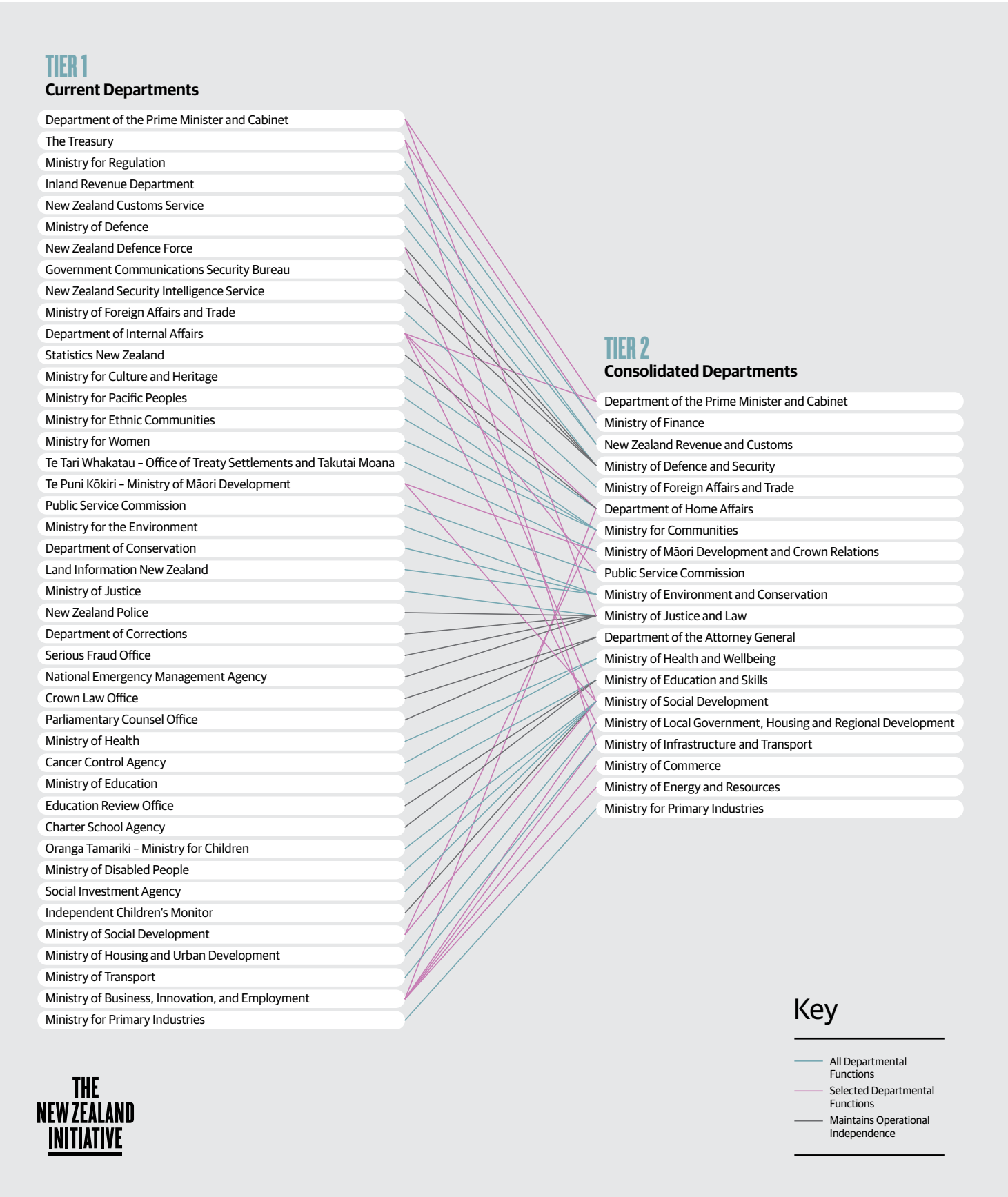
No.	Proposed Consolidated Department	Current Departments/Agencies Included
1	<b>Department of the Prime Minister and Cabinet</b>	Department of Internal Affairs (Ministerial and Secretariat Services Group); Department of the Prime Minister and Cabinet
2	<b>Ministry of Finance</b>	The Treasury; Ministry for Regulation
3	<b>New Zealand Revenue and Customs</b>	Inland Revenue Department; New Zealand Customs Service
4	<b>Ministry of Defence and Security</b>	Ministry of Defence; GCSB; New Zealand Defence Force; NZSIS
5	<b>Ministry of Foreign Affairs and Trade</b>	Ministry of Foreign Affairs and Trade
6	<b>Department of Home Affairs</b>	MBIE (Immigration functions); Ministry for Culture and Heritage; Department of Internal Affairs (Community and Voluntary Sector, Internal Affairs and Racing functions); Statistics New Zealand
7	<b>Ministry for Communities</b>	Ministry for Ethnic Communities; Ministry for Pacific Peoples; Ministry of Social Development (Office for Seniors); Ministry for Women
8	<b>Ministry of Māori Development and Crown Relations</b>	Te Puni Kōkiri–Ministry of Māori Development; The Office of Treaty Settlements and Takutai Moana: Te Tari Whakataua
9	<b>Public Service Commission</b>	Department of Internal Affairs (Digitising Government functions); Public Service Commission
10	<b>Ministry of Environment and Conservation</b>	Department of Conservation; Ministry for the Environment; Land Information New Zealand
11	<b>Ministry of Justice and Law</b>	Department of Corrections; Ministry of Justice; National Emergency Management Agency; New Zealand Police; Serious Fraud Office
12	<b>Department of the Attorney General</b>	Crown Law Office; Parliamentary Counsel Office
13	<b>Ministry of Health and Wellbeing</b>	ACC (policy functions); Cancer Control Agency; Ministry of Health
14	<b>Ministry of Education and Skills</b>	Charter School Agency; Ministry of Education; Education Review Office
15	<b>Ministry of Social Development</b>	Independent Children's Monitor; New Zealand Defence Force (Veterans' functions); Oranga Tamariki–Ministry for Children; Ministry of Social Development; Social Investment Agency; Te Puni Kōkiri–Ministry of Māori Development (Whānau Ora functions); Whaikaha–Ministry of Disabled People
16	<b>Ministry of Local Government, Housing and Regional Development</b>	MBIE (Auckland, Building and Construction, Housing, Regional Development, South Island functions); Ministry of Housing and Urban Development; Department of Internal Affairs (Local Government functions)
17	<b>Ministry of Infrastructure and Transport</b>	MBIE (Infrastructure functions); Ministry of Transport; The Treasury (Infrastructure and Rail functions)
18	<b>Ministry of Commerce</b>	MBIE (business, economic growth, innovation, science and technology, workplace relations functions)
19	<b>Ministry of Energy and Resources</b>	MBIE (Energy and Resources functions)
20	<b>Ministry for Primary Industries</b>	Ministry for Primary Industries

This reorganisation would materially simplify executive accountability. Each department would report to a clearly identified senior minister, with functional groupings aligned to major policy

domains. Figure 6.1.1 illustrates the mapping of current departments to respective consolidated departments.

Figure 6.1.1:

# Mapping Current Departments to Consolidated Departments



The most significant change to reporting lines arises from the restructuring of MBIE to form a new Ministry of Commerce, combined with MBIE-related portfolio consolidations discussed in chapter 5. A new Ministry of Commerce would report to just one minister.

Other major consolidations include:

- The creation of a unified Ministry of Finance, bringing together fiscal policy and regulatory oversight, by combining the Treasury and the Ministry for Regulation.
- The new Ministry of Justice and Law, integrating courts administration, justice policy, police, corrections and emergency management into a single structure, improving coordination across the justice system and enabling more effective responses to public safety and legal system challenges.
- The consolidation of Te Puni Kōkiri and Te Tari Whakatau into a single Ministry, bringing together Māori development, Crown–Māori engagement and Treaty settlement functions. The proposal should be the subject of targeted engagement with Māori stakeholders. Structural safeguards – such as maintaining distinct leadership responsibilities – would help preserve functional clarity. The name of the new Ministry should also reflect external input and the distinct heritage of the merging entities.

Several new integrated departments would address issues that currently suffer from fragmentation.

- A consolidated Ministry of Environment and Conservation would bring together environmental regulation, conservation management and land information functions that are presently scattered across multiple agencies.
- The Ministry of Local Government, Housing and Regional Development would unite functions crucial to addressing New Zealand’s housing challenges.

- The Ministry of Social Development would integrate social services currently divided between separate departments.

These changes are designed to improve coordination, reduce duplication and clarify ministerial accountability – ensuring that administrative structures support rather than complicate policy execution. Aligning departments with portfolio reforms also enables ministers to lead policy domains that reflect the actual shape of government operations, making governance more transparent and responsive.

A small number of departments proposed for inclusion in consolidated ministries perform statutory or constitutionally sensitive roles that require operational independence. These include the New Zealand Police, Stats NZ, NZSIS, NZDF, Education Review Office, Crown Law and the Parliamentary Counsel Office. Their inclusion in consolidated departments will need to be accompanied by legislative amendments and institutional safeguards to ensure their autonomy is maintained.

The recommended structural model for most of these ‘sensitive’ agencies is that of a departmental agency within a host ministry, consistent with provisions of the Public Service Act 2020. This status preserves separate chief executive leadership, protected reporting lines and functional independence, while allowing for shared back-office functions and policy coordination. In some cases, statutory officer models or special governance charters may be more appropriate.

For example:

- The Commissioner of Police would lead a departmental agency within a new Ministry of Justice and Law, reporting directly to the Minister of Justice and Law. The Policing Act 2008 would be amended to clarify the Commissioner’s independence from the

host ministry's chief executive. This mirrors arrangements in the UK and Ireland, where police services sit within Interior or Justice ministries but retain operational autonomy.

- Stats NZ would be incorporated into a new Home Affairs ministry as a departmental agency led by the Government Statistician. Amendments to the Data and Statistics Act 2022 would reaffirm the Statistician's exclusive control over methodology and release decisions. This reflects the model used in Australia and Canada, where statistics agencies are housed within ministries but retain statutory professional independence.
- NZSIS and GCSB would be hosted in a new Ministry of Defence and Security, each as a semi-autonomous bureau. Their operational independence under the Intelligence and Security Act 2017 would be retained. Similar arrangements operate in Australia and Canada, where at least some parts of the intelligence agencies report through security portfolios but retain statutory independence and oversight.
- NZDF would be integrated into the Defence Ministry, either as a departmental agency or as a statutory military branch within the public service. The Defence Act 1990 would need to be amended to preserve command authority and apolitical military professionalism under the Chief of Defence Force. This kind of integration is standard internationally: Australia, Canada, the United Kingdom and Ireland all operate unified defence ministries that include both policy and armed forces functions.
- Crown Law would form part of a new Department of the Attorney-General, with the Solicitor-General retaining statutory independence in legal and prosecutorial functions. The Parliamentary Counsel Office would also be included in this new department. Legislative amendments to the Legislation Act 2019 may be required to preserve the Chief Parliamentary Counsel's independence in the drafting of legislation.

This follows the structure used in Australia, where legal and drafting services are centralised, but prosecutorial independence is protected by convention and statute.

**Appendix 3** contains more detailed analysis of each proposed departmental grouping, including specific functions, required statutory amendments and international precedents.

### 6.3 Expected Benefits of Proposed Departmental Reorganisation

The proposed departmental consolidation would transform New Zealand's administrative architecture, creating benefits that extend well beyond the portfolio reforms outlined in Chapter 5. While portfolio consolidation addresses ministerial responsibilities, departmental reorganisation tackles the machinery of government itself, yielding four distinct advantages.

First, departmental consolidation would eliminate the current misalignment between ministerial and administrative structures. MBIE exemplifies this problem, reporting to 20 ministers and associate ministers. Of these 20 ministers and associate ministers, 16 belong to the National Party, three belong to the New Zealand First and one is an ACT Party minister. Furthermore, five of these ministers are outside Cabinet. This creates complex coordination challenges, with officials receiving potentially contradictory direction from multiple political masters. By aligning departments with consolidated portfolios, the reform would create clearer chains of command. Each department would have a primary reporting relationship to a single Cabinet minister, supported where necessary by junior ministers with specific mandates.

Second, the proposed reorganisation would reduce administrative duplication. The current arrangement, with 43 departments and agencies, contains significant redundancies in corporate

services, stakeholder engagement and policy capability. Each separate entity requires its own chief executive, finance team, HR function and communications unit. While the proposed consolidation to approximately 20 departments would maintain necessary specialisation, it would enable significant resource sharing for common functions.

Third, departmental consolidation would facilitate integrated service delivery for citizens and businesses. At present, those interacting with government often face a confusing array of agencies with different processes and requirements. A consolidated structure would enable more “one-stop shop” approaches.

Fourth, reorganising departments would enhance policy capability by bringing related functions together. The artificial separation between policy ministries and operational agencies creates disconnects between strategy and implementation.

Australia’s 1987 reforms provide the most relevant case study. When Prime Minister Hawke consolidated 28 departments into 18, critics predicted administrative chaos.<sup>56</sup> Instead, the reform delivered more coherent policy development across formerly separated domains. The new Department of Employment, Education and Training, for instance, was able to develop integrated approaches to workforce development that had previously been impossible due to departmental silos. The success of the reforms was evident in their durability – subsequent governments of different political persuasions maintained the consolidated structure.

These benefits should be particularly significant in addressing complex policy challenges such as housing affordability, climate adaptation and social wellbeing – all of which require sustained coordination across multiple domains. By bringing together related functions within coherent departments aligned to reformed

ministerial portfolios, the government would be better positioned to deliver joined-up solutions to its most persistent and politically salient problems. Ultimately, better quality outcomes and cost savings are delivered when high-impact factors within the value chain are integrated.<sup>57</sup>

## 6.4 Statutory Entities

Many portfolios are associated with statutory entities, which fall into three distinct categories, each with differing levels of ministerial control:<sup>58</sup>

- **Crown agents** (e.g., Accident Compensation Corporation, New Zealand Transport Agency, WorkSafe New Zealand) must “give effect to” government policy when directed by ministers. Ministers appoint board members, set strategic expectations and may remove board members at their discretion.
- **Autonomous Crown entities** (e.g., Broadcasting Commission, New Zealand Lotteries Commission, Public Trust) must “have regard to” policy direction. Ministers appoint and set expectations, but must have a justifiable reason to remove board members.
- **Independent Crown entities** (e.g., Climate Change Commission, Commerce Commission, Independent Police Conduct Authority) are not subject to ministerial direction on policy. Board members are appointed by the Governor-General on ministerial recommendation, and may only be removed with advice from ministers and consultation with the Attorney-General.

These statutory entities were deliberately established by Parliament to operate at arm’s length from ministers, and they should remain outside consolidated departmental structures. While they would continue reporting through the most relevant Cabinet minister, their statutory independence would be preserved.

This approach aligns with successful international models. Singapore, for example, maintains statutory boards with operational independence while ensuring they align with ministerial priorities.

The reformed system would clarify these reporting relationships, with each Crown entity having a clear 'home' minister, even as their statutory independence is maintained. This would help reduce the current confusion where some entities report to multiple ministers with sometimes competing priorities.



## CHAPTER 7

# Implementing Executive Reform – Strategy, Structures and Sequencing

New Zealand’s ministerial and departmental sprawl undermines coherent policymaking, risks driving up public expenditure and weakens democratic accountability.

Yet the barriers to reform may be more political than operational. New Zealand’s MMP electoral system, with its coalition-based executive arrangements, may reinforce the tendency to allocate portfolios for political appeasement rather than policy coherence. Demands of coalition partners can lead to ever more fragmented responsibilities. And within major parties, backbenchers naturally aspire to portfolio appointments. Against this backdrop, reform must be approached not as a one-off technocratic redesign, but as a political strategy capable of withstanding coalition bargaining, public scrutiny and party political pressures.

This chapter turns from diagnosis to delivery. It outlines how reform can be implemented – both politically and operationally – through a phased and pragmatic approach. It recommends a sequenced strategy: first consolidating ministerial portfolios, then realigning departmental structures, supported by the creation of a new statutory role for junior ministers. It also assesses legislative tools, governance safeguards, risk mitigation strategies and alternative implementation models, drawing on lessons from successful reform efforts in Ireland, Australia, the UK and Singapore.

While reform of this scale inevitably involves political and administrative risk, international experience shows that those risks can be managed – and that the long-term gains for fiscal discipline, policy coherence and democratic accountability are significant. A phased approach, grounded in constitutional convention and legal feasibility, offers the most practical route to success. The goal is not merely structural efficiency, but improved strategic capability, democratic clarity and better public service delivery.

## 7.1 Phased Implementation Strategy

### 7.1.1 Stage One: Consolidating Ministerial Portfolios

The first phase involves reducing the number of ministerial portfolios down to approximately 15–20. This reflects the alternative Compact Cabinet and Realigned Portfolios models proposed in Chapter 5, illustrated in figures 7.1.1 and 7.1.2 below.

Figure 7.1.1: Mapping Current Departments to Compact Cabinet Model

## "Compact Cabinet" Public Policy Responsibility Flowchart – New Zealand

### TIER 1

#### Current Departments

Department of the Prime Minister and Cabinet  
 The Treasury  
 Ministry for Regulation  
 Inland Revenue Department  
 New Zealand Customs Service  
 Ministry of Defence  
 New Zealand Defence Force  
 Government Communications Security Bureau  
 New Zealand Security Intelligence Service  
 Ministry of Foreign Affairs and Trade  
 Department of Internal Affairs  
 Statistics New Zealand  
 Ministry for Culture and Heritage  
 Ministry for Pacific Peoples  
 Ministry for Ethnic Communities  
 Ministry for Women  
 Office of Treaty Settlements and Takutai Moana – Te Tari Whakataua  
 Ministry of Māori Development – Te Puni Kōkiri  
 Public Service Commission  
 Ministry for the Environment  
 Department of Conservation  
 Land Information New Zealand  
 Ministry of Justice  
 New Zealand Police  
 Department of Corrections  
 Serious Fraud Office  
 National Emergency Management Agency  
 Crown Law Office  
 Parliamentary Counsel Office  
 Ministry of Health  
 Cancer Control Agency  
 Ministry of Education  
 Education Review Office  
 Charter School Agency  
 Oranga Tamariki – Ministry for Children  
 Ministry of Disabled People  
 Social Investment Agency  
 Independent Children's Monitor  
 Ministry of Social Development  
 Ministry of Housing and Urban Development  
 Ministry of Transport  
 Ministry of Business, Innovation, and Employment  
 Ministry for Primary Industries

### TIER 2

#### Consolidated Portfolios

Prime Minister  
 Finance  
 Defence and Security  
 Foreign Affairs and Trade  
 Home Affairs  
 Māori Development and Crown Relations  
 Public Service  
 Environment and Conservation  
 Justice and Law  
 Health and Wellbeing  
 Education and Skills  
 Social Development  
 Built Environment  
 Commerce  
 Primary Industries

### TIER 3

#### Junior Ministers

Regulation  
 Trade and Investment  
 Communities  
 Attorney-General  
 Justice and Courts  
 ACC  
 Housing  
 Transport  
 Energy and Resources  
 Workplace Relations and Safety

Figure 7.1.2: Mapping Current Departments to Realigned Portfolios Model

## "Realigned Portfolios" Public Policy Responsibility Flowchart – New Zealand

### TIER 1

#### Current Departments

Department of the Prime Minister and Cabinet  
 The Treasury  
 Ministry for Regulation  
 Inland Revenue Department  
 New Zealand Customs Service  
 Ministry of Defence  
 New Zealand Defence Force  
 Government Communications Security Bureau  
 New Zealand Security Intelligence Service  
 Ministry of Foreign Affairs and Trade  
 Department of Internal Affairs  
 Statistics New Zealand  
 Ministry for Culture and Heritage  
 Ministry for Pacific Peoples  
 Ministry for Ethnic Communities  
 Ministry for Women  
 Office of Treaty Settlements and Takutai Moana – Te Tari Whakataua  
 Ministry of Māori Development – Te Puni Kōkiri  
 Public Service Commission  
 Ministry for the Environment  
 Department of Conservation  
 Land Information New Zealand  
 Ministry of Justice  
 New Zealand Police  
 Department of Corrections  
 Serious Fraud Office  
 National Emergency Management Agency  
 Crown Law Office  
 Parliamentary Counsel Office  
 Ministry of Health  
 Cancer Control Agency  
 Ministry of Education  
 Education Review Office  
 Charter School Agency  
 Oranga Tamariki – Ministry for Children  
 Ministry of Disabled People  
 Social Investment Agency  
 Independent Children's Monitor  
 Ministry of Social Development  
 Ministry of Housing and Urban Development  
 Ministry of Transport  
 Ministry of Business, Innovation, and Employment  
 Ministry for Primary Industries

### TIER 2

#### Consolidated Portfolios

Prime Minister  
 Finance  
 Regulation  
 Defence and Security  
 Foreign Affairs and Trade  
 Home Affairs  
 Communities  
 Māori Development and Crown Relations  
 Public Service  
 Environment and Conservation  
 Justice and Law  
 Attorney-General  
 Health and Wellbeing  
 Education and Skills  
 Social Development  
 Local Government, Housing and Regional Development  
 Infrastructure and Transport  
 Commerce  
 Energy and Resources  
 Primary Industries

### TIER 3

#### Junior Ministers

Trade and Investment  
 Justice and Courts  
 ACC  
 Housing  
 Workplace Relations and Safety

THE  
 NEW ZEALAND  
 INITIATIVE

Each portfolio holding “senior” minister would be a member of Cabinet. Senior ministers would be supported by 5–10 “junior” ministers, exercising delegated powers, with responsibility for part of the senior minister’s consolidated portfolio.

Under New Zealand’s constitutional arrangements, ministerial portfolios are determined by the Prime Minister and enacted through executive warrant. No legislative change is required. This makes Stage One immediately implementable, providing a visible and politically powerful signal of intent following an election.

The consolidation of portfolios serves several purposes:

- **Ministerial focus:** Reduces portfolio stretch and enhances subject matter engagement.
- **Clarity of accountability:** Establishes clear lines of responsibility to Parliament and the public.
- **Collective Cabinet function:** Streamlines decision-making and improves policy coherence.

### 7.1.2 Stage Two: Departmental Realignment

With portfolios consolidated, the second phase realigns the public service to mirror the new structure. This entails reducing the number of government departments from 43 to 20, creating clear alignment between political leadership and administrative execution, illustrated in figures 7.1.3 and 7.1.4 below.

Figure 7.1.3: Mapping Consolidated Departments to Compact Cabinet Model  
“Compact Cabinet” Public Policy Responsibility Flowchart – New Zealand

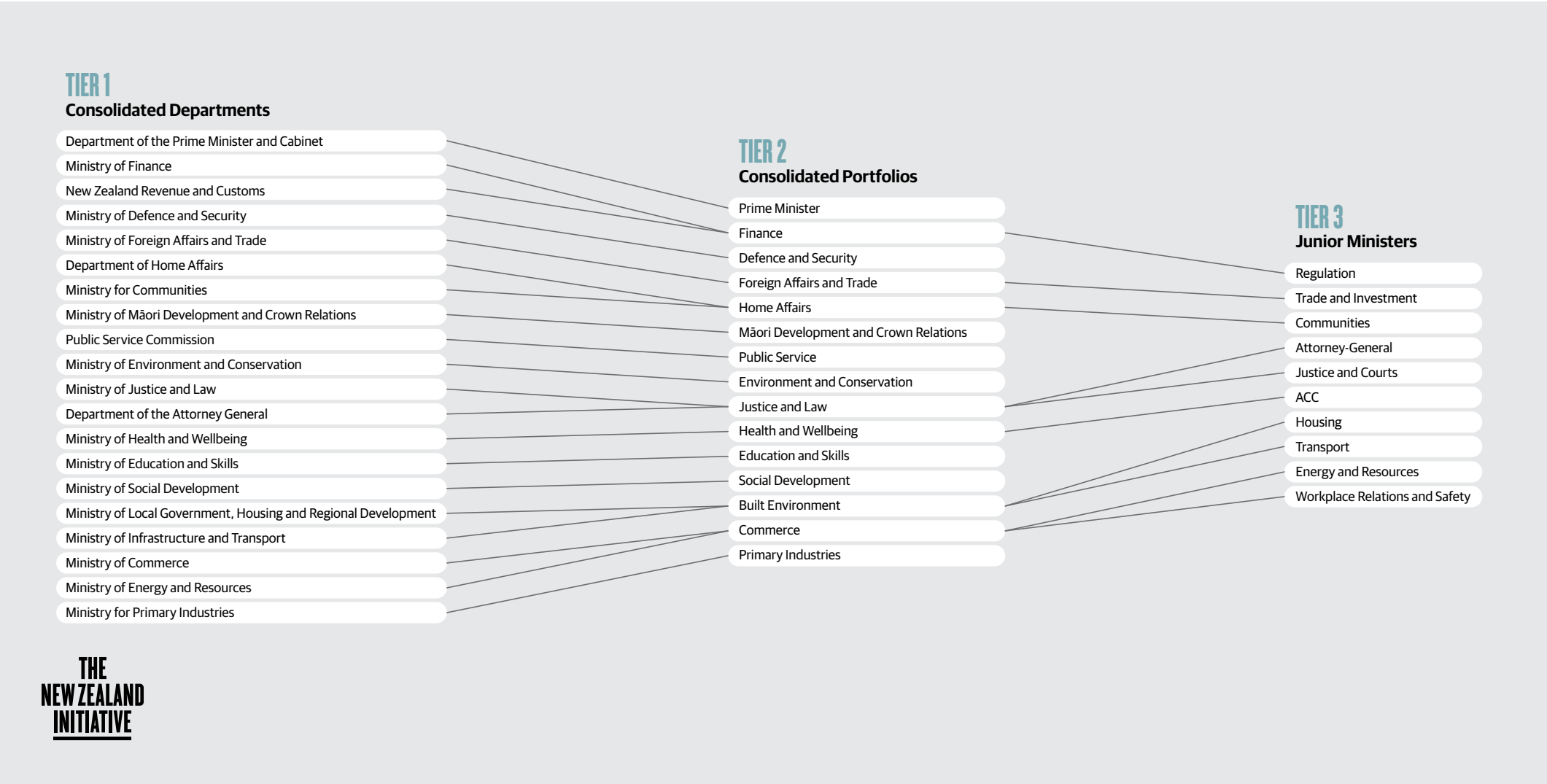
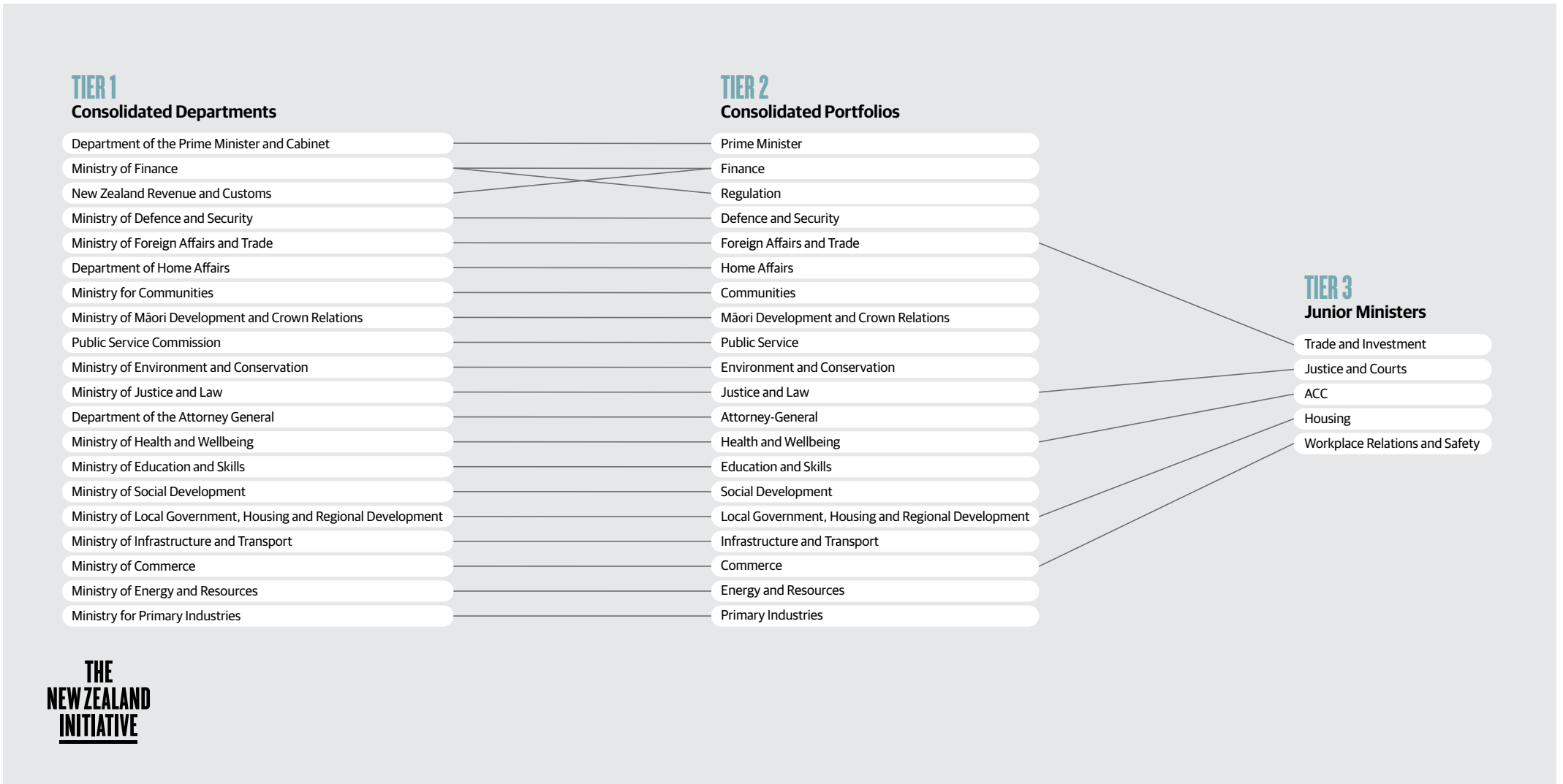


Figure 7.1.4: Mapping Consolidated Departments to Realigned Portfolios Model

## "Realigned Portfolios" Public Policy Responsibility Flowchart – New Zealand



Departmental consolidation should follow the same functional logic as portfolio reform.

Implementation should follow a phased 12–24-month programme structured around three waves:

1. **Low-disruption mergers** (e.g. MBIE functions split into coherent domains);
2. **Functionally fragmented areas** (e.g. Finance, Home Affairs, Communities);
3. **Culturally complex mergers** (e.g. Justice and Social Development).

This phasing enables gradual alignment, limits organisational shock and allows time for leadership appointments, statutory review, system integration and culture-building.

A central transition office – perhaps within the Department of the Prime Minister and Cabinet – should coordinate the reform. This unit would oversee sectoral transition teams, monitor implementation milestones and facilitate communication between agencies, ministers and unions. A high-trust relationship with the Public Service Commission will be vital, particularly where chief executive roles are re-scoped or reappointed.

The merger of Māori Development and Māori-Crown Relations should be preceded by thorough engagement with iwi and affected Māori organisations. Public service workforce consultations and employment obligations should be factored into each transition wave.

Reform should not be synonymous with cost-cutting. The objective is clarity, coherence and improved delivery – not headcount reduction. Transitional funding will be needed to support leadership development, ICT integration, communications and cross-agency secondments. Transition costs are best seen as investments in long-term efficiency and service improvement.

By structuring reform in waves, the government creates feedback loops to learn from early experience and adapt subsequent phases.

For example, integrating housing and local government under a single ministry may reveal interdependencies or data gaps that shape the next wave of departmental design. This feedback model mimics the Australian 1987 reform, where transition teams developed sector-specific reform strategies while maintaining service delivery.

The benefits of departmental realignment are not just operational. Clearer departmental boundaries strengthen ministerial leadership, improve agency responsiveness and enable joined-up strategies for long-term issues – from climate resilience to skills development to social investment.

## 7.2 Legislative Mechanisms for Reform

While many elements of executive reform can proceed via existing constitutional or administrative powers, certain components may require statutory backing. A clear distinction must be made between changes that fall within the scope of executive discretion and those requiring formal legislative action.

### 7.2.1 Executive Authority

The Prime Minister holds broad authority to allocate portfolios and ministerial responsibilities through ministerial warrants. This power, exercised under convention and supported by the Governor-General's appointments, allows for immediate Cabinet restructuring following an election.

Similarly, under the Public Service Act 2020, departmental mandates and functions can be reallocated through Orders in Council. These powers enable the initial stages of reform – particularly portfolio consolidation and some administrative restructuring – to proceed without delay.

### 7.2.2 Creating a Statutory Role for Junior Ministers

One key enabler of a streamlined Cabinet is the ability to create a formal hierarchy of senior and junior ministers, as in Australia, Ireland and the UK. This will enable senior ministers to delegate responsibility and authority to trusted “deputy” ministers.

Under current laws, New Zealand has two relevant roles: associate ministers, who are full members of the Executive Council but operate under informal delegations; and Parliamentary under-secretaries, who have a statutory basis but are not members of the executive. Neither role provides the clarity or functionality needed in a reformed system.

A new statutory role – junior minister – should be introduced to address this gap. This role would:

- Be legally recognised in statute, with powers delegated formally from a senior Cabinet minister;
- Sit on the Executive Council (unlike under-secretaries), enabling lawful exercise of delegated authority;
- Hold responsibility for defined policy areas (e.g. ACC, Housing or Workplace Relations and Safety); and
- Be publicly accountable through regular appearances in the House, responses to questions and portfolio-specific reporting obligations.

Capping the number of junior ministers (initially at 5–10, depending on which portfolio consolidation model is adopted) would prevent portfolio bloat and ensure that the reform does not replicate the very congestion it seeks to resolve. Clear delineation of functions, formal orders of delegation and publication of responsibilities in the New Zealand Gazette would further reinforce transparency.

A draft Ministerial Functions Bill could:

- Create the statutory office of junior minister;
- Define the scope, mechanisms and limitations of delegated powers;
- Require public transparency of roles and responsibilities;
- Cap the number of junior ministers by regulation; and
- Allow junior ministers to answer questions in the House and lead legislation for their delegated domains.

Such a framework would equip senior ministers to focus on high-level strategy while ensuring day-to-day governance of large portfolios – Finance, Justice and Law or Health and Wellbeing – is not compromised by excessive span of control.

### 7.3.3 Other Legislative Requirements

To underpin the reform’s integrity and sustainability, several other legislative measures are advisable:

- **Delegation Frameworks:** A legislative framework for ministerial delegation would enhance clarity. Under current arrangements, much delegation occurs informally or through letters of assignment. A statutory instrument – modelled on Ireland’s Ministers and Secretaries Act – could codify which powers can be delegated, how responsibility is recorded and when delegation must be made public.
- **Omnibus Legislation for Departmental Realignment:** Many existing Acts define functions by reference to specific departments (e.g. the Education Act refers to the Ministry of Education). An omnibus “Executive Realignment Amendment Bill” could amend such references en bloc, saving legislative time and avoiding piecemeal change.
- **Legal Protections for Independent Agencies:** To safeguard the independence of entities such as the Police, Stats NZ, Crown Law, the Parliamentary Counsel Office and the NZSIS,



legal reinforcement of reporting lines and operational boundaries may be needed. These agencies will be structurally integrated into consolidated ministries but with appropriate safeguards to preserve operational autonomy. Departmental agency status (e.g. for the Police and Stats NZ), statutory officer arrangements (e.g. for the Solicitor-General) or statutory sub-entities (e.g. NZDF) should be used as appropriate. These models are detailed in Chapter 6 and draw on international precedent from Australia, Ireland and the UK.

These statutory instruments do not need to precede reform but should run in parallel, ensuring that temporary arrangements transition into enduring structures by the end of the 12–24-month implementation period. A first reading of key bills should ideally occur within six months of government formation, supported by a joint DPMC–Crown Law legislative team.

## 7.3 Risk Management and Change Leadership

Major structural reform always carries risks – political, operational, legal and reputational. For reform to succeed, these risks must be identified, planned for and actively managed.

### 7.3.1 Political Resistance

The most immediate risk is political: ministers losing portfolios, departments facing change and coalition partners seeking assurances. To mitigate these risks, the reforms should:

- Use the new junior minister role as a constructive alternative to full portfolio appointments, allowing coalition partners and rising MPs to participate meaningfully in government.
- Engage early and transparently with caucus members, public servants and affected stakeholders. Clear framing of reform as a governance enhancement will be key.

- Ground reform in precedent: Ireland, Norway and Australia have all shown it is possible to streamline while strengthening democracy.

### 7.3.2 Operational Complexity

Reorganising departments and reallocating staff and functions involves risk of service interruption, staff uncertainty and implementation fatigue. To address these risks, the reforms should:

- Use seconded transition teams to lead each cluster merger, with support from HR, IT, legal and communications units.
- Ensure all mergers are supported by clear implementation plans, timetables and risk logs.
- Maintain business continuity as a non-negotiable principle: no policy or service line should be dropped during reorganisation.

### 7.3.3 Legal and Systems Risks

Reform can stall if legislation, IT systems or regulatory frameworks are not updated in time. To address these risks:

- Parallel legislative and administrative streams must be carefully coordinated.
- Early diagnostic work should identify all statutes, regulations and contracts requiring amendment.
- IT integration should begin with simple data and communications alignment, allowing systems to run in parallel where needed.

### 7.3.4 Reputational Risks

If not handled carefully, reform may be perceived as political interference, job-cutting or centralisation for its own sake. Consequently:

- Public communication must emphasise the real benefits: clearer accountability, improved delivery and better value for money.
- Third-party voices – from public service leaders, business groups and civic institutions – should be engaged early to build broad support.

Ultimately, successful implementation requires credible leadership and active stewardship. The Prime Minister and Minister for the Public Service must lead publicly. A central oversight group – reporting monthly to Cabinet – should track progress, unblock bottlenecks and ensure reform momentum is sustained.

## 7.4 Alternatives to a Phased Approach

Some reformers advocate a “big bang” model: implement everything at once, create a single moment of political change and cut through the clutter. Australia’s 1987 reforms come closest to this model.

The benefits of an all-at-once approach include:

- **Clarity:** The public, officials and media see the new structure immediately.
- **Decisiveness:** A rapid transition generates political capital.
- **Simplicity:** Avoids transitional confusion and overlapping structures.

However, risks are correspondingly high:

- **Administrative overload:** Systems, staff and agencies may be unable to absorb change simultaneously.
- **Lack of iteration:** There is no opportunity to learn from early experience.
- **High-stakes failure:** Mistakes become visible, entrenched and politically costly.

A hybrid model is likely to offer the best of both worlds:

- Implement portfolio consolidation immediately, through post-election Cabinet formation.
- Roll out departmental mergers in 2–3 waves, sequenced by risk, complexity and readiness.

This model allows decisive political action followed by measured operational delivery. It also reduces disruption while giving reform legitimacy through demonstrable wins.

The proposed reform is ambitious – but it is grounded in international best practice, consistent with constitutional principles and tailored to New Zealand’s political landscape. It is designed to succeed not only in theory but in the real-world context of coalition government, departmental culture and legal constraint.

## CHAPTER 8

# Conclusion and Recommendations

New Zealand's executive structure has become unbalanced. The number of ministerial portfolios has expanded well beyond international norms, and the machinery of government no longer reflects coherent lines of responsibility. As this report has shown, there are good reasons for concluding that these structural misalignments contribute to policy incoherence, fiscal inefficiency and weakened ministerial accountability.

The preceding chapters have set out a practical and politically feasible plan to restore coherence to New Zealand's executive arrangements. This final chapter summarises the core recommendations.

### **1. Consolidate ministerial portfolios from 81 to 15–20**

The Prime Minister should reduce the number of primary ministerial portfolios to approximately 15–20, aligned with coherent policy sectors. This consolidation can be achieved immediately following an election or Cabinet reshuffle through ministerial warrants, without the need for legislative change. Two possible reform models – a Compact Cabinet of 15 senior ministers and a Realigned Cabinet of around 20 – are outlined in Chapter 5.

### **2. Introduce a two-tier executive model with statutory junior ministers**

To support the restructured Cabinet, a new statutory role of junior minister should be established. Junior ministers would be members of the Executive Council, hold delegated authority for defined policy domains within a senior minister's portfolio and be publicly

accountable for their responsibilities. This model balances the need for policy specialisation with the imperative of maintaining ministerial clarity and Cabinet discipline. Legislative changes to the Constitution Act 1986 or a new standalone Ministerial Functions Act might be required.

### **3. Realign government departments to match consolidated portfolios**

The number of government departments should be reduced from 43 to approximately 20, ensuring that each senior minister has a clearly aligned administrative counterpart. This realignment should follow the same functional logic as the portfolio structure and be implemented in three phases over 12–24 months. Where necessary, departmental changes can be executed via Orders in Council under the Public Service Act 2020.

### **4. Establish a central transition unit to oversee implementation**

A transition office within the Department of the Prime Minister and Cabinet should coordinate the reform process. This unit would oversee sector-specific transition teams, monitor milestones, liaise with affected chief executives and ensure continuity of service delivery. Close collaboration with the Public Service Commission will be essential.

## **5. Prepare omnibus legislation to support legal alignment and delegation frameworks**

To streamline the legislative process, an omnibus Executive Realignment Amendment Bill should be prepared to update statutory references to departments and reflect new lines of ministerial accountability. A statutory framework for ministerial delegation – similar to Ireland’s Ministers and Secretaries Acts – should also be developed to provide legal clarity on the scope and transparency of delegated authority.

## **6. Prioritise service continuity and political consensus**

While the case for reform is compelling, success will depend on careful implementation. The reform programme should maintain uninterrupted service delivery, safeguard the independence of statutory agencies and build cross-party confidence in the model. The goal is not just a leaner executive, but a more accountable, capable and strategically focused one.

# APPENDICES

## APPENDIX 1: MINISTERIAL LIST AS OF 24 FEBRUARY 2025

National Party Ministers	
Portfolios	Other responsibilities
<b>Rt Hon Christopher Luxon</b> Prime Minister Minister for National Security and Intelligence	Minister Responsible for Ministerial Services
<b>Hon Nicola Willis</b> Minister of Finance Minister for Economic Growth Minister for Social Investment	
<b>Hon Chris Bishop</b> Minister of Housing Minister for Infrastructure Minister Responsible for RMA Reform Minister of Transport	Leader of the House Associate Minister of Finance Associate Minister for Sport and Recreation
<b>Hon Simeon Brown</b> Minister of Health Minister for State Owned Enterprises	Minister for Auckland
<b>Hon Erica Stanford</b> Minister of Education Minister of Immigration	Lead Coordination Minister for the Government's Response to the Royal Commission's Report into Historical Abuse in State Care and in the Care of Faith-based Institutions
<b>Hon Paul Goldsmith</b> Minister for Arts, Culture and Heritage Minister of Justice Minister for Media and Communications Minister for Treaty of Waitangi Negotiations	
<b>Hon Louise Upston</b> Minister for the Community and Voluntary Sector Minister for Disability Issues Minister for Social Development and Employment Minister for Tourism and Hospitality	Minister for Child Poverty Reduction Deputy Leader of the House
<b>Hon Judith Collins KC</b> Attorney-General Minister of Defence Minister for Digitising Government Minister for the Public Service Minister Responsible for the GCSB Minister Responsible for the NZSIS Minister for Space	

<b>Hon Dr Shane Reti</b> Minister for Pacific Peoples Minister of Science, Innovation and Technology Minister of Statistics Minister for Universities	
<b>Hon Mark Mitchell</b> Minister of Corrections Minister for Emergency Management and Recovery Minister for Ethnic Communities Minister of Police Minister for Sport and Recreation	
<b>Hon Todd McClay</b> Minister of Agriculture Minister of Forestry Minister for Trade and Investment	Associate Minister of Foreign Affairs
<b>Hon Tama Potaka</b> Minister of Conservation Minister for Māori Crown Relations: Te Arawhiti Minister for Māori Development Minister for Whānau Ora	Associate Minister of Housing
<b>Hon Matt Doocey</b> Minister for Mental Health	Associate Minister of Health
<b>Hon Simon Watts</b> Minister of Climate Change Minister for Energy Minister of Local Government Minister of Revenue	

#### National Party Ministers Outside Cabinet

Portfolios	Other responsibilities
<b>Hon Chris Penk</b> Minister for Building and Construction Minister for Land Information Minister for Small Business and Manufacturing Minister for Veterans	Associate Minister of Defence Associate Minister of Immigration
<b>Hon Penny Simmonds</b> Minister for the Environment Minister for Vocational Education	Associate Minister for Social Development and Employment
<b>Hon Nicola Grigg</b> Minister of State for Trade and Investment Minister for Women	Associate Minister of Agriculture Associate Minister for ACC
<b>Hon James Meager</b> Minister for Hunting and Fishing Minister for Youth	Minister for the South Island Associate Minister of Transport
<b>Hon Scott Simpson</b> Minister for ACC Minister of Commerce and Consumer Affairs	

## ACT Ministers

### Portfolios

#### **Hon David Seymour**

Deputy Prime Minister (from 31 May 2025)  
Minister for Regulation

### Other responsibilities

Associate Minister of Education  
Associate Minister of Finance  
Associate Minister of Health  
Associate Minister of Justice

#### **Hon Brooke van Velden**

Minister of Internal Affairs  
Minister for Workplace Relations and Safety

#### **Hon Nicole McKee**

Minister for Courts

Associate Minister of Justice

#### **Hon Andrew Hoggard (outside Cabinet)**

Minister for Biosecurity  
Minister for Food Safety

Associate Minister of Agriculture  
Associate Minister for the Environment

#### **Hon Karen Chhour (outside Cabinet)**

Minister for Children  
Minister for the Prevention of Family and Sexual Violence

### Parliamentary Under-Secretary

#### **Simon Court MP**

Parliamentary Under-Secretary to the  
Minister for Infrastructure  
Minister Responsible for RMA Reform

## New Zealand First Ministers

### Portfolios

#### **Rt Hon Winston Peters**

Deputy Prime Minister (until 31 May 2025)  
Minister of Foreign Affairs  
Minister for Racing  
Minister for Rail

### Other responsibilities

#### **Hon Shane Jones**

Minister for Oceans and Fisheries  
Minister for Regional Development  
Minister for Resources

Associate Minister of Finance  
Associate Minister for Energy

#### **Hon Casey Costello**

Minister of Customs  
Minister for Seniors

Associate Minister of Health  
Associate Minister of Immigration  
Associate Minister of Police

#### **Hon Mark Patterson (outside Cabinet)**

Minister for Rural Communities

Associate Minister of Agriculture  
Associate Minister for Regional Development

### Parliamentary Under-Secretary

#### **Jenny Marcroft MP**

Parliamentary Under-Secretary to the  
Minister for Media and Communications  
Minister for Oceans and Fisheries

## APPENDIX 2: RATIONALE FOR PORTFOLIO CONSOLIDATIONS

This appendix provides a portfolio-by-portfolio explanation of the rationale behind the Compact Cabinet model outlined in Section 5.2.1. For each of the 15 senior ministerial portfolios, it sets out the logic for consolidation, referencing international examples where relevant. It also notes which functions might justify separate portfolios in a less consolidated Cabinet, such as the Realigned Portfolios model presented in Section 5.2.2.

### 1. Prime Minister

#### Functions included:

- Ministerial Services
- Prime Minister

**Rationale for grouping:** In both the Compact Cabinet and Realigned Portfolios models, the Prime Minister's portfolio is focused on executive leadership and coordination. Ministerial Services – currently split across agencies – is consolidated under the Prime Minister to reinforce accountability for Cabinet operations and ministerial support.

At the same time, the National Security and Intelligence portfolio, traditionally held by the Prime Minister, is reassigned to Defence and Security. This allows the Prime Minister to concentrate on strategic leadership without holding operational responsibilities, in line with international best practice.

**International precedent:** This approach is consistent with Ireland and Norway, where the Prime Minister focuses solely on national leadership, agenda setting and chairing Cabinet.<sup>59</sup>

### 2. Finance

#### Functions included:

- Customs
- Finance
- Regulation
- Revenue
- State-Owned Enterprises

**Rationale for grouping:** In the Compact Cabinet model, this portfolio brings together the government's central fiscal and economic levers – including tax, border revenue and oversight of state-owned enterprises. Regulation is included to reflect its system-wide impact on productivity and the Treasury's existing role in regulatory policy advice. Grouping these functions ensures stronger alignment between regulatory settings and economic performance.

In the Realigned Portfolios model, Regulation is elevated to a standalone Cabinet portfolio with its own minister.

**Junior minister(s):** Regulation (Compact Cabinet model only)

**International precedent:** The model closely follows the role of Australia's Minister for Finance, overseeing budget policy, Government Business Enterprises and regulatory reform.<sup>60</sup> Singapore's Ministers of Finance coordinate taxation, business and customs regulation and fiscal policy as part of whole-of-government strategy.<sup>61</sup>



### 3. Defence and Security

#### Functions included:

- Defence
- GCSB
- National Security and Intelligence
- NZSIS

**Rationale for grouping:** This portfolio consolidates New Zealand's security and defence functions – including defence, national security and intelligence. Bringing these domains under one senior minister reflects the strategic interdependence of defence policy, international intelligence relationships and protecting national interests.

This configuration also shifts the National Security and Intelligence portfolio from the Prime Minister to a designated senior minister, aligning with international practice.

**International precedent:** Finland's Minister of Defence is responsible for all defence matters,<sup>62</sup> including military training, security and defence materiel procurements.<sup>63</sup> Norway's Minister of Defence is similarly responsible for defence and security policy.<sup>64</sup>

### 4. Foreign Affairs and Trade

#### Functions included:

- Foreign Affairs
- Trade and Investment

**Rationale for grouping:** The Foreign Affairs and Trade portfolio consolidates New Zealand's external relations under one minister, encompassing diplomacy, trade policy and global engagement. A single Minister of Foreign Affairs and Trade would strengthen New Zealand's clarity of voice abroad by ensuring the senior minister can speak with full authority on all areas of foreign affairs and trade. This also mitigates the risk of political conflict between ministers.

**Junior minister(s):** Trade and Investment (both models)

**International precedent:** Ireland places foreign affairs and trade initiatives under a single Minister of Foreign Affairs and Trade, responsible for the Department of Foreign Affairs and Trade.<sup>65</sup>

### 5. Home Affairs

#### Functions included:

- Arts, Culture and Heritage
- Community and Voluntary Sector
- Ethnic Communities
- Immigration
- Internal Affairs
- Media and Communications
- Pacific Peoples
- Racing
- Seniors
- Sport and Recreation
- Statistics
- Women

**Rationale for grouping:** In the Compact Cabinet model, this portfolio brings together internal-facing and civic functions – including identity services, charities regulation, immigration, cultural policy and community engagement – under one senior minister. It consolidates the Department of Internal Affairs' core responsibilities with related portfolios such as Arts, Culture and Heritage, Media and Communications and identity-based groups.

The grouping has the characteristics of a “Minister for National Identity” – uniting the institutions and services that shape how New Zealanders see themselves and are seen by the state.

Statistics is included to support integration of population data with identity, citizenship and service design. Grouping Immigration with Internal Affairs simplifies the policy and operational pipeline from visa entry through to residency and citizenship.

In the Realigned Portfolios model, Communities (Ethnic Communities, Pacific Peoples, Seniors and Women) is separated into a distinct portfolio. All other functions, including Statistics and Immigration, remain within Home Affairs.

**Junior minister(s):** Communities (Ethnic Communities, Pacific Peoples, Seniors, Women) (Compact Cabinet model only)

**International precedent:** Norway's Minister of Culture and Equality oversees culture, equality, discrimination, media, sport and lottery regulation.<sup>66</sup> Ireland's Minister of Justice, Home Affairs and Migration oversees immigration, citizenship services and gender discrimination initiatives.<sup>67</sup>

## 6. Māori Development and Crown Relations

### Functions included:

- Māori Crown Relations: Te Arawhiti
- Māori Development
- Treaty of Waitangi Negotiations

**Rationale for grouping:** In both models, these portfolios are consolidated under a single minister to strengthen coordination of Crown–Māori relationships and improve coherence in Treaty-related policy. Grouping Treaty negotiations, ongoing Māori development and Māori–Crown partnership responsibilities recognises the close connection between historical redress and forward-looking support for Māori aspirations.

This portfolio would retain its distinct identity within Cabinet, reflecting the constitutional significance of the Treaty of Waitangi and the importance of Crown–Māori relations.

**International precedent:** New Zealand's unique cultural heritage does not provide a direct international precedent to draw from.

However, Australia's Minister for Indigenous Australians follows a similar mandate.

## 7. Public Service

### Functions included:

- Digitising Government
- Public Service

**Rationale for grouping:** In both models, this portfolio consolidates responsibility for public service reform and digital transformation. The Digitising Government portfolio is closely tied to system-level efficiency initiatives – including cloud adoption, automation and AI deployment. Grouping these functions under a single minister ensures alignment between institutional reform and digital delivery.

Maintaining a dedicated Cabinet-level portfolio ensures sustained leadership of public sector change, independent of agency-specific priorities.

**International precedent:** Similar efforts are seen through Australia's Minister for Public Service.<sup>68</sup>

## 8. Environment and Conservation

### Functions included:

- Climate Change
- Conservation
- Environment
- Hunting and Fishing
- Land Information
- RMA Reform

**Rationale for grouping:** This portfolio brings together the entire scope of New Zealand's environmental and conservation policy. The consolidation acknowledges the fundamental interconnections between climate action, biodiversity, environmental protection, conservation directives and geospatial data.

Under a consolidated structure, addressing environmental challenges can consider the full range of interconnected issues rather than narrowly defined portfolio concerns. Climate change initiatives can guide environmental policymaking and land information can inform conservation efforts.

**International precedent:** Norway's Minister of Climate and Environment oversees climate and environmental policymaking.<sup>69</sup> Similarly, Finland's Minister of Climate and the Environment oversees environmental, climate and nature policy.<sup>70</sup>

## 9. Justice and Law

### Functions included:

- Attorney-General
- Corrections
- Courts
- Emergency Management and Recovery
- Justice
- Police
- Prevention of Family and Sexual Violence

**Rationale for grouping:** In the Compact Cabinet model, this portfolio brings together the full range of criminal justice, public safety and legal policy functions. It consolidates courts, corrections, police, emergency management and sentencing policy into a single portfolio to improve system coherence and reduce fragmentation.

To maintain the operational independence of agencies such as Police and Corrections, and the constitutional independence of the Attorney-General, junior ministers would support the senior minister – ensuring policy and budget oversight is delivered without compromising institutional autonomy.

In the Realigned Portfolios model, the Attorney-General is a separate Cabinet portfolio, but a junior minister would still support the Justice and Courts functions.

**Junior minister(s):** Attorney-General (Compact Cabinet model only); Justice and Courts (both models)

**International precedent:** Norway's Minister of Justice and Public Security oversees the judicial system, corrections, policing and civil protection.<sup>71</sup> Finland's Minister of Justice oversees the rule of law and legal protection, crime and punishment and the development of law drafting.<sup>72</sup>

## 10. Health and Wellbeing

### Functions included:

- ACC
- Health
- Mental Health

**Rationale for grouping:** In both the Compact Cabinet and Realigned Portfolios model, this portfolio brings together physical health, mental health and accident compensation to provide a unified approach to prevention, treatment and rehabilitation. It removes fragmentation in ministerial oversight and reflects the reality that many health interventions span multiple services.

Combining these functions allows for clearer prioritisation, better coordination of funding and service delivery and stronger ministerial accountability.

**Junior minister(s):** ACC (both models)

**International precedent:** Norway's Minister of Health and Care Services oversees hospitals, preventive measures and mental health.<sup>73</sup>

## 11. Education and Skills

### Functions included:

- Education
- Universities
- Vocational Education

**Rationale for grouping:** Education and Skills brings together general, academic and vocational education to support coherent system-wide leadership from early learning through to post-secondary pathways.

Consolidating responsibility for schools, universities and vocational training enables better coordination of curriculum, assessment and qualifications frameworks. It removes artificial boundaries between education phases and supports the development of more integrated academic and applied learning pathways.

**International precedent:** Finland's Minister of Education is responsible for early childhood education, general education and vocational education and training.<sup>74</sup>

## 12. Social Development

### Functions included:

- Children
- Child Poverty Reduction
- Disability Issues
- Social Development and Employment
- Social Investment
- Veterans
- Whānau Ora
- Youth

**Rationale for grouping:** In both the Compact Cabinet and Realigned Portfolios model, this portfolio brings together the government's primary social delivery and community wellbeing functions. It aligns welfare policy, family and child-focused services, disability and veterans' support and outcome-focused

initiatives such as Social Investment and Whānau Ora.

This consolidation reflects the cross-cutting nature of social needs and the importance of integrated service delivery at the community level.

**International precedent:** Ireland's Minister for Social Protection oversees children and families, welfare systems and disability support.<sup>75</sup> Finland's Minister of Social Security oversees veterans' support, disability benefits, children and family support and the welfare system.<sup>76</sup>

## 13. Built Environment

### Functions included:

- Auckland
- Building and Construction
- Housing
- Infrastructure
- Local Government
- Rail
- Regional Development
- South Island
- Transport

**Rationale for grouping:** In the Compact Cabinet model, this portfolio brings together housing, construction, regional development, transport, infrastructure and local government oversight. These functions are interdependent: effective housing delivery depends on aligned planning frameworks, building regulation and strategic infrastructure investment. Integrating strong transport networks underpins coherent urban planning and housing, alongside coordinated infrastructure projects such as urban rail links, regional highways and port access infrastructure. The portfolio retains responsibility for Auckland and the South Island, recognising the distinct challenges and opportunities in those regions.

While policy and planning functions are unified under this portfolio, operational delivery of transport infrastructure would remain with the New Zealand Transport Agency–Waka Kotahi (NZTA).

In the Realigned Portfolios model, Infrastructure, Rail and Transport are allocated to a more focused Infrastructure and Transport portfolio.

**Junior minister(s):** Housing (both models); Transport (Compact Cabinet model)

**International precedent:** Norway’s Minister of Local Government and Regional Development is also responsible for housing and building policy.<sup>77</sup> Australia’s Minister for Infrastructure, Transport, Regional Development and Local Government has a similar mandate.<sup>78</sup> Infrastructure and housing policy is coordinated under Sweden’s Minister of Infrastructure and Housing.<sup>79</sup> Estonia’s Minister of Infrastructure oversees policy relating to housing, construction, transport and transport infrastructure among other responsibilities.<sup>80</sup>

## 14. Commerce

### Functions included:

- Commerce and Consumer Affairs
- Economic Growth
- Energy
- Resources
- Science, Innovation and Technology
- Small Business and Manufacturing
- Space
- Tourism and Hospitality
- Workplace Relations and Safety

**Rationale for grouping:** This portfolio consolidates the government’s core commerce functions, many of which are currently housed within the Ministry of Business, Innovation and Employment (MBIE). By excluding functions such as Immigration (reassigned to Home Affairs)

and Building and Construction (grouped with Local Government, Housing and Regional Development in the Built Environment portfolio), the Commerce portfolio sharpens its focus on commercial enterprise.

This consolidation ensures strategic leadership across interconnected domains like science policy, small business support, tourism and advanced manufacturing. The unified portfolio provides the private sector with a clear point of engagement with the government.

In the Realigned Portfolios model, Energy and Resources becomes a standalone portfolio.

**Junior minister(s):** Energy and Resources (Compact Cabinet model); Workplace Relations and Safety (both models)

**International precedent:** Australia’s Industry and Science portfolio has historically housed science, manufacturing, innovation and business policy together.<sup>81</sup> Singapore’s Minister of Trade and Industry similarly combines enterprise development, energy policy and innovation oversight.<sup>82</sup>

## 15. Primary Industries

### Functions included:

- Agriculture
- Biosecurity
- Food Safety
- Forestry
- Oceans and Fisheries
- Rural Communities

**Rationale for grouping:** In both the Compact Cabinet and Realigned Portfolios model, this portfolio consolidates functions central to New Zealand’s primary industries. Currently, the Ministry for Primary Industries (MPI) reports to five separate ministers across six portfolios, risking fragmented oversight and diluted

strategic focus. By unifying these functions under a single minister, the government can enhance accountability, streamline decision-making and ensure cohesive policy development across the sector.

This consolidation enables a coordinated response to cross-sector challenges, such as biosecurity threats that simultaneously impact agriculture, exports and food safety. A single ministerial lead ensures that such issues are addressed holistically, benefiting the entire primary sector.

**International precedent:** Finland's Minister of Agriculture and Forestry is responsible for food policy, rural policy and fisheries.<sup>83</sup> Similar mandates are seen through Ireland's Minister of Agriculture, Food and the Marine.<sup>84</sup>

These additions expand the Cabinet from 15 to 20 portfolios, allowing for more specialised governance in these areas.

## **Additional Portfolios in the Realigned Portfolios Model**

In the Realigned Portfolios model, five additional portfolios are established to provide more focused ministerial oversight in key areas:

1. **Regulation:** Established as a standalone portfolio to enhance the quality and consistency of regulatory practices across government.
2. **Communities:** Split from the Home Affairs portfolio to focus on the development and support of specific community groups.
3. **Attorney-General:** Extracted from the Justice and Law portfolio.
4. **Infrastructure and Transport:** Removed from the Built Environment portfolio to establish a dedicated focus on infrastructure investment and transport policy.
5. **Energy and Resources:** Removed from the Commerce portfolio to give New Zealand's energy markets and resource management challenges a dedicated ministerial focus.

## APPENDIX 3: RATIONALE FOR DEPARTMENTAL CONSOLIDATIONS

### 1. Department of the Prime Minister and Cabinet

#### Functions included:

- Department of Internal Affairs (Ministerial and Secretariat Services Group)
- Department of the Prime Minister and Cabinet

**Minister in charge:** Prime Minister

**Rationale for grouping:** The Department of the Prime Minister and Cabinet (DPMC) retains core responsibilities for supporting informed decision making and ensuring a well-conducted government.<sup>85</sup> The Ministerial and Secretariat Services Group from the Department of Internal Affairs would be brought into DPMC to consolidate executive support functions. This minor realignment would ensure that support for ministers and Cabinet is housed in a single structure.

Responsibility for the National Emergency Management Agency would be transferred to the Ministry of Defence and Security, reflecting its operational focus. This allows DPMC to focus on its core role of supporting the Prime Minister, Cabinet and central government objectives.

**International precedent:** In countries like Finland,<sup>86</sup> Norway<sup>87</sup> and Singapore,<sup>88</sup> ministerial support services – including Cabinet secretariats and ministerial office support – are housed within the Prime Minister's department to ensure central coordination and continuity.

### 2. Ministry of Finance

#### Functions included:

- The Treasury
- Ministry for Regulation

**Minister in charge:** Minister of Finance; Minister for Regulation (for Regulation function in Realigned Portfolios model)

**Junior Minister(s):** Regulation (Compact Cabinet model)

**Rationale for grouping:** Combining the Treasury and Ministry for Regulation creates a single economic leadership hub focused on fiscal strategy, macroeconomic policy and regulatory quality. This ensures that regulatory reform is directly aligned with fiscal and economic objectives, improving coherence and reducing policy fragmentation. It also consolidates cross-government cost-benefit expertise.

**International precedent:** Australia's Department of Finance combines budgeting, asset management and regulatory oversight.<sup>89</sup> Norway's Ministry of Finance is responsible for the national budget, various areas of regulation and financial asset management.<sup>90</sup>

### 3. New Zealand Revenue and Customs

#### Functions included:

- Inland Revenue Department
- New Zealand Customs Service

**Minister in charge:** Minister of Finance

**Rationale for grouping:** Merging Inland Revenue and Customs brings together the two main revenue-collecting agencies. Both are responsible for ensuring taxes and duties are properly assessed and paid – one at the border, the other across the economy. A shared departmental structure would support better coordination on compliance, data and enforcement, while reducing duplication. Each agency would retain



operational independence for functions such as investigations and prosecutions.

**International precedent:** Countries such as Ireland, Norway and Singapore consolidate tax and customs functions under a single finance or revenue department. This structure enables closer policy alignment and more consistent enforcement, while maintaining clear legal safeguards for agency independence.

## 4. Ministry of Defence and Security

### Functions included:

- Ministry of Defence
- Government Communications Security Bureau (GCSB)
- New Zealand Defence Force (NZDF)
- New Zealand Security Intelligence Service (NZSIS)

**Minister in charge:** Minister of Defence and Security

**Rationale for grouping:** Currently, national security and defence matters are handled by four separate agencies – the Ministry of Defence, GCSB, NZSIS and NZDF.

A unified Ministry of Defence and Security would integrate the full spectrum of New Zealand's security challenges under one roof – from military threats to terrorism, cybersecurity and counterintelligence. This would enable more comprehensive national security strategies. Stronger integration can also encourage more strategic investment across areas such as logistics and deployment systems, training and simulation facilities or analytical capabilities.

**Governance safeguards:** GCSB and NZSIS would be hosted as semi-autonomous agencies within the Ministry of Defence and Security, retaining operational independence under

the Intelligence and Security Act 2017. The Defence Act 1990 would be amended to preserve command authority and apolitical military professionalism under the Chief of Defence Force.

**International precedent:** Ireland's Department of Defence is responsible for Defence Policy and Defence Forces.<sup>91</sup> Singapore's Ministry of Defence manages counter terrorism, cyber defence, defence procurement and oversees the Singapore Armed Forces.<sup>92</sup>

## 5. Ministry of Foreign Affairs and Trade

### Functions included:

- Ministry of Foreign Affairs and Trade

**Minister in charge:** Minister of Foreign Affairs and Trade

**Junior Minister(s):** Trade and Investment

**Rationale for grouping:** The Ministry of Foreign Affairs and Trade (MFAT) stands as an example of an institution whose existing configuration already reflects international best practice while serving New Zealand's interests effectively. Its combined mandate supports both foreign policy leadership and trade and development partnerships.

**International precedent:** The Australian Department of Foreign Affairs and Trade upholds a similar mandate, focusing on developing and delivering Australia's foreign, trade and development policy.<sup>93</sup>

## 6. Department of Home Affairs

### Functions included:

- Department of Internal Affairs (Internal Affairs and Racing functions)
- MBIE (Immigration functions)
- Ministry for Culture and Heritage
- Statistics New Zealand



**Minister in charge:** Minister of Home Affairs

**Rationale for grouping:** The Department of Internal Affairs is currently answerable to six ministers across six diverse portfolios: Internal Affairs, Ministerial Services, Local Government, Digitising Government, Community and Voluntary Sector and Racing.<sup>94</sup> Many of these responsibilities overlap with portfolios better aligned elsewhere: Digitising government projects share more commonality with broader state sector reform while ministerial services oversight aligns more naturally with the responsibilities of the Prime Minister.

The proposed refocusing would create a Department of Home Affairs with a clearer mandate centred on identity, civic infrastructure and cultural stewardship. It would retain responsibility for identity and life events (e.g., passports, citizenship, births, deaths, marriages), regulatory functions such as gambling and racing and oversight of Archives New Zealand and the National Library. The Ministry for Culture and Heritage and Statistics New Zealand would also be brought into the department, creating a coherent home for national heritage institutions, cultural policy and the stewardship of official statistics.

**Governance safeguards:** Stats NZ would be integrated into the Ministry of Home Affairs as a departmental agency led by the Government Statistician. Amendments to the Data and Statistics Act 2022 would reaffirm the Statistician's exclusive control over methodology and release decisions. This also ensures operational independence for sensitive data management initiatives such as census delivery and the Integrated Data Infrastructure (IDI).

**International precedent:** Singapore's Ministry of Home Affairs collectively manages casino and gambling regulation, immigration, births and deaths, citizenship and passports.<sup>95</sup> Norway's Ministry of Culture and Equality displays a

similar mandate. The Ministry oversees arts and media, sports, lotteries and gambling, cultural heritage, National Archives and National Libraries.<sup>96</sup>

## 7. Ministry for Communities

### Functions included:

- Ministry for Ethnic Communities
- Ministry for Pacific Peoples
- Ministry of Social Development (Office for Seniors)
- Ministry for Women

**Minister in charge:** Minister of Home Affairs (Compact Cabinet model); Minister for Communities (Realigned Portfolios model)

**Junior Minister(s):** Communities (Compact Cabinet model)

**Rationale for grouping:** New Zealand's population-focused ministries currently operate separately. While their distinct focus is important, limited scale risks administrative inefficiencies and the reduction of their collective impact. A consolidation would enable better coordination of diversity and inclusion initiatives and reduce administrative overheads.

**International precedent:** Ireland's Department of Children, Disability and Equality integrates policy for gender equality, anti-racism and the inclusion of Travellers and Roma.<sup>97</sup>

## 8. Ministry of Māori Development and Crown Relations

### Functions included:

- Te Puni Kōkiri – Ministry of Māori Development (Māori Crown Relations: Te Arawhiti and Māori Development functions)
- Te Tari Whakatau – The Office of Treaty Settlements and Takutai Moana

**Minister in charge:** Minister of Māori Development and Crown Relations

**Rationale for grouping:** New Zealand's relationship with Māori as tangata whenua is central to the nation's identity, constitutional arrangements and future development. Te Puni Kōkiri (Ministry of Māori Development) focuses on Māori Crown relations, Māori economic resilience, Te ao Māori and equitable and effective government performance for Māori.<sup>98</sup> Te Tari Whakatau (The Office of Treaty Settlements and Takutai Moana) focuses on resolving historical settlements under Te Tiriti o Waitangi.<sup>99</sup>

Te Tiriti o Waitangi stands at the heart of Māori-Crown relations and Māori development. A unified Ministry of Māori Development and Crown Relations would support a more joined up approach.

**Governance safeguards:** Consolidation may require legislative amendment and should be preceded by engagement with iwi and Māori organisations. Functional integrity could be preserved through dedicated internal leadership for Māori development, Crown engagement and Treaty settlement implementation. The name of the new Ministry should reflect the distinct kaupapa of its components and be informed by external input.

**International precedent:** Comparable countries do not present a direct precedent due to the unique cultural background of New Zealand.

## 9. Public Service Commission

### Functions included:

- Department of Internal Affairs (Digitising Government functions)
- Public Service Commission

**Minister in charge:** Minister for the Public Service

**Rationale for grouping:** The Public Service Commission leads system performance and workforce development across government. Digitising government is a central function that increasingly underpins these goals. Transferring it from DIA to the Commission ensures that digital investment supports broader public service reform, rather than operating in isolation. It also reduces duplication and aligns digital capability with institutional change.

**International precedent:** Norway's Ministry of Digitalisation and Public Governance integrates digital government functions with public administration oversight, aligning digital transformation with broader public sector reforms.<sup>100</sup> Singapore's Government Technology Agency (GovTech), operating under the Prime Minister's Office, provides a further precedent for centralising digital government functions within a central agency to drive cohesive public sector digital transformation.<sup>101</sup>

## 10. Ministry of Environment and Conservation

### Functions included:

- Department of Conservation
- Ministry for the Environment
- Land Information New Zealand

**Minister in charge:** Minister for the Environment and Conservation

**Rationale for grouping:** Environmental policy in New Zealand is currently fragmented across the Ministry for the Environment and the Department of Conservation. Land Information New Zealand (LINZ), which manages significant areas of Crown land and provides essential geospatial data, operates separately from the main environmental agencies. This division creates avoidable coordination challenges for issues that demand integrated approaches.

A consolidated Ministry of Environment and Conservation would bring together responsibility for environmental regulation, conservation and climate policy in a single, integrated department. The consolidation would establish clearer ministerial and departmental responsibility for environmental outcomes and enable more coherent management of the conservation estate.

**International precedent:** Norway's Ministry of Climate and Environment provides a precedent for combining environmental regulation, conservation management and climate policy.<sup>102</sup>

## 11. Ministry of Justice and Law

### Functions included:

- Department of Corrections
- Ministry of Justice
- National Emergency Management Agency
- New Zealand Police
- Serious Fraud Office

**Minister in charge:** Minister of Justice and Law

**Junior Minister(s):** Justice and Courts (both models)

**Rationale for grouping:** New Zealand's justice and public safety functions are currently split across multiple departments. Courts, sentencing, prisons and policing are deeply interdependent, but structural separation creates avoidable barriers to coordination and accountability. Emergency management, while operationally distinct, also relies heavily on police and justice system support.<sup>103</sup>

A consolidated Ministry of Justice and Law would align core agencies responsible for justice, policing, corrections and emergency response. This structure reflects the interconnected nature of investigations, sentencing, rehabilitation and reoffending prevention – and would support more coherent policy, strategy and service delivery across the system.

**Governance safeguards:** Police would retain operational independence as a departmental agency reporting directly to the Minister of Justice and Law. Legislative amendments (e.g. to the Policing Act 2008) should clarify this independence. Similar safeguards would apply to Corrections, National Emergency Management Agency and the Serious Fraud Office.

**International Precedent:** Ireland,<sup>104</sup> Denmark<sup>105</sup> and Norway<sup>106</sup> each house police, justice and corrections under one ministry, with emergency preparedness often included. These models show how operationally independent agencies can function effectively within consolidated departments.

## 12. Department of the Attorney-General

### Functions included:

- Crown Law Office
- Parliamentary Counsel Office

**Minister(s) in charge:** Minister of Justice and Law (Compact Cabinet Model); Attorney-General (Realigned Portfolios model)

**Junior Minister(s):** Attorney General (Compact Cabinet model)

**Rationale for grouping:** New Zealand's core legal institutions – Crown Law and the Parliamentary Counsel Office (PCO) – currently operate as separate departments, despite closely aligned roles in supporting government decision-making and the rule of law. The Crown Law Office functions as the government's primary legal advisor and represents the Crown in court proceedings.<sup>107</sup> The Parliamentary Counsel Office drafts legislation and provides advice on legislative design.<sup>108</sup>

The proposed Department would consolidate these functions, preserving their specialised expertise, while enabling a more cohesive approach

to government legal services. Combining legal advice and legislative drafting in one department would reduce fragmentation and support stronger alignment across the development, interpretation and implementation of law.

**Governance safeguards:** Crown Law and PCO would retain operational independence within the new department. The Solicitor-General would remain the State's chief legal officer. The Chief Parliamentary Counsel would continue to lead legislative drafting with full professional autonomy. Legislative drafting and prosecutorial decisions would remain free from political influence, consistent with long-standing legal convention and Cabinet Manual expectations.

**International precedent:** Singapore's Attorney-General's Chambers integrates government legal advisory initiatives, prosecutions and drafting legislation under a professional, non-political head.<sup>109</sup>

### 13. Ministry of Health and Wellbeing

**Functions included:**

- ACC (policy functions only)
- Cancer Control Agency
- Ministry of Health

**Minister in charge:** Minister of Health and Wellbeing

**Junior Minister(s):** ACC

**Rationale for grouping:** New Zealand's health system faces complex challenges that demand integrated responses across prevention, treatment, rehabilitation and ongoing care. Separating Accident Compensation Corporation policy functions, Ministry of Health and the Cancer Control Agency creates coordination challenges, potential duplication and missed opportunities for integrated approaches to health and wellbeing.

The proposed Ministry of Health and Wellbeing would bring these functions together into a single department that reflects the interdependence of health, injury prevention, cancer care, mental health and rehabilitation policies. It would enable more integrated strategy, planning and resource allocation across the full continuum of care.

**International precedent:** Ireland's Department of Health manages policy relating to acute care, drugs and alcohol policy, primary care and mental health.<sup>110</sup> Singapore's Ministry of Health similarly oversees acute care, mental health, rehabilitative services and primary care policy.<sup>111</sup>

### 14. Ministry of Education and Skills

**Functions included:**

- Charter School Agency
- Ministry of Education
- Education Review Office

**Minister in charge:** Minister of Education and Skills

**Rationale for grouping:** New Zealand's education system spans early childhood, schooling, tertiary education and vocational training, yet these phases are currently split across separate portfolios. This fragmentation weakens strategic direction, coordination and leadership across the system.

The newly titled Ministry of Education and Skills would be overseen by one senior minister, ensuring the department has a clear strategic direction and lines of accountability. A consolidated structure would allow for integrated oversight of learning pathways, funding mechanisms and workforce development.

**Governance safeguards:** To preserve independence and transparency, the Education Review Office and Charter School Agency would be hosted as departmental agencies, retaining

full independence in reporting and evaluation to uphold public confidence.

**International precedent:** Australia's Department of Education and Singapore's Ministry of Education cover all phases of education from early childhood and schooling to higher education.<sup>112</sup>

## 15. Ministry of Social Development

### Functions included:

- Independent Children's Monitor
- New Zealand Defence Force (Veterans)
- Oranga Tamariki – Ministry for Children
- Ministry of Social Development
- Social Investment Agency
- Te Puni Kōkiri – Ministry of Māori Development (Whānau Ora functions)
- Whaikaha – Ministry of Disabled People

**Minister in charge:** Minister of Social Development

**Rationale for grouping:** Social sector responsibilities are currently divided between a myriad of departments. This fragmentation complicates the delivery of integrated support to vulnerable New Zealanders who often have needs spanning multiple agencies.

The revised Ministry of Social Development could integrate these functions while maintaining dedicated expertise in key areas through internal structures.

A consolidated Ministry of Social Development would create a more seamless experience for New Zealanders in need of support, reduce duplication of assessment and administration and enable more effective targeting of resources to those most in need. It would also support better data sharing and evaluation of outcomes across previously separate domains – strengthening the foundations for investment-based approaches to social policy.

**Governance safeguards:** The Independent Children's Monitor works independently from ministers and government agencies to evaluate service quality and ensure compliance with legislative standards. To uphold independence and public trust, the Independent Children's Monitor should be hosted by the Ministry of Social Development as a departmental agency.

**International precedent:** Ireland's Department of Social Protection offers a comparable model, combining welfare, social inclusion and family support under unified leadership.<sup>113</sup> Singapore's Ministry of Social and Family Development oversees welfare support, disability services and family support.<sup>114</sup>

## 16. Ministry of Local Government, Housing and Regional Development

### Functions included:

- MBIE (Auckland, Building and Construction, Housing, Regional Development, South Island functions)
- Ministry of Housing and Urban Development
- Department of Internal Affairs (Local Government functions)

**Minister in charge:** Minister of Built Environment (Compact Cabinet model); Minister of Local Government, Housing and Regional Development (Realigned Portfolios model)

**Junior Minister(s):** Housing (both models)

**Rationale for grouping:** The relationship between Local Government, Regional Development, Building and Construction and Housing is inseparable. Yet, they are split across multiple departments, undermining coordination on challenges that require joined-up planning and delivery.

This consolidation would retain specialised expertise while supporting integrated policy across housing, local infrastructure and economic development. This integration would benefit local authorities through clearer lines of accountability with central government. It would also enable more coherent regional development strategies that align housing supply and regional economic development.

**International precedent:** Ireland's Department of Housing, Local Government and Heritage integrates housing and social housing initiatives, building standards and local government functions under one department.<sup>115</sup> Norway's Ministry of Local Government and Regional Development oversees housing and building, local government and regional development functions.<sup>116</sup>

## 17. Ministry of Infrastructure and Transport

### Functions included:

- MBIE (Infrastructure functions)
- Ministry of Transport
- The Treasury (Infrastructure and Rail functions)

**Minister in charge:** Minister of Built Environment (Compact Cabinet model); Minister of Infrastructure and Transport (Realigned Portfolios model)

**Junior minister(s):** Transport (Compact Cabinet model)

**Rationale for grouping:** Infrastructure development in New Zealand currently suffers from fragmentation across multiple departments. Transport functions sit in the Ministry of Transport, Infrastructure is supported by the Treasury and MBIE, while Rail is supported by the Treasury.

The proposed Ministry of Infrastructure and Transport would consolidate these functions to

support more coordinated planning of national transport, infrastructure and urban systems. It would integrate transport policy and planning and core economic infrastructure. This unified structure should allow for more coherent strategy setting, better prioritisation of projects and stronger accountability – particularly in the transport sector, which accounts for many of New Zealand's largest infrastructure challenges.

**International precedent:** Australia has a history of integrating infrastructure and transport within single departments. The Department of Infrastructure, Transport, Regional Development and Local Government operated from December 2007 to September 2010,<sup>117</sup> consolidating responsibilities across these sectors. More recently, on 1 July 2022, the Albanese Government re-established a department integrating infrastructure and transport along with other functions.<sup>118</sup> Singapore's Ministry of Transport integrates planning across road, rail, port and air infrastructure within a broader economic strategy.<sup>119</sup>

## 18. Ministry of Commerce

### Functions included:

- MBIE (Commerce and Consumer Affairs, Economic Growth, Science, Innovation and Technology, Small Business and Manufacturing, Space, Tourism and Hospitality and Workplace Relations and Safety functions)

**Minister in charge:** Minister of Commerce

**Junior Minister(s):** Workplace Relations and Safety (both models)

**Rationale for grouping:** MBIE has become the clearest example of departmental complexity. Created in 2012 through the merger of four departments, it now reports to 20 ministers and associate ministers across 19 portfolios.<sup>120</sup>



Publicly available sources offer conflicting accounts of MBIE's ministerial responsibilities – listing between 12 and 19 portfolios, and up to 20 ministers and associate ministers. This variation illustrates how widely MBIE's responsibilities are spread, raising questions about coherence of oversight and strategic focus.

The proposed reform would distribute MBIE functions to more focused departments:

- Business and workplace relations functions would be combined into a new Ministry of Commerce. This ministry would address the interdependencies between enterprise development, economic growth, workplace relations and science and innovation.
- Energy and Resources portfolios would be transferred to a dedicated Ministry of Energy and Resources.
- Residual Housing responsibilities, Building and Construction, Regional Development, Auckland and South Island functions would be transferred to the Ministry of Local Government, Regional Development and Housing.

The restructuring is designed to create clearer lines of accountability, with each resulting ministry answerable to fewer ministers. It would enable more focused leadership and strategy development in each domain. Stakeholders – including businesses, employers and local authorities – would benefit from dealing with departments organised around coherent policy functions, rather than navigating a complex and fragmented bureaucracy.

**International precedent:** Singapore's Ministry of Trade and Industry coordinates science and technology, competition, consumer protection and business development policies under unified ministerial leadership.<sup>121</sup> Ireland's Department of Enterprise, Trade and Employment manages business development, competition, workplace safety and innovation functions.<sup>122</sup>

## 19. Ministry of Energy and Resources

### Functions included:

- MBIE (Energy and Resources functions)

**Minister in charge:** Minister of Commerce (Compact Cabinet model); Minister of Energy and Resources (Realigned Portfolios model)

**Junior Minister(s):** Energy and Resources (Compact Cabinet model)

**Rationale for grouping:** Energy and resources functions are currently housed within MBIE alongside unrelated portfolios, diluting strategic focus. A standalone Ministry of Energy and Resources would ensure coherent strategy across renewable energy, fossil fuel transition and resource extraction. It would support energy security, drive investment and position New Zealand to benefit from surging global demand for clean energy minerals.

**International precedent:** Norway's Ministry of Energy oversees energy policy and the management of energy resources.<sup>123</sup>

## 20. Ministry for Primary Industries

### Functions included:

- Ministry for Primary Industries

**Minister in charge:** Minister for Primary Industries

**Rationale for grouping:** The Ministry for Primary Industries' current mandate already delivers significant benefits through its integrated approach to the primary industries sector. The proposed reform would retain MPI's current structure but consolidate ministerial responsibility under a single portfolio.

This approach acknowledges the existing benefits of the Ministry for Primary Industries'

operational structure while addressing challenges created by fragmented ministerial oversight.

**International precedent:** Finland's Ministry of Agriculture and Forestry is responsible for food and agriculture, fisheries, rural areas and forests.<sup>124</sup> Norway's Ministry of Agriculture and Food is responsible for agriculture, food and forestry policies.<sup>125</sup>



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New Zealand's executive government is among the most fragmented in the developed world – especially relative to its population size – with 81 ministerial portfolios, 28 ministers and 43 departments. That is more than three times as many portfolios and nearly twice as many departments as countries like Ireland, Norway and Singapore. Misalignment with comparable democracies suggests complexity is a political choice, rather than a reaction to shared challenges.

Unsurprisingly, international evidence suggests that larger Cabinets are linked to higher spending and weaker fiscal discipline.

This report proposes a practical plan to improve coherence and effectiveness. It recommends reducing the number of ministerial portfolios to 15–20, aligning departments to match and introducing a statutory role of “junior minister.”

Together, these changes would streamline responsibility, cut coordination costs and improve public sector performance.

*Unscrambling Government* is not a call for cosmetic change. It is a serious proposal to redesign the executive branch for better accountability, more coherent leadership – and a government better equipped to deliver.

\$25.00

ISSN

2624-0092 (print)

2624-0106 (online)

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