



Cabinet

CAB Min (12) 13/9

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Minute of Decision

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Ministry of Business, Innovation and Employment: Due Diligence and Next Steps

Portfolios: Economic Development / State Services

On 23 April 2012, Cabinet:

Background

- 1 noted that on 12 March 2012, Cabinet:
 - 1.1 agreed in principle, subject to due diligence, to the establishment of the Ministry of Business, Innovation and Employment (the new Ministry) from 1 July 2012;
 - 1.2 agreed that the State Services Commissioner establish a Transition Management Group to conduct due diligence on the proposal;
 - 1.3 invited the Minister for Economic Development and the Minister of State Services to provide further advice on the proposal to Cabinet by the end of April 2012, taking into account any matters raised by the due diligence process, to enable final decisions;

[CAB Min (12) 8/13]

Establishment of the new Ministry

- 2 agreed to the establishment of the new Ministry from 1 July 2012;
- 3 noted that the new Ministry has expected benefits in terms of:
 - 3.1 better integration of economic policy advice in support of the government's Business Growth Agenda;
 - 3.2 greater alignment and effectiveness of the innovation system and skills system to support economic performance;
 - 3.3 a more effective regulatory environment for business, and improved service delivery for businesses and other customers;
 - 3.4 a stronger focus on results and priorities;

3.5 significant efficiency gains;

4 agreed to integrate all of the functions of the Ministry of Economic Development (MED, including the Ministry of Consumer Affairs), the Ministry of Science and Innovation (MSI), the Department of Labour (DOL), and the Department of Building and Housing (DBH) into the new Ministry from 1 July 2012;

5 noted that the acting Chief Executive of the new Ministry will develop a high level structure by 1 July 2012, and a detailed organisational design and implementation plan by 30 September 2012, to realise the potential of the integrated organisation while at the same time ensuring delivery of key priorities for the government;

6 noted that this approach mitigates risks in terms of service delivery and departments' existing priorities, while at the same time providing early benefits from the integration;

7 *Withheld under section 9(2)(f)(iv) of the Official Information Act*

7.2 *Withheld under section 9(2)(f)(iv) of the Official Information Act* in particular through consolidation of corporate services (of the order of \$5 million to \$6 million per annum, or 1 percent), and of strategic policy capability (of the order of \$2 million to \$5 million per annum), from 2014/15;

Scope and functions of the new Ministry

8 noted that the Transition Management Group was directed to identify other possible functions to transfer to the new Ministry, and any functions of the affected departments that should not be part of the new Ministry [CAB Min (12) 8/13];

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Withheld under section 9(2)(f)(iv) of the Official Information Act

10 agreed that the Ministry of Consumer Affairs function be part of the new Ministry, rather than a semi-autonomous business unit;

Further areas to be explored

11 noted that the due diligence process identified a number of areas to be explored further to determine if those functions should remain within the new Ministry or would better sit elsewhere in due course;

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Withheld under section 9(2)(f)(iv) of the Official Information Act

13 Withheld under section 9(2)(f)(iv) of the Official Information Act

14 Withheld under section 9(2)(f)(iv) of the Official Information Act

15 Withheld under section 9(2)(f)(iv) of the Official Information Act

Housing related functions

16 **noted** that Cabinet also asked for further advice on a number of specific housing related functions [CAB Min (12) 8/13];

17 **agreed** to retain social housing functions within Vote Housing in the new Ministry;

18 Withheld under section 9(2)(f)(iv) of the Official Information Act

19 **agreed** that functions relating to temporary accommodation in Christchurch be located within the new Ministry;

Withheld under section 9(2)(f)(iv) of the Official Information Act

20 Withheld under section 9(2)(f)(iv) of the Official Information Act

Consolidation of other functions

21 **noted** that creating the new Ministry provides the opportunity to consolidate some functions currently located in other agencies;

22 *Withheld under section 9(2)(f)(iv) of the Official Information Act*

23

Withheld under section 9(2)(f)(iv) of the Official Information Act

Legislative implications

- 24 **noted** that the disestablishment of DBH, MED, MSI and DOL, and the transfer of their functions to the new Ministry as a new Public Service department, require Orders in Council to:
- 24.1 remove the names of DBH, MED, MSI and DOL from Schedule 1 of the State Sector Act 1988;
 - 24.2 add the name of the new Ministry to Schedule 1 of the State Sector Act;
 - 24.3 apply section 30C of the State Sector Act to declare that sections 30E-30G of that Act apply to the transfer of functions from DBH, MED, MSI and DOL to the new Ministry, which includes:
 - 24.3.1 restricting payment of compensation for technical redundancy;
 - 24.3.2 disapplying some provisions that usually apply to appointments in the Public Service;
 - 24.3.3 providing for the application of collective employment agreements following the transfer of functions;
 - 24.4 apply section 30K of the State Sector Act to provide for a transitional period of 24 months where the names DBH, MED, MSI and DOL and their Chief Executives can continue to be used;
 - 24.5 amend Schedule 1 of the Ombudsmen Act 1975 to remove the names of DBH, MED, MSI and DOL and add the name of the new Ministry to the list of departments subject to that Act;
- 25 **noted** that, as the department responsible for the State Sector Act, the SSC will lead work on the drafting instructions required to give effect to Cabinet's decisions, in consultation with DBH, MED, MSI and DOL and the Ministry of Justice as the department responsible for the administration of the Ombudsmen Act;
- 26 **invited** the Minister of State Services to issue drafting instructions to the Parliamentary Counsel Office to draft the Orders in Council that are required to give effect to the matters referred to in paragraph 24 above;
- 27 **noted** that the Minister of State Services intends to report to the Cabinet Legislation Committee with the Orders in Council referred to above for submission to Cabinet and the Executive Council;
- 28 **noted** that it is intended the Orders in Council will come into effect on 1 July 2012;

29 noted that once the Order in Council establishing the new Ministry comes into force, the acting Chief Executive would have full authority under the State Sector Act to make appointments and other executive decisions.

Secretary of the Cabinet

Reference: CAB (12) 156
