



Intended for

- All Ministers
- All Chief Executives
- Chief of Staff, Prime Minister's Office
- All Senior Private Secretaries
- All Private Secretaries
- Chief Parliamentary Counsel

Use of External Resources in the Policy Process: Cabinet Paper Requirement

Purpose

- 1 This circular sets out the requirement for public service agencies to identify and justify the use of paid external resources (such as consultants or contractors) engaged in the development of policy advice to Cabinet.

Context

- 2 In line with its vision of a stronger public service, the Government's expectation is that agencies focus on building core capability and reduce reliance on purchasing external capability. It is expected that, except in limited circumstances, agencies will not engage consultants or contractors to deliver core policy functions including:
 - 2.1 providing policy advice to Ministers;
 - 2.2 developing Cabinet papers and budget bids;
 - 2.3 preparing briefings to incoming Ministers;
 - 2.4 supporting the preparation of legislation and regulations. This includes advising Parliament while they are considering legislation;
 - 2.5 delivering long-term insights briefings;
 - 2.6 reporting to Parliament, including statements of intent and annual reports.
- 3 At the request of the Prime Minister, agencies must clearly identify and justify the use of paid external resources in the development of policy advice to Cabinet.

What is required?

- 4 Papers to Cabinet must disclose the use of external resources, such as contractors or consultants, that are engaged and remunerated, and provide a material contribution to the preparation of the policy advice.

- 5 The Cabinet policy paper template has been updated to include a new section titled *Use of external resources*. Information provided in this section should, as appropriate:
- 5.1 outline the contribution, services or input provided by the external resources;
 - 5.2 outline the extent of the engagement (including the number of people engaged and for how long), and the cost;
 - 5.3 justify why external resources were engaged (for example, if they were engaged to provide specialist or technical advice that was not available within the agency, or to provide additional support a time of particular urgency). This justification may include an explanation of why re-prioritisation or use of existing resources was not possible.

Scope

- 6 The contribution made by external resources should be reported in the paper if either of the following considerations apply:
- 6.1 did the external resource undertake tasks that could reasonably be considered to be core agency business (such as drafting a consultation document, or analysing feedback on an exposure draft of a Bill)?
 - 6.2 did the external resource provide a material contribution to the development of the policy (such as through the provision of legal advice, policy officer backfill, or leading engagement with interest groups)?
- 7 This requirement applies to external resources used in:
- 7.1 the full policy development process, not only the drafting of the Cabinet paper; and
 - 7.2 the future implementation, development, or delivery process, particularly for roles that could be reasonably considered to be the responsibility of the implementing agency.
- 8 There are also Cabinet paper templates for significant government appointments, legislative matters, and overseas Ministerial travel. External resources are rarely engaged in these instances, but if they are, then the *Use of external resources* section should also be included in the relevant Cabinet paper. All Cabinet paper templates are published on the CabGuide, on the Department of the Prime Minister and Cabinet website.
- 9 If the use of external resources was identified in a Cabinet policy paper, and a related appointment or legislative Cabinet paper is subsequently written and lodged, the external resources section does not need to be repeated in the latter paper unless further external resources were engaged since the initial paper was considered by Cabinet.
- 10 There are no set thresholds, such as cost or length of time engaged, relating to the external resources section. The provision of information is a matter of judgement, which should be made in the context of the government's expectations, and the guidelines contained, and referred to, in this circular.

Related guidance

- 11 In June 2018, the Cabinet Government Administration and Expenditure Review Committee approved Te Kawa Mataaho Public Service Commission's (PSC) proposal to reduce public service agencies' reliance on purchasing external capability. The PSC guidance, [Guidance to Enable State Services Agencies to Consistently Measure and Report their Usage of Contractors and Consultants](#) outlines the expectations for agencies to measure and report on the use of external resources, provides definitions of contractors and consultants, and explains exclusions to that policy.
- 12 In July 2023, the Chief Executive of the Ministry for Business, Innovation and Employment as Procurement Functional Leader issued further guidance on the conditions under which it is appropriate to engage contractors and consultants generally – including policy consultants and contractors [Using contractors and consultants in the public sector | New Zealand Government Procurement](#). This guidance must be considered by all agencies required to apply the Government Procurement Rules, and is fully consistent with the advice from PSC noted above.
- 13 Further advice, including the Cabinet policy paper template, is [published on the CabGuide](#) on the Department of the Prime Minister and Cabinet's website.

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