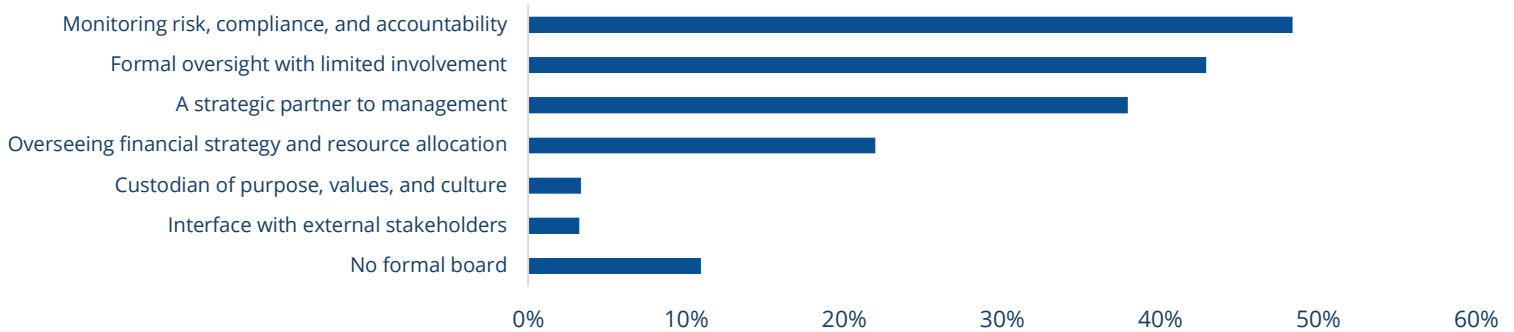


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Section 1: Purpose-led Governance and Board Leadership

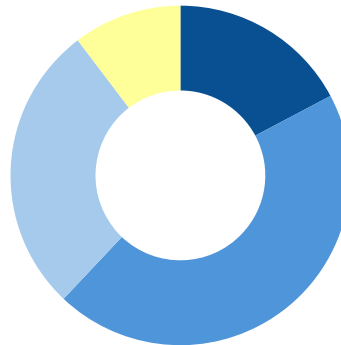
Primary Purpose of Board



Local and central government CEOs (CEOs) most frequently identify their board's primary purpose as monitoring risk, compliance, and accountability (48%), followed by formal oversight with limited involvement (43%). CEOs could select up to two roles, as boards may have more than one primary purpose (total selections >100%).

Board and management alignment

- Completely aligned
- Mostly aligned
- Partly aligned
- Mostly unaligned
- Completely unaligned



Alignment between boards and management understanding and respecting their roles is generally strong, with 17% of CEOs stating that the roles are completely aligned. However, some organisations may still face risks associated with role ambiguity or boundary overlap. It highlights an opportunity to enhance role clarity and optimise governance effectiveness.

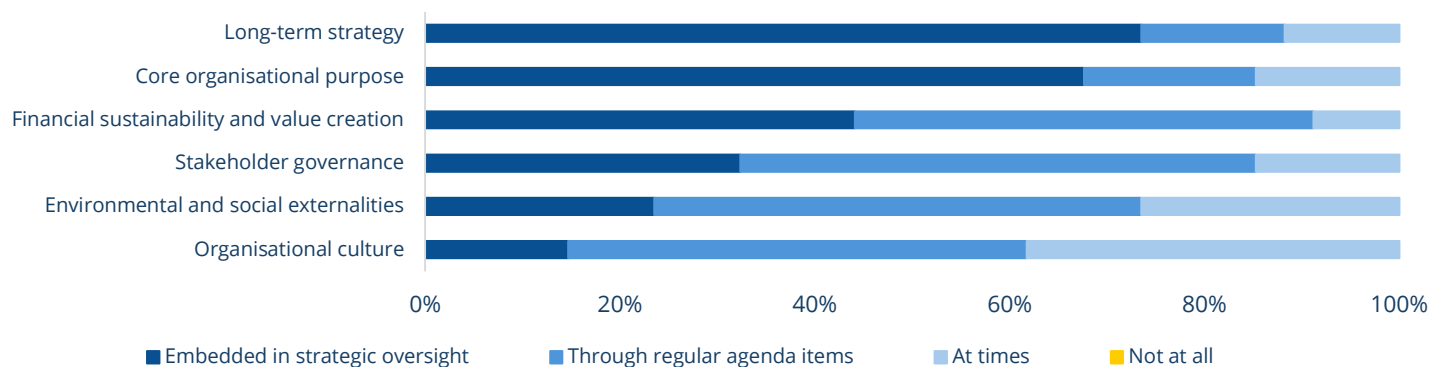
Board structure and composition for effective governance



Boards most commonly report that their structure ensures integrated financial and non-financial reporting (56%) and aligns composition to reflect skills and expertise for long-term strategy oversight (44%). In contrast, fewer report that their board structure ensures sustainability aligns with strategy and purpose (21%) and ensures culture aligns with strategy and purpose (18%), highlighting an opportunity to strengthen how board structures support broader organisational priorities.

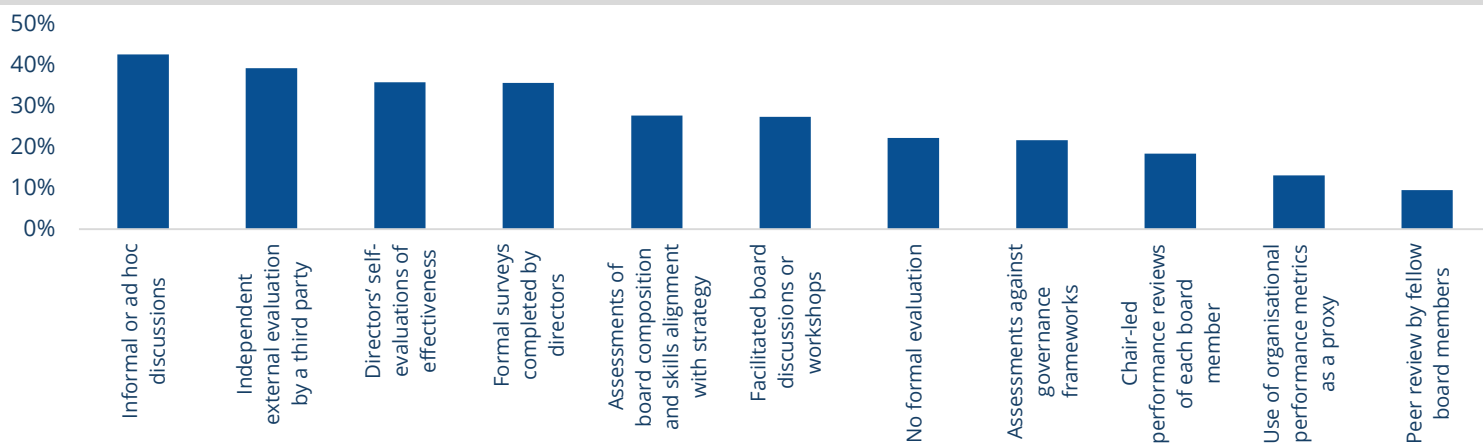
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Extent of formal board oversight across key areas



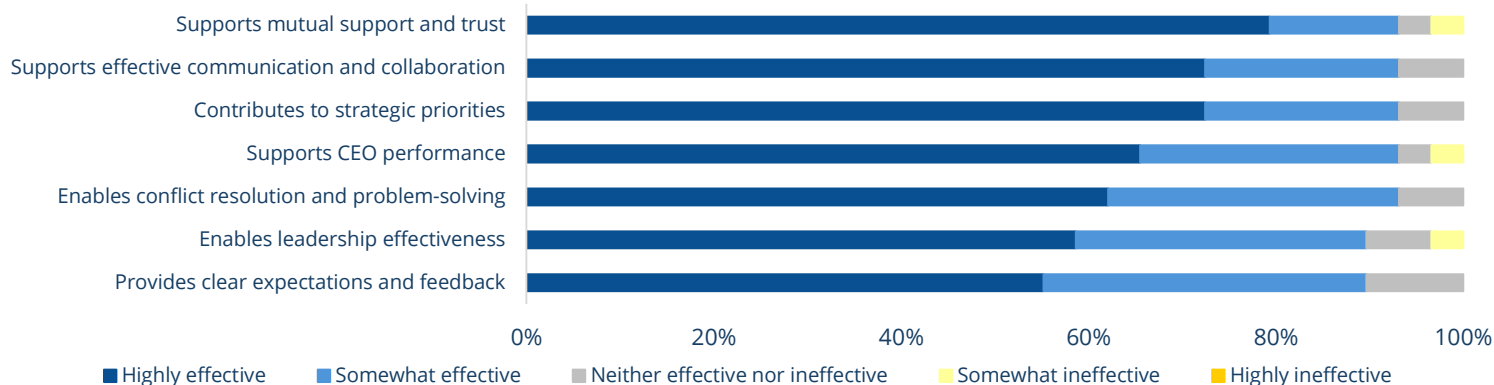
Many boards embed oversight of long-term strategy (74%), core organisational purpose (68%), and financial sustainability and value creation (44%) within strategic oversight. However, fewer boards embed stakeholder governance (32%), environmental and social externalities (24%), and organisational culture (15%), highlighting an opportunity for organisations to more consistently integrate factors that influence strategy, risk, and long-term value.

Board methods of evaluating own governance and oversight effectiveness



While organisations routinely evaluate management and organisational performance, board governance itself is often assessed more informally. With 43% relying on informal or ad hoc discussions and 39% using independent external evaluation by a third party, many boards have an opportunity to strengthen oversight and better enable organisational performance by adopting more formal, objective evaluation methods.

Effectiveness of CEO-chair relationship



The CEO-Chair relationship is central to governance, sitting at the interface between board and management and shaping oversight, communication, and strategic alignment. CEO-Chair relationships are generally strong: 79% of CEOs rated the chair "highly effectively" 'supports mutual support and trust', followed by 'supports effective communication and collaboration' (72%), and 'contributes to strategic priorities' (72%). The lower ratings for 'enables leadership effectiveness' and 'provides clear expectations and feedback' indicate opportunities to strengthen these relationships to enhance the CEO's ability to lead optimally.

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Board effectiveness in enabling organisational purpose



Even some of the strongest boards have room for improvement: 47% of CEOs rate their board as 'highly effective' in supporting oversight of compliance and organisational risks, followed by 44% in supporting long-term orientation, and 44% in supporting effective stakeholder engagement and accountability. More than 53% of boards are not highly effective in enabling organisational purpose in these factors; if these are not addressed, they risk leaving value on the table.

Areas the board could more effectively support and enable leadership

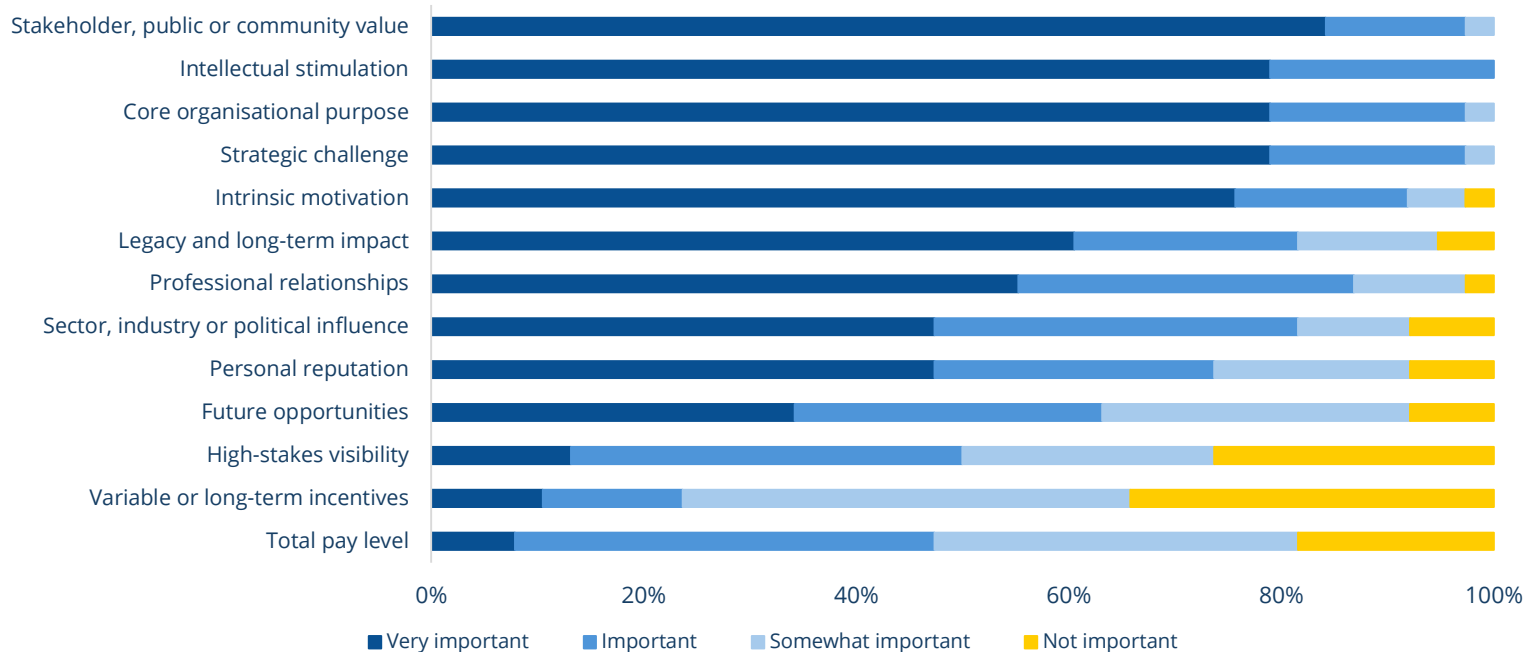


CEOs view board effectiveness as an important contributor to organisational performance. CEOs identify that boards could more effectively support and enable leadership, with 62% highlighting improved focus on long-term rather than short-term concerns, 50% enhanced alignment between board members on organisational priorities, and 47% more frequent reflection on board effectiveness.

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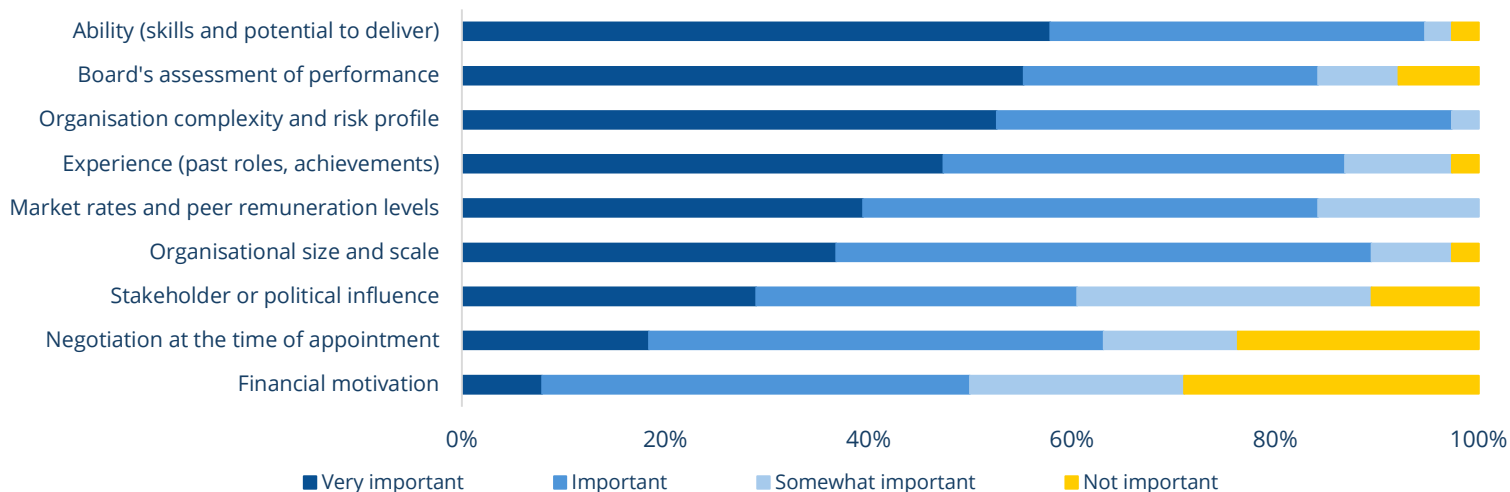
Section 2: CEO Personal Motivation, Values, and Alignment

Personal CEO motivations



CEO motivation is an important issue that has not been studied directly by asking CEOs. Attracting and retaining the right CEO is an important governance issue. The existing literature does not directly measure CEO motivation, instead inferring it from incentive structures (such as compensation design), observed CEO behaviour (e.g. risk-taking or earnings management), and governance outcomes (e.g., pay-performance sensitivity or compensation levels). CEO responses suggest that intrinsic and purpose-driven motivations rank highest, followed by reputation-related motivations, while financial or visibility-related factors are least prominent. Specifically, 84% of CEOs rated stakeholder, public or community value as very important, followed by intellectual stimulation (79%), and core organisational purpose (79%), whereas only 11% rated variable or long-term incentives and 8% rated total pay level as very important motivators.

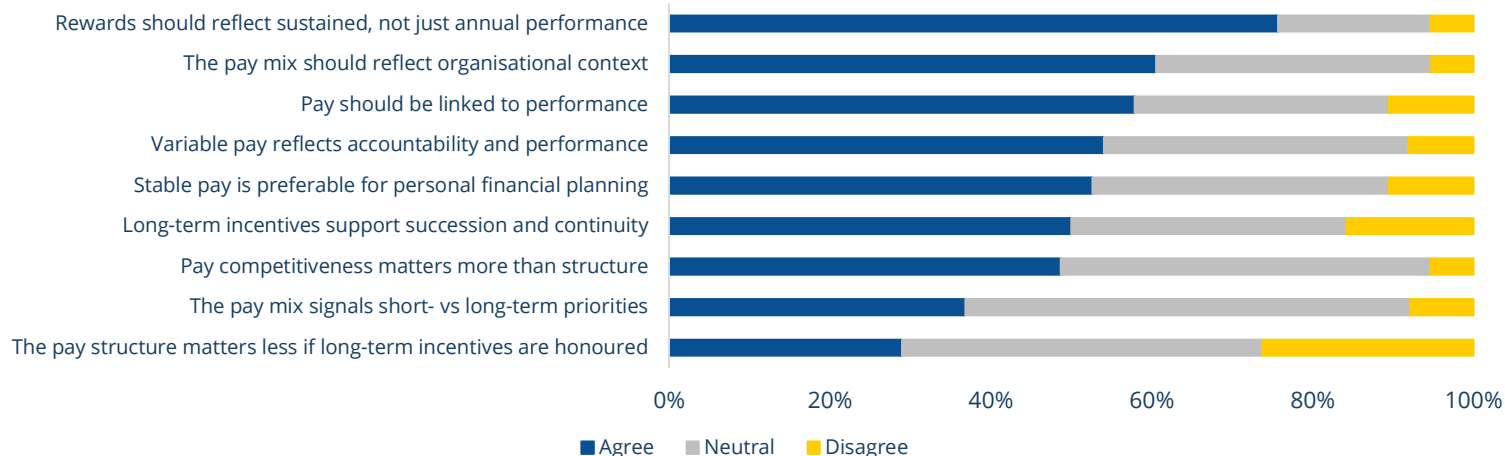
Key factors CEOs view as determinants of their pay



While the literature emphasises market benchmarks, managerial bargaining power, and incentive alignment, CEOs instead view pay as primarily driven by perceived individual ability and board judgment, with relatively little importance placed on negotiation or financial motivation. Specifically, 58% rating ability (skills and potential to deliver), 55% board's assessment of performance and 53% organisation complexity and risk profile as very important determinants of pay, compared with 29% for stakeholder or political influence, 18% for negotiation at the time of appointment and 8% for financial motivation. CEOs view remuneration as recognition of the strategic value they are expected to create and the risks they assume in delivering organisational outcomes.

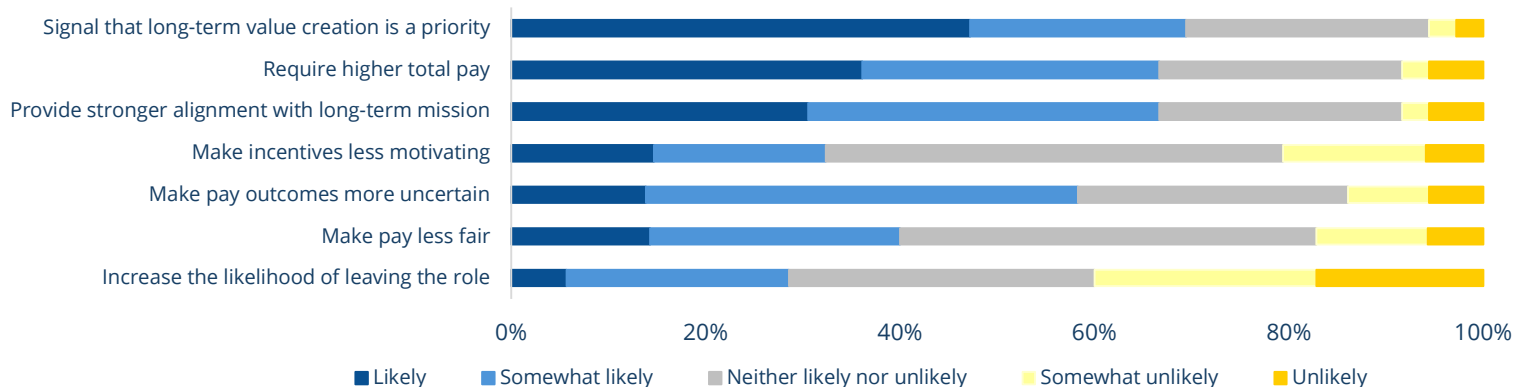
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CEO's views on fixed and variable pay



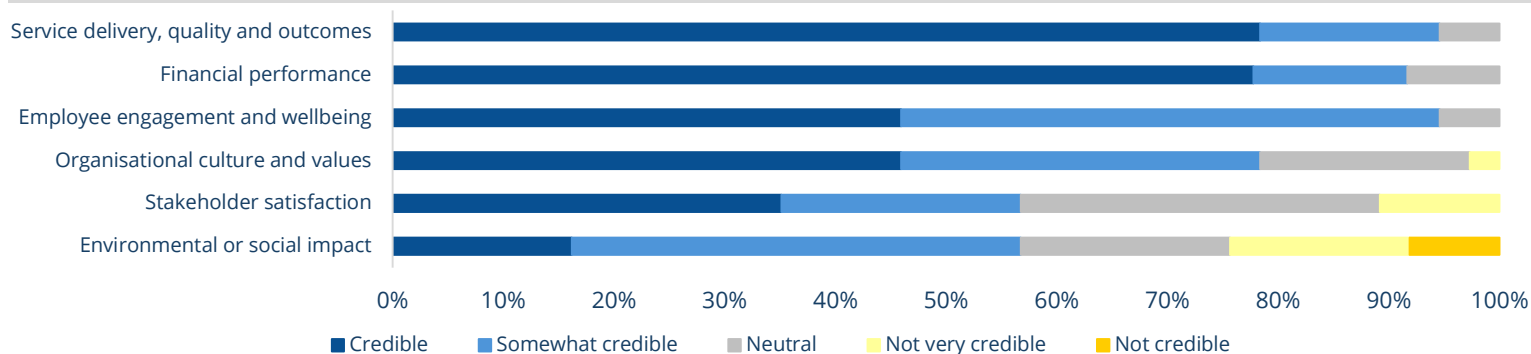
Most CEOs agree that 'rewards should reflect sustained, not just annual performance' (76%), that 'the pay mix should reflect organisational context' (61%), and that 'pay should be linked to performance' (58%). In comparison, CEOs are most neutral on 'the pay structure matters less if long-term incentives are honoured' (45%) and on whether 'the pay mix signals short- vs long-term priorities' (55%), indicating comfort with variable-based pay structures. CEO responses show limited evidence of self-interested, short-term or rent-extractive behaviour as assumed in the academic literature.

CEO perspective on the impact of current incentives being made longer-term



Most CEOs agree that longer-term incentives tend to 'signal that long-term value creation is a priority' (69%) and 'require higher total pay' (67%). CEOs are most neutral that they 'make pay less fair' and 'make pay outcomes more uncertain'. Many said it is unlikely or somewhat unlikely that it would 'increase the likelihood of leaving the role'.

CEO's views on the credibility of pay-linked KPIs for their own performance

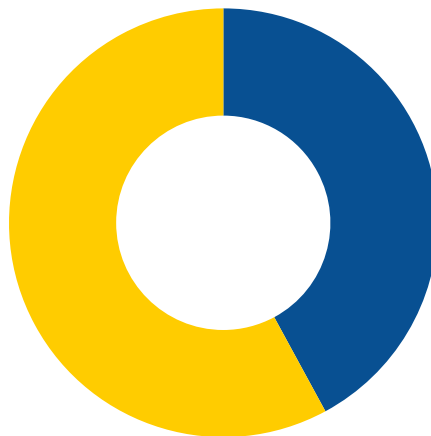


CEOs believe that pay-linked KPIs are most credible for 'service delivery, quality and outcomes' (78%) and 'financial performance' (78%), moderately credible for 'employee engagement and wellbeing' (46%) and 'organisational culture and values' (46%), and least credible for 'stakeholder satisfaction' (35%) and 'environmental or social impact' (16%). Many see these measures as somewhat credible, with very few rating any measure as not credible.

Government Local and Central: 38 CEOs

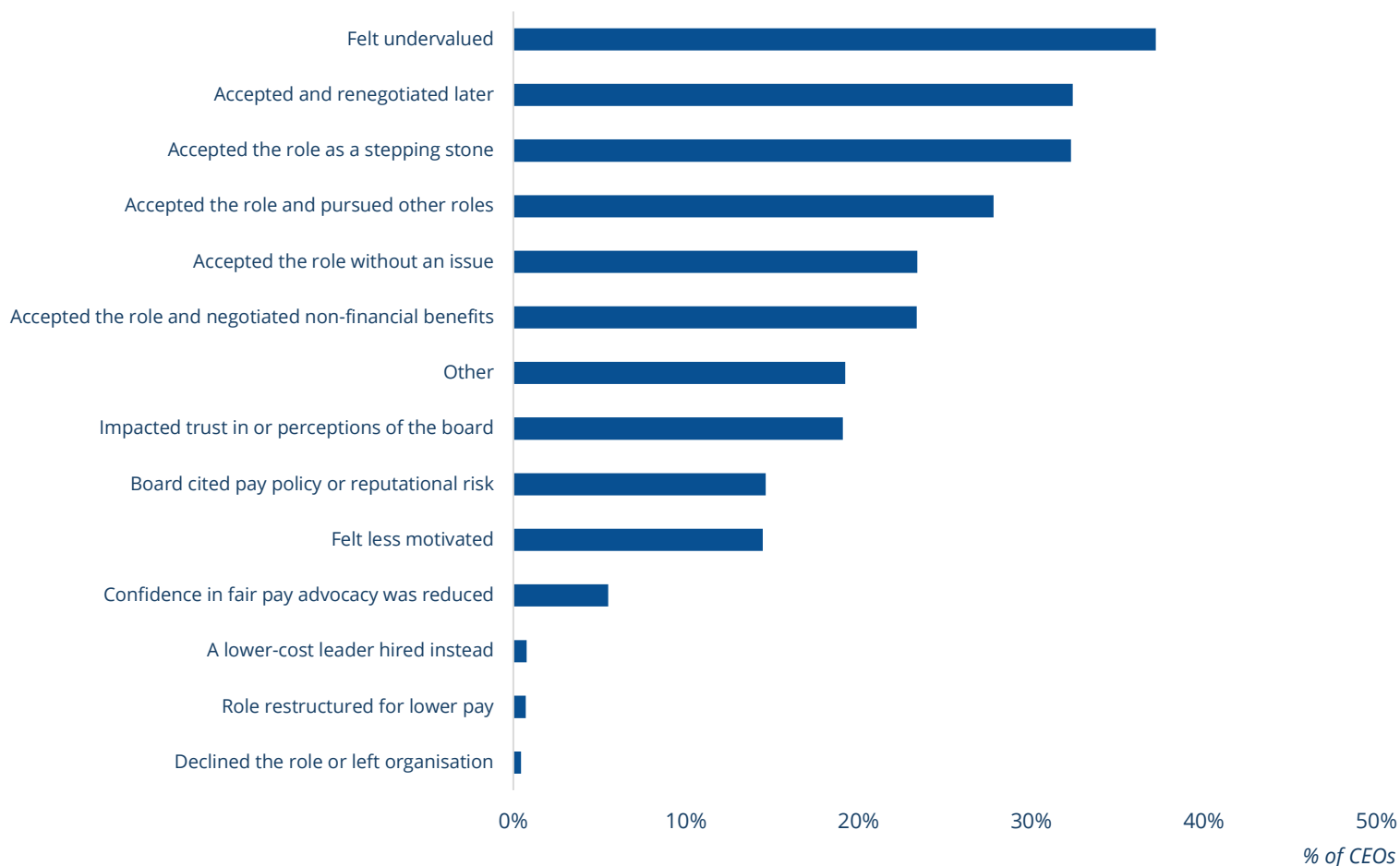
CEOs offered below-expected remuneration during their time in leadership

- Not offered below-expected pay
- Offered below-expected pay



A key governance signal is potential misalignment between CEO remuneration and candidate expectations, creating attraction, retention, and leadership continuity risk. During their time in leadership, 58% of CEOs reported experiencing total pay offers below what they felt was appropriate, often leading to career-management responses, whereas 42% did not.

Leader consequences of lower-than-expected pay offers

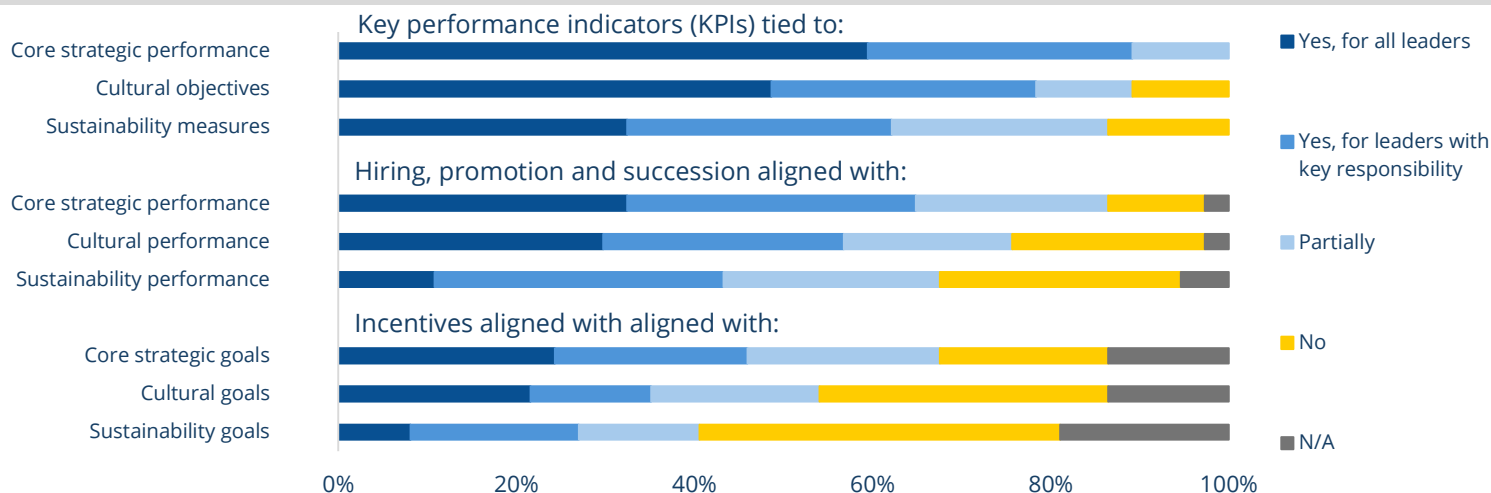


Boards risk weaker leadership quality, poorer strategic continuity, and reduced ability to attract and retain capable CEOs when pay is set below appropriate market levels. The most common responses for CEOs who received lower than expected pay offers included that they felt undervalued (37%) and accepted and renegotiated later (32%), highlighting that executives often respond to perceived underpayment by managing their career trajectory around it, with potential implications for longer-term commitment and board-CEO alignment.

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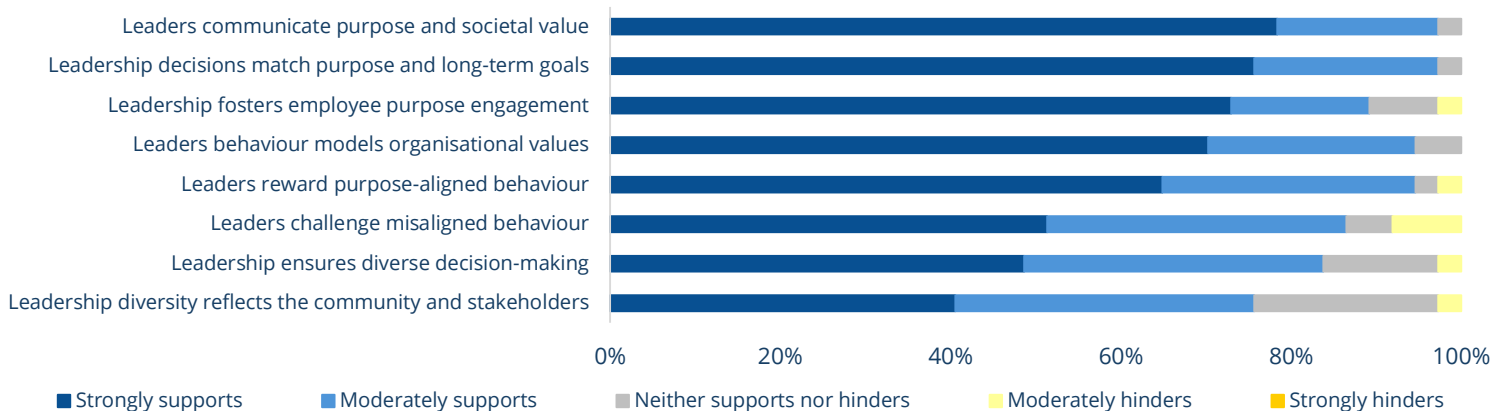
Section 3: Executive and Senior Leaders Signals, Pay and Incentives

Signals of strategy, culture, and sustainability for executive & senior leaders



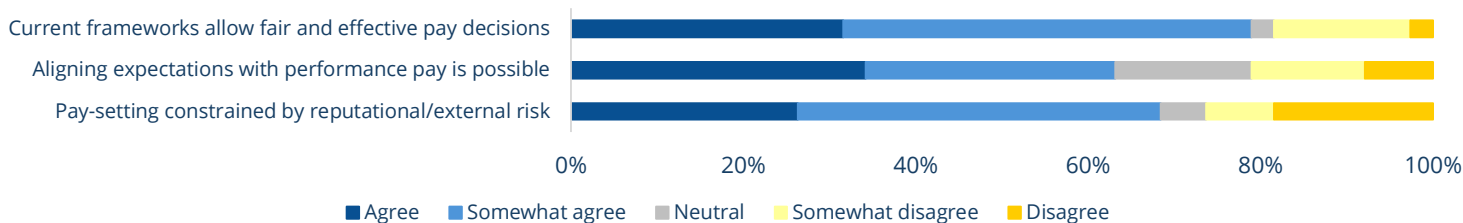
Leadership incentives, KPIs and succession decisions aligned with sustainability, culture and strategy are social and governance mechanisms as they determine how effectively leadership behaviour is shaped, monitored and held accountable for delivering organisational purpose and sustained value creation. 57%–89% of CEOs integrate core strategic performance into executive hiring, promotion, succession and KPIs, compared with 65%–78% for culture and 43%–62% for sustainability. Reward systems have a stronger focus on strategic goals rather than their execution (culture) or being a responsible citizen (sustainability).

Senior leader behavioural alignment with organisational purpose and values



Alignment between leadership behaviour, decision-making and representation influences organisational trust, inclusivity and long-term effectiveness. Between 70% and 78% of CEOs report that senior leaders strongly support organisational purpose through communication, modelling, and decision-making. In comparison, only 49% believe leadership ensures diverse decision-making, and 41% say leadership diversity reflects the community and stakeholders, highlighting an opportunity to align behaviour and structural inclusivity.

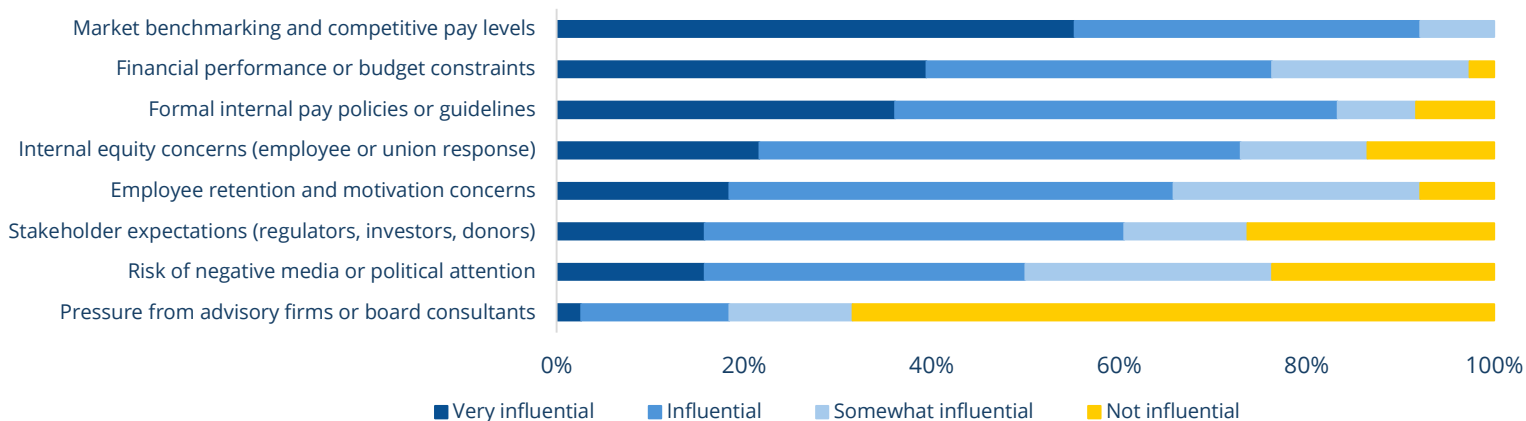
Executive remuneration framework effectiveness



Effective remuneration systems are important because they support fair, performance-linked pay, strengthen accountability, and help align leadership behaviour with organisational objectives while maintaining trust in social and governance processes. 79% of respondents agree or somewhat agree that current frameworks support fair and effective pay decisions, and 63% agree or somewhat agree that expectations can be aligned with performance pay. In contrast, 68% perceive pay-setting to be constrained by reputational or external risk.

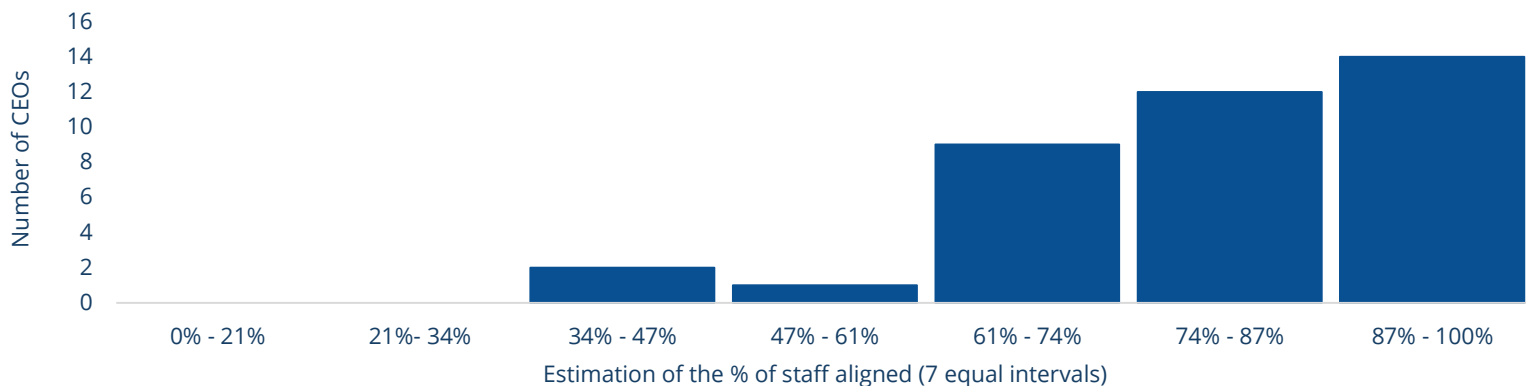
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Factors influencing executive or senior leader pay decisions



Executive and senior leader pay decisions are driven primarily by governance factors, including financial performance, benchmarking, stakeholder expectations and formal pay policies, which reflect how boards exercise oversight, manage accountability and align remuneration with organisational objectives. Social factors are also evident, with employee retention, motivation and internal equity concerns reflecting workforce and cultural implications of executive pay decisions, including fairness, trust and cohesion. Comparatively, external pressures such as advisory firms, media or political risk have limited influence.

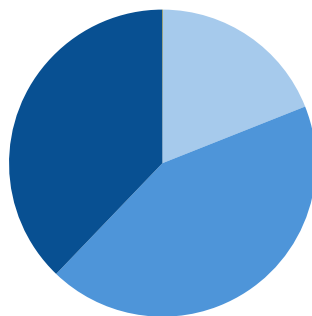
Percentage of staff motivated by sustainability goals



The majority of CEOs believe that staff are highly aligned with the organisation's purpose, including social, environmental, and broader stakeholder objectives, with the average CEO estimating alignment at around 78% of all staff. This percentage is meaningful because it indicates the extent to which that purpose is embedded in employee behaviour, shaping execution capability, cultural coherence, and the credibility of the organisation's ESG commitments.

Willingness to support culture shift for sustainability goals

- Not at all open to change
- Minimally open to change within current norms
- Moderately open to change with structured plans
- Fully open to transformational change



An organisation's willingness to pursue cultural change for sustainability is important because it signals whether environmental and social commitments can be embedded in organisational behaviour and governance, rather than remaining at the level of policy or reporting. 81% of organisations are willing to pursue cultural change to support sustainability goals, with 43% favouring structured change and 38% open to transformational change. Because willingness is high, organisations may benefit from targeted support such as practical tools for embedding sustainability, leadership guidance, and staff or board training to enable deeper, systemic change.

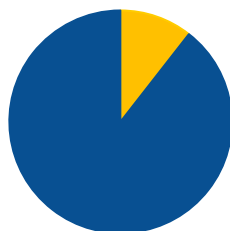
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Section 4: Sustainability Strategy and Investment Priorities

Impact of environmental and social investments on organisational value

Do not add value

Add value



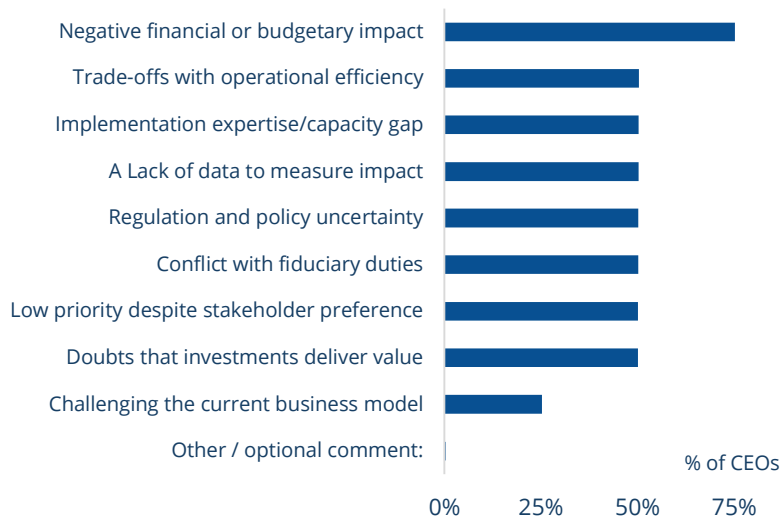
The majority of CEOs (89%) believe investing in environmental and social practices enhances their organisation's value, while 11% say it does not. This highlights that most CEOs view environmental and social practices as value-enhancing, reinforcing their role as a core driver of long-term strategic decision-making rather than a peripheral concern.

Reasons sustainability adds value



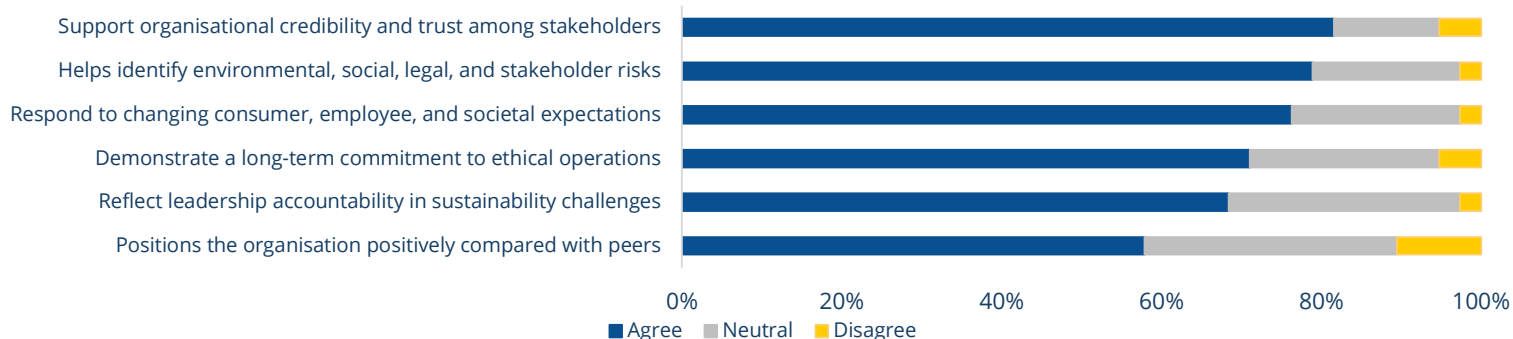
89% of CEOs say sustainable practices enhance their organisation's value, primarily due to alignment with employee values (74%) and integration into strategy (71%).

Sustainability does not add value due to:



11% of CEOs do not believe that sustainable practices enhance organisational value, primarily due to negative financial or budgetary impact (75%) or trade-offs with operational efficiency (50%).

Agreement with statements on sustainable business practices

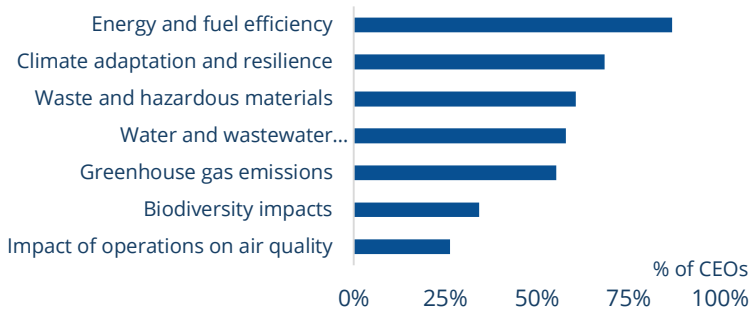


The majority of CEOs agree that sustainable practices support organisational credibility and trust among stakeholders (82%), helps identify environmental, social, legal, and stakeholder risks (79%) and respond to changing consumer, employee, and societal expectations (76%). Sustainable business practices are viewed as an integrated driver of competitiveness, stakeholder trust, and risk management, rather than a peripheral activity.

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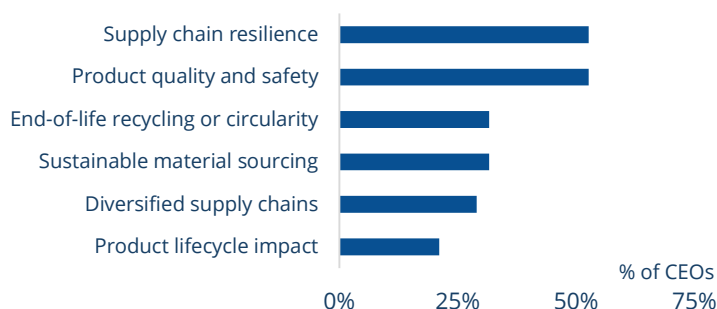
Material **environmental** factors driving strategic priorities and long-term value

Environmental sustainability factors



CEOs view energy and fuel efficiency (87%) and climate adaptation and resilience (68%) as primary environmental drivers of long-term value.

Product and supply chain sustainability factors



CEOs view supply chain resilience (53%) and product quality and safety (53%) as the primary drivers of long-term value for products and the supply chain.

Material **social** factors influencing strategic priorities and long-term value

Workforce sustainability factors



CEOs view employee well-being (100%) and employee health and safety (100%) as the primary workforce sustainability value drivers.

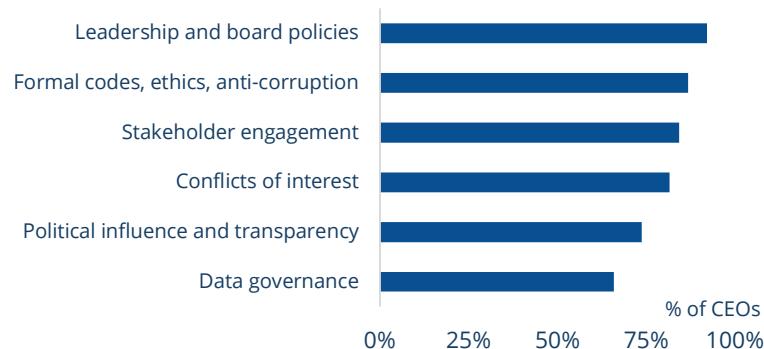
Stakeholder sustainability factors



CEOs view data security and privacy (89%) and community relations (82%) as primary social stakeholder drivers of long-term value.

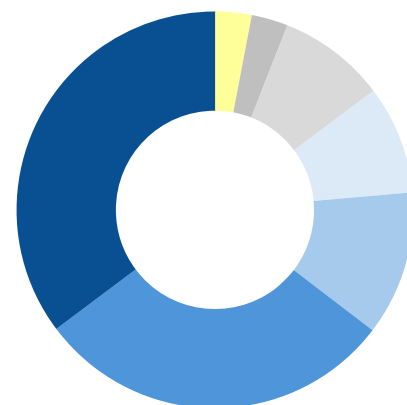
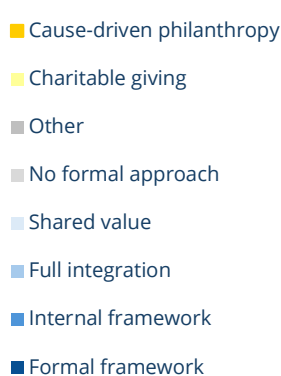
Material **governance** factors

Governance sustainability factors



CEOs view 'leadership and board policies' (92%) and 'formal codes, ethics, anti-corruption' (87%) as the primary governance drivers of long-term value.

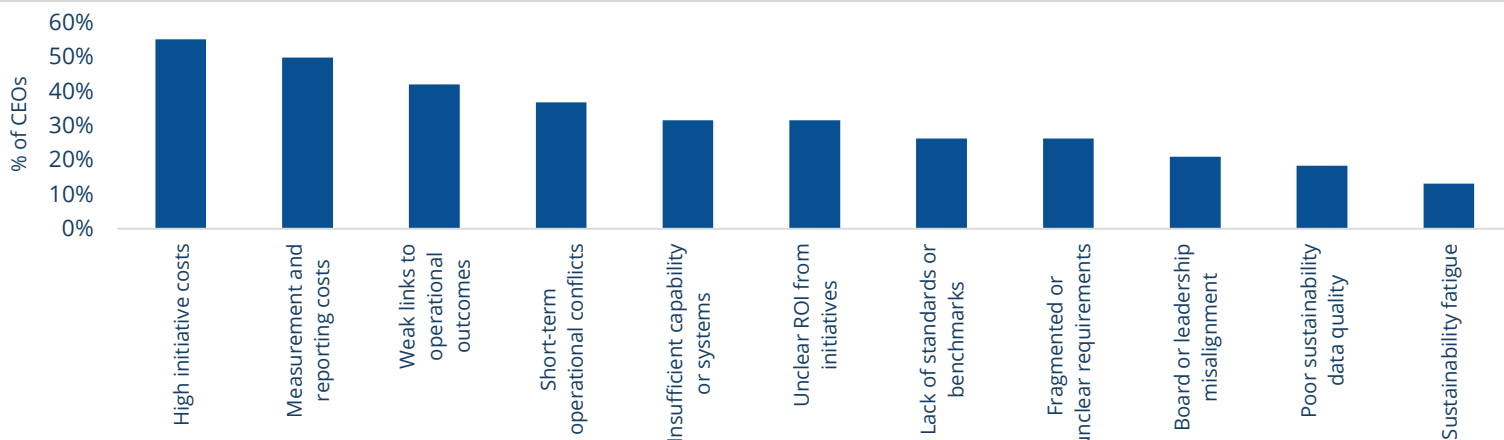
Approach to sustainability strategy



The most common approach to sustainability is formal framework: for example CSR, ESG, GRI, TCFD, compliance with standards, reporting, and risk management (35%).

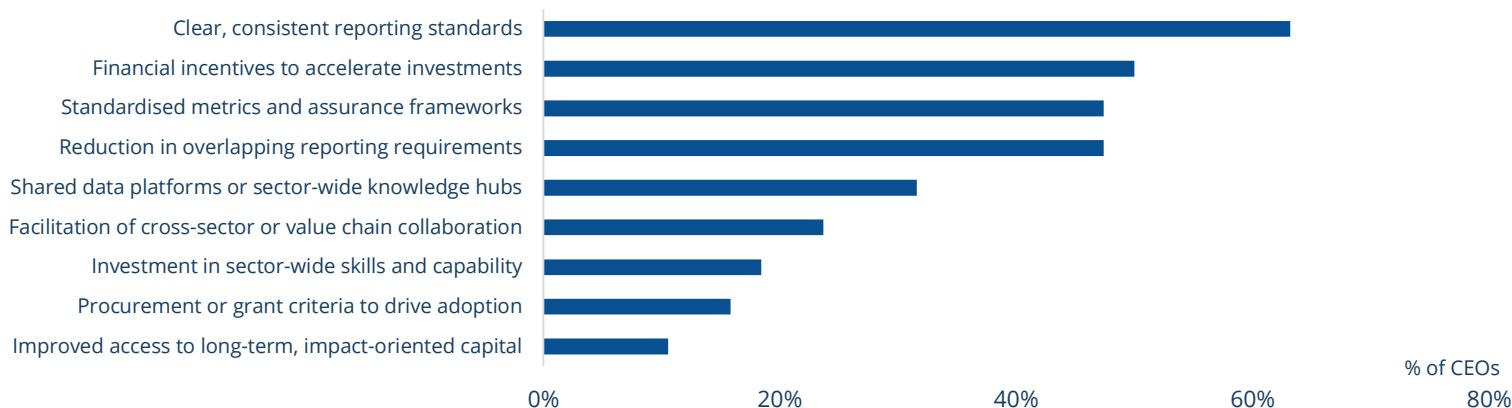
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Key barriers to integrating sustainability into strategy and operations



Organisations see high initiative costs (55%) as the most common barrier to integrating sustainability into strategy and operations, followed by measurement and reporting costs (50%) and weak links to operational outcomes (42%).

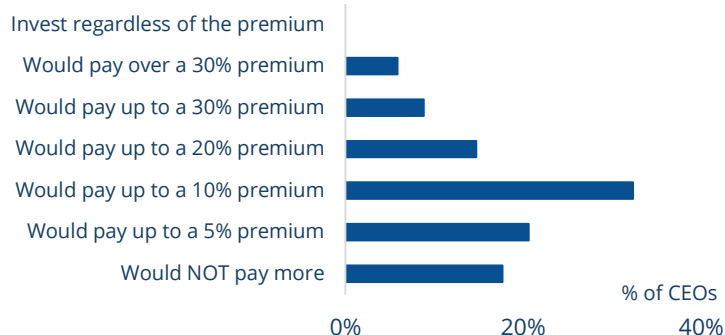
Government or industry body actions that most support sustainability goals



Based on selection frequency, CEOs identify clear, consistent reporting standards (63%) and financial incentives to accelerate investments (50%) as the most important actions government or industry bodies can take to support sustainability goals, followed by standardised metrics and assurance frameworks (47%).

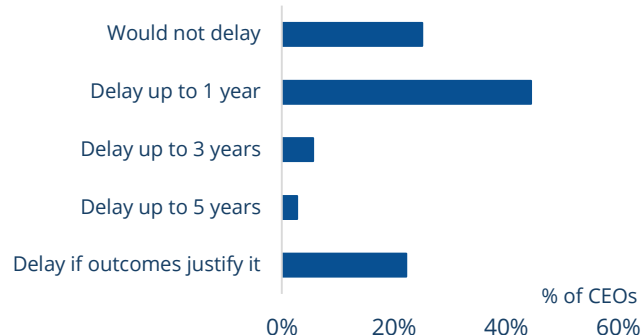
Willingness to pay for greener outcome Tolerance for sustainable project delays

Greener versus conventional options (% of CEOs across premium levels)



53% of CEOs would pay a moderate premium (5%–10%) for greener technology: 29% would pay a premium of over 20%, while 18% would not pay more.

Time delay for environmental or social gains (% of CEOs by delay length)

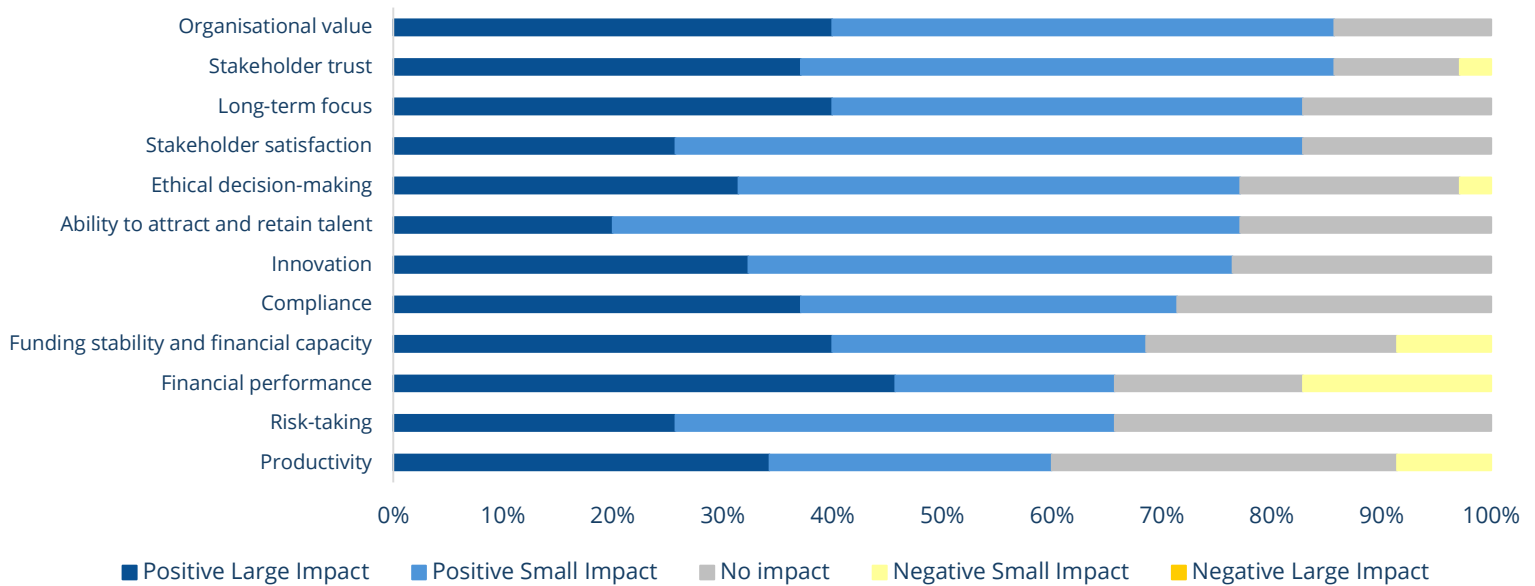


Most CEOs tolerate short delays for higher environmental or social gains: 44% up to 1 year, 8% up to 3–5 years, and 25% would not delay.

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Summary: Overall influence on long-term organisational performance

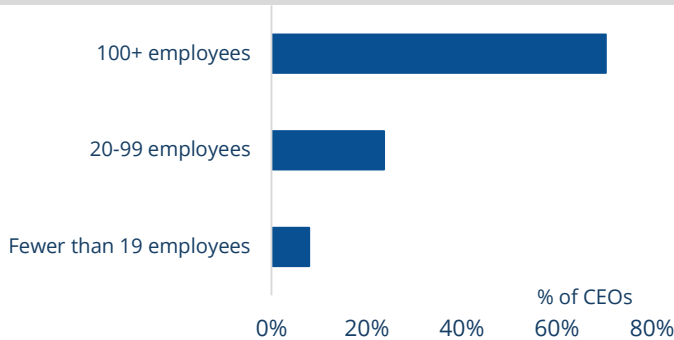
Impact of environmental, social and governance sustainability on factors



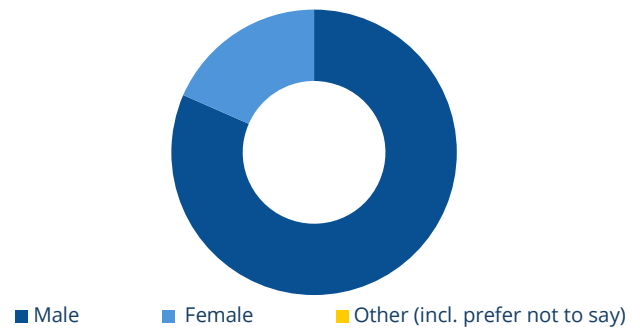
Environmental, social and governance sustainability positively impacts long-term performance, particularly value creation and stakeholder trust.

Demographics: CEOs and Boards

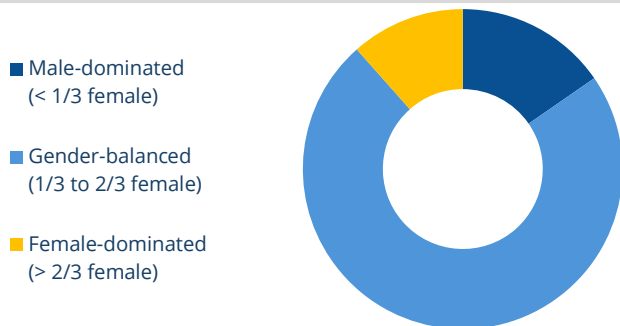
Number of employees



CEO gender identity

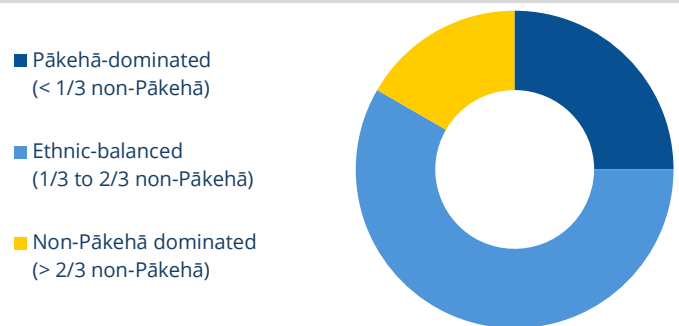


Female board representation



Women comprise 47.4% of the New Zealand workforce (Household Labour Force Survey, June 2023). Boards in the government sector are more gender-balanced than the for-profit sector, with most boards being gender balanced. However, CEOs are primarily male, highlighting the importance of examining systemic barriers to female progression into leadership.

Ethnic board representation



The 2023 NZ Census showed 47% identify as either Māori (17.8%), Pasifika (8.9%), Asian (17.3%), or other (3%), with 53% primarily NZ European/Pākehā. Government boards closely reflect this ethnic diversity, indicating comparatively stronger ethnic representation in governance than in for-profit boards.