



New Zealand Report

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Sustainable Governance
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Executive Summary

New Zealand has weathered the global COVID-19 pandemic relatively well, both in terms of public health and economic performance. As of December 2021, the country had only recorded nine deaths per million population – the lowest such figure in the OECD. New Zealand’s economy also bounced back faster than expected and is projected to exit recession in 2022. The unemployment rate saw a sharp drop in 2021, from a peak of 5.3% in the September 2020 quarter to 3.4% in the September 2021 quarter.

However, the Labour-led government under Prime Minister Jacinda Ardern has been criticized for not using the COVID-19 crisis to tackle major structural policy issues. For one, New Zealand suffers from comparatively high child poverty rates and is ranked near the bottom of UNICEF’s child well-being ratings. While the Ardern administration boosted welfare benefits in the 2021 budget (aimed at lifting between 19,000 and 33,000 children out of poverty), critics have pointed out that these measures do not go far enough.

The overheated housing market is a further factor driving social inequality. Average house prices were 33% cheaper in the month before COVID-19 hit than they were at the time of writing; the average house price was \$748,111 in March 2020, but has now exceeded \$1 million. Ardern continues to ignore calls for a capital gains tax, which – according to its proponents (such as the government’s own Tax Working and the Green Party) – could help to slow down runaway prices.

In addition, critics have pointed out that the Labour government missed an opportunity to set New Zealand on course toward a low-emission economy. While the 2020 budget mainly pledged funds for weed and pest control, biodiversity enhancement and restoration projects, the 2021 budget funneled very little money toward environmental causes. Based on current policies and public spending priorities, the Climate Action Tracker, which assesses countries’ performance in terms of meeting their Paris Agreement commitments, rates New Zealand as “highly insufficient.”

What is more, the COVID-19 pandemic has exposed structural inequalities between Māori and non-Māori parts of the population. Not only do Māori

continue to be disadvantaged with respect to almost every socioeconomic indicator (e.g., education, income), but they have also been at higher risk of catching COVID-19 than other parts of New Zealand society.

These various policy outcomes are influenced by New Zealand's Westminster-style democracy, which concentrates political power in the executive and features very few veto players. While the New Zealand political system is commonly rated as one of the most democratic in the world, the country struggles with issues of media pluralism. The media market is dominated by (mostly foreign-owned) commercial conglomerates, which place greater emphasis on entertainment than on critical news-gathering.

Policy implementation is the responsibility of a highly transparent and efficient bureaucratic apparatus. New Zealand continues to be ranked among the least corrupt countries in the world and performs strongly on a number of other related indicators, such as the availability of and access to government information. In 2021, the government passed a new Public Service Act, which is designed to facilitate cooperation between government departments and agencies.

Key Challenges

New Zealand has continued to struggle during the COVID-19 pandemic with respect to balancing economic performance with social and ecological imperatives. From an institutional perspective, this is not surprising. Generally speaking, majoritarian democracies – compared to consensual democracies – tend to be associated with greater economic inequality and worse performance in terms of environmental sustainability (although New Zealand does have an electoral system comparable to consensual democracies).

On the one hand, New Zealand's centralized system of democracy facilitated the swift and decisive implementation of public health measures to constrain the spread of COVID-19. Low infection rates have meant that lockdowns have been short and sharp, allowing economic activity to continue and growth to rebound. On the other hand, this centralization of political power and the lack of institutional access points for societal demands may help explain why many structural policy issues remain unaddressed (although both the Epidemic Response Committee and the Waitangi Tribunal provided entry points for experts to present critical evidence and hold the government to account for its decisions). Criticism from these two venues has been supplemented by active media organizations that have highlighted the fact that the Ardern

administration ignored important voices from outside the government when designing and implementing its COVID-19 recovery strategy. Prior to the 2020 election, the Labour-led coalition had also been criticized for not following recommendations made by the Tax Working Group, the Welfare Expert Advisory Group and environmental organizations. The government was also criticized for not listening to Māori public health experts when shifting from the COVID-19 alert system to the more permissive “traffic light” system, and for the way that it designed its vaccine rollout in 2021.

In October 2021, the Ardern administration announced that it planned to conduct a major review of New Zealand’s democratic system prior to the 2026 election. An independent panel comprising experts recommended by political parties, universities, youth and Māori organizations, and the legal society will be appointed to conduct the review. However, the “target changes” identified by the government mainly relate to the electoral process – for example, lowering the voting age to 16, extending parliament’s term from three to four years, making political donations more transparent, and allowing Māori to switch between the Māori and general electoral rolls.

The proposed reforms thus fail to address other weaknesses in New Zealand’s political system. Rather than focusing on the electoral process (which is already among the most democratic in the world), reforms should aim to strengthen vertical accountability through other means. There is room to create more institutionalized mechanisms that would allow citizens and social groups to participate in political decision-making procedures in between elections, for instance in the context of regulatory impact statements (RIS), gender-responsive budgeting and other more systematic processes for public consultation. Moreover, reform efforts should be targeted at strengthening diagonal accountability – that is, the ability of civil society organizations and the media to hold the government accountable. New Zealand’s Official Information Act (OIA) is a prime candidate for reform in this regard. The media continue to demand changes to the OIA, criticizing in particular the slow pace with which government agencies respond to information requests. The Labour government announced that it was committed to rewriting the OIA; however, the promised review has yet to begin.

Without stronger institutional access points for citizens and societal actors to engage in policymaking processes, New Zealand’s political system will continue to provide incentives for governments to neglect questions of economic redistribution and ecological sustainability. Labour’s announcement that the government would review democratic processes is a step in the right direction, but the scope of this review must include institutions beyond elections.

Party Polarization

The mixed-member electoral system, which was introduced in 1996 and combines first-past-the-post with a party list proportional representation system, has not only created a need to form multiparty cabinets but has also required the two major parties to appeal to the average voter as well as those citizens who tend to vote for the smaller parties to the left or right.

New Zealand election expert Jack Vowles' research shows that this electoral system change has not led to an increase in entrenched polarization. For example, in the mid-1980s and early 1990s, governments moved to the right, well away from the median voter and it was the shift to proportional representation that pulled them back to the center (Vowles, 2021). Drawing on New Zealand Election Survey data, he argues that under the mixed member proportional (MMP) system, New Zealand has become less polarized, with both major parties moving closer to the center.

That said, international indicators show that New Zealand's current party system is moderately polarized, similar to that observed in Germany and Finland (Lauka et al. 2018; Matakos et al. 2016). While the party system still revolves around Labour (which currently has 65 parliamentary seats) and the National Party (33 seats), there are now also a number of smaller relevant parties, including ACT (10 seats), the Green Party (10 seats), and the Māori Party (two seats). However, the increase in party system fragmentation has not posed a significant obstacle to finding cross-party agreements in policymaking. Coalition governments are the new norm. In fact, despite winning an absolute majority in the 2020 general election, Labour entered into a coalition with the Green Party, based on a formal "cooperation" agreement that sets out policy priorities for the next three years (Roy 2020). (Score: 7)

Citation:

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Sustainable Policies

I. Economic Policies

Economy

Economic Policy
Score: 7

New Zealand is generally rated relatively highly in terms of international economic competitiveness. For example, the latest World Economic Forum Global Competitiveness Index ranked New Zealand as the 19th most competitive nation in the world, giving the country first place in the area of macroeconomic stability, budget transparency, corporate governance, the time needed to start a business and social capital (World Economic Forum 2019). New Zealand also achieved positive ratings in the World Economic Forum's Global Competitiveness Report Special Edition 2020, which analyzed 37 countries on the basis of their readiness for economic transformation and their ability to revive their economies in the wake of the COVID-19 pandemic. In particular, New Zealand was lauded for its delivery of public services –with this process marked by governance principles and transparency – and its financial stability (World Economic Forum 2020).

In fact, New Zealand's economy rebounded much more rapidly from the COVID-19 pandemic than many other OECD countries. GDP surged by 2.8% in the three months through June 2021, Statistics New Zealand said, well ahead of a Reuters poll forecast of a 1.3% increase and the Reserve Bank of New Zealand's (RBNZ) estimate of 0.7%. This rebound can be explained in part by New Zealand's success in eliminating COVID-19 (at least until the arrival of the delta variant in late August 2021), which allowed the country to reopen its domestic economy well before other advanced nations did, boosting employment and consumer spending (Menon 2021).

Large-scale government support matters to explain New Zealand's rapid economic recovery. The Labour government's fiscal support package (among the largest in the world relative to the size of the economy) featured large wage subsidies to retain employment during the lockdown and beyond,

allowing businesses to rapidly reopen once conditions permitted. Moreover, the RBNZ also played a key role by easing monetary policy and creating special facilities to ensure that credit continued to be available during the crisis. For the first time, New Zealand used unconventional monetary policy, featuring large-scale bond purchases to lower longer-maturity interest rates. Together, the unprecedented fiscal and monetary stimulus prevented large-scale unemployment and insolvencies while preserving financial stability (Raman et al. 2021).

However, beneath New Zealand's V-shaped economic recovery lie deeper structural issues of international competitiveness. For one, the economy suffers from poor productivity. The Productivity Commission's "Productivity by the Numbers" report released in May shows that New Zealanders worked an average of 34.2 hours per week, higher than the average 31.9 hours per week worked in other OECD countries, and produced \$68 of output per hour, less than the \$85 per hour in other OECD countries (New Zealand Productivity Commission 2021). Moreover, New Zealand has higher barriers to foreign direct investment (FDI) than other OECD countries, which impedes entry to foreign firms. The government passed a reviewed Overseas Investment Act in mid-2021, with the aim of streamlining approval procedures, but critics have noted that the changes do not go far enough in fixing the flaws in the current system (RNZ 2021). On the other hand, New Zealand has continued to take a lead in championing multilateralism rather than nationalism in its approach to free trade agreements (FTA), and has initiated new approaches to inclusive trade. In late 2021 the terms of the new Regional Comprehensive Economic Partnership (RCEP) were finalized, coming into force on 1 January 2022. The Agreement includes 15 regional economies, including seven of New Zealand's top 10 trading partners, and is designed to address non-tariff barriers to trade in the Indo-Pacific and increase market access for New Zealand business. Alongside this, New Zealand continued to advance negotiations for FTAs with the United Kingdom and the European Union while also hosting APEC 2021. The latter resulted in agreement from all 21 APEC leaders to the Aotearoa Plan of Action, which details two decades of work to advance peace, prosperity and well-being. It represents a commitment to making trade more inclusive and sustainable. In all of these economic negotiations, the government has sought to preserve the state's right to regulate in the public interest, while preserving the preeminence of the Treaty of Waitangi and Māori interests.

Citation:

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Labor Markets

Labor Market
Policy
Score: 8

Despite the ongoing COVID-19 pandemic, the unemployment rate in New Zealand plunged to a record low in 2021. In the three months through the end of the September, the unemployment rate dropped to 3.4% (down from 4% in the June quarter) – the lowest rate of unemployment the country has ever recorded (matching the rate in the three months to the end of December in 2007). The “underutilization” rate (which measures unemployment along with the proportion of people in work but who would like more hours, as well as those who want jobs but are either unavailable or not actively seeking work) also fell – from 10.5% (in the June quarter) to 9.2% (in the September quarter) (Pullar-Strecker 2021).

The historic drop in unemployment figures was partly due to travel restrictions on international arrivals, which prevented migrants from swelling the domestic labor supply. In particular, the COVID-19 pandemic worsened workforce shortages in the agricultural and horticultural sectors. While the government did provide exemptions to seasonal workers from Tonga, Samoa and Vanuatu to travel to New Zealand, industry representatives continued to complain about a lack of policy certainty (Tokalau 2021).

In addition, labor market figures have also been bolstered by the financial support provided by the government to employers with the goal of mitigating the negative impact of public health measures during the COVID-19 pandemic. During the delta lockdown in the second half of 2021, the government provided up to \$940 million per fortnight to support businesses,

paid at a base rate of \$1,500 per eligible business and \$400 for each full-time employee (FTE), up to a total of \$21,500. In November, subsidies were increased to \$3,000 per business and \$800 per FTE, up to a maximum of 50 FTEs (New Zealand Herald 2021).

However, while aggregate unemployment figures look promising, they hide structural problems in the labor market. In particular, young Māori and Pacific Islander people have a consistently higher unemployment rate than do young New Zealanders of European descent. In the quarter ending in September 2021, youth unemployment rates were 7.8% among those of European descent, 15.5% for Māori and 11.2% for Pacific people (Sadler 2021). The Labour government has been trying to address these issues by increasing funding for targeted employment programs such as the Māori Trades and Training Fund (.6 million) and He Poutama Rangatahi (.6 million) (New Zealand Government 2021).

There has also been ongoing criticism of the current government's lack of attention to the impact of COVID-19 on women workers. Evidence indicates that women's underutilization rates were higher than men's prior to the pandemic, but increased once job losses began in 2020 (Giovanetti, 2020). Moreover, the unemployment figures do not capture the many women who lost their jobs but then stopped looking for work because they were needed at home to provide care services. Women picked up much of this care work during New Zealand's lockdowns in both 2020 and 2021. Finally, the economic response packages, financial support for workers and businesses, and stimulus packages were directed more toward physical infrastructure and trades jobs rather than social infrastructure (care work) (Curtin et al, 2021).

Citation:

Curtin, J. et al. (2021). The Conversation, 21 May 2021 <https://theconversation.com/nz-budget-2021-women-left-behind-despite-the-focus-on-well-being-161187>

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Taxes

Tax Policy
Score: 7

Compared to other OECD countries, the New Zealand tax system performs relatively poorly in terms of revenue collection. In 2019, New Zealand's tax-to-GDP ratio (32.3%) was significantly lower than the OECD average (33.8%). Not only that, but New Zealand's tax-to-GDP ratio has declined by 1.6 percentage points since 2007 (OECD 2021).

In terms of government revenue structure, two things stand out. Relative to the OECD average, New Zealand relies heavily on personal income tax as well as a goods and services tax (GST) (OECD 2021). While the GST is generally speaking considered a regressive tax (because it falls disproportionately on lower-income people), New Zealand's personal "broad base, low rate" income tax also lacks in progressivity. In short, despite the fact that the Labour administration introduced a new 39% personal tax rate on income above \$180,000 in May 2021 (which affects 2% of earners), the New Zealand tax system exhibits weakness in achieving vertical equity and addressing inequality in society.

After entering government in 2017, Labour set up a tax working group, with the stated goal of exploring "further improvements in the structure, fairness and balance of the tax system." The group published its report in February 2019, recommending a broad-based tax on capital gains from rental homes, second homes, business assets, land and shares – a recommendation that was echoed by the IMF in 2021 amidst discussions of how to cool down New Zealand's housing market (Coughlan 2021a). However, Prime Minister Jacinda Ardern has to date ignored calls for a capital gains tax, even though the opposition accused her of introducing a "backdoor" capital gains tax by making profits from residential investment property sales taxable in May 2021 (Edmunds 2021).

While New Zealand's tax system is not particularly effective in reducing social inequality, it is relatively successful in promoting the country's global competitiveness. Independent assessments have lauded the very lean business environment and the simple policy framework. For example, the conservative Tax Foundation think tank ranks New Zealand third in terms of "tax competitiveness," ahead of international financial centers such as Switzerland and Luxembourg (Tax Foundation 2021). In PwC's 2020 Paying Taxes Index,

which attempts to measure how easy it is for companies to discharge its tax obligations in a given jurisdiction, New Zealand was placed ninth out of 189 territories, situating it ahead of all other OECD member countries with the exception of Denmark and Ireland (PwC 2020). The World Bank even ranks New Zealand in first place in its most recent Doing Business Index (World Bank 2020). According to the World Bank, not only has New Zealand made paying taxes easier by improving the online portal for filing and paying general sales tax, it also has a single procedure that a prospective business need undertake to form, and the process is typically completed in less than a day.

New Zealand has a fairly poor record when it comes to tax policies steering economic activities toward environmental sustainability. As a share of GDP, New Zealand has the 5th lowest environmentally related tax revenue among all OECD countries. In 2014, environmentally related tax revenues were at 1.34% of GDP, compared to 2.0% on average among 34 OECD and partner economies (OECD n.d.). The tax working group identified taxes designed to improve environmental outcomes as a key policy focus. Specifically, in its 2019 report, the group recommended that immediate government priorities should include expanding the coverage and rate of the Waste Disposal Levy, strengthening the Emissions Trading Scheme (ETS) and advancing the use of congestion charging. Longer-term measures include a water abstraction and water pollution tax, a natural capital enhancement tax, changes to the existing concessions regime, and a high-level consideration of mechanisms that support Te Ao Māori (a worldview that considers everything living and non-living to be interconnected) (Tax Working Group 2019).

In 2019, the government announced that the country's agricultural sector – New Zealand's largest emitter of greenhouse gases – would have to start paying for emissions beginning in 2025, and that industry would be given time to develop a way to measure and price them. The government said if no credible alternative was put forward, agriculture would be made a part of the ETS (RNZ 2021). In mid-2021, the Clean Car Discount policy was rolled out, which means people buying new electric vehicles can receive a discount of up to almost \$9,000. The scheme is funded by fees on polluting cars, commonly referred to as the "ute tax" (Coughlan 2021b).

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Budgets

Budgetary Policy
Score: 9

In 2020, due to the COVID-19 economic crisis, the budget swung from a surplus to a deficit of \$28 billion (9.6% of GDP). However, in 2021, New Zealand’s government reported a marked improvement in its finances. The New Zealand Treasury said it had a budget deficit \$4.6 billion in the year to end June 2021, compared with a shortfall of \$15.1 billion forecast just a few months earlier. Revenue was higher and expenditure lower than forecasted, as economic activity rebounded strongly and unemployment fell much more quickly than expected (RNZ 2021a).

The centerpiece of the 2021 budget is a \$3.3 billion boost to working-age benefits, which are set to rise between \$32 and \$55 a week per adult. The payment increases began in July 2021 and were slated to increase again in April 2022. According to government projections, those changes will lift between 19,000 and 33,000 children out of poverty. According to the latest figures, 157,800 children in New Zealand live below the poverty line. The boost to benefits also brings welfare payments into line with recommendations from a 2019 report that the Labour government commissioned, but was subsequently criticized for failing to implement (Cooke 2021). However, there has been little movement toward being more systematically inclusive of diverse groups of women in the process of government budgeting. The OECD has been advocating on behalf of gender responsive budgeting for some years

now, but the current government has resisted providing a systematic intersectional gender lens to their budget allocation process (Curtin et al, 2021)

According to the latest forecast, the government expects annual GDP growth to average 2.9% over the next five years. Net debt is now forecast to peak at 40.1% of GDP in 2023 before declining to nearly 30%, while the budget is forecast to be back in surplus in 2023/24 (RNZ 2021b).

Citation:

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Research, Innovation and Infrastructure

R&I Policy
Score: 6

New Zealand's lack of commitment to technological innovation has been visible for a long time (OECD 2007). In 2021, New Zealand ranked 25th in the Bloomberg Innovation Index, which scores countries using seven criteria including R&I spending and concentration of high-tech public companies. This came off the back of a four-place drop in 2018, which saw New Zealand slip out of the top 20 with a fall from 19th to 23rd place, and a drop to 24th place in the subsequent Bloomberg Innovation Index (Jamrisko et al. 2021).

The 2020 COVID-19 budget pledged more than \$401 million for research and innovation, including \$196 million for Crown Research Institutes, \$150 million for an R&I loan scheme, and \$33 million for Māori research and development opportunities. However, the 2021 budget is considered a "disappointing" step back by many stakeholders: while the \$300 million top-up for Green Investment Finance to accelerate investment in low-carbon technologies has been welcome, critics have pointed out that the latest budget flat-lines and even cuts research funds, including the Endeavour Fund and the Health Research Fund (Science Media Centre 2021). In 2021 the government released its Future Pathways Green Paper on Research, Science and Innovation (MBIE, 2021), which is likely to make significant changes to the way hundreds of millions of dollars of scientific research funding is allocated in New Zealand. The government argued change was necessary to address

environmental challenges, include Treaty-led research, and increase productivity and other measures of economic well-being.

Citation:

Jamrisko et al. (2021) "South Korea Leads World in Innovation as U.S. Exits Top Ten." Bloomberg. <https://www.bloomberg.com/news/articles/2021-02-03/south-korea-leads-world-in-innovation-u-s-drops-out-of-top-10>

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Global Financial System

Stabilizing
Global Financial
System
Score: 6

As a globally oriented country with a high degree of international economic integration, including financial market integration, New Zealand has a strong interest in promoting a stable, efficient and transparent international financial system. There is a commitment to preventing criminal financial activities, including tax evasion. To this end, New Zealand passed the Anti-Money Laundering and Counter Financing of Terrorism Act (AML/CFT) in 2013. Initially, the law only applied to banks and financial institutions, but in 2018, legislation was also extended to include accountants, real estate agents, lawyers and conveyancers in an effort to ensure that illegal funds are not washed through property purchases. Since 2016, New Zealand has been a member of the OECD initiative to allow all participating tax jurisdictions to exchange information on the economic activity of multinational corporations among participating countries. In 2017, New Zealand signed the OECD Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit-Shifting (known as the Multilateral Instrument).

In April 2021, the Paris-based Financial Action Task Force (FATF) – a global money laundering and terrorist financing watchdog – released a report on New Zealand, finding that the country had achieved notable results in tackling money laundering, but highlighting the continued room for improvement. Key areas in need of further improvement include supervision of the private sector,

financial institutions, lawyers and accountants, so as to enable detection and prevention of money laundering (Owen 2021). In September 2021, New Zealand’s Financial Market Authority (FMA) published its AML/CFT Monitoring report, which showed that in the 2018-2021 time period, the Authority issued 27 private warnings, three public warnings and initiated its first-ever court proceedings against a firm; this compares with just one public warning and 17 private actions between 2016 and 2018 (RNZ 2021).

Citation:

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II. Social Policies

Education

Education Policy
Score: 7

New Zealand’s education system performs well on a number of indicators. According to the 2021 OECD Education at a Glance report, New Zealand spent the OECD’s fourth-highest proportion of its GDP on primary to tertiary educational institutions (6.2% of GDP, compared to 4.9% on average across OECD countries). A total of 90% of three- to five-year-olds were enrolled in early childhood education, care programs or primary education in New Zealand, compared to 88% on average across OECD countries. The percentage of 25- to 64-year-olds who have attained a bachelor’s or equivalent tertiary education degree is among the OECD’s highest (29.1%, rank 3/46) (OECD 2021).

However, at the same time, New Zealand has one of the most unequal education systems in the industrialized world. According to UNICEF’s 2018 Innocenti Report Card, which analyses the gaps between the highest and lowest performing pupils in OECD countries, New Zealand ranks 33rd of 38 for educational equality across preschool, primary school and secondary school levels. The reading gap at age 10 for New Zealand’s best and worst readers puts the country at 230 points, compared to 153 points for the Netherlands – the country with the smallest gap (UNICEF 2018). More recently, UNICEF’s 2020 Innocenti Report Card found that only 65% of 15 year olds in New Zealand have basic proficiency in reading and maths, well

below the top performers, Estonia (79%), Ireland (78%) and Finland (78%) (UNICEF 2020).

The inequality of the education system has a strong ethnic component, as education outcomes are generally poorer for Māori and Pasifika (Pacific Islander) students. In particular, Māori and Pasifika students are significantly less likely than Pākehā (New Zealanders of European descent) students to leave the education system with a degree. In the 2018 census, 80.6% of Māori and 83% of Pasifika 15- to 24-year-olds had at least a level 1 qualification or equivalent, compared with 85.8% of 15- to 24-year-olds nationally. Older age groups show an even larger difference, with 73% of Māori and 72.1% of Pasifika 45- to 54-year-olds having at least a level 1 qualification or equivalent, compared with 84.6% of 45- to 54-year-olds nationally (Stats NZ 2020)

Meanwhile, expenditure on tertiary educational institutions as a percentage of GDP is comparatively high (1.7%, rank 7 out of 37 countries) (OECD 2021), although public expenditure is only 0.9%, making it 15th place in the OECD rankings. Moreover, New Zealand's tertiary education system stands out by having one of the largest proportions of international or students enrolled in tertiary education among OECD and partner countries (20.8%, rank 3 out of 44 countries) although this data is from 2018 in the pre-pandemic era (OECD 2021). At that time, international students pumped around \$5 billion into the economy annually, making the university sector New Zealand's fifth-largest export earner. However, this dependence on international tuition fees means that the COVID-19 pandemic – and the government's strict border rules – put a real strain on universities' finances (Kenny et al. 2021).

Citation:

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Social Inclusion

Social Inclusion
Policy
Score: 6

Social inequality is a growing concern in New Zealand.

The blame for New Zealand's inequality has partly been put on the overheated housing market. New Zealand's price-to-rent ratio (i.e., the difference between buying a house and renting one) is running more than double its long-term average – the highest among all OECD countries. New Zealand also outdoes its OECD peers in terms of the “housing cost overburden” rate (i.e., the proportion of people spending more than 40% of their disposable income on housing costs). For the lowest income earners (bottom quintile), 56% of renters and 43% of homeowners are overburdened, with this share being higher than in any other OECD nation (Mitchell 2021).

The current Labour-led government has taken a number of steps to ease the housing crisis. In early 2021, the Ardern administration announced that, to dissuade speculation, it would phase out the ability of investors to claim mortgage interest as a tax-deductible expense, and extend the period in which profits on the sale of investment property are taxed from five years to 10 years. These policy measures have yet to produce a discernible effect. For example, during the delta lockdown between August and November 2021, Auckland house prices rose by an average of \$113,000, or 8.3% (Bond 2021).

The Māori population is disproportionately affected by socioeconomic inequality. On average, working Māori earn \$105 less per week than the average New Zealander. Māori are working the same hours as the New Zealand average, but only 16% of Māori hold an advanced qualification (compared to 30% of the country's workforce) (Stats NZ 2020). The Labour government has been criticized for attempting to tackle these issues through universal development schemes rather than allocating funding to Māori-specific programs. For example, the government's 2019 “well-being” budget aims to reduce child poverty without including specific Māori-targets – despite the fact that Māori children and youth are twice as likely to be in poverty than New Zealanders of European descent (Walters 2018).

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Health

Health Policy
Score: 8

New Zealand’s public healthcare policies achieve high-quality and inclusive healthcare for most citizens but, similar to other OECD countries, cost efficiency and long-term public spending pressures remain an issue. The public healthcare system is already showing signs of being overburdened. Reports of chronically understaffed hospitals abound, large numbers of specialist referrals are declined due to a lack of resources, and waiting lists for surgical procedures have become a serious issue. Mainly due to lengthy waiting lists in the state healthcare system, a large number of New Zealanders (around 1.4 million) now have private “queue jumping” health insurance. In recent years, however, premiums for such products have increased continuously, thereby fueling income-related inequality in healthcare (Jones and Akoorie 2018)

Despite problems of under-resourcing (there are only around 150 ICU beds and just over 500 ventilators across the whole country), lockdowns and other policy interventions prevented the public healthcare system from being overwhelmed during the COVID-19 pandemic. The health system also played an important role in successfully delivering the COVID-19 testing and vaccination programs.

The Labour government (2017-) has identified public health as a policy priority. In the 2019 “well-being” budget, mental health received the biggest funding and investment boost on record. Of a total of \$1.9 billion, half a billion dollars were funneled toward the “missing middle” – that is, the mild-to-moderate anxiety and depressive disorders that do not require hospitalization (McCullough 2019). The 2020 budget gave district health boards (DHBs) an extra \$3.92 billion over four years and a one-off \$282.5 million to catch up on elective surgery after the COVID-19 disruption (RNZ 2020). In April 2021, the government announced that it would embark on a major shake-up of the health system, abolishing all DHBs and replacing them

with a central agency and a Māori Health Authority alongside it. The 2021 budget allocated \$486 million for these reforms, and health boards are set to receive \$2.7 billion over the coming four years to manage cost and population pressures (Manch 2021).

A particular policy challenge is the persistent gap in health status between Māori and non-Māori parts of the population. For one, Māori life expectancy is lower than that for non-Māori, according to 2013 Ministry of Health figures. Life expectancy at birth was 73.0 years for Māori males and 77.1 years for Māori females; it was 80.3 years for non-Māori males and 83.9 years for non-Māori females. In addition, the 2017–2021 Ministry of Health and Addiction Workforce Action Plan finds that, while Māori make up approximately 16% of New Zealand’s population, they account for 26% of all mental health service users (Walters 2018). Moreover, Māori and Pasifika have been at higher risk of catching COVID-19; as of late 2021, most current cases and hospitalizations were among Māori and Pacific New Zealanders, despite the fact those groups make up less than 30% of the total population (McClure 2021).

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Family Policy
Score: 8

Families

The 2021 Women in Work Index (published by consultancy firm PwC) rates New Zealand third in the OECD, behind Iceland and Sweden (PwC 2021). Employment rates for women are well above the OECD average – even though mothers with young children have lower employment rates and women are also more likely to work part-time than in most OECD countries. The gender pay gap is significantly lower than the OECD average. The gap has fallen from 16.3% (1998) to 9.1% (2021), but has stalled in the last decade (Ministry for Women 2021). On the other hand, a research report commissioned by the Ministry for Women finds that the wage gap between men and women widens to 12.5% when they become parents. When women become mothers, they are less likely to be employed and, if they do work, they work fewer hours and have lower earnings – even 10 years later. Mothers earn 4.4% less on average than non-mothers, with the gap widening the longer they are off not in employment (Ministry for Women 2017). Moreover, the Māori Women’s Welfare League and the Equal Employment Opportunities Commissioner have raised the issue that these figures mask significant disparities experienced by Māori and Pacific Islander women. For example, Pacific Islander women earn 27.4% less than the average Pākehā (European-descent) man (RNZ, 2021).

A number of family support policies have been passed under the government of Jacinda Ardern that are designed to enable mothers to decide freely whether they want to return to employment. Most importantly, a new Families Package has been rolled out since mid-2018 (Bennett 2018). Its provisions include: increasing the rate of paid parental leave from 22 to 26 weeks from July 2020; the introduction of a Winter Energy Payment for beneficiaries including pensioners; a weekly \$60 payment to low and middle-income families with babies and toddlers; reinstating the Independent Earner Tax Credit; and increasing benefits for orphans, unsupported children and foster careers. It is estimated that 384,000 families will benefit from the policy package.

In the government’s 2019 “well-being” budget, measures to combat family violence received a record investment of \$320 million, in a bid to tackle the New Zealand’s entrenched family and sexual violence statistics, which see the police respond to a domestic violence incident every four minutes (Owen 2019). The 2020 budget spent \$220.6 million on extending the free school lunch program (Dreaver 2019), while the 2021 budget boosted working-age benefits by \$36/week for single parents and \$55/week for couples with children (Manch 2021).

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Pensions

Pension Policy
Score: 7

New Zealand’s pension system is tax-based. There is no retirement age, but 65 is the current age of eligibility for New Zealand Superannuation. The level of NZ Super payments is reviewed annually, taking into account inflation and average wages. Any eligible New Zealander receives NZ Super regardless of how much they earn through paid work or what assets they own. While universally accessible, NZ Super is one of the least generous pensions relative to the working wage in the industrialized world: New Zealand pension recipients get just 40% of the average working wage, which is considerably lower than the OECD average (OECD 2021). However, the system operates as a form of universal basic income and is relatively efficient: just 7.7% of those between 65 and 75 in New Zealand are considered to be living in poverty, compared to the OECD average of 11.6% – even though the figure rises to 15.2% for those 76 and over (16.2% across the OECD) (OECD 2019).

Due to demographic changes, the cost of NZ Super is projected to rise from \$13 billion in 2016 to \$76 billion by 2050. The percentage of GDP that goes toward paying for NZ Super would increase from about 4% in 2001 to 7.1% in 2049 and 7.9% by 2059 (Stuff 2017). Nevertheless, the recent review of retirement income policy recommends retaining the government’s scheme and has resisted recommending the introduction of a raised age of retirement or a

means test (Retirement Commission 2019). There remains pressure on the government to raise the age of eligibility for NZ Super to 67, and the 2022 Retirement Commission’s Review of Retirement Income Policy is likely to make some recommendations on this issue.

To encourage private savings as a means to relieve the pressure on the state pension system, New Zealand introduced KiwiSaver in 2007 – a publicly subsidized private pension plan offered on a voluntary basis. However, limited attention has been paid to the penalties faced by women workers who are more likely to take breaks from the labor market to care for children and older family members. While Care Credits have been discussed as a way to offset this disadvantage, there has been little movement by the government on this issue (Huang and Curtin, 2019; RNZ, 2021).

Citation:

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Integration

Integration Policy
Score: 9

New Zealand has long been a prime destination for immigrants. The latest census (2018) shows that 27.4% of people counted were not born in New Zealand, up from 25.2% in 2013 (Stats NZ 2019).

Integration of immigrants is promoted through settlement support. There is more intensive support for refugees, but other migrants also have access to

high-quality information services (online and through the Citizens Advice Bureau network) as well as ongoing language and employment programs. New legislation was enacted in 2015 to ensure that migrant workers had the same employment rights as all other workers in New Zealand (New Zealand Immigration n.d.).

Empirical data suggests that these policies are effective: immigrants are less likely to claim benefits, more likely to be employed, and their children have better education outcomes than do native-born New Zealanders. Moreover, there is relatively little ethnic or migrant clustering, and where concentrations do occur there is no indication of high unemployment (Krupp and Hodder 2017). Surveys show that New Zealanders generally have a positive view of migrants, and value the contribution they make to the economy and the cultural diversity they bring. For example, a global survey conducted by Ipsos showed that 47% of New Zealanders think immigration has a positive effect, the second-highest such result among the 23 countries surveyed (RNZ 2017).

Citation:

Krupp and Hodder (2017) “The new New Zealanders: why migrants make good kiwis.” The New Zealand Initiative. <https://www.nzinitiative.org.nz/reports-and-media/reports/the-new-new-zealanders/>

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Safe Living

Internal Security
Policy
Score: 8

New Zealand has traditionally had a remarkable internal security record. However, the terrorist attack on a Christchurch mosque in March 2019, when a right-wing extremist killed 51 people and injured 49, shook the country’s sense of security. The government responded to the politically motivated mass shooting by passing a new gun law in April that bans military-style semi-automatic weapons and parts that can be used to assemble prohibited firearms. More than \$208 million were set aside for a gun buyback scheme that compensated owners for up to 95% of the original price of their weapons. A second buyback was rolled out in early 2021, aimed at removing firearms and items that were prohibited and restricted through the Arms Legislation Act 2020 (Stuff 2021).

In September 2021, New Zealand lawmakers made it a crime to plan a terrorist attack following a mass stabbing in Auckland earlier that month (carried out by a Sri Lankan national who had recently been released from prison and placed under 24-hour police surveillance). The new law, which also gives police greater power to conduct warrantless searches, has been criticized for its potential impact on civil liberties (Corlett 2021). Alongside this, the Department of the Prime Minister and Cabinet (DPMC) has been leading work to develop a new government-funded National Center of Research Excellence for Preventing and Countering Violent Extremism. The plan is to build a “hybrid” model run by a director and program manager from a New Zealand-based university or research institute, in collaboration with other universities and organizations; the group would undertake independent New Zealand-specific research on the causes of violent extremism and terrorism, while also assessing possible preventive measures (DPMC, 2021).

While government expenditure on public order and safety is relatively high and growing, crime continues to be a salient issue for New Zealanders. Although recent statistics show a considerable decline in criminal offenses, the 2020 New Zealand Crime & Victims Survey reveals that nearly a third of all adults became victims of crime in the previous 12 months – but that only a quarter of all crimes were ever reported to the police. The survey also found that 76,000 adults were sexually assaulted, but only 8% reported it (Ministry of Justice 2021).

Citation:

Corlett (2021) “New Zealand: rushing anti-terror law could lead to surveillance overreach, minor parties say.” The Guardian. <https://www.theguardian.com/world/2021/sep/22/new-zealand-rushing-anti-terror-law-could-lead-to-surveillance-overreach-minor-parties-say>

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Global Inequalities

Global Social
Policy
Score: 8

New Zealand has – generally speaking – long underdelivered on its international aid commitments. The 2018 budget pledged a further \$714.2 million to New Zealand’s official development assistance over a four-year timeframe, bringing official development assistance (ODA) to 0.28% of gross national income (GNI) by 2021 (up from 0.25% in 2016), but still falling short

of New Zealand's promise to spend 0.7% of GNI on aid. What is more, the allocation is heavily prioritized toward the South Pacific. Amid concerns about China's growing influence in the region, around 60% of New Zealand's total aid spending goes to its small-island neighbors (Bramwell 2018).

The 2020 COVID-19 budget delivered \$55.6 million in additional funding for ODA, which translates to almost 0.33% of forecast GNI in 2021. A total of \$10 million of this money was earmarked to supporting Pacific island nations in efforts to contain the spread of COVID-19 (Small 2020). In the 2021 budget, aid is projected to increase by just 0.7% over the next year (NZADD 2021).

New Zealand is a signatory to a number of multilateral free trade agreements that include developing countries, such as the ASEAN-Australia-New Zealand free trade agreement (AANZFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The Pacer Plus Agreement was signed in December 2020 (MFAT). In addition, New Zealand has ratified the South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA) – a non-reciprocal trade agreement in which New Zealand (together with Australia) offers preferential tariff treatment for specified products that are produced or manufactured by the Pacific Islands Forum countries. In November 2021, New Zealand ratified the Regional Comprehensive Economic Partnership agreement, which is designed to eliminate tariffs on 91% of goods, as well as to standardize rules on investment and intellectual property between New Zealand, Australia and various Asian countries.

Citation:

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III. Environmental Policies

Environment

Environmental
Policy
Score: 7

The performance of New Zealand's environmental policy is mixed. In the 2021 Environmental Performance Index, New Zealand is ranked 19th out of 180 countries (Environmental Performance Index 2021). The Climate Action Tracker, which assesses countries' performance in terms of meeting their Paris Agreement commitments, rates New Zealand as "highly insufficient" (Climate Action Tracker 2021).

Many of New Zealand's environmental problems stem from the country's large agricultural sector, which accounts for more than half of merchandise exports – in particular, through the export of meat and dairy products. Methane and nitrous oxide gases created by farming make up around half of New Zealand's total greenhouse gas emissions (Hancock 2021), while road transport contributes 37% to long-life gases (Climate Commission 2021). In addition, the booming meat and dairy sector has taken a toll on the country's freshwater resources. According to a 2021 report by Land Air Water Aotearoa (LAWA), nearly two-thirds of monitored rivers were "ecologically impaired" (Brownlie 2021).

New Zealand's biodiversity is also facing a crisis. According to the latest National Report to the United Nations Convention on Biological Diversity, 4,000 species are at risk in New Zealand – including 90% of the country's seabirds, 76% of its freshwater fish, 84% of its reptiles and 46% of its plants (Department of Conservation 2019).

In November 2019, the government passed the Climate Change Response (Zero Carbon) Act that set new domestic greenhouse gas emissions reduction targets for New Zealand. These include: reducing net emissions of all greenhouse gases (except biogenic methane) to zero by 2050; reducing by 2050 emissions of biogenic methane to anywhere from 24% to 47% below 2017 levels; establishing a system of emissions budgets to act as stepping stones toward the long-term target; requiring the government to develop and implement policies for climate change adaptation and mitigation; establishing a new, independent Climate Change Commission to provide expert advice and monitoring to help keep successive governments on track to meeting long-term goals.

Some elements of the 2020 COVID-19 budget were crafted to respond to environmental sustainability challenges. In particular, the Labour-led government pledged \$1.1 billion for weed and pest control, biodiversity enhancement, and regional restoration projects, including wetlands and waterways – projects that will help to sequester carbon emissions. New transport funding went entirely to rail, with more than \$1 billion in capital expenditure for renewing and upgrading existing networks. However, the budget was criticized for its short-term vision, failing to set New Zealand on a course toward a low-emissions economy (Hall 2020).

The 2021 budget funneled less money than previously toward environmental causes. The most notable spending items include \$300 million to accelerate investment in low-carbon technology and \$67.4 million to implement the Carbon Neutral Government Program (Neilson 2021).

Citation:

Brownlie (2021) “Two-thirds of New Zealand’s rivers ecologically impaired - LAWa report.” Newshub. <https://www.newshub.co.nz/home/new-zealand/2021/09/two-thirds-of-new-zealand-s-rivers-ecologically-impaired-lawa-report.html>

Climate Action Tracker (2021) <https://climateactiontracker.org/>

Climate Commission Draft Advice Report (2021) <https://ccc-production-media.s3.ap-southeast-2.amazonaws.com/public/evidence/advice-report-DRAFT-1ST-FEB/Evidence-CH-04b-Reducing-emissions-Transport-and-buildings-20-Jan-2021.pdf>

Department of Conservation (2019) New Zealand’s Sixth National Report to the United Nations Convention on Biological Diversity. <https://www.doc.govt.nz/globalassets/documents/about-doc/role/international/nz-6th-national-report-convention-biological-diversity.pdf>

Environmental Performance Index (2021) <https://epi.yale.edu/>

Hall (2020) “Budget delivers on one crisis, but leaves climate change for another day.” RNZ. <https://www.rnz.co.nz/news/on-the-inside/416807/budget-delivers-on-one-crisis-but-leaves-climate-change-for-another-day>

Hancock (2021) “Can NZ really meet its methane emissions targets?” RNZ. <https://www.rnz.co.nz/news/whoseatingnewzealand/447690/can-nz-really-meet-its-methane-emissions-targets>

Neilson (2021) “Budget 2021: Climate change, emissions, environment, Antarctica’s Scott Base funding.” New Zealand Herald. <https://www.nzherald.co.nz/nz/budget-2021-climate-change-emissions-environment-antarcticas-scott-base-funding/PDM4WYXP4EXQV4J4ZTOG3BMZTI/>

Global Environmental Protection

Global
Environmental
Policy
Score: 6

New Zealand has signed a number of multilateral agreements on environmental protection, thus signaling that these issues are considered global common goods rather than just domestic problems. These include agreements regulating toxic chemicals and greenhouse gases (e.g., the Vienna Convention

and the Montreal Protocol, the Stockholm Convention, the Rotterdam Convention), international traffic in hazardous waste (e.g., the Basel Convention, the Waigani Convention, the Rotterdam Convention), biodiversity and species conservation (e.g., the Convention on Biological Diversity, the Convention on the Conservation of Migratory Species of Wild Animals), and natural resources (e.g., the Noumea Convention). New Zealand is also a party to the United Nations Framework Convention on Climate Change. It signed the Kyoto Protocol (which sought to reduce greenhouse emissions during 2008-2012 time period) but did not join the Doha Amendment to the Kyoto Protocol (2013-2020). New Zealand is also a member of the Green Climate Fund but has formally pledged only USD 0.57 per capita (compared to Australia's per capita pledge of USD 8 and Sweden's per capita pledge of USD 59). In 2016, New Zealand ratified the Paris Agreement, thereby pledging to limit global warming increases to 1.5°C in the future. However, Climate Action Tracker rates New Zealand's domestic measures as "highly insufficient," meaning that "current policies are not consistent with holding warming to below 2°C, let alone limiting it to 1.5°C as required under the Paris Agreement, and are instead consistent with warming between 3°C and 4°C." (Climate Action Tracker 2021).

Citation:

Climate Action Tracker (2021) <https://climateactiontracker.org/>

Robust Democracy

Electoral Processes

Candidacy
Procedures
Score: 9

New Zealand has a rich history of free and fair elections and the electoral process is characterized by a very high level of integrity. The registration procedure for political parties and individual candidates in New Zealand, as specified in the 1993 Electoral Act, is fair and transparent. Following the Electoral (Administration) Amendment Act 2010, the tasks of the Electoral Commission and of the Chief Electoral Office have been combined within the Electoral Commission, which started work in October 2010.

The Electoral Act specifies that registered political parties follow democratic procedures when selecting parliamentary candidates. While the two major parties adopt a mixture of delegate and committee systems when making their selections, the Greens give their membership the final say. The other small parties, by contrast, tend to be more centralized – both in the way they select constituency candidates and in the compilation of their party lists (Miller 2005). In September 2018, parliament passed a controversial amendment to the Electoral Integrity Bill (so-called “waka-jumping” bill). The bill requires that members of parliament who are expelled from or quit their party will automatically lose their seat, thereby triggering a by-election. Critics argue that this amendment will enable political parties to limit freedom of speech and ignore or reverse the will of voters. Supporters, on the other hand, argue that allowing parliamentarians to leave their parties while remaining in parliament distorts the proportionality of parliament and frustrates the will of affected voters (McCulloch 2018).

Citation:

Miller, Raymond, ‘Selecting Candidates,’ in Miller, *Party Politics in New Zealand*, Oxford, 2005, pp 109-126.

Norris, Pippa, Thomas Wynter and Sarah Cameron. March 2018. *Corruption and Coercion: The Year in Elections 2017*. <https://www.electoralintegrityproject.com/the-year-in-elections-2017/>

McCulloch, Craig. 27 September 2018. *Waka-jumping bill passes into law after heated debate*. <https://www.radionz.co.nz/news/political/367427/waka-jumping-bill-passes-into-law-after-heated-debate>

New Zealand Parliament. *Electoral (Integrity) Amendment Bill*, https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_75706/electoral-integrity-amendment-bill

Media Access
Score: 7

According to the 2017 Election Integrity report, media coverage (together with campaign finance) was evaluated to be relatively poor in comparison with equivalent democracies in Asia/Oceania and western Europe. With a score of 48 (on a scale from 0 to 100), New Zealand was evaluated worse than South Korea (56) and Japan (52). Major issues are the allocation of election broadcasting time based on criteria that favor the two largest parties, leading to unequal access to funds for political campaign broadcasts and a potentially undue influence exercised by non-party actors (Norris et al 2017).

The televised party leader debates represent a recurring point of contention. While in the past, these debates included the leaders of all parties represented in parliament, both in the run-up to the 2017 and 2020 elections, the leaders of the two largest parties (Labour, National) and the leaders of minor parties held separate TV debates. In 2017, a formal complaint over the exclusion of small parties from the debate was rejected by the courts. In 2020, Advance NZ – a fringe party that had repeatedly made false claims about the COVID-19 pandemic (including the claim that 5G mobile networks spread the virus) and ended up winning less than 1% of the vote – went to court over its exclusion from the “minor parties” TV debate. The judge rejected the claim, stressing that “courts will not lightly interfere with editorial decisions of media because an independent media, divorced from political influence, is critically important for a functioning democracy” (Hurley 2020).

Smaller parties have also criticized the unequal allocation of public funding for election broadcasts. For example, in 2020, Labour and National claimed \$2.5 million out of a total of just over \$4 million, leaving the rest to be fought over by minor contenders (Braae 2020).

Citation:

Braae (2020) “Minor parties furious at low allocation for TV and radio campaigning.” The Spinoff. <https://thespinoff.co.nz/politics/09-06-2020/minor-parties-furious-at-low-allocation-for-tv-and-radio-campaigning>

Hurley (2020) “Election 2020: New Conservative fails in High Court to argue for TVNZ debate inclusion.” New Zealand Herald. <https://www.nzherald.co.nz/business/election-2020-new-conservative-fails-in-high-court-to-argue-for-tvz-debate-inclusion/N6GM4PLVRBA6NLDATJD6E6DLR4/>

Norris et al. (2018) Corruption and Coercion: The Year in Elections 2017. <https://www.electoralintegrityproject.com/the-year-in-elections-2017/>

Voting and
Registration
Rights
Score: 10

New Zealand’s electoral process is inclusive and voter registration and voting process is non-discriminatory. Since 1974, the voting age has been 18 years. Discussions concerning lowering the voting age to 16 have seen little progress. Permanent residents of 12 months standing are given the right to vote in national elections. For those who move offshore, they remain eligible to vote, providing they return home every twelve months. Citizens who live elsewhere

retain their eligibility for three years. While it is compulsory to register to vote, the act of voting is voluntary. Māori may register to vote on either the Māori electoral roll or the general roll. There are seven designated Māori seats in the current legislature (separate Māori representation was introduced in 1867). Additional Māori representatives are elected on the general roll. Electoral boundaries are redistributed every five years.

Beyond legal regulations, there are focused and ongoing activities – by the Electoral Commission in particular – to increase political efficacy and turnout by ethnic minorities, those with disabilities, as well as young voters. Whereas electoral turnout in the postwar period tended to fluctuate between 85% and 91%, turnout increased in 2014 for the first time since 2005. This positive trend continued with turnout for the 2017 election (79.8%) and the 2020 election (82%). Turnout rose in 2020 despite the fact that the election had to be postponed due to a COVID-19 lockdown, from 19 September to 17 October 2020. Almost 2 million votes were cast in advance of election day – a significant jump from previous early voting numbers in the 2017 (1.24 million) and 2014 (718,000) elections (New Zealand Herald 2020).

In late 2020, the government responded to a recommendation by the Waitangi Tribunal calling for a removal of the blanket ban on prisoners' voting rights. The Tribunal found the ban had affected Māori disproportionately (in 2018, Māori were 11.4 times more likely than non-Māori to have been removed from the electoral roll). Under the new legislation, prisoners serving less than three years can vote in the general election (Foon 2020).

Citation:

Foon (2020) "‘Every vote counts’: Prisoner voting rights returned." RNZ. <https://www.rnz.co.nz/news/national/428367/every-vote-counts-prisoner-voting-rights-returned>

New Zealand Herald (2020) "Record numbers vote early in 2020 New Zealand election - almost 2 million." <https://www.nzherald.co.nz/nz/record-numbers-vote-early-in-2020-new-zealand-election-almost-2-million/XHBAMERHAXPH4MX5DLDPH3TMMU/>

Party Financing
Score: 8

Party financing and electoral campaign financing are monitored by the Electoral Commission. Registered parties have upper limits regarding election campaign financing (including by-elections). Upper limits for anonymous donations as well as donations from abroad are comparatively low (,500). The long-standing public-private mix of party financing continues to draw criticism. Private funding in particular is criticized for being insufficiently transparent and unfair to less well-off parties or smaller parties lacking access to parliamentary sources of personnel and funding.

In December 2019, the government introduced legislation that banned foreign donations of over \$50 to politicians and tightened disclosure rules for political

advertising. The law was passed amid allegations of Chinese interference in New Zealand politics (i.e., in October 2018, Simon Bridges – leader of the National party – was accused of concealing a \$100,000 donation from a Chinese businessman with strong links to Beijing). The new laws also require the names and addresses of those funding election advertisements in all mediums to be published, so as to reduce the “avalanche of fake news social media ads” that have marred elections overseas (Roy 2019)

Citation:

Rashbrooke (2017) *Bridges Both Ways: Transforming the Openness of New Zealand Government*. Institute for Governance and Policy Studies, Victoria University of Wellington.

Roy (2019) “New Zealand bans foreign political donations amid interference concerns.” *The Guardian*. <https://www.theguardian.com/world/2019/dec/03/new-zealand-bans-foreign-political-donations-amid-interference-concerns>

Popular Decision-Making
Score: 5

Citizens have the right to propose a national referendum. Legally non-binding Citizens’ Initiated Referendums (CIRs) were first introduced in 1993, the year the government held its own binding referendum on the reform of the electoral system. Most CIRs are initiated by individuals or small groups. While a total of 46 CIR petitions have been launched to date, only five have come to a vote, with other proposals either failing to meet the signature target (10% of registered voters within 12 months) or having lapsed (New Zealand Parliament n.d.). All five referendums secured majority support but were subsequently rejected by the government in office at the time. Whereas CIR supporters contend that the “will of the majority” is being ignored, a consensus exists among leaders of the major political parties that the non-binding provision in CIRs should be retained.

New Zealand’s two most recent referendums were held alongside the 2020 general election: on the End of Life Choice Act 2019 (which was passed with 65.1% of voters’ support) and the legalization of recreational cannabis use (which drew 48.4% in support, and was thus unsuccessful). The End of Life Choice Act 2019 gives people with a terminal illness the option of requesting an assisted death if two doctors agree that the person has less than six months to live. Parliament passed the End of Life Choice Act 2019, but the measure had to be passed via referendum in order to take effect. The cannabis referendum asked whether people agreed with the draft Cannabis Legalization and Control Bill, which outlined provisions to legalize and control cannabis for recreational use. The use of a referendum on this issue was the result of the Green Party’s deal to support the Labour government after the election. However, the “Yes” vote did not reach the 50% threshold, and the Labour government has indicated that it intends to respect the outcome of the referendum (MacManus 2020).

Citation:

MacManus (2020) “Referendum results: Cannabis legalisation narrowly loses vote.” Stuff. <https://www.stuff.co.nz/national/cannabis-referendum/123249113/referendum-results-cannabis-legalisation-narrowly-loses-vote>

New Zealand Parliament (n.d.) What is a citizens-initiated referendum? <https://www.parliament.nz/en/get-involved/features/what-is-a-citizens-initiated-referendum/>

Access to Information

Media Freedom
Score: 9

New Zealand performs well in terms of media independence. In the 2021 World Press Freedom Index – published by Reporters Without Borders – New Zealand is ranked eighth, up one place compared to 2020. The report notes that the media’s “independence and pluralism are often undermined by the profit imperative of media groups trying to cut costs to the detriment of good journalism” (Reporters Without Borders 2021). However, the media is considered to be free from political pressure and intervention. This assessment also applies to state-owned broadcast networks: Television New Zealand (TVNZ) and Radio New Zealand (RNZ). Despite being identified as a public broadcaster, TVNZ is fully commercially funded. The question of whether to make TVNZ non-commercial or steer it toward a more public service-oriented role keeps coming up in the political debate. The two largest print and online media providers, NZME and Stuff Ltd., have sought to merge, but this was twice blocked by the Commerce Commission, which cited concerns about the effects on democracy in justifying its decision (Pullar-Strecker 2018). In mid-2020, Stuff was sold by its parent company, Nine Entertainment, to the organization’s management for \$1 (Rutherford 2020).

Citation:

Pullar-Strecker (2018) “Court of Appeal explains decision to decline media merger.” Stuff. <https://www.stuff.co.nz/business/industries/107378879/court-of-appeal-explains-decision-to-decline-media-merger>

Reporters Without Borders (2021) New Zealand: Press freedom threatened by business imperatives. <https://rsf.org/en/new-zealand>

Rutherford (2020) “Stuff sold for \$1 to CEO Sinead Boucher by Nine Entertainment.” New Zealand Herald. <https://www.nzherald.co.nz/business/stuff-sold-for-1-to-ceo-sinead-boucher-by-nine-entertainment/WSETW73L7M7VV2FCP4PZ6LCSHY/>

Media Pluralism
Score: 4

New Zealand’s media market is only partly competitive. In the TV segment, competition is mainly between Television New Zealand (TVNZ) – which, despite being publicly owned, is run on a commercial basis – and two international media giants: U.S.-owned MediaWorks and Australian-owned Sky. Media pluralism was further threatened by MediaWorks selling its Three network, as well as the news and current affairs element under the banner of Newshub, to U.S. media company Discovery in 2020, although the news and

current affairs programming remained intact (Jennings 2021). In the meantime, the commercial radio market is largely divided up between MediaWorks and New Zealand Media and Entertainment (NZME), with publicly owned and noncommercial Radio New Zealand acting as a third player with a loyal audience. Additional funding for public media is currently in development. Finally, a near-duopoly also exists in the newspaper and magazine publishing industry, where the market is essentially split between NZME and Stuff. While NZME owns the leading daily newspaper, the New Zealand Herald, Stuff controls the country's second- and third-highest circulation daily newspapers, The Dominion Post and The Press. Stuff, one of New Zealand's largest media companies, was sold by parent company Nine Entertainment for \$1 to its chief executive, former journalist Sinead Boucher. The deal ended years of speculation about the company's ownership after lengthy attempts by NZME to buy the company were blocked by the Commerce Commission, which had received submissions from a variety of concerned groups and networks in civil society.

There are several online media outlets that provide alternative source of news and information (e.g., The Spinoff, Newsroom, the Conversation and the Guardian New Zealand). These outlets have fewer readers than the major news outlets, but offer critical and evidence-informed analyses that are often reprinted in the mainstream outlets or are taken up by the main three broadcasting actors noted above.

Citation:
 Jennings (2021) "Discovery's plans for TV3 revealed." Stuff.
<https://www.stuff.co.nz/business/300335028/discoverys-plans-for-tv3-revealed>

Access to
 Government
 Information
 Score: 8

Access to government information is regulated by the Official Information Act (OIA) from 1982, which has been reviewed several times. There are restrictions with regard to the protection of the public interest (for example, national security or international relations) and the preservation of personal privacy. There are clear procedures for how queries are handled by public bodies, including a timeframe of 20 working days to respond. The Office of the Ombudsman reviews denials of access upon request. Following a number of precedent-setting decisions by the office in recent years, access to official information is now far-reaching, including access to politically sensitive communications between political advisers and ministers as soon as these communications are made.

New Zealand's OIA scores 94 points out of 150 according to the 2020 Global Right to Information (RTI) rating, which puts it ahead of many other OECD countries, including Australia (84) and the United States (83). The RTI concludes that New Zealand's access-to-information regime "functions better

in practice than its legal framework would suggest. The law’s major problems include its limited scope (it does not apply to the legislature, the courts, or some bodies within the executive) and the fact that it allows information to be classified by other laws” (Global Right to Information 2020).

The media continue to demand changes to the OIA. In particular, government agencies have been criticized for taking longer periods of time to respond to information requests than are allowed for by the OIA. The Labour government announced that it was committed to rewriting the OIA; however, a promised review has been repeatedly delayed (Macdonald 2021).

Citation:

Global Right to Information (2020) RTI rating. <https://www.rti-rating.org/>

Macdonald (2021) “Official Information Act review kicked down the road.” Stuff. <https://www.stuff.co.nz/national/politics/124076652/official-information-act-review-kicked-down-the-road>

Civil Rights and Political Liberties

Civil Rights
Score: 8

New Zealand has a well-institutionalized liberal democracy with fully implemented and protected civil rights. Based on the Bill of Rights Act 1990 and the Human Rights Act 1993, the Human Rights Commission actively promotes compliance with civil and human rights by public bodies and in society. The 2021 Freedom in the World Report – published by the U.S.-based think tank Freedom House – awards New Zealand an almost perfect score of 59/60 on the “civil liberties” dimension (Freedom House 2021).

However, this does not mean that there are no infringements of citizens’ civil rights in New Zealand. For one, the powers of the Government Communications Security Bureau (GCSB) to conduct surveillance on New Zealanders has recently been the subject of scrutiny by civil rights, internet and legal groups, including the New Zealand Law Society. New Zealand continues to be an active member of the so-called Five Eyes network, a government-level alliance that shares intelligence information on a global scale. In September 2021, following a knife attack carried out by Sri Lankan national that injured seven people, parliament passed into law counterterrorism powers that criminalize the planning of terror attacks and expand the ability for police to conduct warrantless searches. Critics including the Privacy Commissioner raised concerns about the new laws, stressing that “the warrantless search for a very sort of vaguely defined offense can be subject to abuse” (Manch 2021).

In August 2020, the Wellington High Court ruled that the early stages of New Zealand’s level-4 lockdown (nine days between 26 March and 3 April) had

been unlawful. While the measure was a “necessary, reasonable and proportionate response” to the pandemic at that time, the requirement was not mandated by law and was contrary to the NZ Bill of Rights Act, the court stated. A law change on 3 April then made the lockdown legal (Mitchell 2020). Similar cases have been taken to the High Court over vaccine mandates for employment (in the case of the police, and in the education and healthcare sectors). In the case of the police, the High Court determined that the government mandate is an unjustified incursion on the Bill of Rights, indicating that the justice system functions as an important institutional check on the executive, especially during times of crisis.

Citation:

Freedom House (2021) Freedom in the World 2021: New Zealand. <https://freedomhouse.org/country/new-zealand/freedom-world/2021#CL>

Davison (2017) “Spying reforms allowing GCSB to spy on Kiwis pass into law with little opposition.” New Zealand Herald. https://www.nzherald.co.nz/nz/spying-reforms-allowing-gcsb-to-spy-on-kiwis-pass-into-law-with-little-opposition/2BAP2DBBZZTM2V6R7LTT6GBASY/?c_id=280&objectid=11822634

Manch (2021) “Parliament passes counterterrorism laws, criminalizing terror planning and expanding warrantless search powers.” Stuff. <https://www.stuff.co.nz/national/politics/126530458/parliament-passes-counterterrorism-laws-criminalising-terror-planning-and-expanding-warrantless-search-powers>

Mitchell (2020) “High Court rules some of Covid-19 level 4 lockdown was unlawful.” RNZ. <https://bit.ly/35Tg27T>

Political Liberties
Score: 10

Political liberties are effectively protected under the Bill of Rights Act 1990. Those who believe that their rights have been infringed upon can file a suit before the High Court. Although the bill has the status of ordinary law and can be amended or repealed by a simple majority of parliament, every effort has been made to protect and enhance the integrity of the bill as a fundamental feature of New Zealand’s constitutional arrangements. In addition, the New Zealand Council of Civil Liberties is an active, non-governmental organization that promotes these liberties. In its 2021 Freedom in the World report, U.S.-based think tank Freedom House awarded New Zealand an almost perfect score of 59/60 on the dimension of “civil liberties” (Freedom House 2022). After the right-wing terrorist attack on a mosque in Christchurch in March 2019, the New Zealand government set up a dedicated investigative unit to find and prosecute “hate speech” online. Under existing terrorism legislation, the shooter’s 74-page manifesto was classified as “objectionable,” making it a crime to hold, share or quote from. While critics argue that these steps threaten the freedom of expression, supporters of the government’s actions point to the radicalizing effects of extremist online content (RNZ 2019).

Citation:

Freedom House (2022) Freedom in the World 2022: New Zealand. <https://freedomhouse.org/country/new-zealand/freedom-world/2022>

Non-
discrimination
Score: 8

RNZ (2019) "Government announces \$17 million to target violent extremist content online."
<https://www.rnz.co.nz/news/political/400957/government-announces-17-million-to-target-violent-extremist-content-online>

Anti-discrimination legislation is outlined in a number of acts, including the New Zealand Bill of Rights Act 1990, the Privacy Act 1993, and the Human Rights Amendment Act 2011 (establishing the position of a full-time disability rights commissioner within the Human Rights Commission). The Human Rights Act protects all people in New Zealand from discrimination including on the basis of gender, religion, ethnicity and sexual orientation.

What is more, New Zealand has, for a long time, pursued positive discrimination measures to address Māori citizens' structural disadvantages. The electoral system for parliamentary elections has, since the implementation of the Māori Representation Act in 1867, included Māori electorates specially set up for people of Māori ethnicity or ancestry who choose to place themselves on a separate electoral roll (currently, there are seven Māori electorates). In 1975, the Treaty of Waitangi Act established the Waitangi Tribunal to redress grievances that Māori face as a result of colonization. In particular, the Waitangi Tribunal investigates Māori land claims and comments on government policies that have the potential to affect the Māori population. New Zealand law also imposes Māori quotas in certain areas, such as in fishing and tertiary education.

However, these measures have had little effect, as Māori continue to experience significant disadvantages in a wide range of ways. Compared to Pākehā (New Zealanders of European descent), Māori suffer worse health, have lower education attainments, employment and income, and are more likely to be victims of crime. Māori are also disproportionately represented in the penal system (Walters 2018).

In addition, New Zealand has come under international scrutiny for the human rights situation for the LGBTQI community. In January 2019, the United Nation's Human Right's Council highlighted that, in its current state, the Human Rights Act does not explicitly protect people from discrimination on the grounds of gender identity, it only prohibits discrimination on the grounds of sex. The Labour/Green government that took power in 2020 has addressed concerns of the LGBTQI community by introducing a bill to outlaw so-called gay conversion therapy in July 2021, and by passing a law in December 2021 making it easier to change the sex registered on birth certificates (Corlett 2021).

Corlett (2021) "New Zealand passes law making it easier to change sex on birth certificates." The Guardian.
<https://www.theguardian.com/world/2021/dec/09/new-zealand-passes-law-making-it-easier-to-change-sex-on-birth-certificates>

Hurihanganui (2018) “Waitangi Tribunal’s recommendations frequently ignored – UN report.” RNZ. <https://www.rnz.co.nz/news/te-manu-korihi/354085/waitangi-tribunal-s-recommendations-frequently-ignored-un-report>

Murphy (2018) “NZ told to improve human rights of LGBTQI people.” RNZ. <https://www.rnz.co.nz/news/political/380687/nz-told-to-improve-human-rights-of-lgbtqi-people>

Walters (2018) “Fact check: Disparities between Māori and Pākehā.” Stuff. <https://www.stuff.co.nz/national/politics/101231280/fact-check-disparities-between-mori-and-pkeh>

Rule of Law

Legal Certainty
Score: 10

New Zealand follows the British tradition and, therefore, its constitution is not found in a single constitutional text. Instead, the constitution includes a mix of conventions, statute laws and common laws within the framework of a largely unwritten constitution. In addition, the Treaty of Waitangi is increasingly seen as the founding document of New Zealand. The Constitution Act 1986 is a key formal statement of New Zealand’s system of government, in particular the roles of the executive, legislature and the judiciary. Other important legislation includes the Electoral Act 1993, the State Sector Act 1988, the Supreme Court Act 2003, the Judicature Act 1908, the Treaty of Waitangi Act 1975, the Official Information Act 1982, the Ombudsmen Act 1975, the New Zealand Bill of Rights Act 1990, and the Human Rights Act 1993.

The scattered and incomplete nature of these documents notwithstanding, New Zealand constantly receives the highest scores in comparative measures of the quality, consistency and transparency of the rule of law. For example, Freedom House’s 2021 Freedom in the World report awarded New Zealand a perfect score of 4/4 on the rule-of-law dimension (Freedom House 2021).

Citation:

Freedom House (2021) Freedom in the World 2021: New Zealand. <https://freedomhouse.org/country/new-zealand/freedom-world/2021>

McLean and Quentin-Baxter (2018) *The Realm of New Zealand: The Sovereign, The Governor-General, The Crown*. Auckland: The University of Auckland Press.

Judicial Review
Score: 10

New Zealand does not have a Constitutional Court with the absolute right of judicial review. While it is the role of the judiciary to interpret the laws and challenge the authority of the executive where it exceeds its parliamentary powers, the judiciary cannot declare parliamentary decisions unconstitutional. This is because under the Westminster system of government, which is very common among Commonwealth countries, parliament is sovereign. On the other hand, the courts may ask parliament to provide clarification of its decisions. The judicial system is hierarchical, with the possibility of appeal.

Since 2003, New Zealand's highest court has been the Supreme Court, taking the place of the Judicial Committee of the Privy Council in London that had in the past heard appeals from New Zealand. Still, legislative action is not justiciable in the High Court under the existing constitutional arrangements; parliament remains supreme in law. Yet, there are reform discussions which refer to the enhancement of judicial power to consider the constitutionality of legislation, and to invalidate it where necessary. An institution specific to the country is the Māori Land Court, which hears cases relating to Māori land (about 5% of the total area of the country). Equally important is a strong culture of respect for the legal system.

Citation:

<http://www.justice.govt.nz/courts/māori-land-court> (accessed October 20, 2015).

Pohlmann, Martin. 2017. *The Development of Judicial Review* LLM RESEARCH PAPER LAWS 529: CONSTITUTIONAL CHANGE AND GOVERNMENT LAW. Victoria: University of Wellington. https://researcharchive.vuw.ac.nz/xmlui/bitstream/handle/10063/6320/paper_access.pdf?sequence=2

Appointment of
Justices
Score: 8

All judicial appointments are made by the governor-general based on the recommendation of the attorney-general. The convention is that the attorney-general recommends new appointments, with the exception of the chief justice, Māori Land Court and court of appeal judges. Appointment of the chief justice is recommended by the prime minister.

The appointment process followed by the attorney-general is not formally regulated. That said, there is a strong constitutional convention in New Zealand that, in deciding who is to be appointed, the attorney-general acts independently of party-political considerations. There is a prior process of consultation, however, that is likely to include senior members of the judiciary and legal profession. Judges enjoy security of tenure and great judicial independence. In 2012, a review by the New Zealand Law Commission recommended that greater transparency and accountability be given to the appointment process through the publication by the chief justice of an annual report, as well as the publication by the attorney-general of an explanation of the process by which members of the judiciary are appointed and the qualifications they are expected to hold. So far, however, the recommendations of the Law Commission have not been implemented.

Citation:

Paul Bellamy and John Henderson, *Democracy in New Zealand* (Christchurch: MacMillan Brown Centre for Pacific Studies, 2002).

New Zealand Law Commission, 'Review of the Judicature Act 1908: Toward a New Courts Act' (R126, Wellington, 2012).

Benjamin Sutter. 2015. *Appointment, Discipline and Removal of Judges: A Comparison of the Swiss and New Zealand Judiciaries*. 46 VUWLR, pp. 267-306.

Stuff. 2018. Justice Helen Winkelmann appointed Chief Justice. December 17. <https://www.stuff.co.nz/national/politics/109416961/justice-helen-winkelmann-appointed-chief-justice>

Corruption
Prevention
Score: 10

New Zealand’s public sector is perceived to be one of the least corrupt in the world. There is a very low risk of encountering corruption in the public service, police or the judicial system. Prevention of corruption is strongly safeguarded by such independent institutions as the auditor general and the Office of the Ombudsman. The 2020 Corruption Perceptions Index published by Transparency International even ranked New Zealand at first place (together with Denmark) in terms of anti-corruption efforts (Transparency International 2020). However, this does not mean that the country is free of corruption. For example, the 2020 Deloitte Bribery and Corruption Survey found that a considerable number of company executives found corruption to be “significant risk” to their organizations (Deloitte 2020). There are also concerns about “revolving door” practices, whereby individuals shift between government positions and private sector jobs, and vice versa (Kuhner 2020).

Citation:
Deloitte (2020) The Deloitte Australia and New Zealand Bribery and Corruption Report 2020. <https://www2.deloitte.com/nz/en/pages/risk/articles/bribery-corruption-survey-2020.html>

Kuhner (2020) “Reputation vs reality: how vulnerable is New Zealand to systemic corruption?” The Spinoff. <https://thespinoff.co.nz/politics/06-03-2020/reputation-vs-reality-how-vulnerable-is-new-zealand-to-systemic-corruption>

Transparency International (2020) Corruption Perceptions Index. <https://www.transparency.org/en/cpi/2020/index/nzl>

Good Governance

I. Executive Capacity

Strategic Capacity

Strategic
Planning
Score: 8

New Zealand has unique constitutional arrangements resulting in a significant concentration of power in the cabinet and a highly cohesive system of cabinet government. The core executive in New Zealand is organized according to new public-management approaches and methods. Most importantly, contracts are negotiated between ministers and chief executives. With the large number of government departments and ministers (26, with a further three undersecretaries), most of whom are responsible for several portfolios, taking a whole-of-government approach to policy development can be complex and time-consuming. In addition to this, since 1996, coalition governments and support party arrangements have meant that cabinet government, while still an essential aspect of the system, includes a multiparty dimension that can disrupt collective ministerial responsibility.

Recent governments have reacted to concerns about fragmentation by recentralizing the steering capacity of the core executive. The most important government departments involved in strategic planning and policy formation are the central agencies of the Department of the Prime Minister and Cabinet (DPMC), the State Services Commission (SSC) and the Treasury. The DPMC consists of six units: the Cabinet Office, Government House, the Policy Advisory Group, the National Assessments Bureau, the Domestic and External Security Group, and the Corporate Services Unit.

All contracts (performance agreements and departmental statements of intent) support a cooperative and whole-of-government policy approach, though evaluation of the performance assessment of chief executives has a strong focus on departmental achievements. The prime minister can draw on only moderate strategic-planning capacity (in the form of the Policy Advisory Group) vis-à-vis ministers. Ad hoc groups, often including some outside

expertise, are increasingly used to complement government agencies' policy-advisory function. Moreover, the prime minister has access to the Office of the Prime Minister's Chief Science Adviser (PMCSA), whose role is to provide advice regarding how science can inform good decision-making in New Zealand. There is also a network of chief science advisers attached to a range of government departments, and a Chief Science Adviser Forum. These sources of science-based advice for the government have been important in highlighting evidence from the scientific and research community relating to key policy challenges, but the government is not required to follow such advice.

Citation:

Department of the Prime Minister and the Cabinet (DPMC). Annual Report 2018. <https://dpmc.govt.nz/publications/annual-report-2018>

Office of the Prime Minister's Chief Science Adviser (PMCSA) <https://www.pmcsa.ac.nz/>

Expert Advice
Score: 8

In terms of frequency and intensity of policy advice, the relevance of external academic experts for governmental policymaking depends on the subject area. Non-governmental academics with technical expertise can have a significant role in policy areas such as health, energy, social affairs and tertiary education. The Labour government has since 2017 considerably increased the number of policy design working groups. Notable examples include the Tax Working Group, the Welfare Expert Advisory Group, the 2018 Mental Health and Addiction Inquiry, the Royal Commission into Abuse in Care, the Curriculum Advisory Group, and the Health and Disability System Review. The Zero Carbon Act established the Climate Change Commission, which – among its other functions – advises the government on how to reduce New Zealand's carbon emissions to the net zero level by 2050. The Pandemic Influenza Technical Advisory Group has played an important role in informing the government's COVID-19 response.

However, while the number of expert groups has increased, the Labour-led coalition government has also been criticized for ignoring advice provided by some of these groups. For example, Prime Minister Ardern has ruled out implementing a capital gains tax – one of the key recommendations made by the Tax Working Group (Wells 2019). Similarly, the government has been accused of failing to follow the policy roadmap set out by the Welfare Expert Advisory Group (Carroll 2021), and has been criticized for not listening to Māori experts or including systematic gender analyses in its budget policies (Greaves, 2021; Curtin et al, 2021). That said, significant changes are underway as a result of the health system review, and the Mental Health and Wellbeing Commission was launched in February 2021 as a direct outcome of the Mental Health and Addiction Inquiry.

Citation:

Carroll (2021) "Government accused of failing to follow roadmap from welfare expert group." Stuff. <https://www.stuff.co.nz/business/industries/127213266/government-accused-of-failing-to-follow-roadmap-from-welfare-expert-group>

Curtin et al (2021). The Conversation, 21 May 2021 <https://theconversation.com/nz-budget-2021-women-left-behind-despite-the-focus-on-well-being-161187>

Greaves (2021) "Māori experts have been all but invisible in the government Covid-19 response. Why?" The Spinoff. <https://thespinoff.co.nz/politics/07-10-2021/maori-experts-have-been-all-but-invisible-in-the-government-covid-19-response-why>

Wells (2019) "PM Jacinda Ardern has ruled out implementing a Capital Gains Tax while she is at the helm of Labour." New Zealand Herald. <https://www.nzherald.co.nz/nz/pm-jacinda-ardern-has-ruled-out-implementing-a-capital-gains-tax-while-she-is-at-the-helm-of-labour/IQ4FD7CLYKCLU6YAH2H2S4MDSE/>

Interministerial Coordination

GO Expertise
Score: 8

The Policy Advisory Group in the Department of the Prime Minister and Cabinet (DPMC) currently consists of 12 staff members covering a broad spectrum of policy expertise. They are in constant contact with the prime minister and provide advice on all cabinet and cabinet committee papers. They also engage in coordinating interministerial cooperation. The Policy Advisory Group provides direct support to the prime minister on specifically commissioned initiatives. In 2015, a Legislation Design and Advisory Committee (LDAC) was established with the aim of improving the quality and effectiveness of legislation. The LDAC advises departments regarding the design and content of bills while still in the development stage.

To support the prime minister and her government's priorities, the DPMC added the Child Wellbeing and Poverty Reduction Group as an operating unit in February 2018. The DPMC's wider Policy Advisory Group continues to play a crucial role in aligning the public service's effort to support the government's priorities while also providing free and frank advice to the prime minister on all items of government business. In 2019, the newly established National Emergency Management Agency was incorporated into the DPMC.

Citation:

Department of the Prime Minister and Cabinet, Annual Report 2019 (<https://dpmc.govt.nz/publications/annual-report-2019>)

Line Ministries
Score: 9

If line ministries prepare a policy proposal, they are obliged to consult other ministries that are affected, as well as the coordinating units, the Department of Prime Minister and Cabinet (DPMC), the Treasury and the State Services Commission. There are clear guidelines that govern the coordination of policy formulation in the core executive.

Cabinet
Committees
Score: 9

Citation:

Cabinet Office Circular CO (17) 10, Labour-New Zealand First Coalition, with Confidence and Supply from the Green Party: Consultation and Operating Arrangements. December 17, 2017. <https://dpmc.govt.nz/sites/default/files/2017-12/coc-17-10.pdf>

There are clear guidelines for policy formulation in the New Zealand core executive. All policy proposals are reviewed in cabinet committees. Full cabinet meetings therefore can focus on strategic policy debates and policy conflicts between coalition partners or between the government and its legislative support parties in the House of Representatives. In quantitative terms, from 1 July 2020 to 30 June 2021, the full cabinet met 52 times while cabinet committees met 115 times (Department of the Prime Minister and Cabinet 2021). A revised cabinet committee structure was implemented in October 2017 following the formation of the government after the general election. The overall number of committees remained ten, but seven out of ten committees were discontinued or superseded. Key committees are now the Cabinet Legislation Committee, the Committee on Economic Development and the Cabinet Environment, Energy and Climate Committee.

Citation:

Department of the Prime Minister and Cabinet (2021) Annual Report 2021. <https://dpmc.govt.nz/sites/default/files/2021-10/dpmc-annual-report-2021.pdf>

Ministerial
Bureaucracy
Score: 9

The cabinet process is overseen by the cabinet office on the basis of clear guidelines, codified in the Cabinet Manual. The CabGuide online resource complements the procedural information available in the Cabinet Manual and contains guidance on how to use CabNet, the document management and workflow system that supports cabinet processes (Department of the Prime Minister and the Cabinet n.d.). Departmental chief executives typically meet with ministers prior to cabinet meetings to discuss the agenda and clarify matters. The amount and effectiveness of policy proposal coordination varies a great deal depending on the policy field. However, there is clearly coordination in the preparation of cabinet papers and required processes are specified in cabinet office circulars.

Citation:

Department of the Prime Minister and the Cabinet (n.d.) Cabinet Office. <https://dpmc.govt.nz/our-business-units/cabinet-office>

Informal
Coordination
Score: 9

In addition to formal coordination, there are a number of informal channels between coalition partners, government and legislative support parties (parliamentary rather than extra-parliamentary), and ministers and their parliamentary advisers. Although media commentary tends to not draw a distinction between formal coalitions (e.g., Labour/NZ First, 2017-2020) and

non-coalition support parties (e.g., Green Party, 2017-2020), the Cabinet Manual seeks to at least formally clarify which procedures should be used as a guideline in case of informal coordination. It is important to mention, however, that the coordination process is largely limited to party leadership and excludes the extra-parliamentary wing of the party (i.e., party members, activists and officials).

Citation:
Cabinet Office Circular CO (17) 10, Labour-New Zealand First Coalition, with Confidence and Supply from the Green Party: Consultation and Operating Arrangements. December 17, 2017.<https://dpmc.govt.nz/sites/default/files/2017-12/coc-17-10.pdf>

Digitalization for Interministerial Coordination
Score: 9

The New Zealand government has identified a coordinating unit for ICT deployment at the center of government, developed a strategy (2015 ICT strategy) for coordination across government levels in order to improve effectiveness, and introduced new bodies in charge of leading the digital transformation. In 2017, the portfolio of minister for government digital services was created. The government chief digital officer (GCDO) is the government functional lead for developing and improving digital infrastructure across government. The GCDO is supported by the Digital Government Partnership, which is a partnership of stakeholders from agencies across government to support the goal of a coherent, all-of-government digital system. It helps the GCDO and government chief data steward (GCDS) to develop and improve the digital and data system across government; ensures government is aligned with the government ICT strategy; and reviews and informs the strategy. The partnership is made up of a leadership group and four working groups that support the strategy as well as a chairs’ group, which bring together experts from across the different focus areas to provide support and advice to the leadership group. However, it is not absolutely clear how effective the use of digital technologies really is, especially with regard to interministerial coordination.

Citation:
<https://www.digital.govt.nz/digital-government/leadership-and-governance/digital-government-partnership/>
<https://www.digital.govt.nz/dmsdocument/4-government-ict-strategy-2015>
<https://www.digital.govt.nz/>

Evidence-based Instruments

RIA Application
Score: 10

New Zealand established a regulatory impact assessment (RIA) regime in the period 1997-2008. The National Party government introduced guidelines in late 2009, with the effect that RIAs are systematically undertaken for any policy activity involving options that may result in a paper being submitted to the cabinet and may accordingly lead to draft legislation. This aims at

restricting new regulations to those that the government sees as necessary, sensible and robust, while avoiding regulations that are ineffective and costly.

Treasury assumes a lead role on regulatory management. It is the national coordinating body on regulatory management, tasked with oversight of regulatory systems, including regulatory impact statements (RISs) and regulatory policy, that reports to the minister of finance and the minister for regulatory reform. The Parliamentary Counsel Office has the statutory function to develop all drafting instructions (other than for tax law). There are five other institutions that play important roles: Legislation Design and Advisory Committee; The Law Commission; The Productivity Commission; the Parliamentary Select Committees; and the Parliamentary Regulatory Review Committee.

Citation:

Cabinet Office Circular CO (09) 8: Regulatory Impact Analysis Requirements: New Guidance (Wellington: Cabinet Office 2009).

Regulatory Impact Analysis Handbook (Wellington: The Treasury 2013).

New Zealand's Regulatory Management System: <http://www.treasury.govt.nz/regulation/system>

Gill, Derek 2016. Regulatory Coherence: The Case of New Zealand. ERIA Discussion Paper Series 2016-12. Wellington: University of Wellington.

Quality of RIA
Process
Score: 8

The New Zealand Treasury periodically commissions independent reviews of the quality of RIA. Based on these reviews, the RIA system has been refined over time. The approach adopted has a strong emphasis on a regulatory impact statement (RIS) being embedded as part of a good policy development process rather than being a compliance requirement to be hurdled at the end of the policy development process. RIS are now produced for all substantive government bills and are widely accepted by departments, although systematic evidence on their use by ministers and parliamentarians is lacking.

The major development in the period after 2008 was the introduction of statutory expectations for departmental chief executives concerning regulatory stewardship. Treasury has been proactive in developing guidance for the new regulatory stewardship provisions applying to departmental chief executives. Moreover, as part of the government's response in 2015 to the Productivity Commission Inquiry, departments are now required to publicly disclose their strategies and systems for meeting their regulatory stewardship expectations. These requirements are works in process.

The quality of RISs, while improving, remains unclear. The Treasury's RIS on the proposed Regulatory Responsibility Act commented "We all know that the analysis we see in Regulatory Impact Statements (RISs) is often not of the highest standard and as a consequence is little used or valued" (Ayto 2011). The Treasury estimates that in 2012 only 62% of RIAs fully met cabinet

requirements and subsequent reviews “suggest that the quality of RISs has not improved” (Sapere Research Group 2015).

In 2019, the Treasury issued new regulatory impact assessment guidelines and requirements for broader impact analysis (NZ Treasury 2019a; NZ Treasury, 2019b).

A 2021 OECD report ranks New Zealand’s RIA process above the OECD average, noting that government agencies have to consult with the public on all draft regulations and publish all RIAs online, and that policymakers have to provide a response to comments submitted during the consultation process (OECD 2021).

Gill, Derek 2016. Regulatory Coherence: The Case of New Zealand. ERIA Discussion Paper Series 2016-12. Wellington: University of Wellington.

Ayto, Jonathan 2011. Regulatory Impact Statement: Regulating for Better legislation – What is the Potential of a Regulatory Responsibility Act? <https://treasury.govt.nz/sites/default/files/2011-03/ris-tsy-rbr-mar11.pdf>

Sapere Research Group. 2015. Regulatory Impact Analysis Evaluation 2015. Report Prepared for the Treasury. <http://www.srgexpert.com/publications/our-people-publicat-547/>

OECD Regulatory Policy Outlook 2015 Country profile New Zealand. <https://www.oecd.org/gov/regulatory-policy/New%20Zealand-web.pdf>

OECD (2021) New Zealand: Indicators of Regulatory Policy and Governance 2021. <https://www.oecd.org/gov/regulatory-policy/new-zealand-country-profile-regulatory-policy-2021.pdf>

NZ Treasury, 2019a. <https://treasury.govt.nz/sites/default/files/2019-12/guide-cabinet-impact-analysis-requirements.pdf>

NZ Treasury, 2019b. <https://treasury.govt.nz/information-and-services/regulation/impact-analysis-requirements-regulatory-proposals>

Sustainability
Check
Score: 9

Without using the term “sustainability” explicitly, the regulatory impact assessment (RIA) process includes major aspects of this concept. Part of the quality-assurance monitoring process is to check whether all substantive economic, social and environmental impacts have been identified (and quantified where feasible). In addition, it is an integral part of RIAs to plan for regulatory instrument reviews that consider, among others, whether problems persist and if objectives are being met. More specifically, the Child Poverty Reduction Act requires current and future governments to set three- and ten-year targets for reducing child poverty. It also establishes a suite of measures that will track progress on reducing child poverty, and requires annual reporting on identified child-poverty-related indicators. This work currently sits within the Department of the Prime Minister and Cabinet, because the prime minister is the minister for this portfolio

Citation:

Regulatory Impact Analysis Handbook (Wellington: The Treasury 2013).

Quality of Ex
Post Evaluation
Score: 6

Despite the dominant role of ex ante RIAs, steps are also taken to implement ex post RIAs. However, the quality of ex post evaluation of public policies remains unclear. They are not mandatory and there is no established

methodology for conducting them. A 2021 OECD report ranks New Zealand below the OECD average in terms of ex post evaluation of regulations (OECD 2021).

Citation:

<https://treasury.govt.nz/publications/legislation/regulatory-impact-assessments>

Gill, Derek 2016. Regulatory Coherence: The Case of New Zealand. ERIA Discussion Paper Series 2016-12. Wellington: University of Wellington.

OECD Regulatory Policy Outlook 2015 Country profile New Zealand. <https://www.oecd.org/gov/regulatory-policy/New%20Zealand-web.pdf>

OECD (2021) New Zealand: Indicators of Regulatory Policy and Governance 2021. <https://www.oecd.org/gov/regulatory-policy/new-zealand-country-profile-regulatory-policy-2021.pdf>

Kupiec, Tomasz 2015. Regulatory Impact Analysis Practice in New Zealand in the Light of Models of Evaluation Use – Inspiration for the Polish Government. „Management and Business Administration. Central Europe” 23(2), pp. 109–128.

Societal Consultation

Public
Consultation
Score: 8

New Zealand has a strong tradition of broad policy consultation with interest groups and with its citizens – both at the national and the local levels – and consultation is mandated in many cases under the Local Government Act 2002. Consultation is also commonly used by central government agencies with respect to new policy initiatives. There is no general legal requirement for consultation in the regulatory process, but consultation is an explicit policy of the government, embedded within New Zealand’s policymaking processes, provides information for cabinet discussions, and is one of the key quality-assurance criteria. When a consultation has taken place, the details of any consultations, internal and external, are set out in regulatory impact statements (RIS). RISs must explain who has been consulted and what form the consultation took, outline key feedback received (with particular emphasis on any significant concerns that were raised about the preferred option) and describe how the proposal has been altered to address these concerns (and if not, why not). If no consultation has been undertaken, the reasons must be presented. While parliamentary select committees hold hearings on proposed legislation once it has been introduced in parliament, which gives individuals and organizations the opportunity to make written or oral submissions, the incidence of bypassing select committees by introducing bills under urgency is growing. In addition to the aforementioned tools for measuring public opinion, both the government and organizations that are likely to be affected by policy outcomes make increasing use of opinion polls, media and online comment, and focus groups.

Citation:

Local Government Act 2002: <http://www.legislation.govt.nz/act/public/2002/0084/latest/DLM172326.html> (accessed October 9, 2014).

OECD Regulatory Policy Outlook 2015 Country profile New Zealand. <https://www.oecd.org/gov/regulatory-policy/New%20Zealand-web.pdf>

Policy Communication

Coherent
Communication
Score: 7

New Zealand has a tradition of highly coherent and cohesive cabinets. While the previous government (2017-2020) – a minority coalition formed by Labour and New Zealand First, and supported by the Green Party – struggled to communicate a coherent policy program during the first few months of its term, the current Labour-Green coalition has communicated a more unified position from the start. However, certain policy differences have become apparent – in particular, in relation to the question of how to cool down New Zealand’s overheated housing market (Smyth 2021). In 2020, information leaked that Prime Minister Ardern had placed a gag order on cabinet members, instructing them not to speak to the media in relation to the government’s COVID-19 response (Newshub 2020).

That said, the current prime minister is an adept user of social media, particularly Facebook, in promulgating policy information to a broad audience. At the same time, both she and her ministers continue to use the more traditional press conferences following cabinet meetings. These have been supplemented by 1 p.m. press conferences sometimes held as often as daily during surges in COVID-19 cases. The television broadcasts of these events have proved popular with the general public.

Citation:

Newshub (2020) “Leak: Jacinda Ardern gags ministers on discussing COVID-19 response.” <https://www.newshub.co.nz/home/politics/2020/05/leak-jacinda-ardern-gags-ministers-on-discussing-covid-19-response.html>

Smyth (2021) “New Zealand’s housing crisis poses big test for Jacinda Ardern.” The Financial Times. <https://www.ft.com/content/2ec734f0-23b4-4aef-9675-f89d357ce0e1>

Implementation

Government
Effectiveness
Score: 8

The policy implementation record of the Labour government is mixed. The Labour-NZ First coalition (2017-2020) delivered on a number of its campaign promises such as raising the legal minimum wage, allocating more money to public health, and passing measures designed to tackle child poverty and domestic violence. However, the three-year term was also marked by a number of policy failures and U-turns. For example, KiwiBuild, the government’s scheme to build 100,000 affordable homes between 2017 and 2027, was axed after only 18 months, and plans to offer fee-free tertiary education were cut back significantly. The current Labour-Green coalition has been criticized for not delivering on its promise to tackle child poverty.

According to many critics, the boost in welfare benefits implemented in 2021 does not go far enough (Edward 2021). Moreover, despite declaring a “climate emergency” in December 2020, current environmental policies are not sufficient to meet New Zealand’s commitments under the Paris Agreement (Morton 2020). On the other hand, the Ardern administration has been praised globally for its success in implementing its COVID-19 “elimination” strategy; even though the strategy was abandoned in October 2021 after the arrival of the delta variant made lockdowns less effective at containing the virus (Frost 2021).

Citation:

Edwards (2021) “Why Labour raised benefits, and why it’s not enough.” Newshub. <https://www.newshub.co.nz/home/politics/2021/05/bryce-edwards-why-labour-raised-benefits-and-why-it-s-not-enough.html>

Frost (2021) “New Zealand abandons its goal of eliminating the coronavirus.” The New York Times. <https://www.nytimes.com/2021/10/22/world/new-zealand-abandons-its-goal-of-eliminating-the-coronavirus.html>

Morton (2020) “Analysis: What does declaring a ‘climate emergency’ actually do?” New Zealand Herald. <https://www.nzherald.co.nz/nz/analysis-what-does-declaring-a-climate-emergency-actually-do/6U3YQFOLDTZCCBWZ4ETXLHLD0E/>

Ministerial
Compliance
Score: 9

There is a strong tradition of a highly cohesive system of cabinet government. Ministers are allowed to disagree over policy initiatives – even in public – but once a decision has been made in cabinet, they must follow the collective will. The prime minister has the power to appoint and dismiss ministers (formally it is the governor-general who does this on the advice of the prime minister). Labour party ministers are appointed through a process of election by all the party’s parliamentarians, with the prime minister’s direct power being largely limited to the ranking of ministers and allocation of portfolios. Naturally, in coalition governments or minority governments with support agreements with other parties, the prime minister’s power over the personnel of another party is somewhat restricted, although the actual number of cabinet positions assigned to each small party is largely a matter for the prime minister.

Collective responsibility within a formal coalition arrangement is strengthened by an extensive list of coalition management instruments, based on a comprehensive coalition agreement regarding the legislative agenda but also procedures to ensure coalition discipline. There are also procedures for dealing with a minority government.

Coalition partners are not bound by collective responsibility. Rather, they are brought into cabinet meetings only to discuss their own portfolio issues, so that they may retain the freedom to disagree with the lead party in the government should they so wish.

Monitoring
Ministries
Score: 9

Citation:
Cabinet Office Circular CO (15) 1 (Wellington: Cabinet Office 2015).

In the 1990s, New Zealand became a global leader in the use of New Public Management strategies. The country implemented one of the most radical sets of reforms in the world (Bouckaert et al. 2010). Performance of agencies is measured by outputs and managed by a “contract” between ministers and chief executives. While these strong vertical accountabilities have clear benefits, they leave few incentives for public servants to work together to address complex problems. Recent governments have tried to correct this by encouraging cross-agency collaboration – in particular, through the Better Public Services reform agenda launched in 2012 and the Public Service Act 2020. These reforms have produced a synthesis that blends managerial autonomy with collective approaches, resulting in a management style that is both hierarchical and horizontal (Scott et al. 2021)

Citation:
Bouckaert et al. (2010) *The Coordination of Public Sector Organizations Shifting Patterns of Public Management*. Palgrave Macmillan.
Scott et al. (2021) *Theoretical Paradigms in the Reform of the New Zealand Public Service: Is post-NPM still a myth?* Paper prepared for the 2021 World Congress for Political Science, Lisbon. <https://bit.ly/3KGqlyj>

Monitoring
Agencies,
Bureaucracies
Score: 9

The monitoring of executive agencies is based on the same procedures governing line ministries.

Citation:
State Services Commission: *Annual Report for the Year Ended 30 June 2015* (Wellington: States Services Commission 2015).

Task Funding
Score: 9

New Zealand is one of the most centralized jurisdictions in the OECD. More than 90% of government workers are employed by central government organizations, and almost all citizen-facing public services – including policing, fire services, education and health – are central government activities. Almost all local regulation is undertaken by an agent of central government, with little locally initiated regulation. In addition to their relatively narrow task profile, local governments are not permitted to tap into other commonly used sources of subnational revenue such as sales and/or income taxes. Local governments therefore raise a relatively large proportion of revenue from rates (taxes on real-estate holdings and charges). They have full discretion to set rates, subject to a general balanced budget requirement. Other revenue sources include user charges, such as vehicle fuel charges (since 2018), and fees. Local government officials have been lobbying central government for the right to raise revenue from additional sources, including road tolls. To date, their lobbying has been largely unsuccessful. There are no

block grants from central to local government, but the central government contributes funding to specific local government functions, in particular transportation as well as road construction and maintenance.

In April 2021, the minister of local government created an assessment program called Review into the Future for Local Government. This is looking broadly at the system of local democracy and governance, including the functions, roles and structures

of local government; its commitment to the Treaty of Waitangi, the relationships between local government, central government, iwi (tribes), Māori, businesses and communities; and whether current funding arrangements are sustainable and equitable. However, the government will not be bound by the recommendations of this review, and it is not due to report to the government until mid-2023.

Citation:

The New Zealand Productivity Commission 2018. Local government funding and financing Issues paper - November 2018.
https://www.productivity.govt.nz/sites/default/files/Local%20government%20funding%20and%20financing%20issues%20paper_FINAL.pdf

Constitutional
Discretion
Score: 6

Local governments do not enjoy constitutional status, as they are creatures of statute. There is a clear legal framework for local government autonomy, consisting of the Local Government Act 2002, the Local Electoral Act 2001, and the Local Government (Rating) Act 2002. In addition, a comprehensive reform program (“Better Local Government”) culminated in the Local Government Act 2002 Amendment Act 2014. According to the Department of Internal Affairs, the act includes: changes in regard to what development contributions can be used for; more collaboration and shared services between local authorities; new requirements for infrastructure strategies and asset management planning; elected members to use technology to participate in council meetings rather than attending in person; local councils to disclose information about their rating bases in long-term plans, annual plans and annual reports; and the disclosure of risk management arrangements for physical assets in annual reports. In addition, the act includes provisions that enable the Local Government Commission to establish local boards as part of new unitary authorities, and in existing unitary authorities.

Citation:

Department of Internal Affairs, Better Local Government: <http://www.dia.govt.nz/better-local-government> (accessed November 30, 2015).
 Local Electoral Act 2001 (Wellington: The Government of New Zealand 2012).
 Local Government Act 2002 (Wellington: The Government of New Zealand 2012).
 Local Government Act 2002 Amendment Act 2014 (Wellington: The Government of New Zealand 2014).
 Local Government (Rating) Act 2002 (Wellington: The Government of New Zealand 2011).

National
Standards
Score: 7

There is a dense network of agencies that are involved with the development and monitoring of local government, including the minister of local government, the Department of Internal Affairs, the Local Government Commission, Local Government New Zealand (representing local councils on the national level), the Office of the Controller and Auditor General, the Office of the Ombudsman and the parliamentary commissioner for the environment. Their roles range from strategic development, policy formulation, regulation and monitoring, to handling complaints about the activities and operation of local government. At the end of 2013, a comprehensive reform program, “Better Local Government” was introduced, whose provisions form part of the Local Government Act 2002 Amendment Act 2014. In June 2017, the Local Government Act 2002 Amendment Bill (No 2) passed its second parliamentary reading, which includes the Better Local Services reforms. The bill would have continued the general trend of increasing central government scrutiny and control over local government. The bill was the subject of criticism, especially in Auckland with its relatively new “super city” structure and population of 1.4 million. However, smaller municipalities had also been critical of the reforms, describing them as being undemocratic, especially the “draconian” powers granted to the Local Government Commission. Following the September 2017 election and the change of government, the bill was not moved forward to the third reading. There have been ongoing tensions at different times between the central and local governments over the allocation of responsibilities. These continue to be felt in areas such as water reforms, resource management and housing, and especially over local governments’ perceived slowness in granting building permits and maintaining environmental standards (although in the last two years, the number of approvals has increased).

Citation:

New Zealand Parliament 2018. Local Government Act 2002 Amendment Bill (No 2). https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/00DBHOH_BILL69266_1/local-government-act-2002-amendment-bill-no-2.

Woolf, Amber-Leigh, 2016. Minister says Better Local Services reforms not a ‘threat to democracy’ or forced amalgamation. *Stuff.co.nz*. 3 August 2016 <http://www.stuff.co.nz/national/politics/82752225/Minister-says-Better-Local-Services-reforms-not-a-threat-to-democracy-or-forced-amalgamation>.

Effective
Regulatory
Enforcement
Score: 6

The enforcement of regulations is generally effective and unbiased. As in other democracies, regulations themselves (particularly those specific to an industry) are heavily influenced by powerful vested interests. Regulatory capture – a situation in which an industry has the power to determine the activity of a government agency tasked with regulating the industry – certainly occurs and can result in the weak enforcement of regulations. Examples include the fishing and mining industries. The conclusions of the Pike River inquiry show that the regulation of occupational health and safety in mining had in effect

been subject to regulatory capture by employers. Critics argue that the state of the electricity sector displays many symptoms of regulatory capture. There was also widespread criticism of the Securities Commission for its failure to control unacceptable behavior among investors and companies, contributing to a lack of confidence in the share market and other forms of investment. In the 1990s, there was continuing opposition to greater regulation from some powerful and vocal parties, such as the Business Roundtable. It is difficult to distinguish the effects of weak legislation, weak regulator and regulatory capture, but the outcome of the limited standards and enforcement has suited some interests despite being to New Zealand's long-term detriment.

Currently, the Ministry of Business, Innovation and Employment is charged with overseeing much of New Zealand's regulatory design, delivery and review processes. This includes 112 statutes and 17 regulatory systems covering housing, workplace safety, trade, intellectual property, employment relations, financial markets and so on (MBIE).

Citation:

OECD Regulatory Policy Outlook 2015 Country profile New Zealand. <https://www.oecd.org/gov/regulatory-policy/New%20Zealand-web.pdf>.

New Zealand Council of Trade Unions. 2013. Submission of the New Zealand Council of Trade Unions Te Kauae Kaimahito the New Zealand Productivity Commission on its inquiry into Regulatory Institutions and Practices. <https://www.union.org.nz/wp-content/uploads/2017/10/131025-Productivity-Commission-Regulatory-Institutions-Practices.pdf>

MBIE, 2021. <https://www.mbie.govt.nz/cross-government-functions/regulatory-stewardship/regulatory-systems/>

Adaptability

Domestic
Adaptability
Score: 8

New Zealand follows the Westminster model of democracy, which is characterized by a low number of institutional veto players and centralizes political decision-making power in the executive. New Zealand's political system thus gives the government – at least in principle – the ability to respond to international challenges promptly and effectively.

With the implementation of a mixed-member electoral system in 1996, the institutional capacity to meet new international demands has somewhat declined – not least because single-party majority governments (which used to be the typical outcome under the old first-past-the-post system) have been replaced by multiparty coalition and minority governments. Still, the political system has again and again proven its ability to innovate and adapt in response to international challenges. Of particular note are reforms implemented in the wake of the 2008/09 global financial crisis, which prompted the government to tighten expenditures and reconsider how to deliver improved citizen-centered services at reduced cost. The 2014 “Better Local Government” reforms were

designed to (1) clarify the core responsibilities of local councils, (2) set clear fiscal responsibility requirements, and (3) give councils more tools to better manage costs. The 2015 amendment to the Government ICT Strategy aims at rationalizing public service delivery by strengthening coordination across different government agencies and by establishing a digital platform for federated services.

The centralized nature of the New Zealand political system (local government remains comparatively weak) does allow the government of the day to respond rapidly to crises if required. It is also not uncommon for the government to use “urgency” measures to pass legislation through the parliament when the coalition partners support the particular policy, although this process has been subject to criticism (Walters, 2021).

Citation:

Department of Internal Affairs (2015) ICT Strategy 2015. (https://snapshot.ict.govt.nz/resources/digital-ict-archive/static/localhost_8000/strategy-and-action-plan/strategy/index.html)

Department of Internal Affairs (2014) Better Local Government. (<https://www.dia.govt.nz/Better-Local-Government>)

Walters, L. (2021). ‘What’s the rush? Lawmaking in a Hurry’ <https://www.newsroom.co.nz/whats-the-rush-lawmaking-in-a-hurry>

International
Coordination
Score: 8

In general, New Zealand’s political system stands out for its capacity to coordinate among different government agencies and enforcing policies effectively. However, when it comes to tackling global challenges and implementing multilateral frameworks, the picture is mixed. This suggests that, in some policy areas, it is political will – rather than institutional capacity – that poses the main obstacle. For example, New Zealand performs relatively well in terms of working toward inclusive economic development at the global level. The country is a signatory to a number of multilateral free trade agreements with developing countries, and – crucially – these agreements have been transposed into domestic law and their implementation is effectively coordinated across different ministries, such as the Ministry of Foreign Affairs and Trade and the Ministry for Primary Industries. In November 2019, the country passed the Climate Change Response (Zero Carbon) Amendment Act, which specifies mechanisms for meeting New Zealand’s commitments under the Paris Agreement. However, the success of its implementation remains to be seen.

Citation:

Climate Action Tracker, New Zealand (<https://climateactiontracker.org/countries/new-zealand/>)

New Zealand Trade and Enterprise, Market access: International agreements and non-tariff barriers (<https://www.nzte.govt.nz/common/market-access-international-agreements>)

Organizational Reform

Self-monitoring
Score: 9

While New Zealand’s political system does not provide codified mechanisms for routine reviews of its institutional arrangements, both National Party and Labour governments have repeatedly surveyed the system’s performance in the past – through a number of different devices. For example, governments have used referendums to consult citizens directly on institutional issues, including on the electoral system (1993 and 2011), and established expert/stakeholder advisory groups in a number of areas, such as Open Government Partnership (OGP) processes (2016-) and data ethics (2019-). However, governments have routinely ignored expert advisory groups’ recommendations in the past, for instance in the case of recommendations made by the Tax Working Group and the Welfare Expert Advisory Group.

Institutional
Reform
Score: 9

New Zealand’s strategic-planning capacity is already relatively high. There is thus little space for further improvement. Nevertheless, governments have shown commitment to coordinate and streamline the relations between different institutional actors at the core of government. In particular, the Cabinet Manual – the primary authority on regulating the conduct of ministers and their offices – has served as a framework through which to improve strategic capacity. For example, The Manual includes a “no surprises” convention, whereby departments are required to inform ministers promptly of matters of significance within their portfolio responsibilities, particularly where matters may be controversial or may become the subject of public debate. In February 2021, the new Public Service Act came into force, replacing the 1988 State Services Act. The stated objective of the new legislation is to create a “unified public service.” While government departments and agencies previously had a tendency to work in “silos,” the Public Service Act puts more emphasis on working together (New Zealand Government 2020; Walls 2019).

Citation:

New Zealand Government (2020) Parliament passes Bill to reform public service. <https://www.beehive.govt.nz/release/parliament-passes-bill-reform-public-service>

Walls (2019) “Government will repeal and replace the State Sector Act with a new, modern law.” New Zealand Herald. <https://www.nzherald.co.nz/nz/government-will-repeal-and-replace-the-state-sector-act-with-a-new-modern-law/WOPOSGPUHCODCM2YOBSXURBCFY/>

II. Executive Accountability

Citizens' Participatory Competence

Political
Knowledge
Score: 7

Many New Zealanders appear to appear to be relatively well informed about political issues. According to the 2017 New Zealand Election Study (the latest NZES survey available), 33% of respondents were “very interested” in politics, 49% “somewhat interested.” Roughly two-thirds of citizens make use of the news media to inform themselves about political issues. Asked how often they had followed election news on TVNZ 1, 65% of respondents replied either “often” or “sometimes.” The figure is similar for online sources, with 62% of respondents declaring that they had turned to the internet at least once to find information about the 2017 election. The figures for the 2017 NZES also reveal that political interest and knowledge had increased since 2014.

Early data from the NZES study of the 2020 election shows that 81% of respondents were very or somewhat interested; however, given that this question is likely strongly affected by response rates, we need to be cautious in using it as an outcome variable (NZES.net). However, the voter turnout rate in the 2020 election (as a percentage of total enrolled citizens) was the highest since 1999 at 81.5% (Elections NZ).

The extent of citizens' participation in public consultation processes depends heavily on the issue in question. For example, the Smoke-free Environment (Tobacco Plain Packaging) Amendment Bill received more than 15,600 public submissions, while the recent draft dealing with history curriculum in schools received only 488 submissions (Ministry of Education 2021). The bill to ban conversion therapy also triggered strong interest, with a record-breaking 106,700 submissions made to parliament's Justice Committee during the four-week submission window, compared to 40,000 received on the End of Life Choice Bill, which had held the previous record. The Marriage Amendment Bill, which made same-sex marriage legal in 2013, received 21,500 submissions. These issues were also supported by strong and widespread social media campaigns that are believed to have mobilized public input (Stuff 2021).

Elections New Zealand, <https://elections.nz/democracy-in-nz/historical-events/2020-general-election-and-referendums/voter-turnout-statistics-for-the-2020-general-election/>

Ministry of Education (2021) Aotearoa New Zealand's histories: Findings from the public engagement on the draft curriculum content. <https://assets.education.govt.nz/public/Documents/Aotearoa-NZ-histories/1a.-ANZH-Findings-from-the-public-engagement.pdf>

New Zealand Election Study 2017 (http://www.nzes.org/exec/show/2017_NZES+Results)

New Zealand Election Study, nd, nzes.net

Stuff (2021) <https://www.stuff.co.nz/national/politics/126378262/recordbreaking-number-of-submissions-on-law-proposing-to-ban-conversion-therapy>

Open
Government
Score: 8

In global comparison, New Zealand performs relatively well when it comes to publishing data and information as a means to strengthening vertical accountability mechanisms. In the 2018 Open Government Index, published by the Open Knowledge Foundation, New Zealand is ranked 8th out of 94 countries. New Zealand enjoys even higher rankings in the 2019 Open Budget Index (sharing the top ranking) and the 2017 Open Data Barometer, released by the World Wide Web Foundation (sharing 7th place). New Zealand's position is relatively lower in the 2019 OECD OURdata Index on Open Government Data (ranked 12th out of 32 countries); however, New Zealand's score for ensuring public sector data availability and accessibility is still higher than the OECD average. In 2016, the State Services Commission formed a stakeholder advisory group to work with the government on New Zealand's Open Government Partnership processes. In addition, the government's administrative data, along with census data, has been integrated into the Integrated Data Infrastructure, which researchers can access by application. Additional data sets, co-designed with indigenous peoples have been developed, focusing on capabilities rather than deficits. This data is also publicly available on request.

Citation:

International Budget Partnership (2019) Open Budget Index. <https://www.internationalbudget.org/open-budget-survey/rankings>

OECD (2020) OECD Open, Useful and Re-usable data (OURdata) Index: 2019. <https://www.oecd.org/gov/digital-government/ourdata-index-policy-paper-2020.pdf>

Open Knowledge Foundation (2018) 2018 Open Government Index. <https://index.okfn.org/place/>

World Wide Web Foundation (2017) Open Data Barometer. https://opendatabarometer.org/?_year=2017&indicator=ODB

Legislative Actors' Resources

Parliamentary
Resources
Score: 5

While New Zealand members of parliament are not generously equipped with financial or personnel resources to monitor government activity, they do have access to party research budgets, which fund party research units. Each party's research unit follows up on parliamentarians' requests, especially in preparation for parliamentary debates. Other personnel available to individual members of parliament include an executive assistant (in parliament) and

electorate staff, with constituency members being more generously funded than those on the party lists. The Clerk's Office provides other research support for members through the independent Parliamentary Research Service and, for members of select committees, via various secretariat. The parliament budget also provides research support for other cross-party groups within parliament including the Commonwealth Women Parliamentarians group. Despite the availability of these resources, the opposition party (usually a major party) may be disadvantaged, depending on its internal party resources. However, it is the smaller parties that are at a more distinct disadvantage relative to the breadth of staff, research and other resources made available to the parties in government. That said, this has not changed over time, and during the pandemic, resources were diverted to support the Epidemic Response Committee designed to hold the government to account, which was chaired by the opposition party.

Citation:

K.-U. Schnapp and P. Harfst, *Parlamentarische Informations- und Kontrollressourcen in 22 westlichen Demokratien*, *Zeitschrift für Parlamentsfragen*, 36 (2005), pp. 348–70.

Obtaining
Documents
Score: 9

The Cabinet Manual defines the right of committees to ask for government documents. All documents must be delivered in full and within an appropriate time. There are limitations with regard to classified documents. There is no evidence that these limitations have been misused systematically for political purposes.

Citation:

Cabinet Manual: Providing Information to Select Committees: <http://cabinetmanual.cabinetoffice.govt.nz/8.66> (accessed October 24, 2015).

Summoning
Ministers
Score: 8

It is common practice that ministers follow invitations to visit select committee meetings, but occasionally they refuse to do so. This follows a guideline that committees can request, but not require, that a minister appear before them. Only the House of Representatives itself can compel members to attend a committee if they do not do so voluntarily.

Citation:

Officials and Select Committees – Guidelines (Wellington: States Services Commission 2007).

Summoning
Experts
Score: 9

Select committees may summon experts. The only restriction is with regard to public servants who need the approval of their minister to attend committee meetings. There has been some criticism of alleged politicization in the choice of experts called to testify during the Epidemic Response Committee's period of operation in 2020 (Curtin, 2021), but for the most part committee work is considered to be open and reliable.

Task Area
Congruence
Score: 6

Citation:

Curtin, (2021) <https://www.thinkglobalhealth.org/article/end-new-zealands-zero-covid-policy>
Officials and Select Committees – Guidelines (Wellington: States Services Commission 2007).

The New Zealand House of Representatives is too small to establish as many select committees as would be necessary to fully correspond to the number of ministries and there is no public appetite for increasing the size of parliament. In recent years, efforts have been made to restrict the number of select committees any individual member of parliament may sit on. Select committees are appointed at the start of each parliament following a general election. The number of members on a committee can vary, but normally a committee has between six and 12 members each, with parties broadly represented in proportion to party membership in the House of Representatives. Areas of ministerial responsibility are reflected in 12 subject-select committees and seven specialist committees (under the Labour-Green government that took office in 2020). These committees have had to scrutinize 68 portfolios and four “other ministerial entities” (as of January 2022), led by 20 cabinet ministers, four ministers outside the cabinet, two “cooperation agreement” ministers and two parliamentary undersecretaries.

Citation:

Department of the Prime Minister and Cabinet (n.d.) Directory of Ministerial portfolios. <https://dpmc.govt.nz/our-business-units/cabinet-office/ministers-and-their-portfolios/ministerial-portfolios/directory>

Department of the Prime Minister and Cabinet (n.d.) Ministerial list. <https://dpmc.govt.nz/our-business-units/cabinet-office/ministers-and-their-portfolios/ministerial-list>

New Zealand Parliament (n.d.) List of select committees. <https://www.parliament.nz/en/pb/sc/scl/>

Media

Media Reporting
Score: 5

The New Zealand media landscape is dominated by commercial companies, the largest of which are controlled by international conglomerates. While the newspaper segment, which is split between New Zealand Media and Entertainment (The New Zealand Herald) and Stuff (The Dominion, The Press), does generally provide high-quality content on New Zealand politics, the same cannot be said about television and radio. TV broadcasters mainly focus on entertainment, the only major exceptions being publicly owned Television New Zealand (1 News, Q+A) and Three (Newshub). However, in 2020, U.S. media company MediaWorks sold the Three network to Discovery. To date, Three’s news and current affairs programs have been retained despite early concern (Jennings 2021). Meanwhile, among radio stations, it is essentially only publicly owned Radio New Zealand that produces programs on domestic politics (e.g., First Up, Five O’clock Report, The Panel). Alongside these mainstream outlets, a number of independent online news

outlets (e.g., The Spinoff, Newsroom and The Conversation NZ) produce high-quality journalism and academic commentary that is often picked up by the mainstream media.

Citation:

Jennings (2021) Discovery's plans for TV3 revealed. Stuff.
<https://www.stuff.co.nz/business/300335028/discoverys-plans-for-tv3-revealed>

Parties and Interest Associations

Intra-party
 Decision-Making
 Score: 4

There are currently five political parties in the New Zealand House of Representatives. The two major parties, Labour (65 seats) National (33 seats) and Labour (46 seats) dominate the electoral map. Three minor parties won parliamentary representation in the 2020 election: the Green Party, ACT (both 10 seats), and the Māori Party (two seats).

The organizational structure of the Labour party is complex, as it mainly consists of affiliated members – that is, those who are members of affiliated trade unions. Although the party refuses to disclose membership numbers (a policy shared by the National Party), it is thought to have a current membership of approximately 7,000. Decisions with regard to personnel and policy are therefore not restricted to individual party members. However, at the same time, Labour uses a system of delegates. The selection process for candidates for parliamentary seats is based on a heavily formalized moderating procedure that takes into account criteria such as ethnic background, gender and region. Following pressure from grassroots members to have a voice in the selection of the party leader, in 2011 the party took away the parliamentary caucus's sole responsibility for choosing the leadership, replacing it with a combination of party membership (40%), parliamentary caucus (40%) and affiliated trade unions (20%).

The National Party considerably increased the central leadership's influence in an organizational reform in 2003. The newly created National Management Board, which includes the parliamentary leader, plays an especially influential role in pre-selecting parliamentary candidates for electorate seats (to a so-called Candidate's Club) – although these are still required to compete with other nominees, using the existing decentralized electorate selection process. The selection of candidates for list seats has been equally centralized at the expense of regional party organizations. The party leader is chosen by the members of the parliamentary caucus.

While both ACT and the Māori Party are also organized in a relatively centralized fashion, they seldom reach the level of 10% of the vote. ACT

managed this in 2020, but largely due to National's declining share. The Green Party also reached 10% of the vote, although in New Zealand's system, it is not considered a major party. That said, the Greens stand out from the rest within the party system with their emphasis on participatory processes. In contrast to other parties, decisions on policy and the selection of parliamentary candidates are made by the party membership, with less control exerted by the parliamentary caucus.

Citation:

Constitution and Rules of the New Zealand National Party (Wellington: New Zealand National Party 2013).

Green Party: <http://www.greens.org.nz/> (accessed October 24, 2015).

NZ Electoral Commission (elections.org.nz, 2017)

Candidate Selection and List Ranking Procedures 2014 (Wellington: Green Party of Aotearoa New Zealand 2014)

Labour Party: Constitution and Rules 2014 (Wellington: New Zealand Labour Party 2014).

Stephens, Gregory R. und John Leslie: Parties, organizational capacities and external change:

New Zealand's National and Labour parties, candidate selection and the advent of MMP, *Political Science* 2011 (63): 205-218.

Association
Competence
(Employers &
Unions)
Score: 7

There are few well-organized and well-staffed interest groups in New Zealand. The largest and most prominent are the New Zealand Council of Trade Unions (bringing together over 320,000 members in 27 affiliated unions), Federated Farmers, and the Chambers of Commerce, and BusinessNZ. All are involved in policy formation and dissemination, and all seek to influence government policy. However, there is an underlying asymmetry. During the 1990s and 2000s business interests relied on the work of the New Zealand Business Roundtable, an organization of chief executives of major business firms. In 2012, this merged with the New Zealand Institute to form the New Zealand Initiative (NZI), a libertarian think tank that lobbies for pro-market economic and social policies, although the NZI does not have the same degree of networked influence as its predecessors.

Citation:

Business New Zealand – Submissions: <http://www.businessnz.org.nz/submissions> (accessed October 24, 2015).

New Zealand Council of Trade Unions, About us (<https://www.union.org.nz/about/>)

The New Zealand Initiative: <http://nzinitiative.org.nz/> (accessed October 24, 2015).

The National Business Review: Roundtable and NZ Institute Morph Into New Libertarian Think Tank: <http://www.nbr.co.nz/article/roundtable-and-nz-institute-morph-nz-initiative-ck-115751> (accessed October 9, 2014).

Association
Competence
(Others)
Score: 8

There is a rich tradition of consultation with societal groups during policy formulation. The degree of consultation with groups and individuals and the way in which their proposals have been dealt with is reported in regulatory impact statements (RIS). Recent RISs claim that consultation has had a substantive impact in several cases. Still, societal groups differ significantly in their organizational resources and thus in their ability to make an impact on policy consultation processes. For example, the National Advisory Council on

the Employment of Women (NACEW) is an advisory body to the Ministry for Women, and comprises five cross-sectoral women’s organizations, including the Māori Women’s Welfare League and Pacifica. Input is provided to the ministry on a quarterly basis. The Zero Carbon Act that was passed in early November 2019 is a case in point. While the consultation process received around 15,000 submissions – including those from environmental organizations and Māori groups – the law has been criticized for giving undue benefits to dairy industry lobby groups: the law stipulates a reduction of greenhouse gases to net zero by 2050, with the exception of methane from meat and dairy herds – New Zealand’s largest greenhouse gas emission (the target for methane is a cut between 24%-47% from 2017 levels).

Citation:
 Regulatory Impact Statement Information Release:
<http://www.treasury.govt.nz/publications/informationreleases/ris> (accessed November 30, 2015).
 Dunlop (2019) “Māori seek direct input into govt’s climate change policy.” Radio New Zealand (<https://www.rnz.co.nz/news/te-manu-korihi/388797/maori-seek-direct-input-into-govt-s-climate-change-policy>).
 Toop (2019) “Agriculture’s role in getting to Zero Carbon.” Stuff (<https://www.stuff.co.nz/environment/117994549/agricultures-role-in-getting-to-zero-carbon>).

Independent Supervisory Bodies

Audit Office
Score: 10

The controller and auditor-general is appointed by the governor-general on the advice of parliament and is fully accountable to it. The Office of the Auditor-General consists of the following departments: Accounting and Auditing Policy, Legal Group, Local Government, Parliamentary Group, Performance Audit Group and Research and Development. It is empowered to survey the central government and local governments. The legal basis is the Public Audit Act 2001.

Citation:
 All about the Controller and Auditor General (Wellington: Office of the Auditor General 2012).

Ombuds Office
Score: 9

New Zealand was the fourth country in the world to establish an Office of the Ombudsman (in 1962). Ombudsmen are officers of Parliament. Each ombudsman is appointed by the governor-general on the recommendation of parliament. Ombudsmen are responsible to parliament and independent of the government. Their overall purpose is to investigate, review and inspect the administrative conduct of public sector agencies and provide advice and guidance in order to ensure people are treated fairly in New Zealand. The office is highly effective in terms of formally or informally resolving complaints. According to the latest report available, the Office of the Ombudsman had a 98% net clearance rate for complaints in 2019/20 (Ombudsman 2020).

Data Protection
Authority
Score: 7

Citation:
Ombudsman (2020) Annual Report 2019/20.
<https://www.ombudsman.parliament.nz/sites/default/files/2020-12/Annual%20report%202019-20.pdf>

The Privacy Act 1993 came into force in July 1993. The Privacy Principles in the act may be superseded by a code issued by the Privacy Commissioner for particular sectors. There are currently six codes in operation: the Civil Defense National Emergencies (Information Sharing) Code, the Credit Reporting Privacy Code, the Health Information Privacy Code, the Justice Sector Unique Identifier Code, the Superannuation Schemes Unique Identifier Code and the Telecommunications Information Privacy Code.

The Labour government revised the Privacy Act in 2020, with the aim of strengthening protections for personal information in the digital age. The updated rules create new obligations for businesses and organizations with regard to keeping personal information safe – including that of customers, clients and employees (Newshub 2020).

The Privacy Commissioner administers the Privacy Act. In the first four months of the new Privacy Act's operation, the number of privacy breach notifications received by the Privacy Commissioner (OPC) increased by 97% compared to the previous six months. The most common category of privacy breaches were email errors (25%), with emails containing sensitive information going to the wrong person. Other common types of breaches were the unauthorized sharing of personal information (21%) and unauthorized access to information (17%).

The government's Chief Data Steward and the government agency Statistics NZ are participating in the design of a Māori data governance (MDG) model along with the Data Iwi (tribal area) Leaders Group (DILG) of the National Iwi Chairs Forum (NICF). The aim is to provide the New Zealand government with an opportunity to develop an approach to data governance that reflects Māori needs and interests (Data Govt NZ 2021)

Citation:
Data Govt NZ (2021) <https://data.govt.nz/toolkit/data-governance/maori/Newshub> (2020) "What you need to know about the Privacy Act 2020." <https://www.newshub.co.nz/home/new-zealand/2020/11/what-you-need-to-know-about-the-privacy-act-2020.html>

Privacy Commissioner (2021) Reported privacy breaches double after new Privacy Act takes effect. <https://www.privacy.org.nz/publications/statements-media-releases/reported-privacy-breaches-double-after-new-privacy-act-takes-effect/>

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New Zealand Report. Sustainable Governance Indicators.
Bertelsmann Stiftung: Gütersloh.
<https://doi.org/10.11586/2022110>

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