New Zealand

2019

## Overview

About the survey

Transparency:



87 /100

(Open Budget Index Score)

Government budget decisions – what taxes to levy, what services to provide, and how much debt to take on – affect how equal a society is and the well- being of its people, including whether the most disadvantaged will have real opportunities for a better life. It is critical that governments inform and engage the public on these vital decisions that impact their lives.



Public Participation:

54 /100

is the world’s only independent, comparative and fact-based research instrument that uses internationally accepted criteria to assess public access to central government budget information; formal opportunities for the public to participate in the national budget process; and the role of budget oversight institutions such as the legislature and auditor in the budget process.

The survey helps local civil society assess and confer with their government on the reporting and use of public funds. This 7th edition of the OBS covers 117 countries.



The Open Budget Survey (OBS)

Budget Oversight:

This country summary report focuses on the performance of New Zealand.

Visit [www.openbudgetsurvey.org](http://www.openbudgetsurvey.org/) for more information, including the full OBS methodology, the 2019 Global Report, ﬁndings for all surveyed countries, and the Data Explorer.

81 /100

# Transparency



New Zealand’s ranking: 1 of 117 countries

0 100

This part of the OBS measures public access to information on how the central government raises and spends public resources. It assesses the online availability, timeliness, and comprehensiveness of eight key budget documents using 109 equally weighted indicators and scores each country on a scale of 0 to 100. A transparency score of 61 or above indicates a country is likely publishing enough material to support informed public debate on the budget.

New Zealand has a transparency score of 87 (out of 100).

## Transparency in New Zealand compared to others

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Global Average | | |  | | 45 | | | | |
| OECD Average | | | | |  | | 71 | | |
| New Zealand | | | | |  | | | | 87 |
| Australia | | | | |  | | | 79 | |
| Japan | | | | |  | 62 | | | |
| South Korea | | | | |  | 62 | | | |
| Papua New Guinea | | | |  | 50 | | | | |
| Fiji | |  | | | 39 | | | | |
| China |  | | | | 19 | | | | |

0 Insufﬁcient 61 Sufﬁcient 100

## How has the transparency score for New Zealand changed over time?

100

Sufﬁcient

61

90

88

89

87

93

2010

2012

2015

2017

0

Insufﬁcient

2019

## Public availability of budget documents in New Zealand

Available to the Public

 Published Late, or Not Published Online, or Produced for Internal Use Only

Not Produced

Document 2010 2012 2015 2017 2019

Pre-Budget Statement      Executive’s Budget Proposal      Enacted Budget      Citizens Budget      In-Year Reports      Mid-Year Review      Year-End Report      Audit Report     

 61-100 / 100

 41-60 / 100

1-40 / 100

## How comprehensive is the content of the key budget documents that New Zealand makes available to the public?

|  |  |  |  |
| --- | --- | --- | --- |
| Key budget document | Document purpose and contents | Fiscal year assessed | Document content score |
| Pre-Budget | Discloses the broad parameters of ﬁscal policies in | 2019 | 95 |
| Statement | advance of the Executive's Budget Proposal; outlines |  |  |
|  | the government's economic forecast, anticipated |  |  |
|  | revenue, expenditures, and debt. |  |  |
| Executive’s | Submitted by the executive to the legislature for | 2018 | 91 |
| Budget | approval; details the sources of revenue, the |  |  |
| Proposal | allocations to ministries, proposed policy changes, |  |  |
|  | and other information important for understanding |  |  |
|  | the country's ﬁscal situation. |  |  |
| Enacted | The budget that has been approved by the | 2018 | 100 |
| Budget | legislature. |  |  |
| Citizens | A simpler and less technical version of the | 2018 | 67 |
| Budget | government's Executive’s Budget Proposal or the |  |  |
|  | Enacted Budget, designed to convey key information |  |  |
|  | to the public. |  |  |
| In-Year | Include information on actual revenues collected, | 2017 & | 74 |
| Reports | actual expenditures made, and debt incurred at | 2018 |  |
|  | different intervals; issued quarterly or monthly. |  |  |
| Mid-Year | A comprehensive update on the implementation of | 2018 | 85 |
| Review | the budget as of the middle of the ﬁscal year; |  |  |
|  | includes a review of economic assumptions and an |  |  |
|  | updated forecast of budget outcomes. |  |  |
| Year-End | Describes the situation of the government's accounts | 2017 | 81 |
| Report | at the end of the ﬁscal year and, ideally, an |  |  |
|  | evaluation of the progress made toward achieving |  |  |
|  | the budget's policy goals. |  |  |
| Audit | Issued by the supreme audit institution, this | 2017 | 86 |
| Report | document examines the soundness and |  |  |
|  | completeness of the government's year-end |  |  |
|  | accounts. |  |  |

New Zealand’s transparency score of 87 in the OBS 2019 is near its score in 2017.

## Recommendations

New Zealand should prioritize the following actions to improve budget transparency:

Strengthen the scope and quality of data visualizations in budget documents to simplify data access and analysis.

Present alternative displays of expenditures (such as by gender, by age, by income, or by region) to illustrate the ﬁnancial impact of policies on different groups of citizens in budget documents.

Publish the budget calendar before the budget cycle begins and include designated opportunities for public engagement in that calendar.

Build on the “Basics” series for the Executive's Budget Proposal, Enacted Budget, Mid-Year Review, and Year-End Report by including a broader range of information about sector- and policy-speciﬁc spending.

Include estimates of revenue forgone for all tax expenditures in the Tax Expenditure Statement.

Include in the Year-End Report differences between forecasts of core macroeconomic indicators and actual outcomes.

# Public Participation



Transparency alone is insufﬁcient for improving governance. Inclusive public participation is crucial for realizing the positive outcomes associated with greater budget transparency.

The OBS also assesses the formal opportunities offered to the public for meaningful participation in the different stages of the budget process. It examines the practices of the central government’s executive, the legislature, and the supreme audit institution (SAI) using 18 equally weighted indicators, aligned with the Global Initiative for Fiscal Transparency’s [Principles of Public Participation in Fiscal Policies](http://www.fiscaltransparency.net/pp_principles/), and scores each country on a scale from 0 to 100.

New Zealand has a public participation score of 54 (out of 100).

## Public participation in New Zealand compared to others

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Global Av | | erage | | | | | | 14 |
| OECD Average | | | | |  | | | 27 |
| South Korea | | | | | | | | 61 |
| New Zealand | | | | | | |  | 54 |
| Australia | | | | | |  | | 41 |
| Fiji | | | |  | | | | 22 |
| Japan | | |  | | | | | 20 |
| Papu | a New Guinea | | | | | | | 7 |
| China | | | | | | | | 0 |

0 Insufﬁcient 61 Sufﬁcient 100

For more information about good public participation practices from around the world, please see:

## Extent of opportunities for public participation in the budget process

33 /100



Formulation (executive)

78 /100

Approval (legislature)



33 /100

Implementation (executive)



67 /100

Audit (supreme audit institution)



## Recommendations

New Zealand's Treasury has established public consultations during budget formulation and e-consultations during budget implementation but, to further strengthen public participation in the budget process, should also prioritize the following actions:

Expand mechanisms during budget implementation that engage any civil society organization or member of the public who wishes to participate.

Actively engage with vulnerable and underrepresented communities, directly or through civil society organizations representing them.

Expand opportunities for public engagement in budget formulation through a system of localised public consultative processes.

New Zealand's Parliament has established public hearings related to the approval of the annual budget and public hearings related to the review of the Audit Report, but should also prioritize the following actions:

Allow any member of the public or any civil society organization to testify during its hearings on the Audit Report.

# Budget Oversight

The OBS also examines the role that legislatures and supreme audit institutions (SAIs) play in the budget process and the extent to which they provide oversight; each country is scored on a scale from 0 to 100 based on 18 equally weighted indicators. In addition, the survey collects supplementary information on independent ﬁscal institutions (see Box).

The legislature and supreme audit institution in New Zealand, together, provide adequate oversight during the budget process, with a composite oversight score of 81 (out of 100). Taken individually, the extent of each institution’s oversight is shown below:

## Legislative oversight

0 72 100

adequate

## Audit oversight

0 100 100

adequate

0-40: Weak, 41-60: Limited, 61-100: Adequate

## Recommendations

New Zealand's Parliament provides limited oversight during the planning stage of the budget cycle and adequate oversight during the implementation stage. To further improve oversight, the following actions should be prioritized:

Encourage more active public engagement in select committee hearings for both the review of proposed sector budgets (“vote” estimates) and hearings on the implementation of sector programs during the budget year and performance reports at year-end.

Include in the mandate of the Parliamentary Budget Ofﬁce scheduled to begin operations in 2021 bolstering parliamentary review processes during budget formulation and implementation.

The emerging practice of establishing independent ﬁscal institutions

New Zealand does not currently have an independent ﬁscal institution (IFI), but plans to establish a Parliamentary Budget Ofﬁce (*Kaitiaki Kaupapa Rawa)* in July 2021. This PBO will provide independent ﬁscal and economic policy analysis to Parliament, and a policy costing service for political parties.

IFIs are increasingly recognized as valuable independent and nonpartisan information providers to the Executive and/or Parliament during the budget process.

*\*These indicators are \*not\* scored in the Open Budget Survey.*

# Methodology

[**Encuesta de Presupuesto Abierto 2019**](https://openbudgetsurvey.org/)

International Budget Partnership

Only documents published and events, activities, or developments that took place through 31 December 2018 were assessed in the OBS 2019.

The survey is based on a questionnaire completed in each country by an independent budget expert:

Jonathan Dunn Consultant

[jonathan.g.dunn63@gmail.com](mailto:smitana@ihug.co.nz)

To further strengthen the research, each country’s draft questionnaire is also reviewed by an anonymous independent expert, and in New Zealand by a representative of the Treasury.

Visit [www.openbudgetsurvey.org](https://openbudgetsurvey.org/) for more information, including the full OBS methodology, the 2019 Global Report, ﬁndings for all surveyed countries, and the Data Explorer.

10/10