

SGI Sustainable Governance Indicators 2011

New Zealand report

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Executive Summary

In the last three decades, New Zealand's governments have transformed the country from what was a heavily protected, slow-growth economy and bureaucratic state into a liberalized, modern economy focused on free trade and competition and a public sector focused on raising productivity and performance.

Massive reforms in the public sector and in many aspects of the economy and society were done swiftly and resulted in frustration and anxiety among segments of the population. Despite this, future governments have largely maintained these policies, despite deep concerns at the time they were introduced. New Zealand has moved from powerful, single-party majority governments to multiparty minority (coalition) governments, which depend on support by minor parties on an issue-by-issue basis. Given New Zealand's challenging, basic conditions – its geographic isolation, a small domestic economy heavily dependent on exports, its large indigenous population and substantial immigrant inflow – the country has adapted well to the challenges of globalization.

New Zealand performs well with regard to indicators of governance, economy, social conditions and quality of life. In comparative terms, policy-making is dynamic, modern and adaptive. The country has gone further than almost every other OECD country with respect to applying new public management principles (NPM) and methods to enhance strategic capability and performance in the public sector.

It is particularly noteworthy that, unlike in the past, the transition from a Labour Party-led minority government to a National Party-led minority government in November 2008 was smoother than many had expected. Continuity, rather than adversarial politics, has dominated. While the National Party (NP) described the former Labour Party-led minority coalition arrangements as “disturbing,” “odd” and “unstable,” it has now opted for similar arrangements when in power. The NP refrained from forming a minority government supported only by the neoliberal, right-wing ACT New Zealand party and decided to add two further coalition partners, the Maori Party and the Green Party. New Zealand politicians have quickly learned the importance of good negotiation skills in forming and maintaining a minority coalition government.

Nevertheless, the longer-term policy challenges have not changed, as follows: (1) New Zealand's economic well-being strongly depends on developing a larger highly skilled workforce. This will require new initiatives and further investment in education and training and in research and development; (2) New Zealand needs to develop even

stronger links with its neighbors in the Pacific region; (3) Although New Zealand is relatively successful in integrating new migrants, there is still more investment required to build the education and skill levels of some segments of Maori and Pacific Island populations; (4) New Zealand is particularly vulnerable to the consequences of climate change.

Finally, since the current multiparty system has not led to the turmoil as some on the political right had feared, it may be counterproductive to proceed with new referenda on the electoral system in the upcoming general elections of 2011 and 2014. So far, the major New Zealand parties, Labour and National, have won in strength while smaller parties are better able to deal with the greater diversity among today's citizens, as relative to the past.

Strategic Outlook

Having radically reformed its economy, society and its electoral and public management systems over recent decades, New Zealand is in good shape to tackle current and future challenges. The country has emerged from the global financial crisis relatively well, when compared to other OECD countries. Nevertheless, there are four problem areas where additional efforts for reform are advisable:

(1) Innovation. Although recent governments, including the current National Party-led minority government, have made further investments in tertiary education and research and development, there is a need to intensify these efforts, as comparative data for OECD countries has made clear. A related problem is that New Zealand does not invest enough in continuing job-based education and training. The country has understandably followed the tradition of Anglo-American liberal market economies (LMEs) which invest more extensively in transferable skills rather than in job-based training, as some continental European coordinated market economies (CMEs) do. Since the New Zealand economy is extremely small, other approaches, including those used in Scandinavian countries, may be well-suited to New Zealand's conditions.

(2) Tax policy. Instead of pursuing a new round of tax reform, the government needs to tackle the politically sensitive priority of introducing a capital gains tax. The current situation provides a strong incentive for New Zealanders to invest in housing. Not surprisingly, the country has one of the highest rates of home ownership in the world. The downside is that these policies violate horizontal equity and potentially divert capital away from more productive uses. A capital gains tax on all but the family home would also help to tackle

the problem of an overheated property market. Although there have been calls to include such a tax even from inside the current government in 2009, the prime minister has ruled out this option on the grounds that it would be too complex to administer.

(3) Regional development and governance structures. New Zealand is characterized by a large, and increasing, divide between urban centers and rural regions. Taking labor productivity as an example, in 2003 the regional labor productivity in Auckland, Wellington and Taranaki was between 15 and 30 percentage points higher than the New Zealand average; some rural areas were more than 20 percentage points below. Although more recent data are unavailable, the government has to increase efforts in creating a focused regional policy in both metropolitan and rural areas. Regional economic policies have to be accompanied by governance structures that geographically fit the problem area. The establishment of an elected, all-Auckland council may provide a good starting point.

(4) Government as agenda-setter. New Zealand's political system is still characterized by majoritarian design. There are no institutional veto players, whose policy positions have to be anticipated by the government in its legislative activities (such as second chambers, constitutional courts or subnational governments with constitutionally guaranteed veto powers). However, the change to a mixed-member proportional electoral system has led to a multiparty system and the formation of minority governments. After more than a decade, the experience with this format is relatively positive. Governments seem to be able to be proactive with respect to reform agendas, and the performance of governments is not a disincentive for similar experiments in the future. However, the implementation of the government agenda is highly time-consuming. One thing that might help is to provide more time to seek greater policy coherence and consensus by increasing parliamentary terms from three years to four or five years.

Status Index

I. Status of democracy

Electoral process

Candidacy
procedures
Score: 10

The registration procedure for political parties and individual candidates in New Zealand, as specified in the 1993 Electoral Act, is fair and transparent. Compliance is monitored by the independent and highly professional Electoral Commission. If there have been problems, these were on the part of political parties which were late in submitting necessary documents. According to the Electoral (administration) Amendment Act 2010, the tasks of the Electoral Commission and of the chief electoral office (the organization of elections and referendums) will be combined in the electoral commission starting from October 1, 2010. The aim is to avoid duplication of functions and to enhance efficiency. These changes will not affect the fairness of the electoral process.

Citation:

Electoral Commission, Annual Report for the Year Ended 30 June 2009 (Wellington: Electoral Commission, 2009).

Media access
Score: 9

Allocation of election broadcasting time and funds is fair. It is monitored by the independent Electoral Commission. The procedures are laid down in the Electoral Act 1993 and the Broadcasting Act 1998. This ensures fair coverage of different political positions. Some earlier deficiencies that had to do with regulations that had not been adapted to the new reality of a mixed-member proportional electoral system have been addressed in the Electoral Finance Act 2007. However, this led to new problems. In the end, the Electoral Finance Act was repealed in 2009 and a revised bill is currently being discussed. Nevertheless, the major problems resulting from the transfer from an essentially two-party to a multiparty system have been dealt with satisfactorily.

Citation:

Electoral Commission, Broadcast Allocation to Parties Report - Election '08 (Wellington: Electoral Commission, 2009).

Ross Setford, Electoral Finance Act Repealed (<http://tvnz.co.nz/politics-news/electoral-finance-act-repealed-2491786>, accessed 19 March 2010)

Voting and
registrations rights
Score: 9

New Zealand's electoral process is very inclusive. Permanent residents are given the right to vote in national elections. On the other hand, citizens who have been out of the country for more than three years are denied participation. Beyond legal regulations, there are intensive and ongoing activities, especially by the Electoral Commission, to increase political efficacy and turnout by ethnic minorities as well as young voters.

Citation:

Electoral Commission, Annual Report for the Year Ended 30 June 2009 (Wellington: Electoral Commission, 2009), pp. 8-9

Party financing
Score: 9

The Electoral Finance Act 2007 sought to reform party financing and election campaign financing in a comprehensive manner. However, the act was repealed in 2009 due to a number of problems resulting from legal definitions. Parliament is currently working on a modified version of the Electoral Finance Act to be put in place before the next general election. Party financing and electoral campaign financing is monitored by the independent Electoral Commission. Registered parties have upper ceilings regarding election campaign financing (including by-elections). Upper limits for anonymous donations as well as donations from abroad are comparatively low.

Citation:

Ross Setford, Electoral Finance Act Repealed (<http://tvnz.co.nz/politics-news/electoral-finance-act-repealed-2491786>, accessed March 19, 2010).

Electoral Commission, Annual report for the year ended 30 June 2009 (Wellington: Electoral Commission 2009), pp. 15-22

Access to information

Media freedom
Score: 9

Freedom of the media is regulated by the Broadcasting Standards Authority. In addition, it is safeguarded by the New Zealand Press Council, an independent organization that hears complaints from consumers and publishes annual reports. In its 2008 report the press council warned against "creeping regulation" through codes of conduct and guidelines in bills such as the Public Health Bill 2007. In addition, it sees a conflict between the allocation of information, especially in the "new" media and the protection of privacy. This shows that the press council is not only highly sensitive to encroachments on the media but also takes the privacy principle into account.

International rankings by Freedom House and Reporters without Borders with regard to media freedom place New Zealand at top positions.

Citation:

Reporters without Borders, World Press Freedom Index 2009 - The Rankings (http://www.rsf.org/IMG/pdf/classement_en.pdf, accessed April 1, 2010).

New Zealand Press Council, The 36th Report (Wellington: New Zealand Press Council, n.d.).

Freedom House, Freedom of the Press 2009: Table of Global Press Freedom Rankings

(http://www.freedomhouse.org/uploads/fop09/FoP2009_World_Rankings.pdf, accessed April 1, 2010).

Media pluralism
Score: 7

New Zealand's media market is still characterized by a predominance of Australian companies. This is particularly true for print media, where four companies compete. As for radio stations, the public Radio New Zealand is the only nationwide provider. However, there are about 150 commercial local radio stations. Two public and three private stations compete in the TV market. With regard to pay television, Sky TV holds a monopoly position.

Citation:

Freedom House, Freedom of the Press - New Zealand Country Report 2008(<http://www.freedomhouse.org/template.cfm?page=251&year=2008>, accessed April 1, 2010).

Access to govmt.
information
Score: 9

Access to government information is regulated by the Official Information Act 1982. It is based on the principle that all official information should be made available, but 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 in how queries have to be dealt with by public bodies, including a time frame of 20 working days. The Office of the Ombudsmen reviews denials of access upon request. Decisions are binding, but there are no real sanctions for non-compliance. Following a number of precedent-setting decisions by the office in recent years, access to official information is now far-reaching, including politically sensitive communications between political advisers and ministers, as soon as this communication is held by the ministry. The Official Information Act has been reviewed several times. Proposals for reform have included a reduction of the time frame for dealing with requests for official information; and more resources for the Office of the Ombudsmen, but these reforms have not been implemented so far.

The office has rather concentrated on organizational restructuring to achieve more efficiency and effectiveness.

Citation:

New Zealand Office of the Ombudsmen, 2008/2009 Report of the Ombudsmen for the year ended 30 June 2009 (Wellington: NZ Office of the Ombudsmen, 2009).

Civil rights

Civil rights
Score: 10

Civil and human rights protection is based on the Bill of Rights Act 1990 and the Human Rights Act 1993, which defines the tasks of the Human Rights Commission. The commission actively promotes compliance with civil and human rights by public bodies and in society. Recent activities concern rights within the Treaty of Waitangi and a Human Rights Action Plan 2005 with regard to violence against women and children and maltreatment in prisons and mental institutions. These have led to various activities, such as the establishment of a high-level taskforce for action on sexual violence under the chair of the secretary for justice, to advise the government. In addition, Amnesty International has criticized the increasing use of taser weapons by New Zealand police and an immigration bill introduced by the government in 2008 which would allow officials to deny entry to immigrants without requiring that a reason be given. In 2009 a citizen-initiated referendum was overwhelmingly accepted that demands the repeal of a controversial 2007 act that bans the spanking of children by their parents. The government has not implemented the referendum, as it is non-binding.

Citation:

Task Force for Action on Sexual Violence, Report (Wellington: Ministry of Justice, 2009).

Human Rights Commission, Human Rights Action Plan 2005 (<http://www.hrc.co.nz/report/actionplan/0foreword.html>, accessed April 14, 2010).

Human Rights Commission, Human Rights and the Treaty of Waitangi: Draft for Discussion (Auckland: Human Rights Commission, 2010).

Human Rights Commission, Freedom of Religion and Belief: Draft for Discussion (Auckland: Human Rights Commission, 2010).

Human Rights Commission, Human Rights and Women: Draft for Discussion (Auckland: Human Rights Commission, 2010).

Political liberties
Score: 10

The Bill of Rights Act 1990 guarantees unlimited political rights to think, speak, assemble, organize and petition without interference. Those who think that their rights have been infringed upon can file a suit before the High Court. In addition, the New Zealand council of civil liberties is an active, nongovernmental organization that

promotes these liberties.

The Human Rights Committee of the United Nations in 2009 put a list of questions to the New Zealand government as part of their periodic reporting, among other things expressing some concerns with regard to the country's counterterrorism measures. These were answered in the same year. Freedom House assesses the situation of political rights in New Zealand as excellent.

Citation:

Freedom House, Freedom in the World - New Zealand 2008 (http://www.freedomhouse.org/inc/content/pubs/fiw/inc_country_detail.cfm?year=2008&country=7458&pf, accessed April 15, 2010).

Human Rights Committee, List of issues to be taken up in connection with the consideration of the fifth periodic report of New Zealand (New York: United Nations, 2009).

Human Rights Committee, Replies to the list of issues to be taken up in connection with the consideration of the fifth periodic report of New Zealand (New York: United Nations, 2010)

Non-discrimination
Score: 9

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 2001. Even more important, the Human Rights Commission actively promotes anti-discrimination measures such as, in recent times, discrimination against Maori and women. Cases of discrimination are rare, but they do occur. Maori are disproportionately represented in the prison population, which may point to problems of discrimination as has been highlighted by the United Nations Human Rights Committee.

Citation:

Human Rights Committee, List of issues to be taken up in connection with the consideration of the fifth periodic report of New Zealand (New York: United Nations, 2009).

Human Rights Committee, Replies to the list of issues to be taken up in connection with the consideration of the fifth periodic report of New Zealand (New York: United Nations, 2010).

Human Rights Commission, Human Rights and the Treaty of Waitangi: Draft for Discussion (Auckland: Human Rights Commission, 2010).

Human Rights Commission, Human Rights and Women: Draft for Discussion (Auckland: Human Rights Commission, 2010).

Rule of law

Legal certainty
Score: 10

Although New Zealand, following the British tradition, does not have a codified constitution but a mix of conventions, statute law (Constitution Act 1986, Bill of Rights Act 1990, Electoral Act 1993 and the Treaty of Waitangi) and common law, the executive acts

according to the principles of a constitutional state. A number of independent bodies, such as the Office of the Ombudsmen, strengthen accountability.

Citation:

Office of the Ombudsmen, 2008/2009 Report of the Ombudsmen for the Year Ended 30 June 2009 (Wellington: Office of the Ombudsmen, 2009)

Judicial review
Score: 10

New Zealand does not have a constitutional court with concrete or abstract judicial review. Following from this, parliamentary decisions cannot be declared unconstitutional. However, courts can ask the House of Representatives to clarify clauses. There is an extended and professional hierarchical judicial system with the possibility of appeals. Since 2003 the highest court is 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. A specific aspect is the system of Maori land courts, which hear cases relating to Maori land (about 5% of the total area of the country). Equally important is a strong culture of respect for the legal system.

Citation:

Maori Land Court (<http://www2.justice.govt.nz/maorilandcourt/>, accessed June 2, 2010).

Appointment of
justices
Score: 8

Although judicial appointments are made by the executive, it is a strong constitutional convention in New Zealand that, in deciding who is to be appointed, the attorney general acts independently of political party considerations. Judges are appointed according to their qualifications, personal qualities and relevant experience. The convention is that the attorney general mentions appointments at cabinet meetings after they have been determined. The appointments are not discussed or approved by the cabinet. The appointment process followed by the attorney general is not formally regulated. There have been discussions of how to widen the search for potential candidates beyond the conventional career paths, but not with regard to a formal appointment procedure, as there is the widespread belief that the system has worked exceptionally well. In practice a number of people are consulted before appointments are made, including the opposition justice spokesperson, but also civic society groups.

Citation:

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

Corruption prevention
Score: 10

New Zealand is one of the least corrupt countries in the world. Prevention of corruption is strongly safeguarded by such independent institutions as the auditor general and the Office of the Ombudsmen. In addition, New Zealand has ratified all relevant international anti-bribery conventions of the OECD and the United Nations. All available indices confirm that New Zealand scores particularly high regarding corruption prevention, including in the private sector.

Citation:

Transparency International, *Global Corruption Report 2009: Corruption and the Private Sector* (Cambridge: University Press, 2009).

Transparency International, *Corruption Perception Index 2009* (http://www.transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table, accessed 2 June, 2010).

II. Policy-specific performance

A Economy

Economy

Economic policy
Score: 8

New Zealand is widely known for its very significant structural policy reforms introduced in the 1980s and 1990s. These reforms have had a positive impact and these policy settings, despite their unpopularity at the time, have remained largely intact. Yet New Zealand is also often cited as a country for which free-market reforms have not yielded the improvements in productivity, economic growth and living standards that were anticipated and promised by reformers. The OECD sees part of the explanation in that in some areas of the country, earlier progress has eroded in recent years. Particular concerns surround new regulation, not always well-designed and sometimes driven by a mix of objectives, which supports a view that the earlier focus on productivity growth has been lost. Other views are more forgiving and explain the poorer-than-expected growth relating more to New Zealand's small size and remoteness, and to labor market and structural issues.

Citation:

OECD, *Economic Policy Reforms: Going for Growth 2009* (Paris: OECD, 2009).

OECD, *Economic Policy Reforms: Going for Growth 2010* (Paris: OECD, 2010).

OECD, *Economic Survey 2009: New Zealand* (Paris: OECD, 2009).

Labor market

Labor market policy
Score: 9

Labor market policy in New Zealand has been relatively successful during recent years, given a comparatively high level of employment. Following the world financial crisis unemployment has risen less than in most OECD countries. This has been achieved by government borrowing, as well as a labor market policy that includes reduced working hours programs, extended transfer payments, and active labor market policies alongside longer-term measures to reduce non-wage labor costs. Nevertheless, areas of concern remain, such as the differentials between urban and non-urban areas, and the unemployment rate among the Maori population, which was more than 15% by the end of 2009. Differences in unemployment rates across groups reflect the growing shortage of skilled and professional labor. Government policy responses to these skills shortages have been limited, apart from the use of targeted immigration criteria.

Citation:

Household Labour Force Survey, Quarterly Reports by Statistics New Zealand for 2008 and 2009 (http://www.stats.govt.nz/methods_and_services/information-releases/household-labour-force-survey.aspx, accessed April 26 2010).

Department of Labour, Maori in the New Zealand Labour Market 2009 (Wellington: Department of Labour 2009).

OECD, Employment Outlook 2009 (Paris:OECD, 2009).

Enterprises

Enterprise policy
Score: 8

According to the World Bank's Doing Business Reports 2009 and 2010, New Zealand achieves a top position not only based on its highly un-bureaucratic procedures for establishing a business but also due to a recent reduction of the corporate tax rate. However, enterprise policy alone cannot solve a number of structural problems that remain, including disadvantages which relate to the smallness of the economy and its geographical isolation. The economy is still characterized by a large, though very competitive, agricultural sector. Major problems for innovations remain in three areas: there are few companies in high-tech sectors; there are few large companies; human capital development is impeded by the fact that top personnel in high-tech sectors are often trained overseas.

Citation:

World Bank, Doing Business 2009: Country Profile for New Zealand (Washington: The International Bank for Reconstruction and Development/The World Bank 2008).

World Bank, Doing Business 2010: New Zealand (Washington: The International Bank for Reconstruction and Development/The World Bank, 2009).

Taxes

Tax policy
Score: 9

Taxation policy has successfully continued to promote competitiveness and generation of sufficient public revenues. Regarding equity, governments have followed a policy of equal treatment of tax types, including income earned outside New Zealand but at relatively low rates. Although in 2009 rates for the lowest and the highest income groups fell again, the new National-led government has considerably reduced rates across the board (coming into effect in October 2010) so that tax rates will be lower than in Australia and the United Kingdom, thus reducing the pressure of economic emigration.

Citation:

Bill English and Peter Dunne, Tax cuts strengthen economy and help families (http://beehive.govt.nz/release/tax_cuts_strengthen_economy_and_help_families, accessed 21 May, 2010).

Budgets

Budget policy
Score: 9

New Zealand's budgetary policy is fiscally highly sustainable. However, the world financial crisis ended 14 years of budget surplus. The new government has stated that the return to high-debt levels would be imprudent, and made decisions in the 2009 budget that bring net debt back so that it peaks below 40% of GDP and reaches 30% of GDP no later than the early 2020s.

Citation:

OECD, Government at a Glance 2009: Country Note New Zealand (Paris: OECD, 2009).

Treasury, Fiscal Strategy Report 2009 (Wellington: The Treasury, 2009).

B Social affairs

Health care

Health policy
Score: 8

Health care in New Zealand is generally of a high quality, cost-effective and relatively efficiently managed. At the same time, it faces growing expectations and rising cost pressures. Gains have been made in terms of reducing the health status between Maori and non-Maori. The establishment of district health boards has not achieved devolution and limited the potential for economies of scale, in both service operation and governance. Gaps in life expectancy have been reduced but more remains to be done, including changes in behavior and lifestyle. Concerns about health disparities have been an ongoing concern, as noted by OECD reports. Concerns about rising costs and the lack of productivity gains in the sector led to the establishment of a ministerial review group and a national health board in 2009 with the task of improving coordination between the ministry and district health boards and to advise on the allocation of budgets. Various efforts at restructuring over the last decade have taken their toll on the workforce and despite a relatively high level of support among the population for the public health system concerns about rising costs and productivity remain.

Citation:

Government of New Zealand, Major push to lift public health performance ([http://www.beehive.govt.nz/release /major+push+lift+public+health+perf ormance](http://www.beehive.govt.nz/release/major+push+lift+public+health+performance), accessed April 28, 2010).

Ministerial Review Group, Meeting the Challenge: Enhancing Sustainability and the Patient and Consumer Experience within the Current Legislative Framework for Health and Disability Services in New Zealand (Wellington: Government of New Zealand, 2009).

OECD, Economic Survey 2009: New Zealand (Paris: OECD, 2009), p. 97.

OECD, OECD Health Data 2009 – How does New Zealand compare? (Paris: OECD, 2009).

Social inclusion

Social inclusion
policy
Score: 8

New Zealand has a long tradition of making an egalitarian society a social goal. It belongs to a group of countries that can claim the highest levels of gender equality, based on the ratio of female-to-male earned income. New Zealand also supports a comprehensive system of social security benefits, including income support. Increased efforts have been put into reducing general disparities, most evident

between New Zealand Europeans and the Maori and Pacific Islander populations. These differences however are more of a reflection of economic, structural and geographic influences rather than race-based discrimination.

Citation:

New Zealand Income Survey, June 2009 Quarter (http://www.stats.govt.nz/browse_for_stats/work_income_and_spending/Income/NZIncomeSurvey_HOTJun09qtr.aspx, accessed April 28, 2010).

Families

Family policy
Score: 9

Female participation in the labor market is comparatively high. At the same time the fertility rate is one of the highest in the OECD area. The government's generous family policy has contributed to this, with a number of measures over recent years. However, this should not mask the fact that the participation of women in arenas beyond the workplace, including in politics, is still well below that of men.

Citation:

Human Rights Commission, New Zealand Census of Women's Participation (Auckland: Human Rights Commission, 2008).

Pensions

Pension policy
Score: 8

New Zealand's pension system is tax-based. It is highly efficient, as it effectively prevents poverty in old age with a relatively low level of public spending measured as a percentage of GDP. The most recent innovation in this policy area is KiwiSaver, a publicly subsidized and private pension plan offered on a voluntary basis and introduced in 2007. KiwiSaver enjoys broad political support and the new National-led government has made commitments to continue the plan with some minor modifications. KiwiSaver is a popular option, and at the beginning of 2010, about 1.3 million people have joined the scheme. Longer-term, however, demographic changes mean that more effort must be made to encourage private savings as part of a strategic plan to address public sector affordability issues and intergenerational equity challenges. The economic downturn and rising unemployment makes it a difficult time to encourage further private saving, and yet intergenerational equity and affordability suggest the urgent need to further alter these policies.

Citation:

KiwiSaver, Retirement Saving Made Easy (<http://www.kiwisaver.govt.nz/>, accessed June 2, 2010).

Integration

Integration policy
Score: 9

New Zealand is a prime destination for immigrants and the growing numbers of immigrants who take up New Zealand citizenship reflect the country's willingness to encourage integration. Based on labor market and education system indicators, integration policy has been quite successful. This is reflected in the views of many immigrants who, despite socioeconomic difficulties, are relatively satisfied with their situation. To some degree the overall good performance has to do with the fact that New Zealand employs a points-based selection system which helps to attract immigrants that are relatively self-sufficient financially and can be easily be integrated in the labor market. Indeed, the new Immigration Act 2009 for the first time clearly states that in New Zealand, skilled immigration is preferred. The appeals procedure has been streamlined and the decision to grant entry can now be based on "classified information" with regard to security matters or criminal conduct. More problematical are lesser-skilled immigrants who experience difficulties in settling when they are unable to bring other family members to New Zealand.

Citation:

Immigration Act 2009 (Wellington: Government of New Zealand, 2009).

International Migration, Settlement and Employment Dynamics (IMSED) Research 2009, Settlement and Satisfaction with Life in New Zealand (Wellington: Department of Labour, 2009).

C Security

External security

External security
policy
Score: 9

The New Zealand's geopolitical situation makes it highly unlikely to become a target for terrorist threats, and therefore, the cost-benefit calculus of external security policy is very positive. Military expenditures remain low. The changed security environment in recent years has led to the launch of a "Defence Review 2009" which will eventually result in a white paper that replaces the current document, which was introduced in 1997.

The government invests in professionalizing defense forces, based on

a long-term development plan. In addition, New Zealand is an active partner in international strategic defense arrangements with Australia and NATO. New Zealand has been involved in nation-building and peacekeeping missions in the South Pacific (Fiji, Tonga, East Timor, Papua New Guinea) and in Afghanistan.

Citation:

Ministry of Defence, Defence Review 2009 (<http://www.defence.govt.nz/defence-review.html>, accessed April 19, 2010).

Ministry of Defence, Annual Report 2009 (<http://www.defence.govt.nz/pdfs/re> accessed April 19, 2010).

Internal security

Internal security
policy
Score: 9

New Zealand internal security is the responsibility of the police. The NZSIS (Security Intelligence Service) and the Government Communications Security Bureau (GCSB) provide advisory services. Expenditures for public order and safety are relatively high and growing, as New Zealanders feel crime to be a salient issue. In the New Zealand Crime and Safety Survey 2006, rather high numbers of citizens with personal experience with victimization were reported (a report for 2009 is to be released). These numbers sharply differ from offenses actually reported to the police, although such reports have been recently increasing. The National-led coalition government has implemented a number of measures as part of their 100-day action plan, relating to addressing criminal gangs and the drug trade, youth violence and repeat offenders as well as considering victim compensation. This has been resulting in increased expenditure for police, criminal justice and prison services.

Internal security threats are also addressed through a Combined Threat Assessment Group (CTAG) which involves staff seconded from NZSIS, the New Zealand Police, the New Zealand Defence Force, GCSB, New Zealand Customs Service and Maritime New Zealand. CTAG provides assessments on terrorist or criminal threats aimed to create physical harm to New Zealand citizens or affect New Zealand interests at home or overseas, based on all information sources from the New Zealand government.

Citation:

100 Day Action Plan (http://www.beehive.govt.nz/sites/all/files/100_Day_Plan_Completion.pdf, accessed June 4, 2010).

Ministry of Justice, Annual Report 2009 (<http://www.justice.govt.nz/publications/global-publications/m/moj-ann> accessed April 21, 2010).

New Zealand Crime Statistics 2009 accessed April 21, 2010).

D Resources

Environment

Environmental
policy
Score: 6

The performance of New Zealand's environmental policy is mixed at best. In the latest Environmental Performance Index of the Yale Center for Environmental Law and Policy (Yale University) and the Center for International Earth Science Information Network (CIESIN) (Columbia University) for 2010 the country ranked fifteenth, while it had been higher placed in earlier reports (although part of the differences result from methodological changes). Particular problems stem from water management. One response has been the reform of the Resource Management Act 2009, which assigns a stronger steering role to the national government and introduces an Environmental Protection Authority. An emission trading scheme that had been established by the former government in fall 2008 has been reformed by the new National-led government to expand the implementation period and to lessen the consequences for industry and consumers.

Citation:

Ministry for Environment, Annual Report 2009 (<http://www.mfe.govt.nz/publications/about/annual-report/>, accessed April 28, 2010).

Environmental Performance Index 2010 accessed April 28, 2010).

Research and innovation

Research and
innovation policy
Score: 7

New Zealand policy is clearly deficient regarding research and development, high-technology employment and patent indicators. This has also been criticized by the OECD. In addition, the OECD strongly recommends a coherent policy that makes more use of incentives for enterprises to invest in research and development and that steers and funds public infrastructure with regard to basic and applied research institutions. The problem does not seem to result from bureaucratic procedures but has mainly to do with the size and geographical isolation of the country and the lack of large companies operating at an international level. The outgoing government during the period under review reacted to this with its "Economic Transformation Agenda" (ETA) that aimed at increasing research and development in biotechnology, information and communication technology, design and film production. However it remains unclear what policies were actually implemented. The following government

introduced new initiatives, inter alia a research and development tax credit, but canceled the move with the onset of the world financial crisis. In addition a Business R&D Investment Forum was established. Finally, international cooperation (the science and technology cooperation agreement with the European Union, and cooperation with China) is seen as way to increase research and development investments in the longer term.

Citation:

Ministry of Research, Science and Technology, Annual Report 2008/09 (<http://www.morst.govt.nz/Documents/publications/annualreport/MoRST-Annual-Report-2008-2009.pdf>, accessed April 28, 2010).

Education

Education policy
Score: 9

Education policy was in the past characterized by a paradox. On one hand participation indicators in secondary and tertiary education were average to low. On the other hand, the country's PISA results have been impressive. The outgoing Labour-led government responded to this with a number of reforms which have led to a remarkable increase in student numbers in tertiary education. This is true as well for the ethnic minority population. The new National-led government in the period under review announced its plan to continue these efforts in its Tertiary Education Strategy 2010-2015. At the same time, financial pressures have led to policy changes, such as new systems for funding universities which limit student enrollment. With regard to job-based continuing education, the New Zealand economy has followed the tradition of Anglo-American liberal market economies (LMEs) that invest more extensively in transferable skills, independent from current jobs rather than in job-based training as some continental European coordinated economies (CMEs) do.

Citation:

OECD, Economic Policy Reforms: Going for Growth 2010 - New Zealand Country Note (<http://www.oecd.org/dataoecd/18/52/44652534.pdf>, accessed 29 April, 2010).

Ministry of Education, Tertiary Education Strategy 2010 - 2015 (<http://www.minedu.govt.nz/theMinistry/PolicyAndStrategy/~media/MinEdu/Files/TheMinistry/TertiaryEducation> accessed 29 April, 2010).

Ministry of Education, Annual Report 2009 (<http://www.minedu.govt.nz/theMinistry> accessed 29 April, 2010).

Management Index

I. Executive Capacity

A Steering capability

Strategic capacity

Strategic planning
Score: 8

The core executive in New Zealand is shaped according to new public management approaches and methods. Most importantly, contracts are negotiated between ministers and chief executives in a large number of departments and ministries. With 35 government departments and ministries, taking a whole government approach to policy development can be complex and time-consuming. After 1999, the Labour-led governments reacted to concerns about fragmentation and silos 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 Department of the Prime Minister and Cabinet (DPMC), the State Services Commission (SSC) and the Treasury. All contracts (performance agreements, departmental statements of intent) support a cooperative and whole government policy approach, though evaluation of the performance assessment of chief executives has a strong focus on departmental achievements. The new National-led government in the period under review decided to seek substantial efficiency reforms without a major reorganization of public sector departments and ministries. This has led to various initiatives, such as greater rationalization and coordination with respect to back-office functions (such as IT, payroll and procurement) with a view to achieving savings which can be shifted to delivering front-line services. Since chief executives are on contract and employ the staff, these changes can only occur with their support and cannot be imposed on individual departments.

Developing strategies to enhance public sector performance management has been progressing for some time. At the end of 2008, DPMC, SSC and the Treasury released "The Capability Toolkit," "a tool to promote and inform capability management" and strengthen the management and efficiency of government departments. A "Performance Improvement Framework" was

published in late 2009 and is now being used for both self-assessment and external review of the performance of government departments and ministries. Since the government has imposed a cap on the size of the state sector, these measures are aimed at securing greater efficiency, effectiveness and performance across the state sector.

There is only a moderate strategic planning capacity that the prime minister can make use of (policy advisory group) vis-à-vis the ministers and increasingly, more ad hoc groups, often including some outside expertise, are complementing the policy advisory work of government agencies. For example, the design of the government's tax reform package was aided by the work of an independent tax policy working group outside of government that had brought together experts to debate issues and provide advice to the government. The National-led government has found this approach attractive in that it connects the government to expertise while also allowing ideas to be debated by the public prior to decision-making. As pressures on government spending grow in areas such as social security benefits, police, justice and corrections, health and education services, and so on, the government is seeking public-private partnerships and more practical and low-cost solutions which involve greater self- or community-help. One notable initiative is the Whanau Ora program, a policy developed by a minister from the Maori Party, which has pooled funding from government agencies to develop and deliver service to Maori and their families/tribes which are more holistic, tailored and effective in achieving better outcomes.

Citation:

The Capability Toolkit - A tool to promote and inform capability management (<http://www.ssc.govt.nz/display/document.asp?docid=7000>, accessed April 12, 2010).

Performance Improvement Framework accessed April 12, 2010).

Department of Prime Minister and Cabinet, Annual Report for the year ended 30 June 2009 accessed April 12,

Scholarly advice
Score: 7

The relevance, in terms of frequency and intensity of policy advice, of external academic experts on 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 and tertiary education. In general, the importance of scholarly advice has increased.

Citation:

Chris Eichbaum and Richard Shaw, Minding the Minister? Ministerial Advisers in New Zealand Government, in: *Kōtuitui: New Zealand Journal of Social Sciences Online* 2 (2007), 95–113.

Chris Eichbaum and Richard Shaw, Revisiting Politicization: Political Advisers and Public Servants in Westminster Systems, in: *Governance: An International Journal of Policy, Administration, and Institutions* 21:3 (2008), 337–363.

Inter-ministerial coordination

GO expertise
Score: 7

The policy advisory group in the Department of Prime Minister and Cabinet (DPMC) currently consists of 14 staff who cover a broad spectrum of policy expertise. They concentrate on important bills, necessitating interagency coordination. Recent examples have been the prime minister's summit on employment and projects for at-risk youth. In addition, special units and task forces are established in the DPMC that provide advice on a particular policy issue over a period of time.

Citation:

Department of Prime Minister and Cabinet, Annual Report for the year ended 30 June 2009 (<http://www.dPMC.govt.nz/dPMC/publications/ar-2009/dPMC-annual-report-web-150.pdf>, accessed April 12, 2010).

GO gatekeeping
Score: 9

The key policy adviser in the Department of Prime Minister and Cabinet (DPMC) plays a very influential role in policy processes and regularly intervenes to “pull” cabinet papers that are deemed to be inadequate in some way.

Citation:

Confidential information by a policy adviser in the DPMC.

Line ministries
Score: 9

If line ministries prepare a policy proposal, they are obliged to consult other ministries 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 which not only de jure but also de facto govern the coordination of policy formulation in the core executive.

Citation:

CabGuide (<http://cabguide.cabinetoffice.govt.nz/procedures/consultation>, accessed April 7, 2010).
Cabinet Manual accessed April 7, 2010).

Cabinet committees
Score: 10

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 July 1, 2008 to June 30, 2009, the full cabinet met 45 times with on average 14 items for discussion while cabinet committees met 158 times with on average eight items on their agenda per meeting.

Citation:

CabGuide (<http://cabguide.cabinetoffice.govt.nz/context/definitions/cabinet>, accessed March 18, 2010).

Department of Prime Minister and Cabinet, Annual Report for the year ended 30 June 2009 accessed March 18, 2010).

Senior ministry
officials
Score: 9

The cabinet process is overseen by the cabinet office on the basis of clear guidelines. Departmental chief executives typically meet with ministers prior to cabinet meetings to discuss the agenda and clarify matters. In addition, from 2009 new senior officials' committees have been established to support cabinet committee chairs.

Citation:

CabGuide (<http://cabguide.cabinetoffice.govt.nz/context/definitions/officials-committees>, accessed March 28, 2010).

Cabinet Office Circular CO (08) 13 accessed March 28, 2010).

Line ministry civil
servants
Score: 9

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 quite demanding processes specified in cabinet office circulars. That, beginning from 2009, new senior officials' committees have been established to support cabinet committee chairs' points to earlier weaknesses that need to be overcome with a new instrument for coordination.

Citation:

CabGuide (<http://cabguide.cabinetoffice.govt.nz/context/definitions/cabinet-office>, accessed March 29, 2010).

Informal coordination
procedures
Score: 9

In addition to formal coordination, there are a number of informal channels between coalition partners, government and legislative support parties, and ministers and their parliamentary parties. However, the cabinet manual seeks to at least formally clarify which procedures should be used as a guideline in case of informal coordination. For instance, Cabinet Office Circular CO (09) 07 "National-led Administration: Consultation and Operating Arrangements" defines the relationship between government ministers and ministers from parties that are officially not part of the government: "Support-party Ministers are not members of Cabinet. From time to time, support party Ministers and other Ministers outside

Cabinet may seek the Prime Minister's agreement to attend Cabinet when significant matters within their portfolios are being addressed."

Citation:

Cabinet Office Circular CO (09) 07 "National-led Administration: Consultation and Operating Arrangements" (<http://www.dpmc.govt.nz/cabinet/circulars/co09/7.html>, accessed March 29, 2010).

RIA

RIA application
Score: 10

Following its restrictive policy regarding regulation, the National-led government has introduced a guideline 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 cabinet and, accordingly, may lead to draft legislation. This aims at restricting new regulations to those that the government sees as necessary, sensible and robust and to avoid regulations which are ineffective and costly.

Citation:

Cabinet Office, Cabinet Office Circular (09) 08, "Regulatory Impact Analysis Requirements: New Guidance" (<http://www.dpmc.govt.nz/cabinet/circulars/co09/8.html>, accessed June 5, 2010).

Needs analysis
Score: 10

Regulatory impact assessments are very detailed, according to a prescribed schedule. They have to be made public.

Citation:

Cabinet Office, Cabinet Office Circular (09) 08, "Regulatory Impact Analysis Requirements: New Guidance" (<http://www.dpmc.govt.nz/cabinet/circulars/co09/8.html>, accessed June 5, 2010).

Alternative options
Score: 10

According to a prescribed schedule, regulatory impact assessments have to include options and calculations of costs and benefits. Government agencies producing regulatory impact statements (RIS) are not required to recommend a preferred policy option.

Citation:

Cabinet Office, Cabinet Office Circular (09) 08, "Regulatory Impact Analysis Requirements: New Guidance" (<http://www.dpmc.govt.nz/cabinet/circulars/co09/8.html>, accessed June 5, 2010).

Societal consultation

Negotiating
public support
Score: 8

New Zealand has a strong tradition of broad consultation with interest groups and its citizens. The need for consultation has been enhanced more recently by two developments. One is the change to a multiparty system and the formation of minority governments, which require the support of smaller parties to be able to pass legislation. The other relates to a greater diversity and sophistication of voters, with political views that are more difficult to predict and no longer fit in a simple “left” and “right” mold. While it may be the case that the ideologies of some parties may make them more compatible than others, under a mixed-member proportional (MMP) system it is not always easy to predict where a minor party will sit on a particular issue. Local governments in particular have a tradition of consulting with their citizens and communities 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. When a consultation has taken place, the details of consultations, internal and external, need to be set out in regulatory impact statements. Select committees commonly hold hearings on proposed legislation once it has been introduced in Parliament, giving individuals and organizations the opportunity to provide comment on legislative proposals.

Citation:

Cabinet Office, Cabinet Office Circular (09) 08, “Regulatory Impact Analysis Requirements: New Guidance” (<http://www.dPMC.govt.nz/cabinet/circulars/co09/8.html>, accessed June 5, 2010).

Policy communication

Coherent
communication
Score: 7

The coherence of government communication strongly depends on the topic. All recent governments have been of the coalition-minority type, which has increased the potential for contradictory statements. Labour-led minority governments as well as the National-led government in power during the period under review have accepted that there will be some tensions on sensitive issues which can lead to policy whereby coalition partners “agree to disagree” to maintain their parliamentary power base.

Citation:

Jonathan Boston, Innovative Political Management: Multi-party Governance in New Zealand. *Policy Quarterly* 5:2 (2009), 51-59.

B Policy implementation

Effective implementation

Government
efficiency
Score: 8

In the period under review both Labour-led and National-led governments held minority status throughout. This implies that the government has to anticipate the policy preferences of other parties in Parliament and has to seek legislative support on an issue-by-issue basis.

Nevertheless, minority-coalition governments have been relatively successful in implementing their agenda. The National Party started their term with a “100-day action plan” on areas such as the economy, law and order, education, health and electoral law. As stated in the annual report of the Department of Prime Minister and Cabinet, this plan was implemented on time.

Citation:

Department of the Prime Minister and the Cabinet, Statement of Intent 2009-2014 (<http://www.dPMC.govt.nz/dPMC/publications/soi-dPMC-2009-14v2.pdf>, accessed May 14, 2010).

Department of Prime Minister and Cabinet, Annual Report for the year ended 30 June 2009 accessed May 14, 2010).

100 Day Action Plan accessed May 14, 2010).

Ministerial
compliance
Score: 9

There is a strong tradition of collective responsibility of the cabinet in New Zealand. Ministers are allowed to disagree about policy initiatives, even in public, but once a decision has been made in cabinet they have to follow the collective will. The cabinet manual is very explicit about this. 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). Naturally, in coalition governments the prime minister's power over the personnel of another party is restricted. Collective responsibility is strengthened by an extensive list of coalition management instruments based on a comprehensive coalition agreement with regard to the legislative agenda but also procedures to ensure coalition discipline. The current National-led minority government can build on the experiences of earlier minority governments of how to ensure ministerial compliance. In its Cabinet Office Circular CO (09) 07, the current government has specified the nature of its agreements with other parties and support to party ministers. These may disagree on policy other than what is outlined in the ministerial portfolio. On issues in their portfolio, they are bound by collective responsibility.

Citation:

Cabinet Office Circular CO (09) 07 (<http://www.dPMC.govt.nz/cabinet/circulars/co09/7.html>, accessed May 20, 2010).

Monitoring line
ministries
Score: 9

Following from the experience of fragmented policy-making in vertically integrated networks and coordination problems, the Labour-led governments after 1999 re-centralized the steering capacity of the core executive. All contracts between cabinet and line ministries and ministers and chief executives have since to be based on a whole government policy approach. This has been continued after the change of government in 2008. The new government has introduced a performance improvement framework which is intended to strengthen a central-agency approach to assessing, supporting, informing and focusing performance across state services.

Citation:

State Services Commission, Annual Report 2009 (http://www.ssc.govt.nz/upload/downloadable_files/ssc-annual-report-2009.pdf, accessed May 1, 2010).

State Services Commission, Statement of Intent 2009 – 2012 accessed May 1, 2010).

Monitoring
agencies
Score: 9
Task funding
Score: 10

Monitoring of executive agencies is based on the same procedures as with regard to line ministries.

New Zealand is highly centralized, and local government structures are lean and generally uniform. Local government raises only about 5% of total government tax revenues. However, local autonomy in setting tax rates and bases is greater than in any other OECD country. The main source of local tax revenues is the so-called rates, which are taxes on the holding of real estate. Local governments have currently full discretion to set rates, subject to a general balanced budget requirement. Other revenue sources include user charges and fees. 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. The minister of local government from the ACT New Zealand Party, and a coalition member of the National-led government, has wanted to impose greater controls on local governments and to reform the local government act, which provides general competencies to local bodies to do achieve the economic, social, environmental, and cultural outcomes of their communities. The outcomes of the reform proposals are at the select committee stage and their precise form has yet to be decided. It does seem likely that the more aspirational view of local government, in facilitating strategic planning in governance on behalf of communities may be reduced and result in a return to viewing local governments largely in their service delivery role. The changes are likely to impose further monitoring and a benchmarking exercise on the sector. What is interesting to observe is that local governments behave quite conservatively and particularly so with respect to borrowing. While

borrowing rates have tended to rise, sometimes above the rate of inflation, the key driver for this has been the need to upgrade infrastructure rather than the result of local government taking on new functions or being irresponsible in their spending behaviors.

Citation:

Rodney Hide, Reforms to help keep rate rises under control (<http://beehive.govt.nz/release/reforms+help+keep+rate+rises+under+control>, accessed June 5, 2010).

M. Reid, J. McNeill and C. Scott, Local Government, Strategy and Communities, Wellington, Institute of Policy Studies, 2006.

Constitutional
discretion
Score: 8

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. There is no de facto infringement of this scope. A reform of the Local Government Act 2002 is currently under way. Local governments do not enjoy constitutional status, as they are creatures of statute. Though the Local Government Act 2002 gave them a general power of competencies, it did not confer additional taxing powers. As noted already, local governments in New Zealand are unusual in terms of their relatively narrow task profile and their inability 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 revenues from rates and charges and given concerns about rating levels, they are fiscally constrained from expanding their roles and functions.

Citation:

M. Reid, J. McNeill and C. Scott, Foundation for Research Science and Technology Local Futures Research Project on Strategic Planning and Policy <http://www.localfutures.ac.nz>

National
standards
Score: 8

It is not central government as such but a dense network of agencies that are involved with the development and monitoring of local government: the Minister of Local Government, the Department of Internal Affairs, the Local Government Commission, the Office of the Controller and Auditor-General, the Office of the Ombudsmen, and the Parliamentary Commissioner for the Environment. Their roles range from strategic development and policy, regulation and monitoring, to handling complaints about the activities and operation of local government. One illustration is the current measures to ensure environmental protection standards in Canterbury and the Far North District. Following from independent reports about water management problems central government has intervened. There are real issues surrounding water quality, for example, because central government is keen to have high standards for water quality in areas frequented by tourists; however, local residents do not feel they should be required to fund these high standards

from taxes on property.

Citation:

Local Government (http://www.localcouncils.govt.nz/l_gjp.nsf/wpg_url/About-Local-Government-Roles-of-Central-Government-Agencies-Index, accessed June 5, 2010).

Nick Smith and Rodney Hide, Commissioners needed to fix Canterbury water (June 5, 2010).

C Institutional learning

Adaptability

Domestic
adaptability
Score: 7

New Zealand is experienced in drastically restructuring the public sector and reforming policy-making to adapt to new challenges. Major reforms were accomplished from the mid-1980s to the mid-1990s. However, this was done under a majoritarian regime based on a first-past-the-post electoral system. Part of the reform package was the change to a mixed-member proportional (MMP) electoral system. Today, given a multiparty system and minority coalition governments, radical reform is much more difficult to achieve. In retrospect, the institutional reforms delivered somewhat less than was anticipated and are disruptive. The current government is concerned with driving efficiency and performance improvements into the system and has decided to do this with relatively limited emphasis on major restructuring of government agencies.

International
coordination
Score: 9

Given the isolated geopolitical position of New Zealand, the country participates proactively in many international organizations and in the international coordination of joint reform initiatives. Major areas include the Antarctic Region, disarmament and proliferation, environmental protection, and human rights. New Zealand is a member of the Asia-Pacific Economic Cooperation (APEC), the Commonwealth, OECD, the United Nations and the World Trade Organization. Free trade is a central preoccupation in foreign relations. Two free trade agreements have been recently signed (the ASEAN-Australia-New Zealand Agreement and a bilateral agreement with Malaysia), others are in the making, inter alia with Korea, India and Hong Kong/China. At the U.N. Conference on Climate Change in Copenhagen 2009, the New Zealand delegation was particularly active.

Citation:

Ministry of Foreign Affairs and Trade, Annual Report 2008/09 (<http://www.mfat.govt.nz/downloads/media-and-publications/annual-report/ar-mfat-2008-09.pdf>, accessed June 5, 2010).

Organizational reform capacity

Self-monitoring
Score: 8

Following from the change to a mixed-member proportional (MMP) representation system in the 1990s, institutional arrangements in the core executive as well as executive-legislative relations and democratic decision-making have been regularly and effectively monitored. One area of particular interest is the performance of the reformed electoral system. The government plans to hold a referendum on whether to keep the MMP electoral system currently in place. In case voters opt for a change, there will be a second referendum parallel to the general election in 2014.

Citation:

Simon Power, MMP Bill introduced (<http://www.beehive.govt.nz/release/mmp+bill+introduced>, accessed June 1, 2010).

MMP understanding post-election monitor 2008 (<http://www.elections.org.nz/study/> accessed June 1, 2010).

Institutional
reform
Score: 8

Major adaptations to the new system of multiparty system and coalition government occurred in the late 1990s. An effective framework is currently in place with the cabinet manual. Cabinet office circulars are used for minor changes. Particularly after the government change of 2008, a number of such modifications were made.

Citation:

Cabinet Office Circulars (<http://www.dpmc.govt.nz/cabinet/circulars/index.html>, accessed May 30, 2010).

II. Executive accountability

D Citizens

Knowledge of government policy

Policy
knowledge
Score: 8

The most recent comparative data set which includes New Zealand is the International Social Survey Program. In the 2004 edition, New Zealand respondents overwhelmingly (69%) felt that they had a good or very good understanding of important political issues. Only about 13% of the respondents said that most people are better informed about government and politics. The 2007 edition did not include this question. However, regarding the question “How interested would you say you personally are in politics?” there was a slight decline of political interest in New Zealand

between 2004 and 2007.

Citation:

International Social Survey Programme 2004 (ISSP 2004), Citizenship (<http://zacat.gesis.org/webview/index.jsp?object=http://zacat.gesis.org/obj/fStudy/ZA3950>, accessed April 22, 2010).

International Social Survey Programme 2007 (ISSP 2007), Leisure Time and Sports accessed April 22, 2010).

E Legislature

Legislative accountability

Obtaining documents
Score: 9

The cabinet manual defines the right of committees to ask for government documents. All documents have to be delivered in full and within an appropriate time. There are limitations with regard to classified documents.

Citation:

Cabinet Manual (<http://cabinetmanual.cabinetoffice.govt.nz/8.66>, April 22, 2010).

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:

State Services Commission, Officials and Select Committees: Guidelines (http://www.ssc.govt.nz/display/document.asp?navid=82&docid=6726&pageno=7#P187_32013, accessed April 22, 2010).

Summoning experts
Score: 10

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.

Citation:

State Services Commission, Officials and Select Committees: Guidelines (http://www.ssc.govt.nz/display/document.asp?navid=82&docid=6726&pageno=7#P187_32013, accessed April 22, 2010).

Task area
coincidence
Score: 6

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. At the moment there are 21 select committees which have to face 57 portfolios, led by 20 cabinet ministers, three ministers outside cabinet and five support party ministers.

Citation:

Select Committees ([http://www.parliament.nz/en-NZ/PB/ SC/Details/](http://www.parliament.nz/en-NZ/PB/SC/Details/), April 22, 2010).

Ministerial Portfolios (<http://www.dpmc.govt.nz/cabinet/po> April 22, 2010).

Audit office
Score: 10

The controller and auditor-general is appointed by the governor-general on the advice of Parliament and 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. Its scope of functions relates not only to central government but also local government. The legal basis is the Public Audit Act 2001.

Citation:

The Controller and Auditor-General (<http://www.oag.govt.nz/about-us/the-controller-and-auditor-general>, accessed April 22, 2010).

Ombuds office
Score: 10

New Zealand was the fourth country in the world to establish an Office of the Ombudsmen (in 1962). The office is highly effective in terms of formally or informally resolving complaints. Organizational reform is under discussion because of an ever-increasing caseload. In addition, there is an even older tradition of dealing with petitions in Parliament.

Citation:

Ombudsmen Office, Report 2008/2009 (<http://www.ombudsmen.parliament.nz/imagelibrary/100312.pdf>, accessed April 22, 2010).

F Intermediary organizations

Media

Media reporting
Score: 8

Not all TV and radio stations produce high-quality information programs, but TV One and Radio New Zealand provide excellent and regular evaluation of government decisions. TV One has four news programs per day, each lasting between 30 minutes to one hour. TVNZ 7, a station established in March 2008, supports programming with about 30% news programs.

Citation:

TVNZ OneNews (<http://tvnz.co.nz/view/page/845005>, accessed March 31, 2010).
Radio New Zealand News accessed March 31, 2010).

Parties and interest associations

Party
competence
Score: 9

There are currently only two political parties supported by more than 10% of voters in the last general election, the Labour Party and the National Party. Both political parties regularly produce detailed election programs with plausible and coherent policies. These are complemented by more specific policy papers.

Citation:

André Kaiser, MMP, *Minority Governments and Parliamentary Opposition*. *New Zealand Journal of Public and International Law* 7:1 (2009), 77-91.

Association
competence
(business)
Score: 7

There are few well-organized and well-staffed interest groups in New Zealand. The only large ones are the New Zealand Council of Trade Unions and Business New Zealand. Both generally propose reasonable policies. However, there is an underlying asymmetry. Business New Zealand additionally relies on the work of the New Zealand Business Roundtable, an organization of chief executives of major business firms.

Citation:

New Zealand Council of Trade Unions (<http://union.org.nz/campaigns/summary>, accessed May 2, 2010).
New Zealand Business accessed May 2, 2010).
New Zealand Business Round Table (<http://www.nzbr.org.nz/submissions> accessed May 2, 2010).

Association
competence
(others)
Score: 8

There is a rich tradition of consulting societal groups. The amount of consultation of groups and individuals and the way their proposals have been dealt with is reported in regulatory impact statements. In several cases, recent regulatory impact statements claim that consultation has had a substantive impact. An ongoing initiative (since 2001) tries to establish a better relationship between the community sector and government agencies. The reference group to the office of the community and voluntary sector in the Ministry of Social Development has published a discussion paper ("More than talk") in December 2008. Another document ("From talk to action") was published in July 2009. Still, size and shortage of resources prevents some interest associations to develop specialist policy know-how that would have a lasting impact in consultations.

Citation:

Building Better Government Engagement Reference Group, Final Report: From Talk to Action

(<http://www.ocvs.govt.nz/documents/work-programme/bbge/msd-from-talk-to-action-report-to-print.pdf>, March 16, 2010).

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