Sustainable Governance Indicators

2014 New Zealand Report
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Executive Summary

Over the last three decades, successive governments in New Zealand have transformed the country from what was a bureaucratic state with a heavily protected, slow-growth economy into one with a productive, proactive public sector and a liberalized, modern economy focused on free trade and competition.

Significant reforms of the public sector, of the economy and society were performed swiftly, but resulted in frustration and anxiety among segments of the population. Despite this, subsequent governments have largely maintained the same policies, the concerns of voters notwithstanding. New Zealand has moved from powerful, single-party majority governments to minority governments, which depend on the support of small parties, either in a formal coalition or a more loosely configured confidence and supply arrangement. Given New Zealand’s challenging, basic conditions – its geographic isolation, its 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 capacity, policy performance and quality of democracy. Aided by a unicameral parliament and a strong executive, the country has gone further than almost every other Organization for Economic Co-operation and Development (OECD) country with respect to applying new public management principles (NPM) and methods to enhance strategic capabilities and performance in the public sector. However, the speed with which policymaking has responded to challenges has slowed. This has mainly to do with recent minority governments having to find support from various smaller parties with narrow and diverging policy profiles. In addition, although the New Zealand economy endured the world financial crisis comparatively well, the government has been forced to prioritize budgetary policy at the cost of other reform projects.

Nevertheless, longer-term policy challenges have not changed. Firstly, 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. New Zealand also needs to develop even stronger links with its neighbors in the Pacific region. Although New Zealand has been 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 Pasifika populations. And finally, despite the government’s decision to withdraw from its Kyoto obligations, New Zealand is particularly vulnerable to the consequences of climate change.

Finally, the referendum accompanying the last general election in 2011 confirmed public support (56%) for the mixed-member proportional (MMP) electoral system. Not surprisingly, given the unfamiliarity of most voters with the alternative systems being offered in the referendum, when asked which system they would prefer in the event that New Zealand changed from MMP, some 31% of voters opted for a return to first-past-the-post (slightly behind the 33% informal vote).

Key Challenges

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

1. Innovation. Although recent governments, including the National Party-led minority government at the time of writing, 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. One particular area of concern is high youth unemployment in Maori and Pasifika communities. The innovation potential of the economy is inextricably linked to immigration policy, where continuing a system of
attracting highly skilled workers is of utmost importance. The government needs to keep on this track, even against the pressures put on it by parts of the population and despite the populist anti-immigration inclinations of New Zealand First, one of the small parliamentary parties.

2. Tax policy. With a balanced budget being its top priority, the government has shelved plans for a new round of tax reform. However, the government needs to tackle the politically sensitive issue of introducing a capital gains tax. The current situation provides strong incentives for New Zealanders, as well as for foreign investors, to speculate on 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. There is a growing consensus among political parties outside of government and experts in favor of ending this anomaly in the tax structure among OECD countries. Recently an opinion poll found majority support in the population for introducing a capital gains tax.

3. Regional development and governance structures. New Zealand is characterized by a large, and increasing, divide between urban centers and rural regions with regard to regional economic growth, labor productivity and population growth. The government needs 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 a unitary Auckland authority with an elected all-Auckland council has been a good starting point, but should not be the end. Auckland local government covers more than one-third of the total population of the country. This implies a heavily asymmetric local government structure vis-à-vis central government, with potentially unhealthy consequences. The tragic series of devastating earthquakes in the Christchurch and Canterbury region has understandably dominated the government’s regional development agenda, with most of its activities receiving praise. Lessons learned here should be evaluated with regard to their potential to restructuring regional policy on a more general scale.

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, establishing a number of minor political parties with de facto veto power. After more than a decade, the experience with this format is relatively positive, even though parts of the electorate, especially older and more conservative voters, still need to be persuaded as to the benefits of the system. 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, and occasionally leads to policy initiatives pointing in different directions. One thing that would 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. As part of a constitutional review that was commissioned by the government in the wake of negotiations with one of its supporting parties, the Maori Party, an advisory panel was asked to consider a number of options, including a codified constitution, the size of Parliament and the length of the parliamentary term. Following this review, the government may take a firm lead in calling for a referendum with a view to moving from the current three-year parliamentary term to a fixed four- or even five-year term.
Policy Performance

I. Economic Policies

Economy

New Zealand is widely known for its significant structural policy reforms introduced in the 1980s and 1990s. These reforms have had a largely positive impact, and the resulting 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. Critics of the previous Labour Party-led government (1999 – 2008) hold it responsible for an alleged lack of progress. Particular concerns have been directed toward the design and objectives of some of the new regulations, while other explanations for poorer-than-expected growth focus more on New Zealand’s small size and remoteness, and to skill shortages on the labor market.

Interestingly, although the demand for a return to growth became more insistent after the National Party-led government took office in 2008, substantive policy change since then has been relatively modest. Some blame the minority nature of the National-led government for the slow and incremental nature of change. However, given that the National Party has been able to implement a vast majority of its economic initiatives, responsibility has less to do with its fiscally conservative and compliant junior partners than with the cautious, pragmatic and poll-driven nature of the party’s economic agenda under the leadership of Prime Minister John Key. This is not to ignore the wider context of the world financial crisis, which drove the New Zealand economy into recession, albeit less severely than in many other Organization for Economic Co-operation and Development (OECD) countries. Fiscal surpluses, due in part to earlier reforms, swung to deficits. Getting back to a balanced budget has since been the pre-eminent issue on the government’s
agenda. Real GDP growth slowed in the period under review as weakening foreign demand and a persistently strong exchange rate depressed exports. The inflation rate, ranging from 4% to 5% in 2011, dropped to less than 1% in the first quarter of 2013.

Citation:

Labor Markets

Although the National Party-led government is reluctant to use direct interventions in the labor market, New Zealand’s labor market policy has been relatively successful. Following the world financial crisis, unemployment (6.2% in the first quarter of 2013) has risen less than in most Organization for Economic Co-operation and Development (OECD) countries. In addition to longer-term measures to reduce non-wage labor costs, the government has concentrated on online information for job seekers (the Department of Labor’s Jobs Online Index) and on measures to build up skill levels in the workforce and address skill shortages. A major problem in this regard is the loss of highly skilled workers to Australia. The movement of New Zealanders to and from Australia, which exceeds 50,000 individuals per annum, is highly related to economic conditions in both countries. Recent strength in the Australian labor market relative to the situation in New Zealand has encouraged migration between the two countries, although there are signs that a downturn in the Australian labor market, especially in the mining industry, may stem some of the outward flow. With regard to mainly low-skilled work, the Essential Skills Policy facilitates the entry of temporary workers to fill shortages where suitable New Zealand citizens or residents are not available for the work offered. Areas of concern remain, such as the differentials between urban and non-urban areas, and with respect to Maori and Pasifika populations, which had an unemployment rate of 14.1% and 15.4% respectively in the first quarter of 2013. Young people are affected by unemployment (17.1% in 2013) to a worrying level. The government has responded with a number of youth-based initiatives, including increased financial support for apprenticeship training, greater vocational preparation in schools and the introduction of a 90-day employment trial. The Canterbury rebuild, following a series of devastating earthquakes, is beginning to provide a strong growth stimulus for the economy and the labor market situation, including an anticipated construction boom. In order to facilitate this, the government has put in place a number of policies.
Taxes

Taxation policy has successfully continued to promote competitiveness and the 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. The National Party-led government reduced rates across the board in 2010, but at the same time increased the goods and services tax. Most services and products sold in New Zealand incur a goods and services tax (GST) at a uniform rate of 15% (with exceptions for financial services). The government has postponed plans for a new round of tax reductions in the face of its “zero budget” priority policy, with the determination to bring the economy back into surplus by 2014 – 2015, and has resisted pressure from some media outlets and other sources to introduce a stamp duty and/or capital gains tax on residential investment properties.

Citation:

Budgets

New Zealand’s budgetary policy is fiscally highly sustainable. However, the world financial crisis ended 14 years of budget surplus. The National Party-led government stated very early on that a return to high-debt levels would be imprudent, and made decisions so that gross debt peaked below 40% of GDP in 2010, well below the Organization for Economic Co-operation and Development (OECD) average. Since then, the government has maintained its course of fiscal consolidation, aiming at an operating surplus in 2014 and bringing net debt down to 20% of GDP by 2020. The government announced that it would only be willing to reassess this course if the economy were hit by a severe negative shock that might imply that sticking to the current fiscal strategy would harm the economy by forcing a sharp reduction in demand. The
proposed sale of shares in targeted state-owned energy companies will doubtless help offset the government’s spending commitments.

Citation:

Research and Innovation

New Zealand policy regarding research and development (R&D), high-technology employment and patent indicators is clearly deficient, a situation criticized by the Organization for Economic Co-operation and Development (OECD). 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 cumbersome bureaucratic procedures, but has mainly to do with New Zealand’s size and geographical isolation of the country as well as the lack of large companies operating at an international level. In response, the National Party-led government introduced a new business R&D support scheme including targeted grants and vouchers, and it restructured key innovation agencies into a single Ministry of Science and Innovation. In 2012, the ministry was absorbed by the Ministry of Business, Innovation and Employment. Major initiatives in research and innovation policy include the development of sector investment plans outlining priorities for the contestable science investment round (a program which provides financial resources for science and innovation research projects); input into the recovery and rebuilding of Christchurch following the 2010 earthquakes; the Green Growth Agenda; and the establishment of a new institute in February 2013 called Callaghan Innovation, to help commercialize innovation in the high-tech manufacturing and services sectors. While the government has increased spending on tertiary training in the fields of engineering and science, domestic expenditures on research and development as a percentage of GDP (0.59%) places New Zealand well down the list of Organization for Economic Co-operation and Development (OECD) countries, including its closest economic partner, Australia.

Citation:
Global Financial System

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. However, New Zealand is too small a player in the international arena to proactively contribute to the regulation and supervision of financial markets. It concentrates on regional arenas, such as the Asia-Pacific Economic Cooperation (APEC). Even here, the country has only limited ability to shape the regulatory process within multilateral institutions.

II. Social Policies

Education

Education policy in New Zealand was in the past characterized by a paradox. On the one hand, as experienced in a number of other countries such as the United Kingdom and Australia, participation indicators in secondary and tertiary education were average to low. On the other hand, the country’s Program for International Student Assessment (Pisa) results have been impressive overall, although the socioeconomic background of students affects performance to a higher degree than in most other Organization for Economic Co-operation and Development (OECD) countries. Among the major initiatives introduced in recent years have been substantial increases in expenditures on preschool education, and the introduction of national standards in literacy and numeracy for children one to eight years old. Data from the Ministry of Education released in 2013 show that small gains have been made, although Maori and Pasifika students continue to underachieve, as do boys relative to girls. While the government has attempted to introduce performance-based criteria for teachers, there has been strong resistance to the use of such measures from both primary and secondary schools. There has been a remarkable increase in student numbers in tertiary education. New Zealand now has among the highest standards of tertiary attainment in the OECD (ranked fifth out of 41 countries). With its Tertiary Education Strategy 2010 – 2015, the National Party-led government has especially focused on strengthening the inclusion of ethnic minorities in education. Attainment has increased at all levels. 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 do some continental European coordinated economies (CMEs).

Citation:

Social Inclusion

New Zealand has a long tradition of making an egalitarian society a social goal. Governments have established 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, Asian and Pasifika populations. These differences, however, are more of a reflection of economic, structural and geographic influences rather than race-based discrimination. With regard to gender equality, based on the ratio of female-to-male earned income, New Zealand has slipped behind in recent years.

Citation:

Health

Health care in New Zealand is generally of a high quality, is cost effective and relatively efficiently managed. At the same time, the sector faces growing expectations and rising cost pressures. Gains have been made in terms of reducing the health status gap between Maori and non-Maori. 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 Organization for Economic Co-operation and Development (OECD) reports. Concerns about rising costs and a 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. Health reforms since 2009 have encompassed
regional consolidation of hospitals and primary care organizations, increased use of benchmarking and greater decentralization.

Citation:

Families

Female participation in the labor market is comparatively high. However, women have been more affected by unemployment than men following the world financial crisis. At the same time, New Zealand’s fertility rate is one of the highest in the Organization for Economic Co-operation and Development (OECD) area. The government’s generous family policy has contributed to this, with a number of measures enacted over recent years. However, this should not mask the fact that the participation of women in arenas beyond the workplace, including politics, is still well below that of men. Paid parental leave is funded by the government and covers loss of income for up to 14 weeks. A recent proposal in Parliament to increase the leave to 26 weeks was rejected by the government.

Despite the targeting of resources for low-income families and beneficiaries, child poverty levels remain high. Community-based efforts to provide needy children with food in schools have been supported by businesses and government initiatives.

Citation:
Household Labour Force Survey: December 2012 Quarter,

Pensions

New Zealand’s pension system is tax-based. It is relatively efficient, as it 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 area is KiwiSaver, introduced in 2007, a publicly subsidized and private pension plan offered on a voluntary basis. KiwiSaver enjoys broad political support by both the government at the time of writing and the major opposition party. Although introduced by a Labour Party government, the National Party-led government
has only implemented minor modifications. KiwiSaver is a popular option, and as of May 2012, nearly two million people had joined the program. In the 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 make it a difficult time to encourage further private saving, and yet intergenerational equity and affordability suggest the urgent need to further focus on reforms. The Organization for Economic Co-operation and Development (OECD) has suggested improving fiscal sustainability through the raising of the retirement age, while slowing the pace of growth in benefit payments, and through removing subsidies, especially to high-income members. So far, the government has resisted pressure from some economic and social forecasters and from some media voices to gradually increase the age of pension eligibility from 65 to 67 years.

Citation:

Integration

Until the 1980s, New Zealand’s immigration policy operated under the overriding concern of preserving the nation’s identity as a primarily European, or British, nation. This has since changed. Today, New Zealand is a prime destination for immigrants (with 40,000 to 50,000 new immigrants annually) and the growing numbers of immigrants who become New Zealand citizens reflect the country’s willingness to encourage integration. Based on labor market and education system indicators, integration policy has been quite successful. According to the immigration minister, Michael Woodhouse, the amount of time it takes to get a work visa or a visitor visa has fallen by a half, and the wait for a student visa has fallen by two-thirds from 2011 to 2012. This is reflected in the views of most immigrants who, despite socioeconomic difficulties, are satisfied with their situation (87% are satisfied or very satisfied according to a survey in 2012, compared to 75% in 2011 and 70% in 2009). The government expects that the Immigration Global Management System (IGMS) and the Global Service Delivery Model (GSDM) will improve matters yet further. 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 integrated in the labor market. Indeed, the 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. Nevertheless, visa procedures are still complex and dealing with immigration bureaucracy can be tricky for applicants.

More problematic are the challenges for lesser-skilled immigrants, who experience difficulties in settling in New Zealand when they are unable to bring over other family members. Small but sustained economic growth during the global financial crisis, together with the Christchurch rebuild following the earthquakes of 2010 and 2011, have provided significant employment opportunities for migrant workers.

Citation:

Safe Living

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. Recent crime statistics show a considerable decline in criminal offences – partly as a result of an ageing society where age groups that statistically commit more crimes are shrinking in number, and partly as a consequence of increased expenditures 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 Defense 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.
Global Inequalities

New Zealand is highly committed to tackling global socioeconomic inequalities. Its aid program is managed by the Ministry of Foreign Affairs and Trade. It is coherent and efficient in prioritizing economic development (New Zealand is ranked fifth of 41 countries by the Center for Global Development on the quality of its development assistance), despite being criticized by some NGOs. Free access to global markets for developing countries is high on its agenda. The government openly argues for its development program to be used for diplomatic and trade outcomes, and not solely development outcomes. Geographically, New Zealand focuses on countries in the Association of Southeast Asian Nations (ASEAN) and in the South Pacific, although significant funding is channeled through multilateral and international agencies.

Citation:

III. Environmental Policies

Environment

The performance of New Zealand’s environmental policy is mixed, but improving. 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 2012, the country ranked fourteenth of 132, but this should not detract from the fact that it holds only an average overall position in the group of Organization for Economic Co-operation and Development (OECD) countries. Major environmental problems stem from New Zealand’s particular
type of economy, with its strong reliance on agricultural production. Areas of concern include water usage and management and greenhouse gas emissions, with a number of government initiatives enacted during the period under review, such as a reformed Emissions Trading Scheme and a national policy for regulating freshwater management (an area which previously was nearly completely devolved to regional water boards). Deforestation, in contrast, is much less a concern, as logging in indigenous forests on public land has ceased and on privately owned land, can only be carried out with a permit. Finally, biodiversity is an area in which all recent governments have been quite active. Due to New Zealand’s isolated location, its biodiversity is one of the most varied in the world, with a high percentage of vulnerable endemic species. Due to the public’s interest in and attention to environmental issues (made even more acute by disasters such as the grounding of container ship Rena in October 2011) but also due to the Memorandum of Understanding the current National Party minority government has with the Green Party, environmental policy is a policy area that is relatively high on the government agenda. Organizationally, the most important development has been the establishment of the Environmental Protection Authority, which has begun work as a major regulator in managing nationally significant proposals under the Resource Management Act, regulating hazardous substances and new organisms, handling the administration of the New Zealand Emissions Trading Scheme, and managing the regulation of ozone-depleting substances and hazardous waste.

Citation:
Environmental Performance Index 2012 (Yale/Columbia: Yale University/Columbia University 2012).

Global Environmental Protection

New Zealand has a mixed record with respect to its contribution to the global environmental protection regime. Major issues in recent years have been climate change and biodiversity. After initially committing to the Kyoto protocol, a change of government resulted in the decision to withdraw from the treaty – the commitment of its nearest neighbor, Australia, notwithstanding. In announcing its decision, the government claimed the treaty was outdated and insufficiently comprehensive in its response to the contribution of developing countries to the problem of global warming. It undertook to make its own separate commitment by working toward reducing emissions by between 10% and 20% by 2020.
In Yale University’s Environmental Performance Index, New Zealand is rated the highest out of countries in the Eastern Asia and Pacific region, and placed fourteenth worldwide. At the same time, however, New Zealand scored below average for its fisheries (28%) air (39%) and water resources (40%). In addition, the country will not be able to fulfill its Kyoto protocol target to get greenhouse gas emissions back to 1990 levels, if not for the off-setting effects of its forestry policies.

Citation:
Quality of Democracy

Electoral Processes

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. 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 aim has been to avoid the duplication of functions and to enhance efficiency. These changes however do not affect the fairness of the electoral process.

Citation:

Allocation of election broadcasting time and funds in New Zealand’s multiparty system are based on several criteria, including: share of the vote during the previous election; seats in Parliament; party membership; and results of opinion polls. The process is monitored by the independent Electoral Commission, and follows procedures laid down in the Electoral Act 1993 and the Broadcasting Act 1998. This ensures the fair coverage of different political positions, although the process has been criticized for disadvantaging emerging parties that have yet to contest an election. Some earlier deficiencies that had to do with regulations that had not been adapted to the new realities of a mixed-member proportional electoral system were addressed in the Electoral Finance Act 2007. However, this led to new problems, stemming from controversies inter alia of how to deal with non-party actors’ campaign spending in favor or against political parties. In the end, the Electoral Finance Act was repealed in 2009. After a lengthy period of consultation and consensus-seeking, the Electoral (Finance Reform and Advance Voting) Amendment Act was passed.
Media coverage of political issues is generally fair and balanced. Although in some previous elections televised debates included the leaders of all parliamentary parties, during the 2011 election the main debates were restricted to the leaders of the two major parties, with the leaders of the small parties being invited to debate separately.

Citation:

New Zealand’s electoral process is inclusive. The voting age was lowered from 21 to 20, and then again to 18 in 1974. Permanent residents of 12 months standing are given the right to vote in national elections. On the other hand, citizens who have lived out of the country for more than three years may not vote. While it is compulsory to register to vote, the act of voting is voluntary. Indigenous Maori may register to vote on either the Maori electoral roll or the general roll. There are seven designated Maori seats in the current legislature. Additional Maori representatives are elected on the general roll. Electoral boundaries are redistributed every five years. Beyond legal regulations, there are focused and ongoing activities, especially by the Electoral Commission, 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%, recently the numbers have been in decline, with some 74% of voters participating in the 2011 national election. Registering for an election can be done electronically. Registered voters then receive an “easy vote” pack with further voting information.

Citation:

Until recently, electoral finance laws were neither highly regulated nor tightly enforced. 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 following a public and media backlash, some of which resulted from problems of legal definition. It was replaced by the Electoral
(Finance Reform and Advance Voting) Amendment Act. 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. In 2012, a
government minister, John Banks, was accused of breaching the Local
Government Act 2002 by failing to disclose the sources of three substantial
donations made to his 2010 Auckland mayoral campaign, sources which he
declared as anonymous. In late 2012, the government introduced the Local
Government Amendment Bill, which sought to bring local election laws into
line with the provisions of the aforementioned Electoral Amendment Act.

Citation:
Annual Report of the Electoral Commission for the year ended 30 June 2012 (Wellington: Electoral

New Zealand belongs to a small group of countries (the others being Italy and
Switzerland) where citizens have the right to propose a national referendum. In
addition, referenda are regularly initiated and are an important part of domestic
politics. However, these Citizens’ Initiated Referendums (CIRs) are legally
non-binding.

CIRs were first introduced in 1993, the year the government held its own
binding referendum on the reform of the electoral system. While a total of 33
CIR petitions have been launched to date, only four 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.

All four referenda passed, 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 general consensus exists among leaders of the major political parties
that the non-binding provision in CIRs should be retained. Most CIRs are
initiated by individuals or small groups. In marked contrast, a petition on the
political agenda against the further privatization of state assets has been
sponsored by the Green, Labour and New Zealand First parties. While the
petition exceeded the required number of signatures, it was overtaken by
events, with the sale of shares in the first of the designated state assets taking
place before the date of the referendum had been determined. This last
referendum was criticized by those who believe the government can
legitimately claim a mandate to proceed with the sale of state-owned assets, not
only on the grounds of its parliamentary majority, but also because it campaigned on the issue in the months leading up to the 2011 election.

Citation:

Access to Information

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. Although international rankings by Freedom House and Reporters without Borders with regard to media freedom have repeatedly placed New Zealand at top positions, there is an ongoing discussion whether the current situation adequately deals with new media as well as traditional media outlets. In 2011, the New Zealand Law Commission proposed to establish a new independent regulator (the News Media Standards Authority) that would replace the current dual public-private regulatory regime. At the time of writing (June 2013), this recommendation had yet to be adopted by the government. With the Search and Surveillance Act 2012, journalists may be forced to answer questions by the police, to identify their sources and to hand over documents. It remains to be seen how the new legislation affects the independence of the media.

Citation:

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 television market. With regard to pay television, Sky TV holds a monopoly position. In September 2011, the New Zealand Press Association, New Zealand’s largest news agency, closed. It was replaced by three news services. Because all three are Australian-owned, New Zealand is now one of only a handful of countries
that lack their own local news agency. It remains to be seen whether this is a “serious blow to media diversity,” as Freedom House has argued.

Citation:

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 to the public, but that 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 are handled by public bodies, including a time frame of 20 working days. The Office of the Ombudsman 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 Ombudsman, but these reforms have not yet been implemented. The office has instead concentrated on organizational restructuring to achieve more efficiency and effectiveness. This has to be viewed in light of the steep rise in the number of complaints the office has had to deal with in recent years (more than 20% in 2011). In 2012, a review of the Official Information Act by the New Zealand Law Commission resulted in several recommendations, including the appointment of a statutory officer to provide oversight of the legislation. The primary purpose behind such a role is to provide leadership in the training and education of officials, as well as to help publicize developments. The government has yet to act on these recommendations.

Citation:
New Zealand Law Commission,'The Public’s Right to Know: Review of the Official Information Legislation' (R125, Wellington, July 2012)
Civil Rights and Political Liberties

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. Amnesty International reports in its Annual Report 2012 that it has met with parliamentary members to discuss progress made with regard to social, economic and cultural rights (e.g., the Marine and Coastal Area (Takutai Moana) Act 2011). New Zealand signed the Optional Protocol to the U.N. Convention on the Rights of the Child on the sale of children, child prostitution and child pornography in September 2011. Against this background, it is worrisome that more than 20% of children in New Zealand live below the poverty line, with children of Maori and Pacific Islander descent being particularly affected.

The powers of the Communications Security Bureau 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. The Government Communications Security Bureau (GCSB) and the Related Legislation Amendment Bill, which was debated in Parliament in 2013, extended the provisions under which the GCSB could investigate and gather information on residents and citizens. If passed, this bill will amend the GCSB Act 2003, which stipulated that the GCSB’s role was to conduct foreign, not domestic, surveillance.

Citation:

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 believe 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, non-
governmental organization that promotes these liberties. Freedom House assesses the situation of political rights in New Zealand as excellent. Despite being widely accepted as an important feature of New Zealand’s constitutional arrangements, the provisions of the Bill of Rights are not supreme law; that is, they have never been entrenched. During 2012 and 2013, a constitutional advisory panel appointed by the government sought the public’s view on whether the Bill of Rights should be expanded to include additional rights and be entrenched.

Citation:

**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 2011 (establishing the position of a full-time disability rights commissioner within the Human Rights Commission). 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 disproportionally represented in the prison population, which may point to problems of discrimination as has been highlighted by the United Nations Human Rights Committee. A lasting problem is the extent to which the Treaty of Waitangi as the basis of the relationship between Maori and the state is embedded in the general legal order. The complexities of this problem have been highlighted in the controversy over the ownership of the country’s foreshore and seabed, with many Maori groups claiming that Maori have a rightful claim to the title, based on the Treaty of Waitangi.

Citation:

**Rule of Law**

Although New Zealand, following the British tradition, does not have a codified constitution but instead 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 Ombudsman, strengthen accountability.

Citation:

New Zealand does not have a constitutional court with concrete or abstract judicial review. While it is the role of the judiciary to interpret the laws and challenge the authority of the executive in the event that it exceeds its powers granted by Parliament, parliamentary decisions cannot be declared unconstitutional. The courts may, however, 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 Maori Land Court, which hears 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:

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 a widespread belief that the system has worked exceptionally well. In practice a number of people are consulted before appointments are made, including not only the opposition justice spokesperson but also civic society groups. In 2012, a review by the New Zealand Law Commission recommended that greater transparency and accountability be given to the appointments process through the publication by the chief justice of an annual report and the publication by the attorney general of an explanation as to the process by which members of the judiciary are
appointed and the qualifications they are expected to hold. The government indicated that it was its intention to adopt a number of the Law Commission’s recommendations.

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

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 Ombudsman. In addition, New Zealand has ratified all relevant international anti-bribery conventions of the Organization for Economic Co-operation and Development (OECD) and the United Nations. All available indices confirm that New Zealand scores particularly high regarding corruption prevention, including in the private sector.

Citation:
Governance

I. Executive Capacity

Strategic Capacity

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 more than 30 government departments and ministries, taking a whole-of-government approach to policy development can be complex and time-consuming. 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. 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 National Party-led government in the review period 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 frontline services. Since chief executives are on contract and employ 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. 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 sector. The most recent initiative is the Better Public Services (BPS) program which aims at building efficient and effective public services by emphasizing outputs, strengthening leadership across the system and providing better services and greater value for money.

There is only a moderate strategic planning capacity that the prime minister can make use of (a policy advisory group) vis-à-vis ministers and increasingly ad hoc groups, often including some outside expertise, to complement policy advisory work of government agencies.

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, social policy and tertiary education. In general, the importance of scholarly advice is increasing.

Citation:

Interministerial Coordination

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 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,
such as the prime minister’s “Tackling Methamphetamine” Action Plan. A new commission during the period was the prime minister’s Youth Mental Health Project, which developed initiatives to respond to mental health issues among young people.

Citation:

The key policy adviser in the Department of Prime Minister and Cabinet (DPMC) plays an 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.

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 which not only de jure but also de facto govern the coordination of policy formulation in the core executive.

Citation:

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 2011 to 30 June 2012, the full Cabinet met 41 times, with on average 15 items on their agenda per meeting, while Cabinet committees met 155 times, with on average seven items on their agenda per meeting. A revised Cabinet committee structure was implemented in early 2012 following the formation of the new government after the 2011 general election. This resulted in the disestablishment and merger of a number of Cabinet committees, reducing the number from 14 to 11.

Citation:
Annual Report for the Year Ended 2012 (Wellington: Department of the Prime Minister and Cabinet 2012).
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. 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 demanding processes specified in Cabinet office circulars. That, beginning in 2009, new senior officials’ committees were established to support Cabinet committee chairs points to earlier weaknesses that needed to be overcome with a new instrument for coordination.

Citation:

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 (12) 3 “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 (12) 3 (Wellington: Cabinet Office 2012).

Evidence-based Instruments

Following its restrictive policy regarding regulation, the National Party-led government introduced a guideline in late 2009 with the effect that regulatory impact assessments (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.
The Treasury’s Regulatory Impact Analysis Handbook offers comprehensive guidance with regard to consultation within government as well with stakeholders, to transparency, and to quality evaluation. The major instrument for consultation and transparency is the Regulatory Impact Statement (RIS). Independent quality assurance is to be obtained either by a unit located within the Treasury or through a suitable internal review process. A quality assurance statement is to be provided in the Cabinet paper.

Without using the term “sustainability,” the regulatory impact assessment (RIA) process includes major aspects of the underlying idea of this concept. Part of quality assurance monitoring 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 reviews of regulatory instruments that consider the following issues: Is there still a problem (and is it the one originally identified)? Are objectives being met? Are the impacts as expected? Are there any unforeseen problems? Are there any indirect effects that were not anticipated? Is intervention still required? Is the current intervention still the most appropriate, or would another measure be more suitable?

New Zealand has a strong tradition of broad policy consultation with interest groups and with its citizens. The need for consultation has been enhanced 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. While select committees hold hearings on proposed legislation once it has been introduced in Parliament, giving individuals and organizations the opportunity to make written or oral submissions, the incidence of by-passing 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:

Policy Communication

The coherence of government communication strongly depends on the topic under consideration. All recent governments have been of the minority type, which has increased the chances of conflict between the governing party and its small support partners. This may include disagreement over what constitutes an electoral mandate, as well as accusations of broken promises when sacrifices have to be made during the course of the post-election negotiating process. Successive minority governments have freely acknowledged that tension is part and parcel of the governing process under a mixed-member proportional (MMP) system, with an “agree to disagree” clause being all that may separate the government from instability and collapse.

Citation:
implementation

throughout the review period, national party-led governments held minority status. this implies that the government has had to anticipate the policy preferences of other parties in parliament and has had to seek legislative support on an issue-by-issue basis. nevertheless, minority-coalition governments have been relatively successful in implementing their agendas. the current national party government identified its midterm priorities, including: to build a more competitive and stronger economy; to responsively manage the government’s finances and return to surplus in 2014/15; to build better public services on which all new zealanders rely; and to rebuild the christchurch and canterbury economy.

although it is too early to comment definitively, the government is making progress toward these objectives.

citation:
statement of intent 2012-2016 (wellington: department of the prime minister and cabinet 2012).
statement of intent 2012-2016 (wellington: state services commission 2012).

there is a strong tradition of collective responsibility of the cabinet. ministers are allowed to disagree over 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 or minority governments with support agreements with other parties, 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 party-led minority government can build on the experience of earlier minority governments on how to ensure ministerial compliance. in its cabinet office circular co (12) 3 “national-led administration: consultation and operating arrangements,” the government at the time of writing 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, however, they are bound by collective responsibility.
Following from the experience of fragmented policymaking in vertically integrated networks and, consequently, coordination problems, all recent governments have strengthened the steering capacity of the core executive. All contracts between Cabinet and line ministries and ministers and chief executives are based on a whole-government policy approach. The National Party-led 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.

The 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 Organization for Economic Co-operation and Development (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 at the time of writing 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 National Party-led government has reformed the Local Government Act with the aim of limiting local services more to their core tasks to keep costs under control.
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, the comprehensive reform program, “Better Local Government,” was put into action during the review period, and may change parts of the legal framework. There is no de facto infringement of this scope. Local governments do not enjoy constitutional status, as they are creatures of statute. 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 revenue from rates and charges; and given concerns about rating levels, they are fiscally constrained from expanding their roles and functions.

Citation:

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, 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 and policy, regulation and monitoring, to handling complaints about the activities and operation of local government. At the time of writing a comprehensive reform program, “Better Local Government,” is under way that may bring about more national scrutiny of local government.

Adaptability

New Zealand has ample experience in drastically restructuring its public sector and reforming policymaking 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 involved the change to a proportional electoral system, a move that was not initiated by the governing elite but rather the voting public. Today, given the existence of a multiparty system and a minority
government, radical reform is much more difficult to achieve. In retrospect, institutional reforms delivered somewhat less than was anticipated and have at times been disruptive. The government at the time of writing is concerned with driving efficiency and performance improvements into the system, and has decided to do this with relatively limited emphasis on a major restructuring of government agencies.

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 issues regarding the Antarctic region, disarmament and proliferation, environmental protection and human rights. New Zealand is a member of the Asia-Pacific Economic Cooperation (APEC) forum, the Commonwealth, the Organization for Economic Co-operation and Development (OECD), the United Nations and the World Trade Organization. Free trade is a central preoccupation within foreign relations, especially in the Asian region. Having signed the Association of Southeast Asian Nations (ASEAN)-Australia-New Zealand agreement and a bilateral agreement with Malaysia in recent years, current efforts are directed at finishing negotiations with China and continuing negotiations with India, Korea and Russia. New Zealand is a candidate for the United Nations Security Council in 2015 – 2016.

Citation:

Organizational Reform

Following from the change to a proportional electoral 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. Although the first government under the new electoral system was a majority coalition, subsequent governments have lacked a parliamentary majority. Rather than assembling a formal coalition, the present National Party-led government followed the example of its predecessor by keeping its support parties at arm’s length from the Cabinet. All 20 Cabinet seats are held by National Party members. Each of the three support parties has been given ministerial portfolios outside of Cabinet and in the larger executive. While each is committed to providing the government with confidence and supply, it is free to oppose the government on all policy matters that lie outside its portfolio responsibilities. This governing arrangement has the dual benefit of limiting the
influence of the small support parties while providing them with the ability to retain their separate political and electoral identity.

One area of particular interest is the performance of the reformed electoral system. The Electoral Commission regularly commissions surveys to ascertain satisfaction with the way elections are organized, what the barriers to voting are and how to address these barriers. In the context of the most recent general election in 2011, a referendum was held on whether to retain or replace the electoral system. A majority of 56% opted to keep the mixed-member proportional (MMP) system.

Citation:

II. Executive Accountability

Citizens’ Participatory Competence

The most recent comparative data set which includes information on New Zealand policy knowledge 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 respondents said that most people are better informed about government and politics. The 2007 edition of the survey however did not include this question. 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. According to survey data from the New Zealand Election Study of 2011, approximately two-thirds of respondents expressed satisfaction with the state of their democracy.

While levels of party membership and voter turnout have been in sharp decline – voter turnout dropping from the 80s and low 90s percentiles for much of the postwar period to 74% in 2011 – there is evidence to suggest that levels of political knowledge and engagement are not as worryingly low as figures might suggest. This said, participation rates among the young suggest that generational disaffection during the review period is at an all-time high.

Citation:
International Social Survey Programme 2004: Citizenship:
International Social Survey Programme 2007: Leisure Time and Sports:
New Zealand Election Study, University of Auckland, 2011-12.

Legislative Actors’ Resources

While New Zealand parliamentary members (MPs) are not generously equipped with financial or personnel resources to monitor government activity, they do have access to party research units. Other personnel available to individual MPs include an executive assistant (in Parliament) and electorate staff, with constituency members being more generously funded than those on the party lists.

Citation:

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:

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).

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:
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. At the time of writing there are 18 select committees, which have to face 58 portfolios, led by 20 Cabinet ministers, four ministers outside Cabinet and four support party ministers.

Citation:
Directory of Ministerial Portfolios (Wellington: Department of the Prime Minister and Cabinet 2012).
Ministerial List (Wellington: Department of the Prime Minister and Cabinet 2013).

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. Its scope of functions relates not only to central government but also to local government. The legal basis is the Public Audit Act 2001.

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

New Zealand was the fourth country in the world to establish an Office of the Ombudsman (in 1962). The office is highly effective in terms of formally or informally resolving complaints. In 2011 – 2012, more than 10,000 complaints were handled. Organizational reform has been under discussion for a number of years because of an ever-increasing caseload. In addition, there is an even older tradition of dealing with petitions in Parliament.

Citation:
Media

Not all television and radio stations produce high-quality information programs, but both Television New Zealand (TVNZ) and Radio New Zealand provide a regular evaluation of government decisions. TVNZ’s TVOne has three news programs per day, each lasting between 30 minutes to one hour, as well as a lighthearted daily current affairs magazine-style program. It also has an hour-long current affairs program, “Q and A,” which screens once a week and focuses on domestic politics. TVNZ 7, a station established in March 2008, offers a range of programming, 30% of which focuses on news programs that offer background information. Although the channel attracted a small but loyal audience, it has since been closed. A second television network, TV3, offers a similar news and current affairs schedule to that of TVNZ. Radio New Zealand has four extensive news features per day in addition to hourly news programs. Newspapers provide information and analysis on government decisions and policy issues—although many articles report government statements verbatim and such stories tend to be relegated to the inner pages—during law and order and celebrity stories dominating the headlines.

Citation:

Parties and Interest Associations

During the review period, there are three political parties that were supported by more than 10% of voters in the last general election. The Labour Party and the National Party are traditionally the largest parties, but the Green Party, for the first time, was able to achieve a share of the vote above 10%.

The organizational structure of the Labour Party is complex, as it mainly consists of affiliated corporate members (for example, a (decreasing) number of trade unions). Decisions with regard to personnel and policy are therefore not restricted to individual party members. However, at the same time, the Labour Party uses a system of delegates. The selection process for candidates for parliamentary seats is based on a heavily formalized moderating procedure that takes criteria such as ethnic background, gender and region into regard. Following pressure from grassroots members to have a say in the selection of the party leader, in 2011 the party took away the party caucus’s sole
responsibility for choosing a party leader, replacing it with a combination of party membership, the parliamentary caucus and trade unions.

The National Party considerably increased the central leadership’s influence in an organizational reform in 2003. The newly created National Management Board, including 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 equally been centralized at the expense of regional party organizations. The party leader is chosen by the members of the parliamentary caucus.

The Green Party’s organizational structure is much more decentralized when compared with those of the traditional larger parties. Decisions on policy and the selection of parliamentary candidates are made with less control by the parliamentary caucus.

Citation:

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 interests additionally rely on the work of the New Zealand Business Roundtable, an organization of chief executives of major business firms, which in 2012 merged with the New Zealand Institute to form a new libertarian think-tank to lobby for pro-market economic and social policies.

Citation:
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. Still, the size and shortage of resources prevent some interest associations from developing specialist policy know-how that would have a lasting impact in consultations.

Citation:
Regulatory Impact Statement Information Release:
This country report is part of the Sustainable Governance Indicators 2014 project.

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