New Zealand Report
Aurel Croissant, Raymond Miller, Aurel Croissant (Coordinator)

Sustainable Governance Indicators 2019
Executive Summary

New Zealand’s democratic system is based on a unicameral parliament, a working rule of law, a strong executive branch and effective government. The system is healthy and stable. Despite an ongoing debate over the adoption of a written constitution, the fundamental structure and operation of governance reflects continuity. New Zealand’s unique constitutional arrangements result in a significant concentration of power in a highly cohesive system of cabinet government. The country’s commitment to economic freedom is reflected in its leading position in the World Bank’s 2018 Doing Business report.

The review period of the SGI 2019 covers approximately the first year of the new (sixth) Labour government. In September 2017, the National party lost office after nine years in power. Despite success at the 2017 election, it was unable to secure a parliamentary majority after its former coalition partners, the Māori and United Future parties, failed to win any seats and a third party, ACT New Zealand, retained only one. In late October 2017, Labour and New Zealand First (NZ First) formed a coalition government. A third party, the Greens, agreed to a confidence and supply arrangement, in exchange for some policy concessions and ministerial positions outside of cabinet. As a result, the new coalition government under Prime Minister Jacinda Ardern (Labour) was able to command the support of 63 of the 120 seats in parliament. The NZ First and Green Parties had relatively little in common, representing significantly different constituencies and policy agendas, and had little history of parliamentary cooperation.

Throughout the period under review the coalition has been surprisingly successful at providing stable and effective government. Of the two small parties, NZ First gained the more prestigious appointments: its leader Winston Peters was appointed deputy prime minister and minister of foreign affairs, and the party was allocated four seats at cabinet. In contrast, the Greens were kept at some distance, their three ministers taking up positions outside cabinet. Throughout the review period, New Zealand performed well with respect to the three indicators that form the basis of this report: governance capacity, policy performance and quality of democracy. The new government maintained a prudent fiscal approach, and economic growth remained healthy.
Policy initiatives included raising the minimum wage, curbing immigration, and restricting non-resident homebuying, as well as holding out the promise of a “well-being” budget in 2019. The abolition of national standards in schools pleased teachers’ unions, although doubts remain as to whether the promised improvements in student achievement will materialize. On 14 August 2018, the government passed the Overseas Investment Amendment Act 2018, which bans the sale of existing homes to non-residents as a means of easing the housing shortage in New Zealand. Australians and Singaporean nationals were made exempt from this ban due to free trade rules. Some of the coalition’s spending priorities that seek to redistribute wealth and opportunity have been criticized. Finance Minister Grant Robertson has stated that his immediate goal is to achieve a budget surplus. Deputy Prime Minister and Foreign Minister Peters is overseeing a large increase in the foreign affairs budget, much of which will be directed to supporting aid in the South Pacific. His NZ First colleague, Shane Jones, has received a “war-chest” to disburse around the country in his role as Regional Economic Development minister. Yet another NZ First member, Defense Minister Ron Mark, has secured cabinet support for the procurement of new P8 Poseidon maritime surveillance and patrol aircraft. This represents New Zealand’s largest military expenditure since the purchase of ANZAC frigates. In December 2018, shortly after the review period, New Zealand government signed the UN Global Compact on Safe, Orderly and Regular Migration (UN GCM). At the same time, it began to tighten its immigration requirements.

Citation:

Key Challenges

New Zealand is well positioned to tackle current and future challenges. Observers expect the coalition to serve a full term in office (the next elections are scheduled for 2020). Real GDP growth is forecast to slow to 2.6% in 2019, due to lower global trade growth and a weakening of domestic demand. The former is mostly related to economic slowdown in Europe and the threat of deepening trade conflicts between the United States and China. The latter reflects domestic concern that the economic “golden weather” that New Zealand has experienced is coming to an end, combined with the negative
economic impact of reduced immigration and missed housing targets. The current account deficit is expected to shrink in the period 2019-2023. A tighter immigration policy is likely to result in skill shortages in some sectors, including construction, teaching and health care. New Zealand has an aging population. The scarcity of labor – due to the low natural increase in population – had initially led New Zealand and Australia to encourage immigration, with past policies ensuring that most immigrants were young and skilled. High labor productivity has enabled New Zealand to achieve solid economic growth over time. However, private consumption accounts for more than 50% of GDP, and a slowdown in population growth, which is likely if the government continues on its path of curtailing immigration, will see a shift in New Zealand’s demographic profile and is likely to reduce this component of GDP.

Long-term policy challenges have not changed during the review period. First, New Zealand’s economic well-being strongly depends on developing a larger, more highly skilled and better paid workforce. This will require new initiatives and further investment in education and training, as well as a stronger commitment to research and development. Whereas New Zealand has demonstrated relative success with integrating immigrants, greater investment is needed to advance improved education outcomes and skills training among the Māori and Pasifika populations. New Zealand also needs to develop stronger links with its neighbors in the Pacific region.

Second, the Labour-led government needs to tackle the politically sensitive issue of extending from two to five years the “bright line” tax introduced by the previous government – a mild form of capital-gains tax – in order to reduce the impact of property speculation on the housing market. The country has one of the highest rates of home ownership in the world and a more robust capital-gains tax on everything but the family home would cool the property market, especially in Auckland (population 1.5 million).

Third, regional development and governance structures: the economy is characterized by a large and increasing urban-rural divide, particularly in the areas of regional economic growth, labor productivity and population. The government needs to create a focused regional policy in metropolitan and rural areas. Regional economic policies should be accompanied by governance structures that fit the problem area geographically. The establishment of a unitary Auckland authority with an elected all-Auckland council has been a good starting point, but this should not be the end of local government reform.

Fourth, the political system is still characterized by majoritarian design. There are no stakeholders with an institutional veto whose policy positions the
government must consider, such as provincial or state governments, second chambers, constitutional courts or local governments with constitutionally guaranteed powers. However, the change to a mixed-member proportional electoral system has led to a multiparty system, the emergence of several minor political parties with de facto veto powers, and the formation of minority and coalition governments. After more than a decade, this governing arrangement has proven relatively positive, and recent governments have been able to proactively pursue their respective policy-reform agendas with noticeable success. However, the process has been very time-consuming and occasionally produced contradictory policy initiatives.

Finally, the Labour-led government is defining itself as a “government of change.” It is striving to make rapid progress with policies offering immediate and highly visible positive outcomes for New Zealand. While the government is introducing new measures to help particularly needy constituencies – the young, the elderly and the homeless – the principal challenge for 2019 will be to demonstrate that it is able to work toward some of its more ambitious goals, such as ending child poverty, reducing inequality and strengthening climate change policy, while protecting a strong and competitive economy.

Citation:

Party Polarization

Political party polarization is greater in New Zealand than in Australia, Japan or South Korea, as indicated by data (2008) from the Comparative Study of Electoral Systems (CSES). While no party fundamentally challenges the paradigm shift caused by the neo-liberal economic transformation since the mid-1980s, post-materialist issues now represent the arena for ideological and political conflict in parliamentary politics. The post-materialist dimension is usually interpreted in terms of a simple liberal-conservative dimension, whereby the liberal side of the spectrum is associated with progress, modernity, libertarianism, and the conservative side is associated with order, tradition and authoritarianism. Post-materialist values – or “new politics” – increasingly dominate and reshape party politics, and this spectrum mostly involves “societal” and “cultural” issues but is largely differentiated from economic issues through the materialist/non-materialist divide. This new political cleavage is characterized by identity, values, and culture rather than
class background. The socially liberal-conservative spectrum is usually overlaid on the left-right scale so that “liberal” equates with “left” and “conservative” equates with “right,” and although it is true that there is often a strong correlation in politics that makes this appear warranted, there is nothing intrinsically related between the two dimensions, and there are plenty of examples that contradict it, for example, the New Zealand First party. This said, it seems fair to conclude that polarization is only a minor obstacle for policymaking. Following negotiations between parties, agreements are regularly reached, although most governments would feel only partially able to implement their legislative agenda. (Score: 6)

Citation:
Policy Performance

I. Economic Policies

Economy

Under the previous National government (2008-2017), New Zealand experienced a steady recovery from the 2008-2009 global financial crisis, which saw the national economy enter into recession, albeit less severely than in many other OECD countries. The National government pursued a cautious, pragmatic and poll-driven economic agenda. The new Labour-led government has also followed a cautious approach, with prudent fiscal policy despite increased welfare and health spending. However, New Zealand was hardly immune to economic trends found elsewhere. Data from Statistics New Zealand indicates that economic growth slowed from around 3% over the three years 2014-2016 to 2.7% in the year to June 2018. In the third quarter of 2018 growth slumped to its lowest rate since 2013, with manufacturing and farm business particularly hard hit. Consequences included a weakening of the local dollar and low business confidence due to headwinds from U.S.-China trade tensions. Business investment slowed in the third and fourth quarters of 2018, driven by falling investment in plant, machinery and equipment. According to the OECD, economic growth is projected to edge down to 2.6% by 2020, mainly reflecting a slowdown in private consumption, which can be partly attributed to an unintended consequence of government policies such as diminished net immigration and increased financial support for families. Export growth is also set to decline. Inflation increased to 2% – the mid-point of its target range – in the second quarter of 2018. This represented a slight increase on the 1.7% rate of inflation experienced in the second quarter of the previous year; the CPI 2018-2019 forecast is 1.9%, and the inflation rate is projected to increase to slightly over 2% in 2019/20. Housing is a substantial social problem, driven by high costs, especially in Auckland, where it exceeds the OECD average. Inevitably, the cost of housing affects the poor most. Although the Labour party had campaigned during the 2017 election on the need to make housing more affordable, especially for low-income and first-
time house buyers, the promise of a comprehensive program of low-cost housing construction proved excessively ambitious, especially in the short term. Despite the passing of the Overseas Investment Amendment Act 2018, which bans the sale of existing homes to non-residents as a means of easing the housing shortage in New Zealand (Singaporeans and Australians are exempt from the ban), house prices continued to grow in most urban centers. On a positive note, in the September 2018 quarter, the seasonally adjusted unemployment rate fell to 3.9 percent from 4.7 percent in September 2017. Despite an expansionary fiscal policy, the government deficit was projected to be 0.0% of GDP in 2018 (down from 1.2% in 2016), and government gross debt declined from 37.6% in 2016 to 36.0% in 2018. Further decline is projected. The government has started to address the need for improved economic and social well-being, especially in the area of child poverty, and the need to transition toward a more environmentally sustainable economy.

Citation:

Labor Markets

In recent times the New Zealand labor market has started to improve. Under the Labour-NZ First coalition government, the unemployment rate has declined from 4.7% in September 2017 (the lowest rate since December 2008) to 3.9% as of September 2018. While the under-utilization rate also fell (to 11.3%), the employment rate rose to 68.3% (with an annual increase of 0.6%). However, areas of concern remain. These include variations in the unemployment rates between urban and non-urban areas, between the North and South Islands, and, most critically, within the young, Māori and Pasifika (Pacific Island) populations.

Although still of concern, the unemployment rate for young people has been falling since 2008. In the September 2018 quarter, the seasonally adjusted rate for people aged 15–24 years who were not in employment, education or training, fell to 10.1% (from 10.9% in the previous quarter). While unemployment for 15-19 year olds was approximately 19%, for Māori it was 29%, down from 34.5% a year earlier. Similarly, the Pasifika rate of unemployment was 12.6% (down from 22.8% in 2017). For 20 to 24 year-
olds, unemployment declined from 8.8% in June 2017 to 7.7% in June 2018. For Māori in this same age group, there was a sharp decline from 16.6% in June 2017 to 8.3% in June 2018. Annually, the largest occupational increases in employment occurred in: professional, scientific, technical, administrative and support services; wholesale trade; and in education and training. Wage rates however increased only modestly during this period, by 1.8% annually.

Citation:

Taxes

Taxation policy in New Zealand has been relatively successful in promoting competitiveness and the efficient allocation of public revenues. Available studies suggest that compliance costs are fairly low and that key strengths of the tax system are its very lean business environment and relatively simple legislation. But the system exhibits weakness in achieving vertical equity and addressing inequality in society. The personal income tax system is less effective in reducing inequality compared to most other OECD countries. The same can be said for the inequality-reducing effects of the tax and transfer system, which are similar to those of Canada, but smaller than 26 other OECD countries.

For the 2015/16 year, central government taxes represented 30.5% of GDP and local government taxes represented 2.2% of GDP (combined OECD average was 34%). The largest share of revenue comes from personal income, together with company and goods & sales (GST) taxes. New Zealand does not have social security taxes and there is no tax on capital gains, although a “bright line” tax was introduced for property investors in 2015 (see below).

New Zealand collects the fifth highest amount of personal tax as a percentage of GDP among OECD countries. The personal income tax system is based on a broad-based, low-rate framework with a relatively flat tax scale (the top tax rate begins to apply at the relatively low level of 1.2 times the average wage). While the country has the sixth lowest rate of GST, collections amounted to 31% of total tax revenue in 2017 and about 10% of GDP, the highest proportion in the OECD. GST is regressive, with the lowest decile of households by income paying approximately twice the proportion of their income in GST than the highest income households Corporate taxes, which
comprise 4.4% of GDP at a rate of 27% in 2017, are higher than the OECD and international average.

In 2010, the National government reduced personal income and company tax rates while at the same time increasing GST rates. As a response to rapidly increasing property and housing prices, in 2015 the government introduced a “bright line” tax on investors who sold their residential properties (other than the family home) within two years of purchase. In the lead-up to the 2017 general election, the National party announced a NZD 2 billion per year Family Incomes Package that would have raised the tax thresholds from April 2018 and made changes to the Working for Families and Accommodation Supplement policies. Immediately on coming into office, the new Labour-NZ First coalition government canceled these planned tax cuts, boosted family tax credits instead, and initiated a program of “free” tertiary education for new entrants. Moreover, the government reinstalled the Independent Earner Tax Credit, an entitlement for individuals who earn between NZD 24,000 and NZD 48,000 (after expenses and losses) a year, in July 2018.

In December 2017, the government established a Tax Working Group led by a former Finance Minister, Michael Cullen, with the stated goal of exploring “further improvements in the structure, fairness and balance of the tax system.” The Working Group will report to the New Zealand government on matters such as the fair operation of the tax system in relation to taxpayers, income, assets and wealth, whether the tax system promotes the right balance between supporting the productive economy and the speculative economy, and how the system could be made more fair, balanced and efficient. In September 2018, the group published its first interim report.

Citation:
Inland Revenue 2017. The New Zealand tax system and how it compares internationally.
OECD Dataset: Income Distribution and Poverty.

Budgets

Budgetary policy is prudent and sustainable. The 2008-2009 world financial crisis ended 14 years of budget surplus. From 2010, the National-led government followed a course of fiscal consolidation. The incoming Labour-NZ First government’s first budget was also viewed as restrained and fiscally
cautious, with the Finance Minister, Grant Robertson, forecasting a NZD3 billion (billion) surplus in 2018, increasing to NZD7 billion in 2020. Central government spending remained at roughly 28% of GDP. Gross financial liabilities as a percentage of nominal GDP was projected to decrease from 39.7% in 2016 to 39.1% in 2017 to 38.2% in 2018.

The new government’s first budget was focused on expanding or rebuilding public services, especially in the health care and education sectors. Major announcements in the budget included a NZD3.2 billion increase in health spending, a commitment to build an extra 1,600 properties for public housing every year (a goal the government missed by almost 1,200 properties in 2018), and cheaper doctors’ visits for half a million people (and free visits for those under 14). Early childhood education was projected to receive an extra NZD590.2 million over four years. Further expenditure included NZD284 million for children with special needs and NZD394 million for new classrooms and teachers. The government also allocated NZD450 million for the establishment of new schools.

Research, Innovation and Infrastructure

The OECD has identified deficiencies in the New Zealand government’s commitment to R&D strategies and expenditure, high-technology employment and patent indicators. The problem stems from New Zealand’s small size and geographic isolation, as well as the absence of large companies operating at an international level. While the National-led government increased spending on tertiary training in engineering and science, as well as increasing domestic expenditure on R&D as a percentage of GDP (1.3%), New Zealand is ranked low on these metrics among OECD countries, including that of its closest economic partner, Australia. On 19 April 2018 the Minister for Research, Science and Innovation announced that, from 1 April 2019, a 12.5% tax credit on eligible expenditure would be available for businesses spending more than NZD100,000 a year on R&D. However, critics consider the 12.5% rate inadequate. Moreover, it is felt that the “science test” which determines eligibility will serve as too much of a deterrent, especially for software firms. Other new research and innovation initiatives include a Green Investment Fund of NZD100 million to help the transition to a low-carbon economy and NZD45 million funding toward healthier homes. In addition to allocating over
NZD1 billion in R&D tax incentives to encourage business to innovate, the government signaled its focus on lifting R&D spending to 2% of GDP over the next 10 years.

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. The Inland Revenue department’s audit activities focus on cases in which multinationals appear to be avoiding taxes. Since 2016, New Zealand has been a member of the OECD initiative to allow all participating tax jurisdictions to exchange information on the economic activity of multinational corporations among participating countries. In 2017, it signed the OECD Multilateral Convention to Implement Tax Treaty-Related Measures to Prevent Base Erosion and Profit Shifting (known as the Multilateral Instrument). Both the National and the Labour-led governments entered into free trade agreements. For instance, in June 2017 New Zealand launched free trade agreement (FTA) negotiations with the Pacific Alliance (Chile, Colombia, Mexico and Peru) and was an initiator of the 11-member Trans-Pacific Partnership Agreement (TPP). The Labour-led government announced its decision to proceed with TPP-11, after the United States had withdrawn from the TPP agreement. Furthermore, it has entered talks with the European Union concerning a FTA and has signaled an interest in a separate trade arrangement with Britain in the event that it leaves the EU.

Citation:
II. Social Policies

Education

New Zealand’s education policy continues to deliver high quality, equitable and efficient education and training. According to the OECD’s Education at a Glance 2018 Report, performances across all levels of New Zealand’s education sector compare well with those in other developed countries, especially in relation to early childhood achievement. Young New Zealanders are more likely to leave school sooner, entering the workforce and perhaps returning to further education when they’re older. Accordingly, employment rates for youth are high relative to other OECD countries. While New Zealand spends less per student than the OECD average, as a percentage of total public expenditure it remains one of the highest in the OECD.

Literacy and problem-solving in technology-rich environments are higher than OECD averages across all education levels, while numeracy skills are closer to the OECD average. Around 14% of tertiary qualified adults in New Zealand have a qualification in engineering, manufacturing or construction, compared with an average of 18% across OECD countries. This group is closely followed by graduates with a qualification in science, mathematics or computing, at 13% some two percentage points above the OECD average.

Teacher statutory salaries start lower than the OECD average, although they increase faster. However, they reach a maximum level lower than the OECD average. The gap between the salaries of teachers and other similarly-educated workers is smaller in New Zealand than it is in many other OECD countries.

Although public investment in tertiary education is high, an increasing proportion of it goes to students as loans and grants rather than as direct funding to institutions. As a result, public expenditure on tertiary education as a percentage of total public spending remains one of the highest in the OECD. International students are a key feature of the national education system. New Zealand has a large proportion of tertiary students who are international students, especially at doctoral level where 45% of students are international students.

Participation in vocational programs is also high, as are levels of part-time study and adult participation rates in non-formal education. While today’s
adults are significantly more educated than their parents across all OECD countries, New Zealand’s educational upward mobility has been faster than the OECD average, which partly reflects higher levels of qualified immigrants in New Zealand than in most other OECD countries.

During the 2017 election campaign, Labour promised fee-free tertiary education for first year students. In contrast, the first budget of the new government failed to hand out new operational funding for universities and polytechnics. Another campaign promise concerned the abolition of National Standards in schools and from 2019 schools will no longer have to report on them annually. The decision was welcomed by the teachers’ and principals’ unions but opposed by the opposition National and ACT parties, which argued that this would make it more difficult to secure the promised improvement in student achievement. In spring 2018, the government also introduced legislation to shut down charter schools. This prompted strong criticism, including from Māori educators who had helped to set up some of these schools. Eventually, a compromise allowed charter schools to stay open, with the proviso that they seek approval as special character state schools – which almost all have done.

Citation:

Social Inclusion

New Zealand has a long tradition of support for a more egalitarian society. Governments have established a comprehensive system of social security benefits, including income support. Increased efforts have been made to reduce general disparities, most evident between New Zealand Europeans and the Māori, Asian and Pasifika populations. With regard to gender equality, based on the ratio of female-to-male earned income, New Zealand has slipped back in recent years, although a pay gap of 9.4% in the June 2017 quarter, dipping slightly to 9.2% in June 2018, places New Zealand in the top third among the OECD countries. The gender pay gap in the New Zealand Public Service is currently larger than the national average (around 12.5%). The rate of unemployment among Māori youth decreased in 2018, though it is still
significantly higher than the national average.

In recent years, there has been growing public awareness of the incidence of child poverty. Despite efforts to target resources to low-income families and beneficiaries, child poverty levels remain high. The Labour-led government has promised to halve child poverty over the next 10 years. There are doubts as to whether this is a realistic goal, but new policy measures have been implemented, including cash and housing assistance to low-income families, winter energy improvements in rental accommodation, and new benefits for newborns. Housing is an ongoing and substantial social problem, especially for low-income families. Coupled with the high costs involved in renting or owning a residential property, low-income families often live in unhealthy, substandard accommodation. Today, the median house price in Auckland is about 10 times the median household income. In 2017 the incoming Labour-NZ First government pledged to build 100,000 affordable houses within the next ten years. More importantly, it passed a ban on foreign buying of residential homes (excluding Australians and Singaporeans). Whether these measures will improve access to affordable, quality housing for low-and middle-income families remains unclear. Early indications would suggest that the goal of 10,000 affordable homes per year is excessively ambitious.

Citation:

Health

New Zealand’s public health care policies achieve high-quality and inclusive health care for most citizens but, similar to other OECD countries, cost efficiency and long-term public spending pressures remain an issue. The OECD points out that the largest projected long-term public spending pressure is health care, which is expected to jump from 6.2% of GDP in 2015 to 9.7% of GDP by 2060, owing to both aging demographics and the expected increase in expensive new treatments. The gap in health status between Māori and non-Māori is still substantial. Much has to do with differences in behavior and lifestyle, particularly regarding smoking-related illnesses and obesity. During the 2017 election campaign, the three parties that now represent the government announced plans to improve primary care. In particular, Labour committed to increase the intake to 300 GP training places per year and to
initiate a review of primary care funding. In May 2018, the new government announced a review of the health and disability system with a report due to be published in 2020. Health was the main winner in the governments first, cautious budget, goals for which included a NZD1.52 billion increase in health spending for the 2018-19 year (the 2017 National government had increased funding by NZD825 million). The majority of the new funding is for capital investments in building and restoring hospital buildings (NZD750 million) and boosting the support fund for District Health Boards in deficit (extra NZD100 million). Other measures included extending coverage of free doctors’ visits and prescriptions to children up to the age of 13 years (resulting in free visits to an estimated 56,000 extra children), and extending access to low-cost doctors’ visits for those low-income New Zealanders holding Community Services Cards.

Citation:

Families

While the labor force participation rate for women is increasing, it remains below the OECD average. The gender wage gap is narrowing. Participation of women in the labor force, including business and politics, is still well below that of men. Family violence remains a problem in New Zealand. In September 2018, the so-called Family and Whānau Violence Legislation Bill passed its second reading in parliament with unanimous support, although the bill had not been passed and enacted by the end of the review period. In July 2018, implementation of a new Families Package (signed into law in December 2017) began. Its provisions include: increasing the rate of paid parental leave from 22 to 26 weeks from July 2020; the introduction of a Winter Energy Payment for beneficiaries including pensioners; a NZD60-per-week payment to low and middle-income families with babies and toddlers; reinstating the Independent Earner Tax Credit; and increasing benefits for orphans, unsupported children and foster careers. When the package is fully implemented in 2020, it is estimated that 384,000 families will benefit.

Citation:
Pensions

New Zealand’s pension system is tax-based. The universal pension for those aged 65 and over is neither income nor asset tested. 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. According to the OECD, 10.6% of over 65s in New Zealand were considered to be living in poverty compared to the OECD average of 12.5%. However, among those 76 and over, 15% were in poverty compared to 13.9% across the OECD.

The most recent innovation in this area is KiwiSaver, introduced in 2007, a publicly-subsidized private pension plan offered on a voluntary basis. KiwiSaver has come under public scrutiny because of a perceived lack of transparency around account fee charges. Another public debate concerns where the KiwiSaver funds are invested. For example, it was revealed that KiwiSaver had been investing in tobacco and weapons’ companies.

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, especially if the government sticks to its plan to reduce immigration by substantial numbers. New Zealand’s recent history of economic downturn and rising unemployment discouraged private saving. As conditions have improved, however, the issues of intergenerational equity and affordability have focused attention on reform. The 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. In March 2017, the National-led government published plans to lift the pension age from 65 to 67 by 2040 and require migrants to live in New Zealand for 20 years, rather than 10, before becoming eligible for a pension. These plans notwithstanding, under the Labour-led government the age of eligibility for New Zealand Superannuation is set to remain at 65.

Citation:
Integration

New Zealand is a prime destination for immigrants. Typically, New Zealand attracts between 40,000 and 50,000 new immigrants each year. 2017 saw a record net permanent and long-term migration into New Zealand of approximately 70,000 persons. International Travel and Migration statistics showed an actual net gain of 63,000 migrants from January to August, down from 72,000 in the year to August 2017.

The increasing numbers of immigrants who become New Zealand citizens reflects the country’s willingness to promote integration. Based on labor market and education system indicators, integration policy has been moderately successful. New legislation was enacted in 2015 to ensure that migrant workers had the same employment rights as all other workers in New Zealand. These measures are reflected in the views of most immigrants who are satisfied with their situation. According to statistics collected by New Zealand’s General Social Survey, 87% of immigrants feel fully integrated and perceive no significant differences in economic living standards compared with the native-born population. The government expects that the Immigration Global Management System (IGMS) and the Global Service Delivery Model (GSDM) will improve matters further. In April 2016, the new Global Impact Visa policy was announced. It is a collaborative public-private sector approach to attract international applicants with sought-after skills. To some degree, the overall positive performance has to do with the fact that New Zealand employs a points-based selection system that helps to attract immigrants who are relatively self-sufficient financially and can be easily integrated into the labor market. Indeed, the Immigration Act 2009 clearly stated for the first time that skilled immigration is preferred in New Zealand. 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. Despite agreeing to the UN Global Compact for Migration (UNGCM) in December 2018, the coalition government emphasized that it will stick to its longer-term plan to target a reduction in net immigration of 20,000-30,000 people per year, by tightening up on work and international student visas. The NZ First party, which is known for its conservative stance on immigration, will continue to push for even lower immigration during the present government’s term.

There are a number of reasons for the shift in New Zealand’s immigration policy. Primary among these is the strain on the main urban centers caused by the rising population, which has been led by inward migration. Property prices
in Auckland and other cities have increased exponentially in the past few years, which has made houses unaffordable for many citizens, generating discontent. Congestion on the roads and public transport systems has increased, while growing demand has affected the delivery of key public services like health and education. The government believes that lower immigration would reduce the pressure on the housing market and other infrastructure. However, critics warn that tighter immigration policy could result in slower economic growth and an aging population. Despite its commitment to reduced migration, the Labour-NZ First government has been under growing pressure to attract new immigrants in such fields as construction, teaching and the health sector. Achieving a balance between the demands of its populist junior coalition partner and the needs of a growing economy has been one of the Labour-led government’s greatest challenges.

Citation:

Safe Living

New Zealand’s internal security is the responsibility of the police. Internal security threats are also addressed through a Combined Threat Assessment Group (CTAG) which involves staff seconded from the NZ Security Intelligence Service (NZSIS), the New Zealand Police, the New Zealand Defense Force, the Government Communications Security Bureau (GCSB), the New Zealand Customs Service and Maritime New Zealand. CTAG provides assessments on terrorist or criminal threats intended to create physical harm to New Zealand citizens or affect New Zealand interests at home or overseas, based on all information sources within the New Zealand government. The NZSIS and the GCSB provide advisory services. In August 2016, the New Zealand Intelligence and Security Bill 2016 was introduced. The bill has reformed legislation and enhanced transparency of New Zealand’s intelligence and security agencies. Expenditures for public order and safety are relatively high and growing. Crime is a salient issue for New Zealanders. Recent crime statistics show a considerable decline in criminal offenses – partly as a result of an aging society in which the age groups that statistically commit more crimes are shrinking, and partly as a consequence of increased expenditures for police, criminal justice and prison services. However, there was a minor increase in the victimization rate for the last couple of years due to an increase in burglaries. Due to internal opposition from NZ First, the new
government abandoned efforts to appeal the Sentencing and Parole Reform Act 2010 (the so-called “three strikes law”).

**Global Inequalities**

New Zealand is committed to tackling global socioeconomic inequalities. The Commitment to Development Index 2017 (Center for Global Development), which compares 27 of the world’s richest countries on their dedication to policies that benefit people living in poorer nations, ranked the country 10th.

Free access to global markets for developing countries is high on the government’s agenda. 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.

The change of government in October 2017 brought a fresh commitment to multilateralism and to international cooperation among open societies. The new government took steps to shore up aid to Pacific Islands, in order to counter growing Chinese influence in the region. The 2018 budget saw a boost of nearly NZD 1 billion over four years for Foreign Affairs, mainly for development assistance in the Pacific.

New Zealand is one of around 37 countries that take part in the United Nations High Commissioner for Refugees (UNHCR) regular refugee resettlement program. Each year New Zealand resettles 750 refugees – since July 2018: 1,000 – through the Refugee Quota Program. The quota will rise to 1,500 refugees in 2020. The Labour-led government also created a special refugee visa category to resettle Pacific Islanders displaced by climate change. Finally, after some reluctance, New Zealand signed the UNGCM in December 2018. The main opposition, the National party, has opposed New Zealand’s agreement to the UNGCM. Its leader has said that the party would pull the country out of the pact if it comes to power following parliamentary elections due by November 2020.

Citation:

III. Environmental Policies

Environment

The performance of New Zealand’s environmental policy is mixed. In the 2018 Environmental Performance Index, the country slid to 17th (from 11th in 2016). Among the countries in the pacific region, New Zealand is at the top of the group for demonstrating “strong overall environmental performance.” However, in the group of OECD countries, it holds only an average overall position. The OECD’s third Environmental Performance Report, released in March 2017, lead to increased public concern over New Zealand’s environmental situation. According to the report, New Zealand’s strong economic growth comes partly at the expense of environmental quality, which puts the country’s hard-earned green reputation at risk. Central concerns include rising greenhouse gas emissions and declining freshwater quality.

With regard to New Zealand’s record on climate change, it is important to note that the country’s position is somewhat unique. New Zealand produces a fraction of the world’s carbon emissions – 0.17%. At the same time, however, the country’s largest emitter is methane from farm animals belching. According to the OECD, New Zealand has the highest share of emissions from agriculture among the 35 OECD member countries. The main policy tool for tackling greenhouse gas emissions is New Zealand’s Emissions Trading Scheme. However, the effectiveness of the scheme is limited, as biological emissions from agriculture and transitional arrangements are excluded.

Other areas of concern include water usage and management and greenhouse gas emissions. Due to strong resistance from NZ First during the coalition-building negotiations, a party whose voter support comes disproportionately from rural and provincial town electorates, Labour agreed to drop its proposal for a water tax on farmers. However, the two parties did agree on a tax on exported bottled water. Moreover, the government banned future offshore oil and gas exploration in NZ (part of the coalition agreement between Labour and the Greens). However, existing permits for 22 for offshore oil and gas exploration are unaffected.

Prior to the change of government, environmentalists accused the National-led government of pandering to farmers, especially the rapidly expanding dairy industry, who are among the National’s strongest supporters. The National party were also accused of failing to take a strong stance to support
international environmental agreements such as the Kyoto Protocol. Since October 2017, the Green party holds ministerial responsibility for climate change issues. There is no doubt that climate change policy was significantly strengthened under the new government. Following the British approach and modeled on the UK’s 2008 Climate Change Act, the new government seems committed to pass and implement a Zero Carbon policy. The government will seek to meet that goal by putting a climate-change target into law and by establishing an independent Climate Commission. On 17 April 2018, the Climate Change Minister announced the terms of reference and membership of the Interim Climate Change Committee. The cabinet has agreed to a process of consultation, beginning in June 2018, before the Zero Carbon Bill is introduced. The bill is planned to become law in 2020, though the carbon-neutral-by-2050 goal might not become part of the Zero Carbon Act itself.


Young, Audrey (11 April 2018). “Prime Minister Jacinda Ardern bans new offshore oil and gas exploration in New Zealand.” New Zealand Herald.

Global Environmental Protection

New Zealand has a mixed record with respect to its contribution to the global environmental protection regime. After initially committing to the Kyoto protocol, a change of government resulted in the decision to withdraw from the treaty. Nevertheless, the National-led government did commit to reducing emissions to 30% below 2005 levels by 2030. On the other hand, it was pointed out that the country would not be able to achieve this goal if the offsetting effects of its forestry policies were to be excluded. In accordance with the Paris Agreement on climate change, New Zealand committed to reducing greenhouse gas emissions to 5% below 1990 levels by 2020 – the new post-2020 target is equivalent to 11% below 1990 levels by 2030. The government ratified the Paris Agreement on climate change in October 2016. It also announced that New Zealand would ratify the Doha Amendment to the Kyoto Protocol and continue to apply the Kyoto rules under the United Nations Framework Convention on Climate Change. The formal ratification took place in November 2016. After the U.S. government announced its withdrawal from the Paris Agreement, the government reiterated its commitment to the Agreement.
Quality of Democracy

Electoral Processes

New Zealand has a rich history of free and fair elections and the electoral process is characterized by a very high level of integrity. The registration procedure for political parties and individual candidates in New Zealand, as specified in the 1993 Electoral Act, is fair and transparent. Following the Electoral (Administration) Amendment Act 2010, the tasks of the Electoral Commission and of the Chief Electoral Office have been combined within the Electoral Commission, which started work in October 2010. The Election Integrity Project, which measures each state of the electoral cycle by standardized 100-point scores, rated the integrity quality of 2017 parliamentary election as very high and noted especially high quality in the areas of party registration, candidate procedure, district boundaries, vote counting and autonomy of the election management body. However, deficits have been noted in regard to voter registration, media access for political parties and campaign financing).

The Electoral Act specifies that registered political parties follow democratic procedures when selecting parliamentary candidates. While the two major parties adopt a mixture of delegate and committee systems when making their selections, the Greens give their membership the final say. The other small parties by contrast tend to be more centralized both in the way they select constituency candidates and in the compilation of their party lists. In September 2018 parliament passed, with the votes of the Greens, New Zealand First and Labour, a controversial amendment to the Electoral Integrity Bill (so-called “waka-jumping bill”). The bill, which was initially opposed by the Greens, had its roots in the defection of several members of parliament from the small parties, especially New Zealand First. The bill required that members of parliament who are expelled from or quit their party will automatically lose their seat, thereby triggering a by-election. Critics argue that this amendment will enable political parties to limit freedom of speech and ignore or reverse the will of voters. Supporters, on the other hand, argue that allowing parliamentarians to leave their parties while remaining in parliament distorts the proportionality of parliament and frustrates the will of affected voters.
According to the 2017 Election Integrity report, media coverage (together with campaign finance) was evaluated to be relatively poor in comparison with equivalent democracies in Asia and Oceania and western Europe. With a score of 48 (on a scale from 0 to 100), New Zealand was evaluated worse than South Korea (56) and Japan (52) and equal to the United Kingdom. Major issues are the allocation of election broadcasting time based on criteria that favor the two largest parties, leading to unequal access to funds for political campaign broadcasts and a potentially undue influence exercised by non-party actors. Although in some previous elections televised debates included the leaders of all parliamentary parties, during the 2017 general election the main debates were restricted to the leaders of the two major parties, with the leaders of the largest of the small parties being invited to debate separately (NZ First’s Winston Peters declined to participate). A formal complaint over the exclusion of small parties from the debate was rejected by the courts. In addition to concerns about the fair treatment of minor parties in a multiparty system, the two-tiered arrangement was criticized for thwarting discussion about possible combinations for any future multiparty government. In fact, in its report on the 2017 election, the Election Commission again recommended “that Parliament considers whether the allocation criteria and the current broadcasting regime are fit for purpose.”

New Zealand’s electoral process is inclusive and voter registration and voting process is non-discriminatory. Since 1974, the voting age has been 18 years. Discussions concerning lowering the voting age to 16 have seen little progress. Permanent residents of 12 months standing are given the right to vote in national elections. For those who move offshore, they remain eligible to vote, providing they return home every twelve months. Citizens who live elsewhere retain their eligibility for three years. While it is compulsory to register to vote, the act of voting is voluntary (despite facing a potential fine, a growing
number of young voters choose not to register). Indigenous Māori may register to vote on either the Māori electoral roll or the general roll. There are seven designated Māori seats in the current legislature (separate Māori representation was introduced in 1867). Additional Māori representatives are elected on the general roll. Electoral boundaries are redistributed every five years. Beyond legal regulations, there are focused and ongoing activities, 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%, in 2014 turnout increased for the first time since 2005. This positive trend continued with turnout for the 2017 election reaching 79.8%, with many voters (47%) voting in advance. Registering for an election can be done electronically. Registered voters then receive an “easy vote” pack with further voting information. However, the Election Commission Report on the 2017 election mentions the need for further “streamlining [of] the special vote process to reduce the impact of the growth of special votes on the timeliness of election results, providing a more accessible online enrollment option to reduce late enrollment, removing restrictions on voting place locations, and addressing barriers that affect voters on the unpublished roll, remote and disabled voters.” Relevant topics of current discussion include extending voting rights to prison inmates.

Citation:
Raymond Miller, Democracy in New Zealand, Auckland, Auckland University Press, 2015, chapters 1, 5 and 9.

Party Financing
Score: 8

Party financing and electoral campaign financing are monitored by the Electoral Commission. Registered parties have upper limits regarding election campaign financing (including by-elections). Upper limits for anonymous donations as well as donations from abroad are comparatively low (NZD1500). The long-standing public-private mix of party financing continues to draw criticism. Private funding in particular is criticized for being insufficiently transparent and unfair to less well-off parties or smaller parties lacking access to parliamentary sources of personnel and funding. According to a research report published in late 2017, more than half of all donations over NZD1500 in 2011-2016 came as donations of NZD15,000 or more. Unsurprisingly, the National party received more donations than Labour, NZ First and the Greens combined, mainly due to the large number of donations of more than NZD5,000. In October 2018, the Justice Minister announced that his government would consider changing the political funding rules, including
lowering the threshold for anonymous donations (NZD1000), introducing a cap for individual donations (NZD35,000) and banning overseas donations. Yet, it is important to distinguish private donations (made primarily by individual donors) from parliamentary funding. For example, NZ First received NZD0.3 million in donations, but NZD11.5 million in parliamentary funding in the fiscal year 2017-2018.

Citation:

Popular Decision-Making Score: 5

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

After the 2017 election, the Greens, Labour and NZ First agreed to hold a referendum on recreational marijuana before or at the 2020 election. In December 2017, the government announced that it would be holding a binding referendum on legalizing the personal use of cannabis during the 2020 general election. However, in November 2018, the Justice Minister announced the government would consider rolling several referendums together: that is, euthanasia (“end of life choice” in the case of terminal illness); the MMP system of governance; and the legalization of recreational marijuana.

Citation:

Access to Information

Freedom of the media is regulated by the Broadcasting Standards Authority. Both public and private media are independent from political parties and the government. Media freedom is also safeguarded by the New Zealand Press
Council, an independent organization that hears complaints from consumers and publishes annual reports. There is an ongoing discussion whether the current situation adequately deals with new media as well as traditional media outlets. In recent years, there have been a number of scandals that led organizations such as Reporters Without Borders (RSF) to downgrade press freedom in New Zealand. However, in the most recent 2018 report, the country improved from 13th to 8th. While the media is mostly free from political pressure, economic factors such as concentrated media ownership are a constant danger for an independent and pluralistic media. In this regard, the decision of the Commerce Commission to reject the merger of the country’s two biggest media groups, NZME and Fairfax, was crucial. Journalists and media organizations are demanding amendments to the Official Information Act, which, in their opinion give government agencies undue leverage to respond to information requests. The new Labour-led government announced its willingness to improve protection for whistleblowers; so far, the government has not followed through with legislative initiatives.

Citation:

New Zealand’s media market is only partly competitive. The national media market is dominated by a small number of mostly foreign companies (mainly from Australia), though there are two public television stations (Māori TV, TVNZ) and one national, commercial-free, public radio station called Radio New Zealand (RNZ). The combined audience reach of RNZ’s main programs showed an increase in three consecutive surveys and the latest survey showed a 12% share of the total radio audience in the country.

Sky TV monopolizes pay TV. In September 2016, two Australian media giants, Fairfax and APN, signed a deal to merge their New Zealand businesses, Fairfax NZ and NZME respectively. The Commerce Commission rejected the merger in May of 2017, raising doubts about whether or not this amounted to a win or loss situation for democracy. In September 2018, the Court of Appeal also ruled against an NZME-Stuff merger, which brought that merger to a conclusion.

Bloggers have gained prominence as an alternative to traditional media offers. Some of them concern themselves with political affairs and receive high numbers of visitors. Despite this development, continued constraints on media
funding help prevent a strong investigative reporting culture from developing. With regard to print media, NZME and Stuff enjoy a duopoly control over the national print newspaper market. The combined marked share of the two companies was estimated at nearly 90% in 2016 (latest available data). Furthermore, 2017-2018 saw a substantial decline in the circulation of newspapers: 20% combined circulation loss for the four largest daily newspapers and 15 regionals. In 2018, Stuff closed more than 35% of its print newspapers and announced additional cuts in community papers. In contrast to the shrinking print newspaper market, the digital news market consolidated and expanded. In addition to digital sites of conventional newspapers, there are multiple independently owned digital media outlets which provide at least some news content. On a positive note, the ethnic media market continued to expand in 2018.

Citation:

Access to government information is regulated by the Official Information Act 1982, which has been reviewed several times. There are restrictions with regard to the protection of the public interest (for example, national security or international relations) and the preservation of personal privacy. There are clear procedures for how queries are handled by public bodies, including a time frame of 20 working days to respond. The Office of the Ombudsman reviews denials of access upon request. Following a number of precedent-setting decisions by the office in recent years, access to official information is now far-reaching, including access to politically sensitive communications between political advisers and ministers as soon as these communications are made. According to the Chief Ombudsman, the number of Official Information Act (OIA) complaints made to the Ombudsman had increased by 30% in the first half of 2018 compared to the equivalent 2016 period (OIA complaints data, covering the six months to December 2018, will be released in March 2019). Most of the complaints were in respect of agencies refusing or delaying their responses to requests.

The OIA scores 94 out of 150 according to the Global Right to Information (RTI) rating, and is the highest among developed, English-speaking countries. However, government agencies have been criticized for taking longer periods of time to respond to information requests than allowed by the OIA. Compliance by agencies and ministers with OIA continues to be a public
concern. The independent authority, the Office of the Chief Ombudsman, publishes biannual data on OIA complaints against ministers and agencies. The previous IRM report recommended reforming the OIA to improve public access to information. Commitment 2 in the current action plan focuses on improving government agency practices around requests for official information, but the action plan falls short of addressing a comprehensive reform of the law.

Citation:

Civil Rights and Political Liberties

New Zealand has a well-institutionalized liberal democracy with fully implemented and protected civil rights. Based on the Bill of Rights Act 1990 and the Human Rights Act 1993, the Human Rights Commission actively promotes compliance with civil and human rights by public bodies and in society. The government enforces strong legislation protecting the rights of LGBT (lesbian, gay, bisexual, and transgender) individuals. 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. 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. According to the Child Poverty Monitor 2018 Technical Report, almost one out of three children in New Zealand were living in poverty in 2017, with children of Māori and Pacific Islander descent being particularly vulnerable. The Labour-led government has made fighting child poverty a priority, a condition that is widely considered to be a threat to the human rights of large numbers of New Zealand children.

The powers of the Government Communications Security Bureau (GCSB) to conduct surveillance on New Zealanders has recently been the subject of scrutiny by civil rights, internet and legal groups, including the New Zealand Law Society. New Zealand continues to be an active member of the so-called Five Eyes network, a government-level alliance that shares intelligence information on a global scale. The New Zealand Intelligence and Security Bill 2016 modifies existing legislation and enhances transparency of New
Zealand’s intelligence and security agencies. The introduction of the bill resulted in a significant increase in the scope and powers of the GCSB. According to the Human Rights Commission, although the bill represents a significant improvement to legislation, “there are aspects of the bill which are still of concern,” notably the definition of national security. The 2017 Intelligence and Security Act brings the GCSB and the NZ Security Intelligence Service (SIS) under the same law. In a fundamental shift in policy, it permits the GCSB to monitor New Zealanders if national security issues are at stake.

Citation:

Political Liberties
Score: 10

Political liberties are effectively protected under the Bill of Rights Act 1990. Those who believe that their rights have been infringed upon can file a suit before the High Court. Although the bill has the status of ordinary law and can be amended or repealed by a simple majority of parliament, every effort has been made to protect and enhance the integrity of the bill as a fundamental feature of New Zealand’s constitutional arrangements. In addition, the New Zealand Council of Civil Liberties is an active, non-governmental organization that promotes these liberties. Freedom House assesses the situation of political rights in New Zealand as excellent.

Non-discrimination
Score: 8

Anti-discrimination legislation is outlined in a number of acts, including the New Zealand Bill of Rights Act 1990, the Privacy Act 1993, and the Human Rights Amendment Act 2011 (establishing the position of a full-time disability rights commissioner within the Human Rights Commission). The Human Rights Act protects all people in New Zealand from discrimination including on the basis of gender, religion, ethnicity and sexual orientation. However, Māori – who account for approximately 16% of the population – are disproportionately represented in the prison population (about 50% of the total prison population as of December 2017) and all detention centers, 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 Māori 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 Māori groups claiming that Māori had a rightful claim to the title, based on the Treaty of Waitangi. Māori and Pacific Islanders also experience occasional discrimination in the education and health system. As Amnesty International reported in its 2017-2018 report, the Waitangi Tribunal, a permanent commission of inquiry, found that the government had failed to prioritize the reduction of the high rate of recidivism among Māori and had breached its Treaty of Waitangi obligations. The commission called for urgent practical action to reduce the number.

Citation:

Rule of Law

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

The scattered and incomplete nature of these documents notwithstanding, New Zealand constantly receives the highest scores in comparative measures of the quality, consistency and transparency of the rule of law.

Citation:

Judicial Review

Score: 10

New Zealand does not have a Constitutional Court with the absolute right of judicial review. While it is the role of the judiciary to interpret the laws and
challenge the authority of the executive where it exceeds its parliamentary powers, the judiciary cannot declare parliamentary decisions unconstitutional. This is because under the Westminster system of which many Commonwealth countries are a part, parliament is sovereign. On the other hand, the courts may ask parliament to provide clarification of its decisions. The judicial system is hierarchical, with the possibility of appeal. Since 2003, New Zealand’s highest court has been the Supreme Court, taking the place of the Judicial Committee of the Privy Council in London that had in the past heard appeals from New Zealand. Still, legislative action is not justiciable in the High Court under the existing constitutional arrangements; parliament remains supreme in law. Yet, there are reform discussions which refer to the enhancement of judicial power to consider the constitutionality of legislation, and to invalidate it where necessary. An institution specific to the country is the Māori Land Court, which hears cases relating to Māori land (about 5% of the total area of the country). Equally important is a strong culture of respect for the legal system.

Citation:


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

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

Citation:
Paul Bellamy and John Henderson, Democracy in New Zealand (Christchurch: MacMillan Brown Centre for Pacific Studies, 2002).
New Zealand’s public sector is one of the least corrupt in the world. There is a very low risk of encountering corruption in the public service, police or the judicial system. Prevention of corruption is strongly safeguarded by such independent institutions as the auditor general and the Office of the Ombudsman. In addition, New Zealand has ratified all relevant international anti-bribery conventions of the OECD and the United Nations. Corruption is also low in the private sector, though critical studies point to some problems, for example in the construction and housing markets. The Deloitte Bribery and Corruption Survey 2017 (the next survey will be published in early 2019) found that approximately 20% of New Zealand companies surveyed had detected some form of corruption – about the same level as the previous survey two years before.

Citation:
Governance

I. Executive Capacity

Strategic Capacity

New Zealand has unique constitutional arrangements resulting in a significant concentration of power in the cabinet and a highly cohesive system of cabinet government. The core executive in New Zealand is organized according to new public-management approaches and methods. Most importantly, contracts are negotiated between ministers and chief executives. With the large number of government departments and ministers (26, with a further three undersecretaries), most of whom are responsible for several portfolios, taking a whole-of-government approach to policy development can be complex and time-consuming. 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 prime minister can draw on only moderate strategic-planning capacity (in the form of a policy-advisory group) vis-à-vis ministers. Ad hoc groups, often including some outside expertise, are increasingly used to complement government agencies’ policy-advisory function.

In 2014, prompted by evidence of widespread inconsistency in the quality of policy advice being produced across agencies, the New Zealand government launched the Policy Project. This deployed analytical tools and frameworks to investigate current practice in policy design to improve the quality of policy advice across the whole of government. Through collaborative methods, the
Policy Project identified and codified what quality policy advice looks like and the skills and processes needed to produce it. The Policy Project has produced a number of policy improvement frameworks, which were launched by the prime minister of New Zealand in 2016.

The unprecedented character of the Labour-NZ First coalition, with support from the Green party, constitutes new challenges in terms of strategic capacity because of a lack of experience on the government’s side. Only three of the Labour Party’s ministers and two of the NZ First members of parliament have previously held ministerial office. The Green party, which holds three ministerial positions outside of cabinet, has no member with previous ministerial experience.

In terms of frequency and intensity of policy advice, the relevance of external academic experts for governmental policymaking depends on the subject area. Non-governmental academics with technical expertise can have a significant role in policy areas such as health, energy, social policy and tertiary education. In general, the importance of scholarly advice is increasing. The most recent initiatives in this regard include the establishment of a Māori Language Advisory Group and an expert panel tasked with overseeing the overhaul of Child, Youth and Family, a service agency subordinate to the Ministry of Social Development. One of the innovations of the Labour-NZ First coalition government was the creation of the Interim Climate Change Committee in April 2018. The ICCC is an independent ministerial advisory body created to explore how New Zealand transitions to a net zero emissions economy by 2050. It will be superseded and replaced by an independent Climate Change Commission under the Zero Carbon Act in May 2019. Another government initiative was the formation of a Tax Working Group, which reported back in support of the introduction of a capital gains tax in February 2019.

Interministerial Coordination

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

To support the prime minister and her government’s priorities, DPMC added two new units in 2018: the Child Poverty Unit (CPU) and the Child Well-being Unit (CWU). DPMC’s wider Policy Advisory Group continues to play a crucial role in aligning the public service’s effort in supporting the government’s priorities and providing free and frank advice to the prime minister on all items of government business.

Citation:

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 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 2017 to 30 June 2018, the full cabinet met 44 times while cabinet committees met 139 times. A revised cabinet committee structure was implemented in October 2017 following the formation of the government after the general election. The overall number of committees remained ten, but seven out of ten committees were discontinued or superseded. Key committees are now the Cabinet Legislation Committee, the Committee on Economic Development and the Cabinet Environment, Energy and Climate Committee.

Citation:
The cabinet process is overseen by the cabinet office on the basis of clear guidelines. Under the new Labour-NZ First coalition, the so-called Cabinet Office Circular CO (17) 10 provides practical guidance for ministers and departments on implementing the coalition agreement between Labour and New Zealand First and the confidence and supply agreement between Labour and the Green party. 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.

Citation:

In addition to formal coordination, there are a number of informal channels between coalition partners, government and legislative support parties (parliamentary rather than extra-parliamentary), and ministers and their parliamentary advisers. Although media commentary tends to not draw a distinction between formal coalitions (e.g., Labour/NZ First 2017-present) and non-coalition support parties (e.g., Greens 2017-present), the Cabinet Manual seeks to at least formally clarify which procedures should be used as a guideline in case of informal coordination. It is important to mention, however, that the coordination process is largely limited to party leadership and excludes the extra-parliamentary wing of the party (i.e., party members, activists and officials).

Citation:

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

Citation:
https://www.digital.govt.nz/

Evidence-based Instruments

New Zealand introduced a regulatory impact assessment (RIA) regime in the period 1997-2008. The National government introduced guidelines in late 2009, with the effect that RIAs are systematically undertaken for any policy activity involving options that may result in a paper being submitted to the cabinet and may accordingly lead to draft legislation. This aims at restricting new regulations to those that the government sees as necessary, sensible and robust, while avoiding regulations that are ineffective and costly. The Labour-NZ First coalition implemented a number of routine updates and amendments to the legal framework.

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

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

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

The quality of RISs, while improving, remains unclear. The Treasury’s RIS on the proposed Regulatory Responsibility Act commented “We all know that the analysis we see in Regulatory Impact Statements (RISs) is often not of the highest standard and as a consequence is little used or valued” (Ayto 2011). The Treasury estimates that in 2012 only 62% of RIAs fully met cabinet requirements and subsequent reviews “suggest that the quality of RISs has not improved” (Sapere Research Group 2015).

Citation:

Without using the term “sustainability,” the regulatory impact assessment (RIA) process includes major aspects of this concept. Part of the quality-assurance monitoring process is to check whether all substantive economic, social and environmental impacts have been identified (and quantified where feasible). In addition, it is an integral part of RIAs to plan for regulatory-instrument reviews that consider, among others, if if there is still a problem and if objectives are being met.
Despite the dominant role of ex-ante RIAs, steps are also taken to implement ex-post RIAs. However, the quality of ex-post-evaluation of public policies remains unclear. They are not mandatory and there is no established methodology for conducting them. Introducing systematic reviews of regulation could potentially help strengthen the policymaking process. There is little evidence to assume that this has changed in the review period of the SGI 2019.

Societal Consultation

New Zealand has a strong tradition of broad policy consultation with interest groups and with its citizens, both at the national and the local levels, and consultation is mandated in many cases under the Local Government Act 2002. Consultation is also commonly used by central government agencies with respect to new policy initiatives. There is no general legal requirement for consultation in the regulatory process, but consultation is an explicit policy of the government, embedded within New Zealand’s policymaking processes, provides information for cabinet discussions, and is one of the key quality assurance criteria. When a consultation has taken place, the details of any consultations, internal and external, are set out in regulatory impact statements (RIS). RISs must explain who has been consulted and what form the consultation took, outline key feedback received, with particular emphasis on any significant concerns that were raised about the preferred option, how the proposal has been altered to address these concerns (and if not, why not). If there is no consultation undertaken, the reasons must be presented. While parliamentary 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.
Coherent Communication Score: 7

New Zealand has an unusual tradition of highly coherent and cohesive cabinets. The fact that the current government is a minority coalition of two parties with quite disparate policy objectives, supported by a third party with no history of government experience, means that there is a higher risk of incoherent communication among ministers and cabinet members (inside and outside of the government). That said, there is no systematic empirical evidence to suggest that the current government is less coherent in its communication compared to the previous one.

Implementation

Throughout the review period, the Labour-NZ First government held minority status, though the Green party gave support and confidence to the 55 seat minority-coalition government. This resulted in a 63 majority in parliament, enough to ensure that Prime Minister Ardern (Labour party) maintained the confidence of the unicameral legislature.

Minority status implies that the government has to anticipate the policy preferences of other parties in parliament and needs to seek legislative support on an issue-by-issue basis. Nevertheless, the minority-coalition governments has been relatively successful at implementing its agenda. The focus of the government’s policy priorities included: climate change; building a strong and competitive zero carbon economy; funding major health policy projects and educational and housing reforms; reducing the incidences of child poverty and domestic violence; strengthening relations with the EU, supporting TPP-11 and recalibrating NZ’s relations with South Pacific island states through a more proactive and more partner-oriented developmental cooperation policy.

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

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

Citation:

Following the experience of fragmented policymaking in vertically integrated networks, 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-of-government policy approach.

Citation:

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

Citation:

New Zealand is one of the most centralized jurisdictions in the OECD. More than 90% of government workers are employed by central government organizations, and almost all citizen-facing public services — including policing, fire services, education and health — are central government activities. Almost all local regulation is undertaken by an agent of central government, with little locally initiated regulation. In addition to their relatively narrow task profile, local governments are not permitted to tap into other commonly used sources of subnational revenue such as sales and/or income taxes. Local governments therefore raise a relatively large proportion of revenue from rates, which are taxes on real-estate holdings, and charges; they have full discretion to set rates, subject to a general balanced budget requirement. Other revenue sources include user charges, such as vehicle fuel charges (since 2018), and fees. Local government officials have been lobbying
central government for the right to raise revenue from additional sources, including road tolls. To date, their lobbying has been largely unsuccessful. There are no block grants from central to local government, but the central government contributes funding to specific local government functions, in particular transportation as well as road construction and maintenance. The previous National-led government reformed the Local Government Act with the aim of limiting local services to their core tasks to keep costs under control.

Citation:

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

Citation:

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

Citation:
Woolf, Amber-Leigh, 2016. Minister says Better Local Services reforms not a ‘threat to democracy’ or forced amalgamation. Stuff.co.nz. 3 August 2016

The enforcement of regulations is generally effective and unbiased. As in other democracies, regulations themselves (particularly those specific to an industry) are heavily influenced by powerful vested interests. Regulatory capture – a situation in which an industry has the power to determine the activity of a government agency tasked with regulating the industry certainly occurs and can result in the weak enforcement of regulations. Examples include the fishing and mining industries. The conclusions of the Pike River inquiry show that the regulation of occupational health and safety in mining had in effect been subject to regulatory capture by employers. Critics argue that the state of the electricity sector displays many symptoms of regulatory capture. There was also widespread criticism of the Securities Commission for its failure to control unacceptable behavior among investors and companies, contributing to a lack of confidence in the share market and other forms of investment. There was continuing opposition to greater regulation from some powerful and vocal parties, such as the Business Roundtable. It is difficult to distinguish the effects of weak legislation, weak regulator and regulatory capture, but the
outcome of feeble standards and enforcement certainly suited some interests despite being to New Zealand’s long-term detriment.

Citation:

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 initiated by the voting public rather than the governing elite. Today, given the existence of a multiparty system and minority government, radical reform is much more difficult to achieve. In retrospect, institutional reforms delivered somewhat less than expected and have at times been disruptive. The government at the time of writing was concerned with hardwiring efficiency and performance improvements into the system, and was seeking to accomplish this with relatively limited emphasis on a major restructuring of government agencies.

Given New Zealand’s small population and geopolitical isolation, it has been surprisingly successful at participating 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 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 and Korea in recent years, current efforts are directed at deepening its “comprehensive strategic partnership” with China and continuing negotiations with India and Russia. In June 2017, New Zealand launched free trade agreement negotiations with the Pacific Alliance (Chile, Colombia, Mexico and Peru). New Zealand has been an enthusiastic supporter of the Trans-Pacific Partnership (TPP) Agreement. The newly elected Labour-led government was immediately faced with how it should respond to efforts
to create TPP-11 out of the ruins of the TPP. The choice was between ill-informed statements to the electorate and continuity with the policy analysis that had informed the previous government. The latter prevailed, which implies that continuity will be characteristic of policy choices in general. In March 2018, Trade Minister Parker stated her government’s intention of ratifying the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, an amended version of the TPP (TPP-11). New Zealand First’s preference for a free trade agreement (FTA) with Russia has been quietly marginalized as Prime Minister Ardern and Trade Minister David Parker have talked up a potential FTA with the European Union. New Zealand has been very active in campaigning for a humanitarian response to the situation in Syria and has signed the UN Migration Pact.

Citation:

Organizational Reform

In contrast to the previous National government, the new Labour/NZ First government is based on more genuine power-sharing, with Labour holding 16 of 20 cabinet seats, including the positions of prime minister and finance minister, and NZ First holding four, including deputy prime minister. To ensure it has a legislative majority, the new government secured a confidence and supply agreement with the eight-member Greens. In return, the Greens received three ministerial posts outside of cabinet.

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 general election in 2011, a referendum was held on whether to retain or replace the proportional electoral system. A majority of 56% opted to keep the mixed-member proportional (MMP) system. Nonetheless, the reform of the MMP system remains on the political agenda.

Citation:
In the past, New Zealand’s governments have demonstrated an ability to improve strategic capacity by changing institutional arrangements of governing. Major adaptations to the multiparty system and coalition government occurred in the mid-to-late 1990s. An effective framework is in place with the Cabinet Manual, which has begun to attract more and more interest from other jurisdictions. Cabinet office circulars are used for minor changes. Particularly after the change of government in 2008, a number of such modifications were made. One area of institutional change that has been largely neglected has been the reform of parliament’s conventions and opportunities for public engagement.

However, the Productivity Commission in its Regulatory Institutions and Practices report of 2014 found a litany of shortcomings with regulatory agencies in New Zealand. The report concluded that the governance arrangements of many regulators were ad hoc rather than based on sound governance principles, that there were problems with how the agencies were monitored, and that appointment processes for governance roles were of variable quality.

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 13% of respondents said that most people are better informed about government and politics. The 2007 edition of the survey 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 2014, 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 with a minor increase in 2014 to 78% – 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.

From time to time, matters of constitutional importance or public interest are put to voters by way of either citizen- or government-initiated referendums. In 2015-2016, for example, the government conducted a two-stage referendum on whether New Zealand should replace its national flag. The issue sparked a high level of public debate, with a majority opting to retain the existing flag.

New Zealand has several policies that have been endorsed by the cabinet to support open government and the release of open data. These policies and principles support agency discussions relating to opening up data and improving transparency. The country ranked 11th in the OECD OURData Index on Open Government Data, which focuses on government efforts to ensure public sector data availability and accessibility and to spur greater reuse.

Since 2014, New Zealand’s government participates in the Open Government Partnership which features an Independent Reporting Mechanism (IRM) with an independent reviewer assessing each government’s performance. The IRM for New Zealand released the latest draft report on New Zealand in early 2018. While in opposition, the Labour party and the Green party were criticizing the National government’s performance on the OGP. However, it is too early for a full evaluation of the new government’s performance here.
**Legislative Actors’ Resources**

While New Zealand members of parliament are not generously equipped with financial or personnel resources to monitor government activity, they do have access to party research budgets, which fund party research units. Other personnel available to individual members of parliament include an executive assistant (in parliament) and electorate staff, with constituency members being more generously funded than those on the party lists. Despite the availability of these resources, opposition parties are placed at a distinct disadvantage relative to the breadth of staff, research and other resources made available to the government and its small support parties. Each party’s research unit follows up on parliamentarians’ requests, especially in preparation for parliamentary debates.

Following the 2017 election, inexperience on both sides of the house was evident. On one side, even the most experienced National members of parliaments had not been in opposition for nine years. On the other, Labour’s 46-member caucus included 17 new parliamentarians, NZ First’s group of nine included two new parliamentarians and the Greens’ eight parliamentarians also included two newcomers.

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

**Obtaining Documents**

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


**Summoning Ministers**

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 far too small to establish as many select committees as would be necessary to fully correspond to the number of ministries. In recent years, efforts have been made to restrict the number of select committees any individual member of parliament may sit on. Select committees are appointed at the start of each parliament following a general election. The number of members on a committee can vary, but normally a committee has between six and 12 members each, with parties broadly represented in proportion to party membership in the house. Areas of ministerial responsibility are reflected in 12 subject-specific committees (as of 17 October 2017). Those had to scrutinize 58 portfolios (as of November 2018), led by 19 cabinet ministers, four ministers outside cabinet, three support party ministers and three parliamentary undersecretaries, of whom two are from support parties.

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 2008, offered a range of news and current affairs programming and attracted a small but loyal audience prior to its closure in 2012. 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, with crime and celebrity stories dominating the headlines. The decline of investigative journalism by electronic- and print-media outlets has been noted by media commentators, although internet commentary, including blogs, has to some extent provided a substitute.

Citation:

Parties and Interest Associations

As of early 2019, there are five political parties in the parliament. The two major parties, National (56 seats) and Labour (46 seats) dominate the electoral map. The NZ First party and the Green party come next, with 9 and 8 seats respectively.

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

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

The Green party’s organizational structure is quite decentralized in comparison with the traditional larger parties. Decisions on policy and the
selection of parliamentary candidates are made by the party membership, with less control exerted by the parliamentary caucus.

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

There are few well-organized and well-staffed interest groups in New Zealand. The largest and most prominent are the New Zealand Council of Trade Unions – total union membership was estimated at 413,000 in June 2018, an impressive 11.2% increase from a year before – Federated Farmers, the Chambers of Commerce and Business New Zealand. All are involved in policy formation and dissemination, and all seek to influence government policy. 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. In 2012, this merged with the New Zealand Institute to form the New Zealand Initiative, a libertarian think-tank that lobbies for pro-market economic and social policies.

Citation:

There is a rich tradition of consultation with societal groups during policy formulation. The degree of consultation with groups and individuals and the way in which their proposals have been dealt with is reported in regulatory impact statements (RIS). Recent RISs claim that consultation has had a substantive impact in several cases. Still, resource shortages prevent some interest associations from developing specialist policy knowledge that would give them tangible impact in the consultation process.

Citation:
Independent Supervisory Bodies

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

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

New Zealand was the fourth country in the world to establish an Office of the Ombudsman (in 1962). Ombudsmen are Officers of Parliament. Each Ombudsman is appointed by the governor-general on the recommendation of parliament. Ombudsmen are responsible to parliament and independent of the government. Their overall purpose is to investigate, review and inspect the administrative conduct of public sector agencies and provide advice and guidance in order to ensure people are treated fairly in New Zealand. The office is highly effective in terms of formally or informally resolving complaints. In 2017-2018, 11,468 complaints were received. 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:

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

The Privacy Commissioner administers the Privacy Act 1993. In recent years, both the New Zealand Law Commission and the Office of the Privacy Commissioner have made recommendations for particular areas of reform (including mandatory breach notification and stronger enforcement powers) to bring New Zealand’s privacy law in to line with other jurisdictions. The
minister of justice introduced a bill amending the current Act on 20 March 2018. The proposal includes stronger powers for the privacy commissioner, mandatory reporting of privacy breaches, new offenses and increased fines.

Citation:
Address | Contact

Bertelsmann Stiftung
Carl-Bertelsmann-Straße 256
33311 Gütersloh
Germany
Phone +49 5241 81-0

Dr. Christof Schiller
Phone +49 5241 81-81470
christof.schiller@bertelsmann-stiftung.de

Dr. Thorsten Hellmann
Phone +49 5241 81-81236
thorsten.hellmann@bertelsmann-stiftung.de

Pia Paulini
Phone +49 5241 81-81468
pia.paulini@bertelsmann-stiftung.de

www.bertelsmann-stiftung.de
www.sgi-network.org