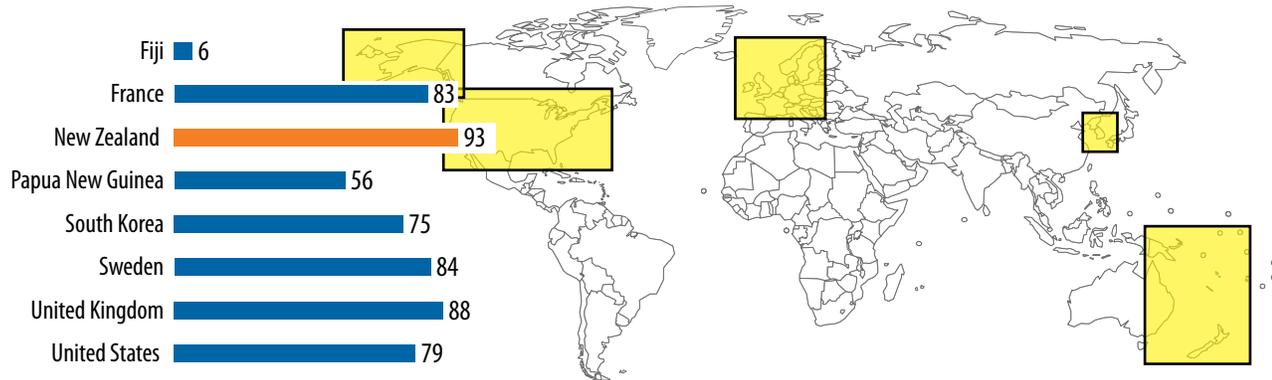


# NEW ZEALAND

Provides extensive information to the public in its budget documents during the year.

## How New Zealand stacks up against its neighbors & comparable countries?



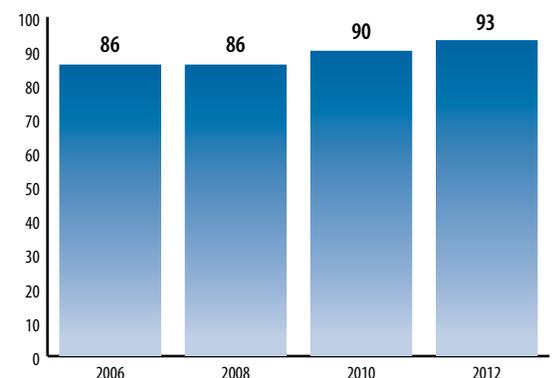
## What are each of the eight key budget documents, and does the public have access to them?

Document	Description of Document	Publication Status
<b>PBS</b>	<b>Pre-Budget Statement:</b> Provides information that links government policies and budgets and typically sets forth the broad parameters that will define the budget proposal that is presented to the legislature.	Published
<b>EBP</b>	<b>Executive's Budget Proposal:</b> Presents the government plans to raise revenues through taxes and other sources and spend these monies to support its priorities, thus transforming policy goals into action.	Published
<b>EB</b>	<b>Enacted Budget:</b> The legal instrument authorizing the executive to raise revenues, make expenditures, and incur debt.	Published
<b>CB</b>	<b>Citizens Budget:</b> A nontechnical presentation to enable broad public understanding of a government's plans for raising revenues and spending public funds in order to achieve policy goals.	Published
<b>IYR</b>	<b>In-Year Reports:</b> Periodic (monthly or quarterly) measures of the trends in actual revenues, expenditures, and debt, which allow for comparisons with the budget figures and adjustments.	Published
<b>MYR</b>	<b>Mid-Year Review:</b> An overview of the budget's effects at the midpoint of a budget year and discusses any changes in economic assumptions that affect approved budget policies.	Published
<b>YER</b>	<b>Year-End Report:</b> Information comparing the actual budget execution relative to the Enacted Budget.	Published
<b>AR</b>	<b>Audit Report:</b> Independent evaluation of the government's accounts by the country's supreme audit institution. It typically assesses whether the executive has raised revenues and spent monies in line with the authorized budget, and whether the government's accounts of its revenues and expenses are accurate and provide a reliable picture of the fiscal situation.	Published

## From Zero to 100: Has New Zealand increased the amount of information it makes available in the eight key budget reports?



## OBI scores over four Surveys



## Open Budget Index

The **Open Budget Survey** assesses whether the central government in each country surveyed makes eight key budget documents available to the public, as well as whether the data contained in these documents is comprehensive, timely, and useful. The Survey uses internationally accepted criteria to assess each country's budget transparency developed by multilateral organizations, such as the International Monetary Fund (IMF), the Organization for Economic

Co-operation and Development (OECD), and the International Organization of Supreme Audit Institutions (INTOSAI).

The scores on 95 of the 125 Open Budget Survey questions are used to calculate objective scores and rankings of each surveyed country's relative transparency. These composite scores constitute the Open Budget Index (OBI), the world's only independent and comparative measure of budget transparency.

New Zealand tops the Open Budget Index with a score of 93 out of 100. This score is more than double the average score of 43 for all the 100 countries surveyed. It is also significantly higher than the average score of 72 for all 18 member countries of the Organization for Economic Co-operation and Development (OECD) that were surveyed. New Zealand's score indicates that the government provides the public with extensive information on the national government's budget and financial activities during the course of the budget year. This makes it possible for citizens to hold the government accountable for its management of the public's money.

**New Zealand's OBI 2012 score of 93 has slightly increased from its score of 90 on the OBI 2010.**

The Open Budget Index is composed of subscores for each of the eight key budget documents assessed in the Survey. These subscores represent the average of the scores received on a set of questions in the Survey that measure the public availability of and amount of information in the documents. The subscores are comparable across all of the countries included in the Survey.

### Recommendations

New Zealand's score on the Open Budget Index has increased over the four rounds of the Open Budget Survey, a commitment to improvement for which the government is congratulated. With a score of 93 out of 100, New Zealand maintains a very high degree of budget transparency. Though a leader in open budgeting, the International Budget Partnership recommends that New Zealand undertake the following steps to expand its budget transparency even further:

- Increase the comprehensiveness of the Executive's Budget Proposal, specifically by focusing on providing information on the following areas:
  - a detailed breakdown of each appropriation (equivalent to program level) for at least two years beyond the budget year and more than one year prior to the budget year (see questions 6 and 24 of the Open Budget Questionnaire);
  - identification of all nontax revenues for the year prior to the budget year (see question 28 of the Open Budget Questionnaire);
  - increased information on the composition of government debt for the budget year and the year preceding the budget year (see questions 13 and 33 of the Open Budget Questionnaire); and
  - improved quality of nonfinancial data and performance indicators, as well as increased information on policies intended to alleviate poverty (see questions 51, 53, and 55 of the Open Budget Questionnaire).
- Increase the comprehensiveness of In-Year Reports by including extensive information related to the composition of government debt, such as interest rates on the debt, maturity profile of the debt, and currency denomination of the debt for the budget year (see question 71 of the Open Budget Questionnaire).
- Increase the comprehensiveness of the Mid-Year Review by including program level detail for expenditure (see question 75 of the Open Budget Questionnaire).
- Increase the comprehensiveness of Year-End Reports by providing an explanation of the differences between the enacted level of funds intended to benefit directly the country's most impoverished populations and the actual outcome, making use of quantitative estimates and a narrative discussion (see question 85 of the Open Budget Questionnaire).
- Increase the quality of the Citizens Budget by consulting broadly with the public prior to producing it and by producing Citizens Budgets at each of the four stages of the budget process (see questions 109 and 111-112 of the Open Budget Questionnaire).

- Increase the comprehensiveness of the Audit Reports by publishing reports on steps taken by the executive to address all audit findings (see question 95 of the Open Budget Questionnaire).

## Strength of Legislatures and Supreme Audit Institutions in Budget Oversight

The Open Budget Survey examines the extent of effective oversight provided by legislatures and supreme audit institutions (SAIs). These institutions play a critical role — often enshrined in national constitutions — in planning and overseeing the implementation of national budgets.

The Open Budget Survey assesses whether legislatures provide effective budget oversight by measuring performance on 11 indicators, including: consultations with the executive prior to the tabling in the legislature of the draft budget, research capacity, formal debate on overall budget policy, time available to discuss and approve the budget, legal authority to amend the budget proposal, approval of shifts in expenditure budget and excess revenues collected, supplemental budget powers, authority to approve use of contingency funds, and scrutiny of audit reports.

The Open Budget Survey assesses whether supreme audit institutions are empowered to provide effective budget oversight by using the following four indicators: authority to remove the head of the

supreme audit institution, legal power to audit public finances, financial resources available, and availability of skilled audit personnel.

## Recommendations

The International Budget Partnership recommends that New Zealand undertake the following actions to improve budget oversight:

- The legislature should have a specialized budget research office to assist it with budget analysis; it should scrutinize all audit reports; it should have the authority in law to amend the Executive's Budget Proposal; the executive should be present the Executive's Budget Proposal three months prior to the start of the fiscal year and should be required to seek approval from the legislature prior to shifting funds between line items, prior to using excess revenues that may become available during budget execution and prior to using contingency funds; the executive should be required to seek approval from the legislature on supplemental budgets before these funds are expended (see questions 97-100 and 102-107 of the Open Budget Questionnaire).

### New Zealand is an average performer among neighboring and comparable countries on budget oversight and engagement

Country	Legislative Strength	SAI Strength	Public Engagement
Fiji	Weak	Weak	Weak
France	Strong	Strong	Moderate
New Zealand	Moderate	Strong	Moderate
Papua New Guinea	Moderate	Moderate	Weak
South Korea	Strong	Strong	Strong
Sweden	Strong	Strong	Strong
United Kingdom	Moderate	Strong	Moderate
United States	Strong	Strong	Moderate

**Strong:** average score above 66 of 100; **Moderate:** average score between 34 and 66; **Weak:** average score below 34

## Opportunities for Public Participation

Research and advocacy experience of civil society over the past 15 years has demonstrated that transparency by itself is insufficient for improving governance. Transparency along with opportunities for public participation in budgeting can maximize the positive outcomes associated with open budgeting. Therefore, the Open Budget Survey assesses opportunities available to the public to participate in national budget decision-making processes. Such opportunities can be provided throughout the budget cycle by the executive, legislature, and supreme audit institution.

Based on these indicators, the Open Budget Survey 2012 finds that there are moderate opportunities for public participation in the budget process in New Zealand.

## Recommendations

The International Budget Partnership recommends that New Zealand expand public engagement in budgeting after considering the Open Budget Survey indicators on which the country performs poorly (see table below and questions 114-116, 118-123, and 125 in the Open Budget Questionnaire).

### New Zealand has much room to improve public participation

Requirement	Finding
<b>Process Followed Before Consultation</b>	
Formal requirement for public participation (Q114)	Exists but could be improved
Articulation of purposes for public participation (Q115)	Exists but could be improved
Communication by the SAI of audit findings beyond publication of audit reports (Q124)	Exists and is strong
<b>Process of Consultation</b>	
Mechanisms developed by the executive for participation during budget planning (Q116)	Exists but could be improved
Public hearings in the legislature on macroeconomic budget framework (Q119)	Exists but is weak
Public hearings in the legislature on individual agency budgets (Q120)	Exists but could be improved
Opportunities in the legislature for testimonials by the public during budget hearings (Q121)	Does not exist
Mechanisms developed by the executive for participation during budget execution (Q117)	Exists and is strong
Mechanisms developed by the SAI for participation in audit agenda (Q123)	Exists but is weak
<b>Process Followed After Consultation</b>	
Feedback by the executive on use of inputs provided by the public (Q118)	Exists but could be improved
Release by the legislature of reports on budget hearings (Q122)	Exists but could be improved
Feedback by the SAI on use of inputs provided by the public (Q125)	Exists but is weak

## Description of Survey, Methodology, Reliability, and Researcher Contact Information

The Open Budget Survey is a fact-based research instrument that uses easily observable phenomena to assess what occurs in practice. The research conclusions are typically supported by citations and comments, including reference to a budget document, a law, or other public document; a public statement by a government official; or comments from a face-to-face interview with a government official or other knowledgeable party. The Survey is compiled from a questionnaire completed for each country by independent budget experts who are not associated with the national government. Each country's questionnaire is then independently reviewed by two anonymous experts who also have no association with government. In addition, the IBP invites national governments to comment on the draft results from the Survey and considers these comments before finalizing the Survey results. The entire research process for 2012 took over 18 months between July 2011 and December 2012 and involved approximately 400 experts.

The Open Budget Survey provides a reliable source of data on national budget transparency practices for governments, development practitioners, the media, and citizens. Current users of the Survey results include the Open Government Partnership, Collaborative Africa Budget Reform Initiative, INTOSAI, the World Bank in its Worldwide Governance Indicators, and a number of bilateral aid agencies and international and regional multilateral bodies. The publication of the Open Budget Survey 2012 has reinforced the Survey's preeminent position as a global data repository on budget transparency, participation, and accountability.

Research to complete this country's Open Budget Survey was undertaken by Dr. Murray Petrie, 34 Harbour View Road, Northland, Wellington 6012, New Zealand, [mpetrie@esg.co.nz](mailto:mpetrie@esg.co.nz).

The New Zealander government has provided its comments on the draft Open Budget Questionnaire results for the country.