Section 1. Public Availability of Budget Docs. “Section One: The Availability of Budget Documents” contains a series of four tables that allow the researcher to examine and map the public availability and dissemination of its country’s key budget documents (i.e., Pre-Budget Statement, Executive’s Budget Proposal (EBP) and Supporting EBP Documents, Citizens Budget, Enacted Budget, In-Year Reports, Mid-Year Review, Year-End Report, and Audit Report), as well as any national laws regulating budget processes and financial management. Once filled in, these tables will serve as a foundation for the completion of the rest of the questionnaire, as researchers will reference the specific documents cited in the tables to answer the questions contained in Sections 2-5 of the questionnaire.

### Table 1. Key Budget Documents

<table>
<thead>
<tr>
<th>BUDGET DOCUMENT</th>
<th>Full Title</th>
<th>Fiscal Year the Budget Document Refers to</th>
<th>Date of Publication</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive’s Budget Proposal (EBP)</td>
<td>The Estimates of Appropriations for the year ending 30 June 2015 (10-volume set based on sectors with each vote/appropriation incorporated into one sector)</td>
<td>2014</td>
<td>May 15, 2014</td>
</tr>
<tr>
<td>-------------------------</td>
<td>------------------------</td>
<td>------</td>
<td>---------------</td>
</tr>
<tr>
<td>Citizens Budget (for EBP or Enacted Budget)</td>
<td>Three documents taken together can be viewed as comprising a Citizens Budget: (i) the &quot;Executive Summary&quot;; (ii) &quot;Key Facts for Taxpayers&quot;; and (iii) &quot;Estimates of Revenue Effects of Small Tax Rate and Tax Base Changes&quot;</td>
<td>2014</td>
<td>May 15, 2014</td>
</tr>
<tr>
<td>Additional in-year report</td>
<td>Financial Statements of the Government of New Zealand for the 9 months ended 31 March 2014</td>
<td>2013</td>
<td>May 9, 2014</td>
</tr>
<tr>
<td>Additional in-year report</td>
<td>Financial Statements of the Government of New Zealand for the 8 months ended 28 February 2014</td>
<td>2013</td>
<td>April 8, 2014</td>
</tr>
<tr>
<td>Mid-Year Review</td>
<td>Half Year Economic and Fiscal Update 2013</td>
<td>2013</td>
<td>December 17, 2013</td>
</tr>
<tr>
<td>Audit Report</td>
<td>Central Government: Results of the 2012/13 Audits (Volume 1); Central Government: Results of the 2012/13 Audits (Volume 2)</td>
<td>2012</td>
<td>December 10, 2013 (Vol.1); April 17, 2014 (Vol.2)</td>
</tr>
</tbody>
</table>

**Comments:** The most up-to-date in-year report (for FY 2013 running for 1 July 2013-30 June 2014) will be the monthly report for 10-months (as of 30 April 2014). That is expected to be completed and made available to the public in the 1st half of June. The 9-month report (as on 31 March 2014) was released on 9 May 2014. Final update of information in Table 1 still planned for early June with expected release of final In-Year Report (for 10-months ending 30 April 2014) prior to 30 June OBS deadline for documentation. Update on Tuesday 13 May: i) 9-month In-Year Report released on 9 May has been added to attached documents and comment updated. ii) “Snap Shot” of FY2012/13 (2012 Budget) Year-End report (Financial Statements) has been added to attached docs as evidence of a Citizens Budget version of Year-End Report. iii) Dates for public availability for Audit Reports adjusted slightly on the basis of correspondence with Office of Auditor General to reflect dates on which documents were posted to OAG website rather than dates on which Auditor General signed off on publication's content and release. Changes were for 1 week in case of Vol.1 and 3 days for Vol.2. Update on Wednesday 14 May (EST) - Budget Day - release of all documentation for 2014 Budget All 10 volumes of The Estimates of Appropriations for the year ending 30 June 2015 are available at: [http://www.treasury.govt.nz/budget/2014/estimates](http://www.treasury.govt.nz/budget/2014/estimates) Update on 24 June: Last (monthly) In-Year Report produced and published prior to 30 June OBS deadline added (for 2013 Budget covering 10-months ending 30 April 2014). Update on 25 June: Treasury's 2014 Investment Statement added. Produced in March 2014, this is not an annual publication. Still, with the publication coming out before the OBS 30 June deadline and containing some very pertinent information about NZ government debt, I thought it might be included/added to the list of EBP Supporting Documents. It includes information covering the 2014 Budget year and forecast horizon. Update on 2 July: The 3rd item listed among components of the Citizen's Budget, “Revenue Effect of Changes to Key Tax Rates, Bases and Thresholds for 2014/15”, is available at: [http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects/estimates](http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects/estimates) Update on 3 July Added "A Snapshot of the 2013 Financial Statements of the Government" as evidence of “citizens” version of Year-End Report

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** No, I do not agree with the score.

**Comments:** The “Revenue Effect of Changes to Key Tax Rates, Bases and Thresholds for 2014/15” document cited by the researcher as a component of the “citizen's budget” does not appear to be a publication that is designed to reach and be understood by as large a segment of the population as possible. The short document uses technical language (e.g., “These estimates are subject to forecasting error and are dependent on sampled information. These estimates also do not allow for second-round macroeconomic effects, but do make a limited allowance for the indirect effects on other taxes.”) It is much more likely to be used by researchers and analysts seeking to
calculate or estimate the impact of tax rate changes, rather than by the general public. If it is intended to be used by the general public, it seems ill-designed for that use. (I am aware that Shields and Petrie [http://www.oecd.org/gov/budgeting/48170438.pdf] also cite the “revenue effects” document as arguably comprising part of New Zealand’s citizens’s budget. Again, I do not think that this meets the IBP criterion, cited approvingly by Shields and Petrie, that the “distinguishing feature” of a citizens’s budget is that “it is designed to reach and be understood by as large a segment of the population as possible.”)

**RESEARCHER’S RESPONSE**

The researcher acknowledges the PR’s concern regarding the relatively technical terminology used in the both the “Caveats” and “Notes” accompanying the revenue effect estimates themselves. Only a relatively small percentage of the general population may be able to understand fully the implications of selected terms, such as “second-round macroeconomic effects”, “imputation credits” and/or other specific terminology. Nonetheless, the revenue-effect table itself is presented with sufficient clarity so as to be deemed comprehensible to a broad segment of the general population. On that basis, the researcher recommends no change to the existing inclusion of the table as a component of the Citizens Budget documentation.

---

**Table 2a. Details about Availability**

<table>
<thead>
<tr>
<th>New Zealand Budget Documents</th>
<th>Pre-Budget Statement</th>
<th>Executive’s Budget Proposal</th>
<th>Enacted Budget</th>
<th>Citizens Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Is it produced at all?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Is it produced for internal purposes only?</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Is it published too late compared to the accepted timeframe?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Is it available to the public in hard copy, with charge?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Is it available to the public in hard copy, NO charge?</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Is it available to the public in soft copy, with charge?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Is it available to the public in soft copy, NO charge?</strong></td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td><strong>Is it available to the public online?</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

If available online, provide internet/URL address

| Is it machine readable? [only for electronic copies] | Yes | Yes | Yes | Yes |
| Is there a “citizens version” of the budget document? | Yes | Yes | Yes | N/A |


Comments: Updated Information as of Tuesday 13 May 2014: i) Responses for public availability of hard copy “with charge” updated to reflect responses from correspondence with NZ Treasury officials indicating that budget documentation is available for purchase in selected bookstores across the country or directly from Treasury (online orders and price list available on http://www.treasury.govt.nz/budget). ii) Hard copies are still available to the public with NO charge at public libraries. Timing for when public libraries receive hard copies documents is not known. Documents may also be available to public at NO charge in other locations such as selected government offices. iii) The “yes” responses for availability of “machine readable” copies has been retained for 3 out of the 4 documents cited in Table 2A. a) Excel tables with relevant/respective (fiscal and economic) data contained within each of the 4 documents (PBS, EBP, Enacted Budget and CB) ARE available online at NZ Treasury website. However, only a part and not the entirety of the data presented in graphs and tables in the Citizens Budget is READILY accessible, loadable and/or transferable into Excel (from PDF versions of the relevant documents). Therefore, while ultimately it is certainly possible to find or place all the relevant data in “machine readable” format (Excel), it does take some extra effort to achieve that result, as compared to Excel files readily available for data presented in the other 3 documents cited in Table 2A. b) Data tables (and graphs) presented in the Budget 2014 Budget Policy Statement (BPS in NZ terminology and PBS in OBS terminology) are identical to those used for the Budget 2013 HYEFU (Mid-Year Review), noting that the 2014 PBS (BPS) is produced and released at the same time as the 2013 Mid-Year Review (HYEFU). This is stated in the BPS itself. Therefore, one can utilize the Excel tables produced for the 2013 HYEFU to “machine read” the data used and presented in the 2014 BPS. For relevant Excel data files, see http://www.treasury.govt.nz/budget/forecasts/hyefu2013. c) With respect to the affirmative response for availability of a ”machine readable” version of the Enacted Budget, it can be noted that the Enacted Budget (Appropriations Act as passed by Parliament in August in the case of 2013 Budget) is, in fact, identical to the EBP (Estimates of Appropriations submitted or “tabled” in Parliament on Budget Day in May). Therefore, the full fiscal data content of the Enacted Budget (Appropriations) is available in the Excel data files/tabled made available to the public for the EBP (Estimates). For relevant example of 2013 Budget, see http://www.treasury.govt.nz/budget/2013/data. d) As noted above, the Citizens Budget is deemed to be only partially ”machine readable”. with 3 documents cited as together comprising a CB, the data contained within only 2 of those 3 documents (the “Executive Summary” and “Revenue Effect of Changes to Key Tax Rates, Bases and Thresholds for 2014/15”) are readily ”machine readable”. The data contained within the last of the 3 documents (“Key Facts for Taxpayers”) can be sourced on Treasury website in “machine readable” format or in some instances, copied from PDF version of document into Excel files, but some extra effort is required. iv) Note that the “yes” response for the existence of a “citizens version” of the Enacted Budget (Appropriations Act) is based on the fact that the Enacted Budget is unchanged (by Parliament) in relation to the EBP (Estimates). On the basis of that identical status, the documentation comprising CB for
EBP also constitutes a CB for the Enacted Budget. UPDATE: This has been changed to "No" on advice from OBS staff that a given supporting document (or documents) can only be cited for one purpose/use and not applied across the 8 different OBS categories of budget cycle documentation. Therefore, although the EBP and Enacted Budget are IDENTICAL in every details (essentially by definition under existing constitutional structures), the documents accepted as comprising a "Citizens Budget" for the EBP cannot also be cited as comprising a Citizens Budget for the Enacted Budget.

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** I concur with the researcher's conclusion that the documents comprising the Citizen’s Budget should not be considered machine readable as only parts of the data contained in them are available in machine-readable format. The ability to copy data from a PDF file to excel does not make a document "machine readable".

---

**Table 2b. Details about Availability**

<table>
<thead>
<tr>
<th>New Zealand</th>
<th>Budget Documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Year Report</td>
<td>Mid-Year Review</td>
</tr>
<tr>
<td>Is it produced at all?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it produced for internal purposes only?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it published too late compared to the accepted timeframe?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in hard copy, with charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in hard copy, NO charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, with charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public in soft copy, NO charge?</td>
<td>Yes</td>
</tr>
<tr>
<td>Is it available to the public online?</td>
<td>Yes</td>
</tr>
</tbody>
</table>

If available online, provide:  
http://www.treasury.govt.nz/government/finance  
http://www.treasury.govt.nz/budget/forecasts/  
http://www.treasury.govt.nz/government/finance  
Sources: In-Year Report: Financial Statements of the Government of New Zealand for the 10 months ended 30 April 2014. Expected to be completed and released in 1st half of June, this 10-month report will be the most recent/complete monthly report before reaching the 30 June 2014 cut-off for the 2015 OBS. Mid-Year Review: Half Year Economic and Fiscal Update 2013 Year-End Report: Financial Statements of the Government of New Zealand for the Year Ended 30 June 2013 Additional source for Citizens Budget version of Year-End Report: A Snapshot of the 2013 Financial Statements of the Government of New Zealand Note: Annual Reports of individual departments/ministries also to be considered as components of Year-End Report, in addition to the consolidated year-end financial statements produced by NZ Treasury. the department/ministry annual reports, as required by law (PFA) meet the expected OBS standards with respect to timing and regularity. Citations for examples provided in "Sources" box for Q.1. Audit Report: Central Government: Results of the 2012/13 Audits (Volume 1) Central Government: Results of the 2012/13 Audits (Volume 2)

Comments: i) Responses for availability to the public of hard copy "with charge": The Treasury website provides a link for ordering HARD COPY of both In-Year (monthly) and Year-End Reports. However, that online ordering of HARD COPY does not appear to include the option to purchase HARD COPY of the Mid-Year Review (HYEFU) or PBS (BPS). So while the document may, as with EBP, may also be available for purchase, that fact cannot be definitively confirmed at this point. A further query to Treasury specifically asking about this has been sent and response may still be updated. ii) Responses for availability to the public of hard copy "with NO charge": All the relevant documents are available at NO CHARGE to the public in HARD COPY through public library system and in selected government offices. Hard copies are also provided (at NO CHARGE) to the media. With respect to the Audit Report, correspondence with the Office of Auditor Genera indicates that both volumes of the Audit Report are available in HARD copy with NO CHARGE. iii) Responses for availability to the public of soft copy "with charge": No specific options found for purchasing SOFT COPY of the documents cited in Table 2b. iv) Response for availability to the public of soft copy with "NO charge": All relevant documents are readily available to the public in SOFT COPY online at Treasury and OAG websites, respectively. v) The "yes" responses for availability of "machine readable" copies has been retained for 3 of the 4 documents cited in Table 2b. Excel tables with all the relevant/respective (fiscal and economic) data contained within each of the 3 documents (In-Year Report, Mid-Year Review and Year-End Report) are available on the Treasury website. To find the relevant Excel data files for Mid-Year Review, see http://www.treasury.govt.nz/budget/forecasts/hyefu2013. To find the relevant Excel data files for In-Year and Year-End Reports, respectively, see http://www.treasury.govt.nz/government/financialstatements/monthend and http://www.treasury.govt.nz/government/financialstatements/yearend/jun13. vi) There is no "machine readable" version of the Audit Report. vii) The "citizens version" of the Year End report is "Snap Shot of the Financial Statements of the Government of New Zealand". Sample the most recent version (Year Ending 30 June 2013) has been attached.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: There is no "machine-readable" version of the audit report; however these reports are typically qualitative in nature and do not contain structured information of the sort that is easily converted to a machine-readable format.

Table 3. When Are the Key Budget Documents Made Available to the Public?
Pre-Budget Statement: When is the Pre-Budget Statement made available to the public?

- 100. At least four months in advance of the budget year, and at least one month before the executive's budget proposal is introduced in the legislature
- 67. At least two months, but less than four months, in advance of the budget year, and at least one month before the executive's budget proposal is introduced in the legislature
- 33. Less than two months in advance of the budget year, but at least one month before the executive's budget proposal is introduced in the legislature
- 0. Does not release to the public, or is released less than one month before the executive's budget proposal is introduced to the legislature

Executive Budget Proposal: When is the Executive Budget Proposal made available to the public?

- 100. At least three months in advance of the budget year, and in advance of the budget being approved by the legislature
- 67. At least two months, but less than three months, in advance of the budget year, and in advance of the budget being approved by the legislature
- 33. Less than two months in advance of the budget year, but at least in advance of the budget being approved by the legislature
- 0. Does not release to the public, or is released after the budget has been approved by the legislature

Enacted Budget: When is the Enacted Budget made available to the public?

- 100. Two weeks or less after the budget has been enacted
- 67. Between two weeks and six weeks after the budget has been enacted
- 33. More than six weeks, but less than three months, after the budget has been enacted
- 0. Does not release to the public, or is released more than three months after the budget has been enacted

In-Year Report: When are In-Year Reports made available to the public?

- 100. At least every month, and within one month of the period covered
- 67. At least every quarter, and within three months of the period covered
- 33. At least semi-annually, and within three months of the period covered
- 0. Does not release to the public

Mid-Year Review: How long after the mid-point in the fiscal year (i.e., six months into the fiscal year) is the Mid-Year Review made available to the public?

- 100. Six weeks or less after the mid-point
- 67. Nine weeks or less, but more than six weeks, after the mid-point
- 33. More than nine weeks, but less than three months, after the mid-point
- 0. Does not release to the public, or is released more than three months after the mid-point

Year-End Report: How long after the end of the budget year is the Year-End Report made available to the public?

- 100. Six months or less after the end of the budget year
- 67. Nine months or less, but more than six months, after the end of the budget year
- 33. More than nine months, but within 12 months, after the end of the budget year
- 0. Does not release to the public, or is released more than 12 months after the end of the budget year

Audit Report: How long after the end of the fiscal year are the final annual expenditures of national departments audited and released (except for secret programs)?

- 100. Six months or less after the end of the budget year
- 67. 12 months or less, but more than 6 months, after the end of the budget year
- 33. More than 12 months, but within 18 months, after the end of the budget year
Sources: Treasury has confirmed that the dates on which documents are made available to the public are the same as those given as publication dates on each of the respective documents. These dates for PBS, EBP, Enacted Budget, In-Year Reports (monthly), Mid-Year Review and Year-End Report support the answers selected above in Table 3. This statement from Treasury concerning the date of public availability for all its budget documentation also includes the Enacted Budget, which in the most recent case (Budget 2013) Treasury states was made available to the public on the same date as that on which it was passed by Parliament (“date of assent” for the Appropriation (2013/2014 Estimates) Act 2013 being 12 August 2013). Note that the contents of the Appropriations Act (Enacted Budget) are the same, in every detail, to the contents of the Estimates (EBF). Therefore, the detailed information for the Enacted Budget are, in fact, already available to the public nearly 3 months (in May) before its eventual passage/assent by Parliament (in August). For the Audit Report, the Office of Auditor General has confirmed the dates of posting the relevant 2 volumes as 10 December 2013 and 17 April 2014 for Vol. 1 and Vol. 2, respectively. The December publication (posting onto website) of Vol.1 (audit of Government’s Year-End Financial Statements) is within the 6-month cut-off, given the end of the fiscal year of 30 June. Vol. 2 provides audit results for a broad range of central government entities. This more extensive collection of audit results contained in the 2nd volume is published (posted on website) within 12 months, but more than 6 months after the end of the fiscal year. NOTE: With Budget Day for 2014 Budget being 15 May 2014, we have had opportunity to confirm the Treasury statement that budget docs are indeed posted to website on same day as the respective date shown on the documents themselves and cited as the official date for release to the public.

Comments: 1. In-year reports are completed and made available to the public on a monthly basis. Reports are typically released within six weeks of month end, but not within 1 month. For example the most recent Financial Statements of the Government of New Zealand for the Nine Months ended 31 March 2014 was released on 9 May 2014. One reason for the reports taking longer than a month is that they are unusually comprehensive in both scope and depth, containing a full balance sheet of government. 2. The Half-Year Economic and Fiscal Update is released in December (the 6th month) of the ongoing budget year. The cut-off date for information contained within the revised/updated budget baselines and revised economic and fiscal forecasts is the beginning of December, slightly over 5 months into the ongoing fiscal year. Forecasts for the remainder of the ongoing budget year are updated on the basis of that information. 3. As noted above, the Audit Report is comprised of 2 volumes. The 1st volume reports results for the audit of the Government’s Financial Statements (or “Year-End Report” using OBS terminology). Volume 1 was (in the instance of supporting documentation for the 2015 OBS and as also the case for previous years) released within 6 months of the end of the 2012 budget year which ended on 30 June 2013. Volume 1 was released (posted to OAG website) on 10 December 2013. Volume 2 of the auditor’s report provides the more detailed results of audits conducted of individual central government entities (i.e. government departments, “crown entities”, “crown research institutes”, etc.). Volume 2 was released (posted to OAG website) on 17 April 2014, within 12 months of the end of the 2012 budget year that ended on 30 June 2013.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Treasury is almost always very transparent in its practices for dating budget documents (and other Treasury documents). When the date of public release of a Treasury document is different to the date listed on the document itself (not the case for budget documents), the web page on which the document is made available will almost always make clear the difference between the date of release and the date on the document. OAG practices for dating released documents are not as consistent or clear, and the date listed on an OAG document can precede the date of release to the public (for example, with Volumes 1 and 2 of the Audit Report), without the OAG website making clear the date of public release. The OAG Facebook site confirms that the release of Volume 2 of the Audit Report was on or near April 17, 2014.

Table 4. General Questions

New Zealand

If yes, additional information;
<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is there a website or web portal for government fiscal information?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>There are multiple websites offering a substantial amount of information and documentation about budget processes, policies, results, legislation, etc. The main websites for fiscal information include: <a href="http://www.treasury.govt.nz">www.treasury.govt.nz</a> (The Treasury); <a href="http://www.oag.govt.nz">www.oag.govt.nz</a> (Office of Auditor General); and <a href="http://www.legislation.govt.nz">www.legislation.govt.nz</a> (for online access to legislation). There are others in addition to these.</td>
<td></td>
</tr>
<tr>
<td>Is there a law (or laws) guiding public financial management?</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>The main law regulating and guiding PFM is the Public Finance Act 1989 (amended in 2004 to incorporate the Fiscal Responsibility Act 1994 and with more recent amendments in 2013).</td>
<td></td>
</tr>
<tr>
<td>Are there additional laws regulating:</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>- Access to information?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Transparency?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Citizens participation?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sources: There are multiple websites offering a substantial amount of information and documentation about budget processes, policies, results, legislation, etc. The main websites for fiscal information include: [www.treasury.govt.nz](http://www.treasury.govt.nz) (The Treasury); [www.oag.govt.nz](http://www.oag.govt.nz) (Office of Auditor General); and [www.legislation.govt.nz](http://www.legislation.govt.nz) (for online access to legislation). There are others in addition to these (e.g. specific departmental websites), but these are the most important. Individual departmental/ministerial websites are also important sources of documentation cited in support of OBS survey. Other important websites for information specifically about debt-related matters are: NZ Debt Management Office (NZDMO - a component of NZ Treasury) [http://www.nzdmo.govt.nz](http://www.nzdmo.govt.nz) Reserve Bank of New Zealand (RBNZ) [http://www.rbnz.govt.nz](http://www.rbnz.govt.nz)

Comments: The scope of all legislative acts with implications for public access to information, transparent and citizens' participation is quite broad. However, as concerns public financial management, the Public Finance Act (PFA) can be considered as the core legislative act regulating these matters. As previously noted in Question 1, in addition to the PFA, other core elements of the complete PFM legislative framework critical to its overall integrity include the following: Public Audit Act 2001 Crown Entities Act 2004 State Owned Enterprises Act 1986 Standing Orders of the House of Representatives State Sector Act 1988

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The researcher noted that many laws are relevant to ensuring access to information, transparency, and citizen participation. Two key laws intended to secure these outcomes are the Official Information Act 1982 (OIA), and the Local Government Official Information and Meetings Act 1987 (LGOIMA). They are general in scope and have application to budget information. The purposes of the OIA (section 4) are: "[...] consistently with the principle of the Executive Government's responsibility to Parliament,— (a)to increase progressively the availability of official information to the people of New Zealand in order— (i)to enable their more effective participation in the making and administration of laws and policies; and (ii)to promote the accountability of Ministers of the Crown and officials,— and thereby to enhance respect for the law and to promote the good government of New Zealand: [http://www.legislation.govt.nz/act/public/1982/0156/latest/DLM65364.html](http://www.legislation.govt.nz/act/public/1982/0156/latest/DLM65364.html) A key web resource for the processes set up by the OIA and LGOIMA (and other statutes) is the website of the Ombudsman: [http://www.ombudsman.parliament.nz/](http://www.ombudsman.parliament.nz/)

RESEARCHER'S RESPONSE


Section 2. Comprehensiveness of the Executive's Budget Proposal

001. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year that are classified by administrative unit (that is, by ministry, department, or agency)?

A. Yes, administrative units accounting for all expenditures are presented.
B. Yes, administrative units accounting for at least two-thirds of, but not all, expenditures are presented.

C. Yes, administrative units accounting for less than two-thirds of expenditures are presented.

D. No, expenditures are not presented by administrative unit.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: From NZ TSY: The Estimates present all expenses and capital expenditures that the Government plans to incur over the coming budget year for specified outputs within each Vote, including capital injections it plans to make to individual departments. The Estimates are organised on the basis of 10 sector volumes, with each Vote allocated to one sector. In addition, The Summary Tables provide a high-level perspective and comparative 'ready reference' for all appropriations (annual, permanent and multi-year (MYAs)) in the Estimates of Appropriations 2014/15. All expenses and capital expenditures require an appropriation (Section 4 Public Finance Act - hereafter PFA). Appropriations must be supported by Estimates (Section 13 PFA) Estimates must state, for each appropriation in an Appropriation Act, the Vote to which the appropriation relates, the Minister responsible for the appropriation, and the department responsible for administering the appropriation (Section 14 PFA). Expenses are on an accrual basis in accordance with GAAP, reflecting the fact that in New Zealand parliament appropriates funds on an accrual basis. The cash accounting term "expenditure" is not therefore used.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

002. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by functional classification?

A. Yes, expenditures are presented by functional classification.

B. No, expenditures are not presented by functional classification.

C. Not applicable/other (please comment).

New Zealand

A. Score: 100

Comments: The classification is broadly compatible with the Classification of the Functions of Government (COFOG), the internationally-recognized functional classification (see the IMF’s Government Finance Statistics Manual 2001, p. 76). There are, however, some inconsistencies. For instance, the category “GSF pension expenses” is not a category in COFOG, and should in principle be apportioned across COFOG functions.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

003. If the Executive’s Budget Proposal or any supporting budget documentation presents expenditures for the budget year by functional classification, is the functional classification compatible with international standards?

A. Yes, the functional classification is compatible with international standards.

B. No, the functional classification is not compatible with international standards, or expenditures are not presented by functional classification.

C. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: The classification is broadly compatible with the Classification of the Functions of Government (COFOG), the internationally-recognized functional classification (see the IMF’s Government Finance Statistics Manual 2001, p. 76). There are, however, some inconsistencies. For instance, the category “GSF pension expenses” is not a category in COFOG, and should in principle be apportioned across COFOG functions. Note, since the previous OBS, the NZ system has added a category for environmental protection, consistent with COFOG.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: While COFOG indicates that GSF pension expenses should in principle be apportioned across COFOG functions, it is not clear that doing so in this case would generate material benefits. (New Zealand budget documents use a classification that presents more categories at the top level than the COFOG, but those categories are clearly compatible with either top-level COFOG categories or COFOG subcategories. For example, Transport and Communications is a top-level “Core Crown Expense” category, while Transport and Communications appear as groups within the COFOG Economic Affairs category.)
004. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by economic classification?

A. Yes, expenditures are presented by economic classification.
B. No, expenditures are not presented by economic classification.
C. Not applicable/other (please comment).

New Zealand

A.

Score: 100


Comments: The classification is not identical to the IMF's economic classification of expenses, the internationally-recognized economic classification (see the IMF's Government Finance Statistics Manual 2001, p.63). For instance, Official Development Assistance is included in a category “Transfer payments and subsidies”, rather than in a Grants category, as in GFS. However, Note 3 to the Forecast Financial Statements in the BEFU (p.100) shows ODA separately, so that it is possible to re-group expenses in line with the GFS definitions. On the other hand, it is not clear how grants (which in NZ are relatively small) are categorized, whereas in GFS they are a separate category. The economic classification can, however, be described as generally compatible with international standards.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

005. If the Executive's Budget Proposal or any supporting budget documentation presents expenditures for the budget year by economic classification, is the economic classification compatible with international standards?

A. Yes, the economic classification is compatible with international standards.
B. No, the economic classification is not compatible with international standards, or expenditures are not presented by economic classification.
C. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Comments: As noted for previous question (Q.4), the classification is not identical to the IMF's economic classification of expenses, the internationally-recognized economic classification (see the IMF's Government Finance Statistics Manual 2001, p.63). For instance, Official Development Assistance is included in a category "Transfer payments and subsidies", rather than in a Grants category, as in GFS. However, Note 3 to the Forecast Financial Statements in the BEFU (p.100) shows ODA separately, so that it is possible to re-group expenses in line with the GFS definitions. On the other hand, it is not clear how grants (which in NZ are relatively small) are categorized , whereas in GFS they are a separate category. The economic classification can, however, be described as generally compatible with international standards.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

006. Does the Executive’s Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year?

A. Yes, programs accounting for all expenditures are presented.
B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented.
C. Yes, programs accounting for less than two-thirds of expenditures are presented.
D. No, expenditures are not presented by program.
E. Not applicable/other (please comment).

New Zealand
A.
Score: 100

Sources: See The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015

Comments: The Estimates present all expenses for each appropriation type - output class; benefit or unrequited transfer; by borrowing cost; and by other expense, as required by law (Section 14 and Section 7.1 of PFA). Output expenses are expenses incurred by departments in supplying a specified category of goods and services (or outputs). In NZ's output-based system, similarity of goods and services is determined by the nature of the outputs, rather than by similarity of objective or purpose as in a program-based system. However, the categories of appropriations effectively meet the criteria stated above for the question as being programmatic categories at a level of detail below the administrative unit.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
007. Does the Executive's Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, multi-year expenditure estimates are presented by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, multi-year expenditure estimates are presented by two of the three expenditure classifications.

C. Yes, multi-year expenditure estimates are presented by only one of the three expenditure classifications.

D. No, multi-year expenditure estimates are not presented by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: The multi-year estimates are provided for both functional and economic classifications are quite clear. For administrative classification, multi-year forecasts are provided in The Estimates of Appropriations for each "vote", with expenditures for each vote being the responsibility of a specific departments (administrative unit such as the Ministry of Education for "Vote Education").

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: In each of these cases, multi-year estimates are provided through 2018.

008. Does the Executive's Budget Proposal or any supporting budget documentation present expenditure estimates for a multi-year period (at least two-years beyond the budget year) by program?

A. Yes, multi-year estimates for programs accounting for all expenditures are presented.

B. Yes, multi-year estimates for programs accounting for at least two-thirds of, but not all, expenditures are presented.
C. Yes, multi-year estimates for programs accounting for less than two-thirds of expenditures are presented.

D. No, multi-year estimates for programs are not presented.

E. Not applicable/other (please comment).

New Zealand

B. Score: 67

Sources: See The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 In particular, information for multi-year estimates of “new policy initiatives” is found in Table 1.1 of each vote-specific document. Information for “current and past policy initiatives” is also shown throughout each vote-specific volume under individual categories of “outputs” or program areas. http://www.treasury.govt.nz/budget/2014/estimates Separately, the Core Crown Expense Tables by functional classification (pp. 119-124), which include a disaggregation of expenses within specific functional classifications (e.g. specific welfare benefit expenses, for levels of education, etc.) are sufficiently detailed so as to meet the OBS criteria for program-level expenses.


Comments: Note: Score revised upward to a “b” follow a more thorough analysis of tables covering (i) Table 1.1 in each vote-specific volume of The Estimates for new policy initiatives; (ii) Tables 6.1-6.16 for Core Crown expenses tables in BEFU 2014 (pp. 119-124); and the tables provided with each vote-specific volume of The Estimates for “current and past policy initiatives”, as cited in “Sources” above. Following this more thorough examination of data provided within EBP documentation, combined with consultations with Treasury officials to discuss the scope of the “current and past policy initiative” tables appearing in vote-specific volumes of The Estimates, the conclusion has been reached the the overall coverage for “program level” expenses across all expenses surpasses the two-thirds parameter to qualify for a response of “b”. Note: The main share of expenses for which “program-level” expenses are assessed as not being provided fall within the health sector, where the large majority of expenses come under appropriations to the 20 District Health Boards (DHBs). DHBs are Crown Entities responsible for ensuring the provision of health and disability services to populations within a defined geographical area. The information available within the EBP for expenses under each DHB (pp.34-61 in Vote Health volume of The Estimates - link cited below), provides some detail of expenses over a multi-year horizon, but that is largely limited to appropriations to manage demographic pressures rather than for specific program-based categories of services (e.g. primary health, hospitals, etc.).


GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The Estimates of Appropriations include most expenditures by programme. The main exclusion to this is health expenditure, which is aggregated at a higher level. This recognises the that the District Health Boards are separately elected entities with responsibility for spending.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher that the provision of estimates to 2018 for DHB-level expenses does not mean that “program-level” estimates have been given for the expenditures administered by these Crown Entities. The OBS explanation for this question gives an example where the criteria for this question would be met if a health ministry’s spending were broken up into “hospitals”, “administration”, and “primary health care”. In this case, showing health care spending by DHBs is equivalent to allocating that spending to administrative units, but this approach does not show detail on “program level” spending within or across those units. DHBs themselves may spend in “program-level” areas such as hospitals, administration, and primary health care.

009. Does the Executive’s Budget Proposal or any supporting budget documentation present the individual sources of tax revenue (such as income tax or VAT) for the budget year?
A. Yes, individual sources of tax revenue accounting for all tax revenue are presented.
B. Yes, individual sources of tax revenue accounting for at least two-thirds of, but not all, tax revenues are presented.
C. Yes, individual sources of tax revenue accounting for less than two-thirds of all tax revenues are presented.
D. No, individual sources of tax revenue are not presented.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100


Comments: Note 1 of the Forecast Financial Statements presents a detailed and complete breakdown of forecast total tax revenues (accrued tax owed to the government) and total tax receipts (cash collected by government) by individual tax type.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

010. Does the Executive's Budget Proposal or any supporting budget documentation present the individual sources of non-tax revenue (such as grants, property income, and sales of government-produced goods and services) for the budget year?

A. Yes, individual sources of non-tax revenue accounting for all non-tax revenue are presented.
B. Yes, individual sources of non-tax revenue accounting for at least two-thirds of, but not all, non-tax revenues are presented.
C. Yes, individual sources of non-tax revenue accounting for less than two-thirds of all non-tax revenues are presented.
D. No, individual sources of non-tax revenue are not presented.
E. Not applicable/other (please comment).

New Zealand

B.
Score: 67


Other sovereign receipts (accrual and cash shown separately), pp.98-99. Also, the Forecast Statement of Segments for the Forecast Financial Statements in BEFU 2014, pp.112-117 shows further detail about revenues from sales of goods and services and other non-tax sources from specific segments of “the Crown” (i.e. Core Crown, Crown Entities and SOEs). The table entitled “Crown Revenue and Capital
Receipts" in the Summary Tables for the Estimates of Appropriations 2014/15 shows total non-tax revenues by Vote (p.17) [http://www.treasury.govt.nz/budget/2014/summarytables/estimates Finally, information presented for individual Votes (and individual department/ministries) in the 10-volume set of sector-based Estimates also includes the figures for total non-tax revenues (as a whole) for each Vote (i.e. Table 1.2 - Trends in the Vote Summary of Financial Activity). The Vote-specific volumes also contain more detailed information about specific revenue sources, including specific types of non-tax revenues expected to be received (e.g. fees for services, etc.) [http://www.treasury.govt.nz/budget/2014/estimates

Comments: Notes to the Forecast Financial Statements present a breakdown of non-tax revenue ("Other Sovereign Revenue") by main source type.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

011. Does the Executive’s Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for a multi-year period (at least two-years beyond the budget year)?

A. Yes, multi-year estimates of revenue are presented by category.
B. No, multi-year estimates of revenue are not presented by category.
C. Not applicable/other (please

New Zealand

A.

Score: 100


Comments: Again referring to Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014, a multi-year forecast of individual tax and non-tax revenue items for a 3-year horizon beyond the budget year is provided.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

012. Does the Executive’s Budget Proposal or any supporting budget documentation present estimates for individual sources of revenue presented for a multi-year period (at least two-years beyond the budget year)?
A. Yes, multi-year estimates for individual sources of revenue accounting for all revenue are presented.

B. Yes, multi-year estimates for individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented.

C. Yes, multi-year estimates for individual sources of revenue accounting for less than two-thirds of revenue are presented.

D. No, multi-year estimates for individual sources of revenue are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: See Note 1 in Notes to the Forecast Financial Statements in BEFU 2014, pp.98-99 for forecasts of individual sources of revenue. http://www.treasury.govt.nz/budget/forecasts/befu2014 Also see the Forecast Statement of Financial Performance in BEFU 2014, p.90 showing multi-year forecasts from sales of goods and services, interest revenue and dividends and other revenue. Finally, the Summary of Financial Activity (Table 1.2) within each volume of the Estimates provides vote/department-specific multi-year forecasts for categories of revenues (tax revenue, non-tax revenue and capital receipts), though not for specific types of revenues within these broader categories.

Comments: Again referring to Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014, a multi-year forecast of individual tax and non-tax revenue items for a 3-year horizon beyond the budget year is provided.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

013. Does the Executive's Budget Proposal or any supporting budget documentation present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

A. Yes, all three estimates related to government borrowing and debt are presented.

B. Yes, two of the three estimates related to government borrowing and debt are presented.

C. Yes, one of the three estimates related to government borrowing and debt are presented.

D. No, none of the three estimates related to government borrowing and debt are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100
Sources: New borrowing: The net borrowing requirement for the budget is reported in Note 22 of Notes to the Forecast Financial Statements in BEFU 2014 (p.111) and determined by the reconciliation of core Crown operating cash flows to residual core Crown cash (“Debt program cash flows”) on page 111 of the BEFU 2014 http://www.treasury.govt.nz/budget/forecasts/befu2014 Total debt: The total (net and gross) debt as at the end of the budget year (30 June 2015) and for each of the following three years are shown in the Forecast Statement of Borrowings in the BEFU 2014, p.96 http://www.treasury.govt.nz/budget/forecasts/befu2014 Interest payments: The Forecast Statement of Financial Performance (p.90) and the Forecast Analysis of Expenses by Functional Classification (p.91) both show interest payments over a multi-year horizon. Additional details of interest payments by type and source are provided in Note 6 to the Notes to the Forecast Financial Statements (p.101). http://www.treasury.govt.nz/budget/forecasts/befu2014

Comments: Forecast statements of borrowings are required by law - Section 26Q of the PFA.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The BEFU presents comprehensive information on each of these measures/forecasts, and the key sources within the BEFU are as listed by the researcher.

014. Does the Executive's Budget Proposal or any supporting budget documentation present information related to the composition of the total debt outstanding at the end of the budget year? (The core information must include interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

A. Yes, information beyond the core elements is presented for the composition of the total debt outstanding.
B. Yes, the core information is presented for the composition of the total debt outstanding.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to composition of total debt outstanding is not presented.
E. Not applicable/other (please comment).

New Zealand
A. Score: 100

Sources: Interest rates on debt: The BEFU 2014 provides data for the 90-day bill, 5-year and 10-year bond rates used for economic and fiscal forecasts (see Table 2.14 on p.43). Based on feedback from IBP/OBS staff, this is deemed to satisfy the required presentation of information on interest rates. http://www.treasury.govt.nz/budget/forecasts/befu2014 Maturity profile: The BEFU Forecast Statement of Borrowing (p.96) provides a breakdown of the amount of outstanding government debt held in each of 7 categories. Note 22 of the "Notes to the Forecast Financial Statements" (p.111) states that short-term borrowing is identified by the category of "Treasury Bills" (with maturities of different Treasury bills all being with a period of 1 year or less). The largest category of Government Bonds is considered to be long-term debt. The category of "Other borrowing" refers to borrowing by non-core Crown entities (i.e. SOEs and Crown Entities). There is no explicit information provided about the maturity profile of this non-core Crown debt. Although the non-core Crown debt is not necessarily (likely to be) sovereign-guaranteed, some indication of the short/long-term composition of outstanding SOE/CE debt would help to more fully satisfy OBS criteria for composition (maturity profile) of debt. http://www.treasury.govt.nz/budget/forecasts/befu2014 Additional information about maturity presented in the 2014 Investment Statement (pp.95-96): (i) Broad breakdown of the composition of
government debt showing shares attributable to long-term debt (nominal bonds and inflation-indexed bonds) and short-term debt (Treasury bills); (ii) Maturity profile of bonds out to 2026. http://www.treasury.govt.nz/government/investmentstatements/2014 Domestic and external debt: (EBP documentation alone does not satisfy OBS criteria.) Within the identified EBP documents, there is no identification of the distinct amounts of domestic versus foreign/external debt, where the interpretation of "domestic" and "external" is understood to refer to those entities and/or individuals who HOLD the debt. As noted below, up-to-date information on this is readily available on the RBNZ website.

Comments: While a substantial amount of detailed information is presented about the composition of outstanding debt, the information contained exclusively within the EBP documentation does NOT include all elements of the "core information" as defined for the OBS. Note about more detailed interest rate information available on NZDMO website: The NZ Debt Management Office (NZDMO) website provides more detailed information updated each month about the interest rates applying to each specific issuance of debt. This information, while publicly available at the time of the budget, is not considered to be part of the EBP. http://www.nzdmo.govt.nz/publications/data Note about 2014 Investment Statement: While not produced annually as part of the EBP, NZ Treasury did release (in March 2014) the "2014 Investment Statement: Managing the Crown's Balance Sheet". As part of its discussion and analysis of the Crown's balance sheet, this document available on the Treasury website (and cited below) does provides a substantial amount of information about government borrowing and debt from BY-2 through the (medium-term) forecast horizon for the 2014 (latest) budget year. Quoting the introduction, the 137-page document "provides information on the shape and health of the Crown's portfolio of assets and liabilities at the end of the last full financial year (2013). It outlines how the balance sheet has changed in recent years and it includes forecasts on its anticipated composition and size through to 30 June 2018." Note about more detailed information on maturity available on NZDMO website: NZ Debt Management Office (NZDMO) website provides very detailed information updated each month that includes the maturity profile for each issuance of debt. This information, while publicly available at the time of the budget, is not considered to be part of the EBP. http://www.nzdmo.govt.nz/publications/data Note about availability of detailed information on domestic vs external debt on RBNZ website: While EBP documents themselves do not indicate what amounts or shares of total outstanding are held by New Zealand residents/entities versus that held by non-resident (foreign) entities/individuals, it is worth noting that full and up-to-date information (updated monthly) about the respective shares of "domestic" and "external" debt (including by country) is readily available through the Reserve Bank website (with links also on the NZDMO website - Tables D20-D26). Inclusion of this information within the EBP would fully satisfy the OBS criteria. http://www.rbnz.govt.nz/statistics/tables/d20/ Note: In response to OBS query about the shares of NZ$ and foreign currency-denominated debt, NZDMO has confirmed that foreign currency-denominated debt currently accounts for less than 1/10 of 1% of gross debt. Note: Score/response has changed from previous 2012 OBS (Q.13), improving from "c" to "b".

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: Note that a feature of accrual budgeting is that it recognizes separate decisions over incurring an expense to settling an expense. These two decisions are compounded as one under cash budgeting. The total debt outstanding at the end of the period is not just therefore determined by budget decisions over the amount of expenses incurred, but also Treasury management decisions on risk management, use of supplier credit, the application of credit control and the management of reserves. The level of information provided in the budget therefore recognizes the discretion the Parliament has provided to the Treasury to apply debt management policy. Information on the conduct of this Treasury function is reported on by the Debt Management Office.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: Based on discussion with OBS staff, I agree that a score of (b) is appropriate because (for consistency of rankings with other countries): the breakout of bond rates satisfies the requirement for interest rate information; minimal information on the maturity profile is considered sufficient; and an external/internal breakdown is effectively considered “not applicable” given the small shares of foreign currency denominated debt.

IBP COMMENT
For cross-country consistency purposes, IBP would accept answer choice "a" for this question, as information beyond the core, including a breakdown of guaranteed versus non-guaranteed debt is presented.
015. Does the Executive’s Budget Proposal or any supporting budget documentation present information on the macroeconomic forecast upon which the budget projections are based? (The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)

A. Yes, information beyond the core elements is presented for the macroeconomic forecast.
B. Yes, the core information is presented for the macroeconomic forecast.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to the macroeconomic forecast is not presented.
E. Not applicable/other (please comment).

**New Zealand**

A. Score: 100

**Sources:** Table 1.1 – Economic forecasts, BEFU 2014, p.9. [http://www.treasury.govt.nz/budget/forecasts/befu2014](http://www.treasury.govt.nz/budget/forecasts/befu2014)

**Comments:** Contents of Table 1.1 and accompanying discussion, graphs, etc. contained in Economic Outlook section of BEFU 2014 provide information including and beyond the scope of the core elements.

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

016. Does the Executive’s Budget Proposal or any supporting budget documentation show the impact of different macroeconomic assumptions (i.e., sensitivity analysis) on the budget? (The core information must include estimates of the impact on expenditures, revenue, and debt of different assumptions for the inflation rate, real GDP growth, and interest rates.)

A. Yes, information beyond the core elements is presented to show the impact of different macroeconomic assumptions on the budget.
B. Yes, the core information is presented to show the impact of different macroeconomic assumptions on the budget.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to different macroeconomic assumptions is not presented.
E. Not applicable/other (please comment).
New Zealand

A.

Score: 100

**Sources:** BEFU 2014 includes a section (pp.52-61) with extensive discussion of specific alternative scenarios (e.g. values of the main economic indicators including and beyond the core elements) and their impacts on fiscal balance, revenues, expenditures and debt. The scope and detail of this discussion provides information well beyond the core elements required for OBS.


**Comments:** BEFU also includes extensive discussion of cyclically adjusted balance (CAB).

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

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017. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect expenditures?

A. Yes, estimates that show how all new policy proposals affect expenditures are presented, along with a narrative discussion.

B. Yes, estimates that show how all new policy proposals affect expenditures are presented, but a narrative discussion is not included.

C. Yes, information that shows how some but not all new policy proposals affect expenditure is presented.

D. No, information that shows how new policy proposals affect expenditure is not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

**Sources:** A complete listing of all new policy initiatives is provided across all votes/departments in the 10-volume sector-based Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015.


**Comments:** The Supporting Information section for each vote/department includes Section 1.1 New Policy Initiatives provides a complete listing of new policy initiatives, program activity and type/class of appropriation and the amount for both the budget year and 3-year fiscal forecast horizon. In addition, the Minister's Executive Summary ("Managing a Growing Economy") provides an extensive listing and discussion of new policy initiatives contained within the 2014 Budget. However, since this document is cited, for purposes of the OBS assessment, as being a component of the Citizens Budget, it cannot also be cited as a component of the EBP.


**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
018. Does the Executive's Budget Proposal or any supporting budget documentation present information for at least the budget year that shows how new policy proposals, as distinct from existing policies, affect revenues?

A. Yes, estimates that show how all new policy proposals affect revenues are presented, along with a narrative discussion.
B. Yes, estimates that show how all new policy proposals affect revenues are presented, but a narrative discussion is not included.
C. Yes, information that shows how some but not all new policy proposals affect revenues are presented.
D. No, information that shows how new policy proposals affect revenues is not presented.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: See the Tax Policy Changes on pp.12-13 in the Additional Information section of the BEFU 2014. The combined table (Table 10) and narrative together explain all the material impacts of revenue policy changes in the budget.

Comments: Section 26O and Section 26R of the PFA requires a statement of tax policy changes setting out a summary and quantitative assessment of tax policy changes that have resulted in a material change to the tax revenue forecasts for the forecast year and at least the next two financial years.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: The narrative discussion of the revenue policy proposals is very truncated and it would be more complete and useful if it were at least to contain links/references to further information about the policies and their development (which is not currently the case). However it appears the minimum standard of "a narrative discussion" is met.

019. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the year preceding the budget year (BY-1) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, expenditure estimates for BY-1 are presented by all three expenditure classifications (by administrative, economic, and functional classification).
B. Yes, expenditure estimates for BY-1 are presented by two of the three expenditure classifications.

C. Yes, expenditure estimates for BY-1 are presented by only one of the three expenditure classifications.

D. No, expenditure estimates for BY-1 are not presented by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100


Comments: Both the original budget appropriation and the updated "estimated actuals" data for (BY-1) for the administrative/program classification can be found either: (i) by looking at the estimates document for each vote/department in the section entitled "Details of Appropriations and Capital Injections - Annual and Permanent Appropriations" at the beginning of each Vote-specific document; or (ii) by looking at the "Total Appropriations for Each Vote" table in the "Summary Tables for the Estimates of Appropriations 2014/15" (p.11)

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

020. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the year preceding the budget year (BY-1)?

A. Yes, programs accounting for all expenditures are presented for BY-1.

B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented for BY-1.

C. Yes, programs accounting for less than two-thirds of expenditures are presented for BY-1.

D. No, expenditures are not presented by program for BY-1.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Comments: Both the original budget and the "estimated actuals" data for (BY-1) for the program classification can be found for each vote/department in the section entitled "Details of Appropriations and Capital Injections Annual and Permanent Appropriations" at the beginning of the reporting for each vote/department across the 10 sector-based volumes that comprise the full Estimates.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

021. In the Executive's Budget Proposal or any supporting budget documentation, have expenditure estimates of the year prior to the budget year (BY-1) been updated from the original enacted levels to reflect actual expenditures?

A. Yes, expenditure estimates for BY-1 have been updated from the original enacted levels.

B. No, expenditure estimates for BY-1 have not been updated from the original enacted levels.

C. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: Both the original budget appropriation and the updated "estimated actuals" data for (BY-1) for the administrative/program classification can be found either: (i) by looking at the estimates document for each vote/department in the section entitled “Details of Appropriations and Capital Injections - Annual and Permanent Appropriations” at the beginning of each Vote-specific document; or (ii) by looking at the "Total Appropriations for Each Vote" table in the “Summary Tables for the Estimates of Appropriations 2014/15" (p.11)

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
022. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of expenditure for more than one year prior to the budget year (that is, BY-2 and prior years) by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, expenditure estimates for BY-2 and prior years are presented by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, expenditure estimates for BY-2 and prior years are presented by two of the three expenditure classifications.

C. Yes, expenditure estimates for BY-2 and prior years are presented by only one of the three expenditure classifications.

D. No, expenditure estimates for BY-2 and prior years are not presented by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: Section 1.2 - Trends in the Vote Summary of Financial Activity shows historic and forecast data series for actual expenditures by the administrative unit responsible expenditures in the given vote, including for years (BY-2) and earlier.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

023. Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for more than one year preceding the budget year (that is, BY-2 and prior years)?
A. Yes, programs accounting for all expenditures are presented for BY-2 and prior years.

B. Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented for BY-2 and prior years.

C. Yes, programs accounting for less than two-thirds of expenditures are presented for BY-2 and prior years.

D. No, expenditures are not presented by program for BY-2 and prior years.

E. Not applicable/other (please

New Zealand

C.

Score: 33

Sources: Program classification data for year (BY-2 and earlier): Core Crown Expense Tables by functional classification (pp. 119-124).

Comments: The data provided in the Core Crown Expense Tables by functional classification provided in the BEFU 2014 (pp. 119-124) include tables within each functional classification that are, in some cases, specific enough as to identify program-specific expenses, as in the case of Table 6.2 for Welfare benefit expenses. Examining the level of detail across the full range of functional classifications, it is determined that the sum of expenses across categories sufficiently detailed so as to provide program-level data together amount to less than two-thirds of total expenses. Note: The rewording of this question relative to what appears in the 2012 OBS (Q.23), with exclusive focus on program-level information and fixed parameters of > or < 2/3's of total spending has led to a lower score/response in this OBS, down from "b" to "c".

GOVERNMENT REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: a.

Comments: In addition to the information provided in the Core Crown expense tables, significantly more detail is provided in the appropriation tables. Actual information at appropriation level is provided in annual reports, (see for example http://www.treasury.govt.nz/publications/abouttreasury/annualreport/13-14/050.htm). At the time of the budget (i.e. before year end) updated estimated actual information is provided (see for example http://www.treasury.govt.nz/budget/2014/estimates/v5/est14-v5-finan.pdf)

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher that the rewording of the question (rather than any changes in the information presented) means that the scores should be a "c", which is lower than the 2012 OBS response of "b".

RESEARCHER'S RESPONSE

The question is specifically asking about "program-level" data (allowing for relatively broad definition of "program" to include sub-sectors such as primary health or primary education). Moreover, the question is specifically asking for reporting on historic data for BY-2 and preceding years. Finally, the question is specifically asking about the content of documentation classified for purposes of the OBS as being part of the the Executive's Budget Proposal (EBP). With this in mind, the GR's comments cite one document (Treasury's Annual Report) that is not part of the EBP, but rather viewed in context of OBS as being part of Year-End Report. Moreover, neither of the two documents cited by the GR contain the specific historic data for BY-2 and prior years sought for this OBS question. The documents do include program-level data for BY-1 ("estimated actuals"), but do not include data for earlier years. Finally, to add further explanation to the researcher's initial response, it is worth pointing out the following: (i) the Core Crown Expenses Tables do come very close to providing enough detail to meet the criteria established for a score of "b" (i.e. data available for at least 2/3's but not all expenditures for BY-2 and prior years). The current assessment of "program-level" data using the Core Crown Expense Tables allows for inclusion of almost all social welfare spending (as explained in original submission's comment), nearly all education sector expenses (given breakdown to primary, secondary, tertiary, etc.), finance costs and a range of other smaller categories of expenses deemed to meet the relatively liberal OBS criteria for "program-level".
However, the data in the Core Crown Expense Tables for one particularly major functional category of spending (i.e. health) is viewed as not meeting the OBS criteria for "program-level", since the line/data for "Payments to DHBs" is considered to be too broad to qualify as "program level" data. Without some further (sub-sector) breakdown of funding for DHBs, the range of "program-level" data for BY-2 and prior years available in the Core Crown Expense Tables exceeds 1/3 of total expenses but falls short of the 2/3's cut-off required for a "score" of "b". (ii) more detailed appropriation-level data (including separate appropriations to each regional DHB) are readily available to the public in an Excel file on Treasury's website for annual budget documentation each year (e.g. see http://www.treasury.govt.nz/budget/2014/data), including for both expenses and revenues. These data include individual appropriations presented in the Estimates across all votes.

024. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all expenditures reflect actual outcomes?

A. Two years prior to the budget year (BY-2).
B. Three years prior to the budget year (BY-3).
C. Before BY-3.
D. No actual data for all expenditures are presented in the budget or supporting budget documentation.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: Section 1.2 - Trends in the Vote Summary of Financial Activity shows historic and forecast data series for actual expenditures by the administrative unit responsible expenditures in the given vote, including for years (BY-2) and earlier.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

025. Does the Executive's Budget Proposal or any supporting budget documentation present revenue by category (such as tax and non-tax) for the year preceding the budget year (BY-1)?
A. Yes, revenue estimates for BY-1 are presented by category.
B. No, revenue estimates for BY-1 are not presented by category.
C. Not applicable/other (please comment).

New Zealand

-score: 100

Sources: See Note 1 in Notes to the Forecast Financial Statements in BEFU 2014, pp.98-99.

Comments: Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014 (cited above) includes data for both the enacted budget figures and the revised/updated forecast or “estimated actual” tax and non-tax revenues for the year (BY-1).

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

026. Does the Executive’s Budget Proposal or any supporting budget documentation present individual sources of revenue for the year preceding the budget year (BY-1)?

A. Yes, individual sources of revenue accounting for all revenue are presented for BY-1.
B. Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue for BY-1 are presented.
C. Yes, individual sources of revenue accounting for less than two-thirds of all revenues for BY-1 are presented.
D. No, individual sources of revenue are not presented for BY-1.
E. Not applicable/other (please comment).

New Zealand

-score: 100

Sources: See Note 1 in Notes to the Forecast Financial Statements in BEFU 2014, pp.98-99.

Comments: Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014 (cited above) includes data for both the enacted budget figures and the revised/updated forecast or “estimated actual” all individual sources of (tax and non-tax) revenues for the year (BY-1).

Note: Assessment for 2015 OBS leads to an improved score/response relative to that recorded for the 2012 OBS (Q.28). The assessment has improved from a “b” to an “a”.

GOVERNMENT REVIEWER
027. In the Executive's Budget Proposal or any supporting budget documentation, have the original estimates of revenue for the year prior to the budget year (BY-1) been updated to reflect actual revenue collections?

A. Yes, revenue estimates for BY-1 have been updated from the original enacted levels.
B. No, revenue estimates for BY-1 have not been updated from the original enacted levels.
C. Not applicable/other (please comment).

New Zealand

A.

Score: 100


Comments: Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014 (cited above) includes data for both the enacted budget figures and the revised/updated forecast or "estimated actual" all individual sources of (tax and non-tax) revenues for the year (BY-1), where the revised forecasts for year (BY-1) reflect actual revenue collections, revised macroeconomic forecasts and any policy decisions taken affecting revenue estimates for year (BY-1) as of the cut-off date for preparation of revenue forecasts for the budget and multi-year horizon going forward.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

028. Does the Executive's Budget Proposal or any supporting budget documentation present revenue estimates by category (such as tax and non-tax) for more than one year prior to the budget year (that is, BY-2 and prior years)?

A. Yes, revenue estimates for BY-2 and prior years are presented by category.
B. No, revenue estimates for BY-2 and prior years are not presented by category.
C. Not applicable/other (please comment).

New Zealand
029. Does the Executive's Budget Proposal or any supporting budget documentation present individual sources of revenue for more than one year prior to the budget year (that is, BY-2 and prior years)?

A. Yes, individual sources of revenue accounting for all revenue are presented for BY-2 and prior years.
B. Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented for BY-2 and prior years.
C. Yes, individual sources of revenue accounting for less than two-thirds of all revenues are presented for BY-2 and prior years.
D. No, individual sources of revenue are not presented for BY-2 and prior years.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100

Sources: See Note 1 in Notes to the Forecast Financial Statements in BEFU 2014, pp.98-99.

Comments: Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014 (cited above) includes data for actual revenues from all individual sources of (tax and non-tax) revenues for the year (BY-2).

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
030. In the Executive's Budget Proposal or any supporting budget documentation, what is the most recent year presented for which all revenues reflect actual outcomes?

A. Two years prior to the budget year (BY-2).
B. Three years prior to the budget year (BY-3).
C. Before BY-3.
D. No actual data for all revenues are presented in the budget or supporting budget documentation.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: Note 1 of the Notes to the Forecast Financial Statements in the BEFU 2014 (cited above), the most recent year for which data show actual revenues from all individual sources of (tax and non-tax) revenues is for the year (BY-2).

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

031. Does the Executive's Budget Proposal or any supporting budget documentation present information on government borrowing and debt, including its composition, for the year proceeding the budget year (BY-1)? (The core information must include the total debt outstanding at the end of BY-1; the amount of net new borrowing required during BY-1; interest payments on the debt; interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

A. Yes, information beyond the core elements is presented for government debt.
B. Yes, the core information is presented for government debt.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to government debt is not presented.
E. Not applicable/other (please comment).
Moreover, the recent (but not routinely annual) 2014 Investment Statement provides additional information meeting the OBS criteria for government-guaranteed debt. This does, in fact, essentially cover all government-guaranteed debt, since SOE/CE debt is not (generally) government guaranteed.

The OBS criteria, with the information distinguishing short and long-term debt being available for “core-Crown” debt exclusive of SOEs and BEFU, this split reflects the fact that borrowings by SOEs and Crown entities are not explicitly guaranteed by the Crown. No debt of SOEs and Crown entities is currently guaranteed by the Crown.

Information for total outstanding debt, net new borrowing required, interest payments and interest rates are all available at the time of the budget, is not considered to be part of the EBP. Information about maturity profile is very near to satisfying the OBS criteria for presentation of interest rates on debt. Information of the 2014 Investment Statement (pp.95-96) includes: (i) Broad breakdown of the composition of outstanding SOE/CE debt; (ii) Maturity profile of bonds out to 2026; (iii) Information about government outstanding and external debt: Finally, there is no identification of the distinct amounts of domestic versus foreign/external debt, where the interpretation of “domestic” and “external” is understood to refer to those entities and/or individuals who HOLD the debt. There is no information in any of the EBP documents that indicate what amounts or shares of total outstanding debt are held by either New Zealand residents/entities versus that held by non-resident (foreign) entities/individuals. However, information for respective shares of “domestic” and “external” debt (including by country), including for BY-1, is readily available through the Reserve Bank website (with links also on the NZDMO website - Tables D20-D26). Inclusion of this type of information within the EBP would be sufficient to satisfy the OBS criteria.

Comments: As noted for questions 13 and 14, a substantial amount of detailed information is presented about the composition of outstanding debt (and net new borrowing), both for the forecast period as well as for year (BY-1). In strict terms, the information directly incorporated in and available from the EBP documentation itself does not include ALL elements of the "core information" as defined for the OBS. However, with only one core element missing and on the basis of the quality and scope of information provided for the remaining core elements, along with additional information beyond the core elements cited above, OBS has advised that, on balance, a score is "b" is warranted. Information for total outstanding debt, net new borrowing required, interest payments and interest rates are all provided for year (BY-1), with the same sources as those cited for Question 13. Information about maturity profile is very near to satisfying the OBS criteria, with the information distinguishing short and long-term debt being available for "core-Crown" debt exclusive of SOEs and CEs. This does, in fact, essentially cover all government-guaranteed debt, since SOE/CE debt is not (generally) government guaranteed.

Moreover, the recent (but not routinely annual) 2014 Investment Statement provides additional information meeting the OBS criteria for
maturity profile. The only category among OBS criteria for Q.31 for which data are not provided within the EBP documentation itself is for "domestic" vs "external" debt. This information is readily available (and updated monthly) on the NZDMO and RBNZ websites, but it is not incorporated into the EBP documentation.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: See comments on Question 14. Additional, non-core, information that makes transparent debt management policy as a New Zealand Treasury function, is conducted and reported on by the Debt Management Office separate to the Budget Documentation

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and OBS staff that a "b" is warranted given the totality and quality of the information provided both in the EBP documents and in other relevant public sources.

IBP COMMENT

As the researcher has indicated that the amount of external debt is negligible (see question 14), and information beyond the core, such as a breakdown of guaranteed versus non-guaranteed debt is presented, IBP would accept answer choice "a" for this question for cross-country consistency.

032. In the Executive’s Budget Proposal or any supporting budget documentation, what is the most recent year presented for which the debt figures reflect actual outcomes?

A. Two years prior to the budget year (BY-2).
B. Three years prior to the budget year (BY-3).
C. Before BY-3.
D. No actual data for government debt are presented in the budget or supporting budget documentation.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Total debt: Actual total (net and gross) debt as at the end of the year (BY-2) shown in the Forecast Statement of Borrowings in the BEFU 2014, p.96 http://www.treasury.govt.nz/budget/forecasts/befu2014

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
033. Does the Executive’s Budget Proposal or any supporting budget documentation present information on extra-budgetary funds for at least the budget year? (The core information must include a statement of purpose or policy rationale for the extra-budgetary fund; and complete income, expenditure, and financing data on a gross basis.)

A. Yes, information beyond the core elements is presented for all extra-budgetary funds.
B. Yes, the core information is presented for all extra-budgetary funds.
C. Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.
D. No, information related to extra-budgetary funds is not presented.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: In accordance with the PFA (Section 26Q.4), fiscal forecasts for the budget must be for the same reporting entity as the financial statements and, therefore, in accordance with generally accepted accounting practice (Section 27.2.a). GAAP requires all controlled entities (including Crown Entities) to be included in consolidated financial statements (NZ IAS 27). Therefor, reporting on all the funds/entities cited above is included within the Budget. However, having reviewed relevant literature on EBFs and consistent with the criteria applied for the 2012 OBS, the four items cited above are cited as examples of EBFs in the New Zealand context on the basis of their independent management of designated revenue sources (levies) and/or portfolios of financial assets.
034. Does the Executive's Budget Proposal or any supporting budget documentation present central government finances (both budgetary and extra-budgetary) on a consolidated basis for at least the budget year?

A. Yes, central government finances are presented on a consolidated basis.

B. No, central government finances are not presented on a consolidated basis.

C. Not applicable/other (please comment).

New Zealand

A. Yes, central government finances are presented on a consolidated basis.

Score: 100


Comments: As noted for Question 33 concerning EBFs, financial statements for the government must be prepared in accordance with generally accepted accounting practice (PFA Section 27). GAAP requires all controlled entities to be included in consolidated financial statements (NZ IAS 27). All funds and activities are included within the Budget. The Fiscal Forecasts are inclusive of three segments: Core Government, SOEs and Crown Entities, as listed in BEFU 2014, pp. 87-89.
A. Yes, estimates of all intergovernmental transfers are presented, along with a narrative discussion.

B. Yes, estimates of all intergovernmental transfers are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all intergovernmental transfers are presented.

D. No, estimates of intergovernmental transfers are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: There are no central government block grants or transfers to sub-national government, which have their own dedicated tax base and are largely self-funding. However, there is a relatively small number of specific grants provided to local jurisdictions. Examples were found in the following Votes: (i) Transport; (ii) Environment and (iii) Internal Affairs (responsible for supporting local government administration) (i) Vote Transport: National Land Transport Programme - appropriation intended to provide support to investment from the National Land Transport Fund in the maintenance and improvement of land transport networks and services, including co-investment with local authorities in local roads and public transport. Found within Vote Transport (pp.293-295) In addition, a number of appropriations are directed to transport projects within specific local jurisdictions, including Auckland, Christchurch and Wellington. It is not whether local authorities play any significant role in managing the funding, although the appropriations would (presumably) be utilized in accordance with local plans for transport networks. Examples found with Vote Transport (pp.312-317) http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf (ii) Vote Environment: Several appropriations providing funding to local authorities can be found in Vote Environment in The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 http://www.treasury.govt.nz/budget/2014/estimates/v3/est14-v3-envir.pdf (a) Contaminated Sites Remediation Fund - appropriation intended to encourage and support Regional Councils and unitary authorities to investigate and remediate sites that pose a risk to human health and the environment. Found within Vote Environment (pp.64-65) (b) Fresh Start for Fresh Water: New Initiatives - appropriation intended to help communities (including Regional Councils) clean up waterways affected by historical water quality issues. Found within Vote Environment (pp. 69-70) (c) Waste Disposal Levy Disbursements to Territorial Local Authorities - appropriation intended to achieve more effective and efficient waste management and minimisation across the country through the distribution of 50 per cent of the Waste Disposal Levy (collected under the Waste Minimisation Act 2008) to Territorial Authorities, on a per head of population basis, to fund activities set out in their Waste Management and Minimisation Plans. Found within Vote Environment (p.89) (iii) Vote Internal Affairs: Appropriation to fund the Chatham Islands Council to meet its statutory responsibilities can be found within Vote Internal Affairs (p. 73) in The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 http://www.treasury.govt.nz/budget/2014/estimates/v8/est14-v8-intaff.pdf

Comments: NZ is a unitary state, and there are no central government block grants or transfers to sub-national government, the latter having their own dedicated tax base and being self funding. There are, however, some targeted transfers to local authorities, as explained above.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

036. Does the Executive's Budget Proposal or any supporting budget documentation present alternative displays of expenditures (such as by gender, by age, by income, or by region) to illustrate the financial impact of policies on different groups of citizens, for at least the budget year?
A. Yes, at least three alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.

B. Yes, two alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.

C. Yes, one alternative display of expenditures is presented to illustrate the financial impact of policies on different groups of citizens.

D. No, alternative displays of expenditures are not presented to illustrate the financial impact of policies on different groups of citizens.

E. Not applicable/other (please comment).

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New Zealand

D.

Score: 0

Sources: No alternative presentation of expenditures to illustrate financial impacts on specific groups of citizens.

Comments: Note, two documents cited as being components of the Citizens Budget (i.e. the "Minister's Executive Summary" and the "Key Facts for Taxpayers") both include a table/chart showing the distribution of total income tax payments across 14 different income groups. But this shows the distribution of income tax collections and not expenditures. Moreover, for the purposes of the OBS assessment, since the two documents are listed as components of the Citizens Budget, they cannot also be cited as components of the EBP.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Appropriation level information often provides details that allow analysis of the impact of policies on different groups of citizens (e.g. District Health Board expenditure by region, Superannuation etc.). These descriptions allow for analyses that incorporate distributional elements, such as that contained within Treasury Working Papers in 2013.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

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037. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of transfers to public corporations for at least the budget year?

A. Yes, estimates of all transfers to public corporations are presented, along with a narrative discussion.

B. Yes, estimates of all transfers to public corporations are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all transfers to public corporations are presented.

D. No, estimates of transfers to public corporations are not presented.

E. Not applicable/other (please comment).

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New Zealand

A.

Score: 100
Sources: In general, government/financial policy is for State-owned enterprises (SOEs) and Crown Entities (CEs) to operate on a fully commercial basis, with their own revenues and, when appropriate, paying dividends to the government. However, there are also isolated instances (not as a matter or routine policy or routine appropriations) when the government (Crown) will appropriate a cash/capital injection (transfer) to support/ensure/restore the financial viability or health of a given SOE/CE entity. An example of this was included in the previous 2012 OBS (NZ Post). There have been additional instances since the last OBS with support given to Solid Energy in a previous budget year and to Kiwi Rail in the 2014 Budget year. These transfers are fully disclosed/reported and described in the EBP. In the case of the $198 million appropriation to Kiwi Rail, the appropriation is "intended to achieve investment in KiwiRail to put its freight business on a commercially viable footing", as described in the Vote Transport volume (pp.313-314) of The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015. http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf

Comments: While instances of subsidies to SOEs/CEs are relatively limited/isolated, the quality of the information provided in the EBP on such instances is considered sufficient to warrant an "a" response.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

038. Does the Executive's Budget Proposal or any supporting budget documentation present information on quasi-fiscal activities for at least the budget year? (The core information must include a statement of purpose or policy rationale for the quasi-fiscal activity and the intended beneficiaries.)

A. Yes, information beyond the core elements is presented for all quasi-fiscal activities.
B. Yes, the core information is presented for all quasi-fiscal activities.
C. Yes, information is presented, but it excludes some core elements or some quasi-fiscal activities.
D. No, information related to quasi-fiscal activities is not presented.
E. Not applicable/other (please comment).

New Zealand
E.

Score: 0

Sources: Neither the central bank nor public enterprises conduct QFAs in NZ. Under the government's accounting policies, such policies are included in the Budget.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
039. Does the Executive's Budget Proposal or any supporting budget documentation present information on financial assets held by the government? (The core information must include a listing of the assets, and an estimate of their value.)

A. Yes, information beyond the core elements is presented for all financial assets.

B. Yes, the core information is presented for all financial assets.

C. Yes, information is presented, but it excludes some core elements or some financial assets.

D. No, information related to financial assets is not presented.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100

**Sources:** Note 12 of the Notes to the Forecast Financial Statements in BEFU 2014 (p.102) lists financial assets and gives their values. In addition, Note 13 (p.103) presents more detailed information about student loans and Note 16 provides detailed information about NZS Fund. [http://www.treasury.govt.nz/budget/forecasts/befu2014](http://www.treasury.govt.nz/budget/forecasts/befu2014) In addition, given the government's use of accrual accounting and GAAP framework, there is also a presentation and substantial discussion in BEFU 2014 of the government's balance sheet, net worth and issues (such as risks) surrounding financial (and non-financial) asset holdings and valuations. Finally, the section on Specific Fiscal Risks and Contingent Liabilities/Contingent Assets in BEFU 2014 (pp.63-83) can also provide relevant information with respect to the fiscal impacts of possible changes in financial assets. [http://www.treasury.govt.nz/budget/forecasts/befu2014](http://www.treasury.govt.nz/budget/forecasts/befu2014)

**Comments:** BEFU 2014 also notes on p.39 that The Treasury recently released its 2014 Investment Statement, which provides a very extensive discussion and presentation of information/data about the Crown's balance sheet. In particular, it provides information on the shape and health of the Crown's portfolio of assets and liabilities, as well as a discussion on balance sheet management, including financial risk management. [http://www.treasury.govt.nz/government/investmentstatements/2014](http://www.treasury.govt.nz/government/investmentstatements/2014)

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

040. Does the Executive's Budget Proposal or any supporting budget documentation present information on nonfinancial assets held by the government? (The core information must include a listing of the assets by category.)

A. Yes, information beyond the core elements is presented for all nonfinancial assets.

B. Yes, the core information is presented for all nonfinancial assets.

C. Yes, information is presented, but it excludes some nonfinancial assets.

D. No, information related to nonfinancial assets is not presented.
**New Zealand**

**Score:** 100

**Sources:** Note 14 in BEFU 2014 (pp.103-104) provide the core information of listing non-financial assets and their respective values by class of asset, by source (i.e. by segment of total Crown - core, Crown Entities and SOES), a further breakdown of land assets by usage, schedule of movements (changes) in valuations and additions to non-financial assets by functional classification. [http://www.treasury.govt.nz/budget/forecasts/befu2014](http://www.treasury.govt.nz/budget/forecasts/befu2014)

**Comments:** Again, it is also worth noting the 2014 Investment Statement for its extensive discussion and presentation of information/data about the Crown's balance sheet, including nonfinancial assets. [http://www.treasury.govt.nz/government/investmentstatements/2014](http://www.treasury.govt.nz/government/investmentstatements/2014)

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

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041. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of expenditure arrears for at least the budget year?

A. Yes, estimates of all expenditure arrears are presented, along with a narrative discussion.

B. Yes, estimates of all expenditure arrears are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all expenditure arrears are presented.

D. No, estimates of expenditure arrears are not presented.

E. Not applicable/other (please comment).

**New Zealand**

**Score:** 0

**Sources:** There are no expenditure arrears in the sense of overdue obligations not recorded as government expenditure, since the government budgets and accounts on an accrual basis. Forecasts are required to be prepared in accordance with generally accepted accounting practice (as compared to cash budgets) and do not face this problem of arrears, since all commitments must be reported.

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.
042. Does the Executive's Budget Proposal or any supporting budget documentation present information on contingent liabilities, such as government loan guarantees or insurance programs? (The core information must include a statement of purpose or policy rationale for each contingent liability; the new guarantees or insurance commitments proposed for the budget year; and the total amount of outstanding guarantees or insurance commitments (the gross exposure) at the end of the budget year.)

A. Yes, information beyond the core elements is presented for all contingent liabilities.

B. Yes, the core information is presented for all contingent liabilities.

C. Yes, information is presented, but it excludes some core elements or some contingent liabilities.

D. No, information related to contingent liabilities is not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Chapter 4 of BEFU 2014 (pp.63-83) includes extensive and detailed information about all contingent liabilities and assets, including quantification of the fiscal impacts for those that can be effectively quantified and detailed explanation for all individual items over a defined materiality level of $100 million. Quantifiable contingencies less than $100 million are aggregated in the “other quantifiable” total. Unquantifiable contingent liabilities and assets deemed to be “remote” (i.e. less than 10% probability of eventuating) are not reported. http://www.treasury.govt.nz/budget/forecasts/befu2014

Comments: The accrual basis for government accounts, including presentation of the budget, supports extensive reporting on contingent liabilities and assets. In addition, the EBP includes a thorough presentation of specific fiscal risks (positive and negative) with material impact on multi-year budget baselines. Disclosure of contingent liabilities and fiscal risks is required by the PFA legislation in Section 26Q.3.b.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher that the choice to include an aggregate estimate for contingent liabilities that do not meet the $100 million materiality threshold should be sufficient for a grade of "a", even though there is no statement of purpose or policy rationale for the various individual liabilities that do not meet the materiality threshold.
043. Does the Executive's Budget Proposal or any supporting budget documentation present projections that assess the government's future liabilities and the sustainability of its finances over the longer term? (The core information must cover a period of at least 10 years and include the macroeconomic and demographic assumptions used and a discussion of the fiscal implications and risks highlighted by the projections.)

A. Yes, information beyond the core elements is presented to assess the government's future liabilities and the sustainability of its finances over the longer term.

B. Yes, the core information is presented to assess the government's future liabilities and the sustainability of its finances over the longer term.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to future liabilities and the sustainability of finances over the longer term is not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The Forecast Statement of Financial Position in the BEFU 2014 (p.95) presents a valuation of different categories of liabilities. Further details about the individual categories, including the public superannuation fund (NZS Fund), insurance liabilities (chiefly the accident compensation scheme ACC), civil service pension scheme (the Government Superannuation Fund) and other future liabilities are presented in notes to the financial statements. Note 16 (p.105) covers NZS Fund. Note 18 (pp.106-107) covers ACC and the EQC (for earthquake-related costs). Note 19 (p.108) covers GSF. http://www.treasury.govt.nz/budget/forecasts/befu2014 In addition to the comprehensive coverage of financial liabilities over the multi-year/medium-term forecast period, the EBP also in the Fiscal Strategy Report (FSR) providing long-term projections of fiscal aggregates including debt, operating balance, expenses, revenues and net worth (as required by PFA Section 26L). The projections must cover a period of at least 10 years or more and are supported by extensive discussion of the macroeconomic context and assumptions used, as well important long-term fiscal issues related to specific policies, demographic trends and other factors. The FSR also highlights operating allowances incorporated into the budget forecasts for new spending and revenue initiatives. The explicit rationale/expectation for the FSR is for the government to demonstrate the consistency of its budget policies with the legally defined framework for long-term fiscal sustainability. http://www.treasury.govt.nz/budget/2014/fsr

Comments: Under accrual accounting and budgeting, a separate statement covering future liabilities is not required, as the information is comprehensively and systematically incorporated into the budget.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
044. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of the sources of donor assistance, both financial and in-kind?

A. Yes, estimates of all sources of donor assistance are presented, along with a narrative discussion.
B. Yes, estimates of all sources of donor assistance are presented, but a narrative discussion is not included.
C. Yes, estimates of some but not all sources of donor assistance are presented.
D. No, estimates of the sources of donor assistance are not presented.
E. Not applicable/other (please comment).

**New Zealand**

E.

**Score**: 0

**Sources**: New Zealand is not a recipient of official development assistance or other donor assistance.

**GOVERNMENT REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

045. Does the Executive's Budget Proposal or any supporting budget documentation present information on tax expenditures for at least the budget year? (The core information must include a statement of purpose or policy rationale for each tax expenditure, the intended beneficiaries, and an estimate of the revenue foregone.)

A. Yes, information beyond the core elements is presented for all tax expenditures.
B. Yes, the core information is presented for all tax expenditures.
C. Yes, information is presented, but it excludes some core elements or some tax expenditures.
D. No, information related to tax expenditures is not presented.
E. Not applicable/other (please comment).

**New Zealand**

C.

**Score**: 33

**Sources**: 2014 Tax Expenditure Statement [http://www.treasury.govt.nz/budget/2014/taxexpenditure](http://www.treasury.govt.nz/budget/2014/taxexpenditure) Note: Social assistance to lower-
By international standards, there are few tax expenditures in NZ, with the tax system in general not used to provide industry assistance. Following a 2009 Treasury Policy Perspectives Paper that published an initial list of tax expenditures, and discussed possible approaches to regular reporting of tax expenditures, the government started (in 2010) to present an annual Tax Expenditure Statement with the Budget to provide transparency around policy-motivated expenditures included in the tax system. The 2014 Tax Expenditure Statement represents the fifth year in which the EBP documentation has included reporting on tax expenditures. The list tax expenditures covers the Income Tax Act of 2007 and the Goods and Services Tax Act of 1985, although Treasury analysis indicates that their are no tax expenditures pertaining to the latter. Appropriated cash payments (spending) made through the tax system have also been included although they are assessed as not formally meeting the definition of a tax expenditure definition. A small sub-section of tax expenditures with readily accessible data has been quantified. Not all tax expenditures are quantified, citing compliance costs of collecting additional data being considered as prohibitive. Efforts to expand the scope of quantification is continuing, but many tax expenditures may not be able to be quantified. While it is not exhaustive, the overall set of information published on tax expenditures - including social assistance delivered through the tax system - is now judged to be extensive and regular, and contains both narrative discussion and quantitative estimates. The table categorize individual items by “type” and “impact”, where the three “types” are “social”, “business” and “other”. The categories for “impact” relate to whether the impact on the current tax base is “historic” (no longer available for new claims), permanent (reduce the amount of tax payable or increase entitlement to government expenditure) or affect the “timing of tax liabilities (e.g. deferrals). The Tax Expenditure Statement does not identify or use a normative tax benchmark, nor does it involve a comprehensive analysis of tax legislation. The statement does provide a clear explanation of the criteria used for identifying tax expenditures, Work on identification is ongoing. Treasury advises that the listing “should not be taken as an exhaustive or complete list of all current tax expenditures“, instead focusing on “a narrow subset of tax expenditures that bear a distinct fiscal cost and represent a clear policy-motivated exemption to current tax practice.” The 2014 Tax Expenditure Statement included as a component of the EBP does provide a substantial amount of information and makes an important contribution to fiscal transparency. However, given the criteria set out by the OBS that the revenue impact for ALL tax expenditures be quantified, regardless of the possible size of the impacts, the available information it is assessed as not fully meeting the “core” informational requirements. This may be a a particularly strict interpretation of the OBS criteria given the quality of the Tax Expenditure Statement and likely limited extent of tax expenditures in New Zealand. Note: As a result of revisions and re-wording of this question and responses for the 2015 OBS as compared to the preceding 2012 OBS, "strict" application of 2015 OBS criteria has led to a lowering of the assessed score/response from an "a" in 2012 OBS to "c" for the 2015 OBS.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: A Tax Expenditure Statement is published. We consider that tax expenditures are relatively small in New Zealand by international comparison and have noted difficulties internationally in seeking to provide more quantification of tax expenditures, that lead to spurious results. This has led us to conclude that a comprehensive tax expenditure statement as represented by an A score is not appropriate.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher's score of "c" on the following bases: (1) the lack of quantification of many of the tax expenditures identified; and (2) the very narrow definition of "tax expenditures" that New Zealand adopts relative to other countries. The researcher notes that, "tax expenditures are numerically few" in New Zealand. This is highly likely true, but I agree with the researcher that this does not in itself justify a higher rating than a "c". Further, "numerically few" does not mean fiscally insignificant. In the income tax, New Zealand's "narrow" approach to tax expenditure reporting excludes potentially large income tax expenditures, such as preferential regimes for certain investment vehicles and the lack of a broad-based capital gains tax. Treasury's "narrow" approach excludes such tax expenditures in part because "they are available to all taxpayers" (FN 1 of the Tax Expenditure Statement) although in reality only a subset of taxpayers can and do take advantage of these provisions. Treasury's narrow approach is also motivated in part by the difficulty of drawing the line in defining tax expenditures when adopting a broader approach. (See the Tax Expenditure Statement, FN 1, and the Working Paper on tax expenditure measurement: http://www.treasury.govt.nz/publications/research-policy/ppp/2009/09-01/tpn09-01.pdf.) This is a difficult problem, and there is no international consensus on where the line should be drawn, but countries that score highly on this measure generally take an approach that is much broader than New Zealand's and therefore produce much more information that is useful to researchers and policymakers for both fiscal management and tax policy purposes. Further, Treasury acknowledges that its "narrow" approach does not avoid the difficulties of drawing the line. For example, one of the criteria Treasury uses
to identify a tax expenditure is: “Is the concession available to a targeted group or type of activity?” Treasury excludes the Portfolio Investment Entity regime on the basis that it is “available to all taxpayers” or “broadly available”. But one might similarly say that film production tax credits, a tax expenditure on which Treasury does provide data, are “available” to all taxpayers. Does the application of this criterion then depend on how many taxpayers use the relevant provision in fact? If so, where is the line drawn: is it based on actual uptake data (and if so, what is the uptake benchmark) or Treasury’s view of how broadly policymakers intended the provision to be used? If many taxpayers use a provision but those taxpayers are concentrated in specific income or demographic groups (as opposed to a specific industry) does this influence Treasury’s application of the criteria? This is not clear in the Treasury documentation, and for this reason, I do not share the researcher’s view that the criteria presented in the TE Statement are clear/transparent. In sum, I agree with a response of “c”, but, unlike the researcher, do not think that a particularly “strict” interpretation of the criteria is required to support this rating.

Note: the reintroduction in 2010 of an annual TE Statement is a marked improvement for New Zealand as there were no regular TE Statements between 1984 and 2010, and government practice continues to evolve, with more years of estimates being presented in the 2014 statement. Possible ways to further strengthen practice include providing estimates for more of the expenditures already identified, and broadening the scope of expenditures analyzed. For example, the 2009 Working Paper cited above raised the possibility of a separate report that would cover more expenditures.

RESEARCHER’S RESPONSE
The researcher acknowledges the insights contained within the PR’s comments, in particular the challenge or uncertainty around how to “draw the line” for what constitutes a tax expenditure based on the level or distribution (across income, demographic or business-activity groups) of actual “uptake”. The score remains unchanged on the relatively basic assessment of the existing Tax Expenditure Statement lacking all the core elements, notably quantitative estimates of revenue foregone for each tax expenditure.

046. Does the Executive’s Budget Proposal or any supporting budget documentation present estimates of earmarked revenues?

A. Yes, estimates of all earmarked revenues are presented, along with a narrative discussion.

B. Yes, estimates of all earmarked revenues are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all earmarked revenues are presented.

D. No, estimates of earmarked revenues are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The main earmarked taxes are fuel excise duties, motor vehicle registration fees, and road user charges. Since 2008/09 these have been hypothecated by legislation to the National Land Transport Fund. These revenues are spent on the national roading network, with a small amount used to pay for road policing activities in Vote Police. These revenues are identified individually and detailed information is provided in The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 under Vote Transport (p.278). http://www.treasury.govt.nz/budget/2014/estimates http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
047. Does the Executive’s Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government's policy goals for the budget year?

A. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for the budget year are presented, along with a narrative discussion.

B. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for the budget year are presented, but a narrative discussion is not included.

C. Yes, information that shows how the proposed budget is linked to some but not all of the government's policy goals for the budget year is presented.

D. No, information on the link between the budget and the government's stated policy goals for the budget year is not presented.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Budget Speech Budget Speech (p.6-8) identifies specific policy initiatives (budget appropriations) which the government presents as being aligned to broad policy goals. [Source](http://www.treasury.govt.nz/budget/2014/speech) The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 See Vote-specific volumes where documentation for each vote provides a description of what each policy initiative is intended to achieve, the appropriations and how performance against the intended outcomes or policy objectives will be measured. Example provided here is for Vote Transport: [Source](http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf) Note: The following is not formerly (for purpose of OBS) considered to be a component of the EBP. Strategic Intention document (or Statement of Intent) At departmental/ministerial level, extensive additional narrative about strategic policies with some further indication of the alignment of specific appropriation to pursue sector strategies/policies is provided by each department’s/ministry’s Strategic Intention document (or Statement of Intent). Example provided here is for Ministry of Transport: [Source](http://www.transport.govt.nz/about/publications/statementsofintent/statement-of-intent-2014-2018/)

Comments: The linkages between the government’s stated policy goals and specific appropriations can be traced from the Pre-Budget Statement (Budget Policy Statement or BPS in New Zealand) through to specific appropriations attributable to department-specific votes. The BPS identifies the government’s broad policy priorities. These same policy priorities provide a framework for the Minister’s Budget Speech in Parliament when the actual budget (EBP) is submitted by the government to Parliament. The Budget Speech categories specific policy initiatives and appropriations under the headings that constitute the government’s broad policy priorities. The specific revenue and spending initiatives cited in the Budget Speech can then be found within the Vote-specific volumes of The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015. The documentation for each vote provides a description of what each policy initiative is intended to achieve, the appropriations and how performance against the intended outcomes or policy objectives will be measured. For example, the BPS identifies “Building a productive and competitive economy” as one of the government’s broad policy goals. In reference to this broad policy goal, the Budget Speech (p.6-8) identifies specific policy initiatives (budget appropriations) which the government presents as being aligned to the broad policy goal. Within this category of policy initiatives for the 2014 Budget, the Budget Speech (p.8) highlights $375 million of new capital funding for the New Zealand Transport Agency in the form of an interest-free loan to support transportation projects (with a focus on the Auckland area). Turning to the Vote-specific documentation of the The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015, the documentation for Vote Transport provides a table (Table 1.1 on p.275) of listing new policy initiatives. Further on, the main body of the appropriations under Vote Transport provide additional details for that specific appropriation (p.308). This information covers both the budget year and a multi-year horizon of three years beyond the budget year. In addition to the policy-appropriation linkages noted above, and an extensive additional narrative about
strategic policies with some further indication of the alignment of specific appropriation to pursue sector strategies/policies is provided by each department's/ministry's Strategic Intention document (or Statement of Intent). Looking at the Ministry of Transportation example (attached), the document (released after Budget 2014 but before the OBS deadline of 30 June) provides a comprehensive presentation of the Ministry's strategic framework, policy objectives, desired outcomes, impact areas and specific initiatives over a multi-year (medium-term) horizon. The document includes an appendix (p.40) that, while not including the actual dollar amounts of individual appropriations, aligns those individual appropriation items to specific impact areas, desired outcomes and broader government policy objectives. Reference has been added (attached) Ministry of Transport's newest Statement of Intent (SoI) released on 27 June. Note: Amendments in 2013 to the Public Finance Act have revised legal requirements pertaining to departmental/ministerial Statements of Intent (SoI). The amendments are designed to allow departments/ministries greater flexibility with respect to how and when they present their respective Strategic Intentions document (formerly the SoI) to Parliament. At the same time, the amendments establish additional guidance/requirements regarding the content and scope of the Strategic Intention document. Note, under the amended PFA, departments/ministries are no longer required to submit a Strategic Intention document (as part of their budget submission) at the time of the release of the budget. Departments/ministries are now allowed to submit the Strategic Intentions document at any point up to (and including) the time at which they must submit their annual report to Parliament. The Strategic Intentions document is still expected to contain among other things, the specific impacts, outcomes, or objectives that the department seeks to achieve or to contribute to through its operations; how the department intends to perform its functions and conduct its operations to achieve those impacts, outcomes, or objectives; and the main measures and standards that the department intends to use to assess and report on matters relating to the department's future performance (PFA Section 40) http://www.treasury.govt.nz/publications/guidance/strategy

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher that linkages between stated policy goals and specific appropriations can be traced from the government's broad policy goals through to specific appropriations. The strength of the narrative and linkages varies between specific appropriations. For example, the researcher highlights a transportation initiative where the link between the government's goals as presented in the Budget Speech and the specific appropriations information provided in the Estimates of Appropriations are clear. In other cases, any linkages that exist are at a much broader level. For example, the Budget Speech broadly discusses "increasing" and "protecting" investments in health, gives aggregate estimates for health spending and new health policy appropriations, and explicitly discusses a number of new or continued health policy initiatives (e.g. rheumatic fever prevention and the new Grey Base hospital). But neither the Budget Speech nor Estimates of Appropriations provide even basic narrative detail on the new "Healthy Families NZ" initiative. The initiative can be linked to the government's broad stated policy goals of "investing in" and "protecting" health investment, but there is no specific narrative about the particular appropriation. In some cases, departmental/ministerial Statements of Intent may provide (some or more) specific narrative information for particular policy initiatives. For example, the researcher noted the Ministry of Transport Statement of Intent provides significant narrative information linking the stated policy goals in the pre-budget statement to specific appropriations. In other cases, Statements of Intent do not provide additional information. In any event, as the researcher notes, the Statements of Intent are not supporting budget documents and may not be available at the same time as the EBS. OBS staff advise that the quality of the linkages is sufficient to warrant an "a", taking into account consistency of ratings between countries, and I am comfortable with that result.

048. Does the Executive's Budget Proposal or any supporting budget documentation present information on how the proposed budget (both new proposals and existing policies) is linked to government's policy goals for a multi-year period (for at least two years beyond the budget year)?

A. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for a multi-year period are presented, along with a narrative discussion.

B. Yes, estimates that show how the proposed budget is linked to all the government's policy goals for a multi-year period are presented, but a narrative discussion is not included.
C. Yes, information that shows how the proposed budget is linked to some but not all of the government's policy goals for a multi-year period is presented.

D. No, information on the link between the budget and the government's stated policy goals for a multi-year period is not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Same sources as cited for preceding question (Q.47) Budget Speech Budget Speech (p.6-8) identifies specific policy initiatives (budget appropriations) which the government presents as being aligned to broad policy goals.

http://www.treasury.govt.nz/budget/2014/speech The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 See Vote-specific volumes where documentation for each vote provides a description of what each policy initiative is intended to achieve, the appropriations and how performance against the intended outcomes or policy objectives will be measured. Example provided here is for Vote Transport: http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf Strategic Intention document (or Statement of Intent) At departmental/ministerial level, extensive additional narrative about strategic policies with some further indication of the alignment of specific appropriation to pursue sector strategies/policies is provided by each department's/ministry's Strategic Intention document (or Statement of Intent). Example provided here is for Ministry of Transport: http://www.transport.govt.nz/about/publications/statementsofintent/statement-of-intent-2014-2018/

Comments: Refer again to Ministry of Transport's new Statement of Intent released on 27 June and attached in Question 47. Note, subsequent to the most recent (2013) amendments to the Public Finance Act (PFA), departmental/ministerial SoI's are no longer legally mandated to be released at the same time as The Estimates. Moreover, while still required to cover a multi-year (medium term) horizon, departments and ministries are not obligated to produce a new SoI (or SI) on a rolling annual basis. Note: As the response provided by the NZ assessor for previous 2012 OBS appropriately highlights the Fiscal Strategy Report (FSR) that is a component of the EBP also sets out the government's fiscal strategy and measures how the government is performing against its overall goals in areas such as the balance between operating revenues and expenses, and achieving debt objectives. Note the focus of the FSR is on fiscal aggregates rather than on appropriations for individual policy initiatives. Annex 1 of the FSR specifically discusses the consistency of the government's short term (at least 3 year) fiscal intentions with its long term (10 or more year) fiscal objectives. http://www.treasury.govt.nz/budget/2014/fsr

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher that linkages between stated policy goals and specific appropriations can be traced from the government's broad policy goals through to specific appropriations. The strength of the narrative and linkages varies for specific appropriations. The standard of information and narratives presented overall for the budget year (Q47) and the multi-year period (this question) is effectively the same. OBS staff advise that the quality of the linkages is sufficient to warrant an "a", taking into account consistency of ratings between countries, and I am comfortable with that result.

049. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on inputs to be acquired for at least the budget year?

A. Yes, nonfinancial data on inputs to be acquired are provided for each program within all administrative units (or functions).

B. Yes, nonfinancial data on inputs to be acquired are presented for all administrative units (or functions) but not for all (or any) programs.
C. Yes, nonfinancial data on inputs to be acquired are presented for some programs and/or some administrative units (or functions).

D. No, nonfinancial data on inputs to be acquired are not presented.

E. Not applicable/other (please comment).

New Zealand

D.

Score: 0

Sources: The response of "d" reflects the fact that basic framework shaping the system of budgeting in New Zealand, as well as the practical mechanisms employed to operate that system, are strongly geared toward outputs. Hence, definition or presentation of input requirements is not a focus or feature of budget documentation.

Comments: The fundamental framework for budgeting and reporting in New Zealand focuses on planning, financing and accountability for outputs, providing administrative units (departments, ministries and other budget entities) and the senior officials responsible for planning and implementing programs, a high degree of autonomy in determining what they consider to be the most effective/efficient mix of inputs required to achieve state performance targets As a result, there is relatively little explicit or detailed "nonfinancial inputs" (e.g. number of teachers, quantities of various materials purchased or used, etc.). On the basis of the underlying output-based framework employed for NZ public financial and public sector management, it is arguable that an "e" response may be more appropriate. Note: Amendments in 2013 to the Public Finance Act (since the previous 2012 OBS) have revised legal requirements pertaining to departmental/ministerial Statements of Intent (SoI), allowing departments/ministries greater flexibility with respect to how and when they present their respective Strategic Intentions document (formerly the SoI) to Parliament. As a result, these documents, which can include information at least some information about "inputs" (e.g. staffing), are no longer a part of the package of documentation provided annual by departments/ministries at the time of budget submissions. Departments/ministries are now allowed to submit the Strategic Intentions document at any point up to (and including) the time at which they must submit their annual report to Parliament. However, it still remains the case that the Strategic Intentions document is not expected to contain much (if any) information about "inputs". In accordance with the PFA (Section 40), the SI document is to focus on specific impacts, outcomes, or objectives that the department seeks to achieve or to contribute to through its operations; how the department intends to perform its functions and conduct its operations to achieve those impacts, outcomes, or objectives; and the main measures and standards that the department intends to use to assess and report on matters relating to the department's future performance.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Currently budget documentation provides information on the costs of the services delivered (an accrual measure which includes, depreciation, cost of capital, and other costs for which payment is deferred such as employee entitlements). We are not clear what information is being proposed here, the value it would add, nor are we aware of a demand for this information. Financial data on inputs is the most relevant and reliable.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: A response of "d" follows from the plain meaning of the question and criteria, and New Zealand's output-based framework. (New Zealand scores strongly on questions 50 and 51 regarding information on outputs and results.)

RESEARCHER’S RESPONSE

Again, New Zealand's budget preparation (and reporting) operates under a framework focusing on the definition of outputs and measuring performance with respect to stated output objectives. In this context, the only information routinely provided (by some but not all budget entities) about non-financial inputs (e.g. amount of staff) is to be found in the Year-End Reports by individual entities.
050. Does the Executive's Budget Proposal or any supporting budget documentation present nonfinancial data on results (in terms of outputs or outcomes) for at least the budget year?

A. Yes, nonfinancial data on results are provided for each program within all administrative units (or functions).
B. Yes, nonfinancial data on results are presented for all administrative units (or functions) but not for all (or any) programs.
C. Yes, nonfinancial data on results are presented for some programs and/or some administrative units (or functions).
D. No, nonfinancial data on results are not presented.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100

Sources: The Vote-specific volumes of The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 provides extensive and detailed non-financial data about the results (outputs and outcomes) expected from each policy/program in tables showing indicators against which end-of-year performance will be measured. These performance measurement tables extend only to the budget year. http://www.treasury.govt.nz/budget/2014/estimates

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

051. Are performance targets assigned to nonfinancial data on results in the Executive's Budget Proposal or any supporting budget documentation?

A. Yes, performance targets are assigned to all nonfinancial data on results.
B. Yes, performance targets are assigned to most nonfinancial data on results.
C. Yes, performance targets are assigned to some nonfinancial data on results.
D. No, performance targets are not assigned to nonfinancial data on results, or the budget does not present nonfinancial data on results.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100

Sources: Citing the same information as presented in response to Question 50: The Vote-specific volumes of The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015 provides extensive and detailed non-financial data...
about the results (outputs and outcomes) expected from each policy/program in tables showing indicators against which end-of-year performance will be measured. These performance measurement tables extend only to the budget year.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

052. Does the Executive's Budget Proposal or any supporting budget documentation present estimates of policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations in at least the budget year?

A. Yes, estimates of all policies that are intended to benefit directly the country's most impoverished populations are presented, along with a narrative discussion.

B. Yes, estimates of all policies that are intended to benefit directly the country's most impoverished populations are presented, but a narrative discussion is not included.

C. Yes, estimates of some but not all policies that are intended to benefit directly the country's most impoverished populations are presented.

D. No, estimates of policies that are intended to benefit directly the country's most impoverished populations are not presented.

E. Not applicable/other (please comment).

New Zealand

C.

Score: 33

Sources: EBP documentation includes information (narrative and appropriations) for programs intended to assist specific target groups, including groups defined in terms of low income. Other programs target other groups viewed as being in some way disadvantaged, vulnerable or at-risk. The programs themselves cut across a range of expenditure categories (sectors, departments/ministries or "votes/appropriations). They include various types of income-based transfers/benefits implemented through the tax system (within Vote Revenue), as well as a range of either targeted subsidies (particularly within Vote Social Development and Vote Housing). Other sectors also include spending programs targeting services for vulnerable or "at-risk" groups. The information, including some description of the policy mechanism, the amount of appropriations and performance measurements, for programs targeted either low-income households/individuals and other disadvantaged, vulnerable or "at-risk" groups, is detailed within the respective Vote-specific volumes of The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2015
http://www.treasury.govt.nz/budget/2014/estimates For specific references/examples, see: Vote Revenue (pp.212-220)
http://www.treasury.govt.nz/budget/2014/estimates/v5/est14-v5-reven.pdf Vote Social Development (pp.54-63 for overview of broad range of specific departmental and non-departmental expenses/programs, with more detailed descriptions and performance measures for individual programs/appropriations in text that follows) http://www.treasury.govt.nz/budget/2014/estimates/v10/est14-v10-socdev.pdf Vote Housing (pp. 30-31, 34-37, 39-40) http://www.treasury.govt.nz/budget/2014/estimates/v10/est14-v10-hous.pdf In addition to the very detailed information about specific programs and appropriations contained with the Vote-specific volumes of The Estimates, another component of the EBP, the Budget Speech (pp.11-13), also highlights some broad information about programs and spending targeting relatively low-income or vulnerable segments of the population. http://www.treasury.govt.nz/budget/2014/speech
Comments: Note: Previous assessment for 2012 OBS also a “b”, based on: (i) citations of discussion in Executive Summary, which is apparently not eligible by OBS methods as a source for EBP given it serves as a component of Citizen’s Budget and cannot be double-referenced; and (ii) citations of departmental/ministerial Statement(s) of Intent, which under the 2013 amendments to PFA are no longer required by law to be part of departmental/ministerial budget documentation (though they are still required by law to be produced, as discussed in “Comment” for Q.47 and Q.48).

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: As the researcher’s response notes, narrative discussion for all policies intended to benefit directly the country’s most impoverished populations is not included within the EBP and supporting documents. A researcher who wishes to identify all budget policies that are intended to assist specific groups, including groups defined in terms of low income, would therefore not be able to do so purely from the EBP and supporting documents, although those documents give appropriations estimates for all such programs.

IBP COMMENT
For cross-country consistency purposes, IBP revised the answer for this question from "b" to "c".

053. Does the executive release to the public its timetable for formulating the Executive’s Budget Proposal (that is, a document setting deadlines for submissions from other government entities, such as line ministries or subnational government, to the Ministry of Finance or whatever central government agency is in charge of coordinating the budget’s formulation)?

A. Yes, a detailed timetable is released to the public.
B. Yes, a timetable is released, but some details are excluded.
C. Yes, a timetable is released, but it lacks important details.
D. No, a timetable is not issued to the public.
E. Not applicable/other (please comment).

New Zealand

A.

Score: 100


Comments: Response has been updated (to an "a") following Treasury's posting of the complete and detailed circular onto its website.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Section 3. Comprehensiveness of Other Key Budget Documents

054. Does the Pre-Budget Statement present information on the macroeconomic forecast upon which the budget projections are based? (The core information must include a discussion of the economic outlook with estimates of nominal GDP level, inflation rate, real GDP growth, and interest rates.)

A. Yes, information beyond the core elements is presented for the macroeconomic forecast.
B. Yes, the core information is presented for the macroeconomic forecast.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to the macroeconomic forecast is not presented.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Original source information (BPS document only): The Budget Policy Statement (released in December 2013) provides reasonably extensive information and discussion of the economic context for preparation of the 2014 Budget, including forecasts of inflation and real GDP (from which one can relatively easily deduce forecasts of nominal GDP). Economic data also include figures for unemployment, current account and tradable versus non-tradable output. However, the data series do not include figures for interest rates, although trends in interest rate, wages, demand for housing, exchange rates and other economic indicators are commented on in the narrative discussion for their respective role in the overall economic/fiscal context. So by strict application of “core information” the appropriate response is “c”, although the seems to be a rather strongly (unwarranted) punitive assessment.
http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf Added source documentation (2013 HYEFU) In addition, see the full set of fiscal/economic forecasts released conjointly with 2014 BPS and presented in the 2013 HYEFU. This includes: Data for all core indicators and many more - Table 1.1 (p.9) and Table 2.15 (p.42) Extensive discussion of economic developments (pp.7-20), risks around economic forecasts and alternative scenarios, including fiscal impacts (pp.46-59) Long-term data series for main economic indicators (p.129)

Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given concurrent release of both 2014 BPS and 2013 HYEFU (and this being a regular routine on annual basis since 2001) and reference in PBS to HYEFU, the response and source citation for this question about Pre-Budget Statement (PBS) has been revised to reflect scope of information available in 2013 HYEFU, to which the text, tables and charts in 2014 BPS frequently refer the reader. Original comment: As noted, strict application of “core information” criteria leads to what assessor considers to be a downwardly biased assessment of quality of macroeconomic information contained in BPS. Revisions to the question and responses relative to the 2012 OBS leads to a significant reduction in the “score” or response from an “a” in 2012 OBS to “c” in the 2015 OBS.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
055. Does the Pre-Budget Statement present information on the
government's expenditure policies and priorities that will guide
the development of detailed estimates for the upcoming
budget? (The core information must include a discussion of
expenditure policies and priorities and an estimate of total
expenditures.)

A. Yes, information beyond the core elements is presented for the government's expenditure policies and priorities.
B. Yes, the core information is presented for the government's expenditure policies and priorities.
C. Yes, information is presented, but it excludes some core elements.
D. No, information related to the government's expenditure policies and priorities is not presented.
E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Original source information (BPS document only): Statement of government's budget policy priorities (p.3) and forecasts of actual expenditures (pp.5-6) are both provided, along with extensive discussion the economic and fiscal context surrounding and of specific policies pertaining to each of the broad policy priorities (pp.3-12). In addition, there is presentation of how aggregate expense forecasts compare to the stated long-term fiscal intentions (pp.13-14). http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf Added source documentation (2013 HYEFU): In addition, see the full set of fiscal/economic forecasts released conjointly with 2014 BPS and presented in the 2013 HYEFU. (Core Crown Expense Tables, p.117). http://www.treasury.govt.nz/budget/forecasts/hyefu2013

Comments: As per correspondence with and advice from IBP/OBS staff, given concurrent release of both 2014 BPS and 2013 HYEFU (and this being a regular routine on annual basis since 2001) and reference in PBS to HYEFU, the response and source citation for this question about Pre-Budget Statement (PBS) has been revised to reflect scope of information available in 2013 HYEFU, to which the text, tables and charts in 2014 BPS frequently refer the reader.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and OBS/IBP staff that relevant information in the HYEFU should be considered, and I agree with the researcher's response of "a" on that basis.
056. Does the Pre-Budget Statement present information on the government's revenue policies and priorities that will guide the development of detailed estimates for the upcoming budget? (The core information must include a discussion of revenue policies and priorities and an estimate of total revenues.)

A. Yes, information beyond the core elements is presented for the government's revenue policies and priorities.

B. Yes, the core information is presented for the government's revenue policies and priorities.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to the government's revenue policies and priorities is not presented.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Original source information (BPS document only): The discussion of the government's priorities for revenue policy is not nearly as developed or extensive as for expenditures, but there are several statements pertaining to the underlying objective of not increasing the tax burden while still raising sufficient revenue to meet the operating balance objectives (p.4, p.7, and p.8). Forecasts of revenues are provided (p.6 and p.14). In addition, there is presentation of how aggregate revenue forecasts compare to the stated long-term fiscal intentions (pp.13-14). [http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf](http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf) Added source documentation (2013 HYEFU): In addition, to the BPS, the HYEFU provides both a full set of fiscal/economic forecasts released conjointly with 2014 BPS and presented in the 2013 HYEFU (Forecast Statement of Financial Performance, p.90) and some further discussion of factors affecting revenue performance, including both economic developments and some policy-related factors (pp.23-24). [http://www.treasury.govt.nz/budget/forecasts/hyefu2013](http://www.treasury.govt.nz/budget/forecasts/hyefu2013)

Comments: As per correspondence with and advice from IBP/OBS staff, given concurrent release of both 2014 BPS and 2013 HYEFU (and this being a regular routine on annual basis since 2001), the response and source citation for this question about Pre-Budget Statement (PBS) has been revised to reflect scope of information available in 2013 HYEFU, to which the text, tables and charts in 2014 BPS frequently refer the reader. In sum, the scope and quality of information provided on revenues is (remains) assessed as meeting criteria for "b" response.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and OBS/IBP staff that relevant information in the HYEFU should be considered, and I agree with the researcher’s response of "b" on that basis.

057. Does Pre-Budget Statement present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?
A. Yes, all three estimates related to government borrowing and debt are presented.

B. Yes, two of the three estimates related to government borrowing and debt are presented.

C. Yes, one of the three estimates related to government borrowing and debt are presented.

D. No, none of the three estimates related to government borrowing and debt are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Original source information (BPS document only): The BPS includes information about the levels of gross and net debt for the budget year and over a medium-term forecast horizon, and there is generally extensive discussion of debt levels, including the legally mandated explanation of debt projections against long term fiscal intentions (pp.13-14). There is relatively little explicit information with respect to net new borrowing, though there is the following statement: "This year the Government is still borrowing a net $78 million a week, and in dollar terms, net debt is expected to peak at $64.5 billion in 2015/16" (p.5). Also, forecasts do indicate an expectation of an operating balance surplus for the budget year and for the medium-term forecast horizon. There is no information in the BPS about interest payments. http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf Added source documentation (2013 HYEFU) In addition, see the full set of fiscal/economic forecasts released conjointly with 2014 BPS and presented in the 2013 HYEFU: New borrowing (Notes to the Forecast Financial Statements, Note 22, p.110 - "Residual cash deficit/(surplus) funding or investing") Total debt (Forecast Statement of Borrowings, p.96) Interest expenses (Forecast Statement of Financial Performance – Functional Expense Analysis, p.91) http://www.treasury.govt.nz/budget/forecasts/hyefu2013

Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given concurrent release of both 2014 BPS and 2013 HYEFU (and this being a regular routine on annual basis since 2001) and reference in PBS to HYEFU, the response and source citation for this question about Pre-Budget Statement (PBS) has been revised to reflect scope of information available in 2013 HYEFU, to which the text, tables and charts in 2014 BPS frequently refer the reader. Original comment: Depending on how one assesses the limited scope of information providing about "borrowing", the appropriate response may be either a "b" or a "c". It is worth noting the lack of inclusion in the BPS of more comprehensive and detailed data across many categories of economic and fiscal indicators, including interest rates, expenditures (e.g. by functional classification and interest payments), revenues from specific sources (i.e. specific tax and nontax revenues) and for net new borrowing partly reflects the fact that the BPS is released at the same time (on same day) as the Half-Year Economic and Fiscal Update which does include all the more detailed data. In other words, the economic and fiscal forecasts used for and referenced in the BPS are the same as those more fully presented in the HYEFU. This thereby leads to less focus on a presentation of extensive data tables in the BPS.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and OBS/IBP staff that relevant information in the HYEFU should be considered, and I agree with the researcher's response of "a" on that basis.

058. Does the Pre-Budget Statement present estimates of total expenditures for a multi-year period (at least two-years beyond the budget year)?

A. Yes, multi-year expenditure estimates are presented.
B. No, multi-year expenditure estimates are not presented.

C. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Original source information (BPS document only): As indicated in the response for Question 55, the BPS includes medium-term forecasts of total expenditures (pp.5-6), along with the legally mandated commentary/explanation of how aggregate expense forecasts compare to the stated long-term fiscal intentions (pp.13-14). http://www.treasury.govt.nz/budget/2014/bps/bps-14.pdf Added source documentation (2013 HYEFU): In addition, see the full set of fiscal/economic forecasts released conjointly with 2014 BPS and presented in the 2013 HYEFU. (Core Crown Expense Tables, p.117). http://www.treasury.govt.nz/budget/forecasts/hyefu2013

Comments: As per correspondence with and advice from IBP/OBS staff, given concurrent release of both 2014 BPS and 2013 HYEFU (and this being a regular routine on annual basis since 2001) and reference in PBS to HYEFU, the response and source citation for this question about Pre-Budget Statement (PBS) has been revised to reflect scope of information available in 2013 HYEFU, to which the text, tables and charts in 2014 BPS frequently refer the reader.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and OBS/IBP staff that relevant information in the HYEFU should be considered, and I agree with the researcher’s response of "a" on that basis.

059. Does the Enacted Budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the Enacted Budget presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the Enacted Budget presents expenditure estimates by two of the three expenditure classifications.

C. Yes, the Enacted Budget presents expenditure estimates by only one of the three expenditure classifications.

D. No, the Enacted Budget does not present expenditure estimates by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Original source information (Appropriations Act document only): The "Enacted Budget" is the "Appropriations (2013/14 Estimates) Act 2013". http://www.legislation.govt.nz/act/public/2013/0054/latest/DLM5199102.html The document that is identified for OBS as the "Enacted Budget" is itself limited to a presentation of detailed appropriations (expenditures) for each individual vote. Added
source documentation (2013 BEFU and Estimates): The detailed appropriations in the Appropriations Act 2013 (the "Enacted Budget") are identical in all respects to detailed information presented in the EBP’s "Estimates of Appropriations 2013/14". In other words, Parliament makes no changes to the EBP. The Appropriations Act 2013 references vote-specific volumes of "The Estimates of Appropriations 2013/14" for additional information for each appropriation. Inclusion of both the 2013 BEFU and the 2013 Estimates documentation as additional supporting information for the "Enacted Budget" provides a source of expenditure estimates for all three expenditure classifications:

Administrative - The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2014 - Summary Tables, pp.xxviii-xxix
Economic - Forecast Statement of Financial Performance, 2013 BEFU, p.87


Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given the conditions set out by IBP/OBS staff for acceptance of the EBP documents as supporting documentation, the response and source citation for this question about the Enacted Budget (EB) has been revised to reflect scope of information available in 2013 BEFU and 2013 Estimates of Appropriations, to which the Appropriations Act itself refers and which are in all respects identical (in the amounts of specific appropriations) to the information contained in Appropriations Act itself passed by Parliament (EB). Original comment: The Appropriation Act approved by Parliament provides information on appropriations for each department and agency by each of seven appropriation types - for example, departmental output expense (which is equivalent to program-level), non-departmental output expense, benefits and other unrequited expenses (e.g., social welfare transfer payments), and capital expenditure (departmental or non-departmental). The Act contains a reference to the corresponding page number of the Estimates for more detailed information. Note: Although this question is suggested to be comparable to Q.101 in the preceding 2012 OBS, it is in fact quite different in its wording and response options. As a result of these differences, the response or "score" shown above for this question in 2015 OBS ("c") is much "lower" than that for Q.101 in the 2012 OBS (which was an "a").

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: I agree with the researcher and IBS/OBP staff that the BEFU and Estimates of Appropriations should be considered. I agree with the researcher's rating of "a" on that basis.

060. Does the Enacted Budget present expenditure estimates for individual programs?

A. Yes, the Enacted Budget presents estimates for programs accounting for all expenditures.
B. Yes, the Enacted Budget presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
C. Yes, the Enacted Budget presents estimates for programs accounting for less than two-thirds of expenditures.
D. No, the Enacted Budget does not present expenditure estimates by program.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100

Sources: The Appropriation Act approved by Parliament provides information on appropriations for each department and agency by each of seven appropriation types - for example, departmental output expense (which is equivalent to program-level, see answer to Q. 4), non-departmental output expense, benefits and other unrequited expenses (e.g., social welfare transfer payments), and capital expenditure...
061. Does the Enacted Budget present revenue estimates by category (such as tax and non-tax)?

A. Yes, the Enacted Budget presents revenue estimates by category.

B. No, the Enacted Budget does not present revenue estimates by category.

C. Not applicable/other (please comment).

New Zealand

A. Score: 100


Added source documentation (2013 BEFU and Estimates): On the basis of IBP/OBS decision to accept documentation previously cited/identified as components of the EBP (Executive Budget Proposal) as also being acceptable supporting documentation for the EB (Enacted Budget), inclusion of 2013 BEFU (and the vote-specific Estimates) as supporting documentation provides complete revenue estimates for all categories of revenue. In particular, see: Notes to the Forecast Financial Statements, Note 1 and Note 2, 2013 BEFU, pp.95-97, [http://www.treasury.govt.nz/budget/forecasts/befu2013](http://www.treasury.govt.nz/budget/forecasts/befu2013) This reference to the 2013 BEFU is based on one of the qualifying conditions set out by OBS/IBP staff for accepting EBP documents as supporting documentation, to which the Appropriations Act itself refers and which are in all respects identical (in the amounts of specific appropriations) to the information contained in Appropriations Act itself passed by Parliament (i.e. the EB).

Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given the conditions set out by IBP/OBS staff for acceptance of the EBP documents as supporting documentation, the response and source citation for this question about the Enacted Budget (EB) has been revised to reflect scope of information available in 2013 BEFU and 2013 Estimates of Appropriations, to which the Appropriations Act itself refers and which are in all respects identical (in the amounts of specific appropriations) to the information contained in Appropriations Act itself passed by Parliament (i.e. the EB).
062. Does the Enacted Budget present individual sources of revenue?

A. Yes, the Enacted Budget presents individual sources of revenue accounting for all revenue.
B. Yes, the Enacted Budget presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
C. Yes, the Enacted Budget presents individual sources of revenue accounting for less than two-thirds of all revenues.
D. No, the Enacted Budget does not present individual sources of revenue.
E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Original source information (Appropriations Act document only): As noted in response for Question 61, the “Enacted Budget” is an appropriations act and focuses entirely on expenses. Revenues are not appropriated by Parliament. [http://www.legislation.govt.nz/act/public/2013/0054/latest/DLM5199102.html](http://www.legislation.govt.nz/act/public/2013/0054/latest/DLM5199102.html) Added source documentation (2013 BEFU): On the basis of IBP/OBS decision to accept documentation previously cited/identified as components of the EBP (Executive Budget Proposal) as also being acceptable supporting documentation for the EB (Enacted Budget), inclusion of 2013 BEFU as supporting documentation provides revenue estimates for individual categories of revenue. In particular, see: Notes to the Forecast Financial Statements, Note 1 and Note 2, 2013 BEFU, pp.95-97. [http://www.treasury.govt.nz/budget/forecasts/befu2013](http://www.treasury.govt.nz/budget/forecasts/befu2013) This reference to the 2013 BEFU is based on one of the qualifying conditions set out by OBS/IBP staff for accepting EBP documentation to support responses/assessment of the Enacted Budget (EB): “(iv) if you ask an official at the Finance Ministry for the budget, they would point you towards the detail in the EBP”

Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given the conditions set out by IBP/OBS staff for acceptance of the EBP documents as supporting documentation, the response and source citation for this question about the Enacted Budget (EB) has been revised to reflect scope of information available in 2013 BEFU and 2013 Estimates of Appropriations, to which the Appropriations Act itself refers and which are in all respects identical (in the amounts of specific appropriations) to the information contained in Appropriations Act itself passed by Parliament (i.e. the EB).

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher and IBS/OBP staff that the BEFU and Estimates of Appropriations should be considered. I agree with the researcher's rating of "a" on that basis.
063. Does the Enacted Budget present three estimates related to government borrowing and debt: the amount of net new borrowing required during the budget year; the total debt outstanding at the end of the budget year; and interest payments on the debt for the budget year?

A. Yes, all three estimates related to government borrowing and debt are presented.
B. Yes, two of the three estimates related to government borrowing and debt are presented.
C. Yes, one of the three estimates related to government borrowing and debt are presented.
D. No, none of the three estimates related to government borrowing and debt are not presented.
E. Not applicable/other (please comment).

New Zealand

A. 

Score: 100

Sources: Original source information (Appropriations Act document only): As noted for preceding two questions (Q.61 and Q.62), the “Enacted Budget” is an appropriations act focused entirely on expenses. There is no appropriation for borrowing (or the stock of debt). With respect to interest payments, Section 11(1) of the PFA provides for "Expenses of payments authorised other than by Appropriation Act". This applies to debt repayments and borrowing expenses for government debt, which are authorised under a Permanent Legislative Authority (PLA) for such spending. The expected amount of spending to be incurred for borrowing expenses is presented in The Estimates (within Vote Finance), but there is no appropriation specified in the Appropriations Act itself.

http://www.legislation.govt.nz/act/public/2013/0054/latest/DLM5199102.html Added source documentation (2013 BEFU): On the basis of IBP/OBS decision to accept documentation previously cited/identified as components of the EBP (Executive Budget Proposal) as also being acceptable supporting documentation for the EB (Enacted Budget), inclusion of 2013 BEFU as supporting documentation provides revenue estimates for individual categories of revenue. In particular, see: New borrowing (Notes to the Forecast Financial Statements, Note 22, p.108 - "Residual cash deficit/(surplus) funding or investing") Total debt (Forecast Statement of Borrowings, p.93) Interest expenses (Forecast Statement of Financial Performance – Functional Expense Analysis, p.88) http://www.treasury.govt.nz/budget/forecasts/befu2013 This reference to the 2013 BEFU is based on one of the qualifying conditions set out by OBS/IBP staff for accepting EBP documentation to support responses/assessment of the Enacted Budget (EB): “(iv) - if you ask an official at the Finance Ministry for the budget, they would point you towards the detail in the EBP” Finally, for additional source of appropriation for debt service (interest payments) under the Permanent Legislative Authority granted to Government (Treasury) under the PFA, see the vote-specific volume of the 2013 Estimates for Vote Finance, p.114). http://www.treasury.govt.nz/budget/2013/estimates/086.htm

Comments: Comment added on 9/9/14: As per correspondence with and advice from IBP/OBS staff, given the conditions set out by IBP/OBS staff for acceptance of the EBP documents as supporting documentation, the response and source citation for this question about the Enacted Budget (EB) has been revised to reflect scope of information available in 2013 BEFU and 2013 Estimates of Appropriations, to which the Appropriations Act itself refers and which are in all respects identical (in the amounts of specific appropriations) to the information contained in Appropriations Act itself passed by Parliament (i.e. the EB). Original comment: Referring to "A Guide to the Public Finance Act" (p.24), "Permanent appropriations are generally provided when the Government needs to give an assurance about its ability to make payments (for example, debt repayment), and/or Parliament wishes to signal a commitment not to interfere in certain transactions (for example, the salaries of the judiciary).

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: I agree with the researcher and IBS/OBP staff that the BEFU and Estimates of Appropriations should be considered. I agree with the researcher's rating of "a" on that basis.

064. What information is provided in the Citizens Budget? (The core information must include expenditure and revenue totals, the main policy initiatives in the budget, the macroeconomic forecast upon which the budget is based, and contact information for follow-up by citizens.)

A. The Citizens Budget provides information beyond the core elements.
B. The Citizens Budget provides the core information.
C. The Citizens Budget provides information, but it excludes some core elements.
D. The Citizens Budget is not published.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: The three documents that together comprise the NZ version of a Citizens Budget provide all the core components in addition to information about the functional breakdown of total expenses, specific sources of total revenue, trends in the overall operating balance, the government's assets and liabilities, comparisons of NZ's economic performance relative to other countries, the identification of specific policy initiatives in relation to the government's broad policy priorities, and the distribution of tax burden across income groups.
http://www.treasury.govt.nz/budget/2014/taxpayers
http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects/estimates

Comments: Based on revisions in the 2015 OBS relative to the comparable question (and responses) in the 2012 OBS (Q.109), the assessed "score" has improved from a "b" in 2012 OBS to an "a" in the 2015 OBS.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: While the information presented meets the criteria listed in this question necessary for a response of "a", there are notable issues with the completeness and quality of the documents listed as comprising the "citizens budget". IBP and Shields and Petrie note that a citizens budget should be a technical document, not a political tract, and should be self-contained so that readers do not need to know the contents of other documents in order to make sense of it. Further, IBP emphasizes, a citizen's budget should meet a range of quality standards, including comprehensiveness, objectivity, and ease of understanding. Shields and Petrie note, a citizen's budget "should not be seen as a partisan document to promote how well the government is managing fiscal policy. While the guide might contain a foreword by the finance minister or the president, the body of the guide should be clearly the responsibility of the government agency that is accountable for the accuracy and comprehensiveness of the budget and associated information, e.g. the Ministry of Finance. This will help to avoid cynicism that a citizens' guide is a purely political tool." Both the Executive Summary and the Key Facts for Taxpayers documents cited as being possible parts of the citizens' budget are issued under the name of the Minister of Finance (as opposed to a Treasure document). The documents seem to be intended to promote the government's fiscal policy approach and agenda in a positive light. They are therefore ill-suited to meeting the requirements set out by IBP/OBS and Shields and Petrie of apparent objectivity, even though they do set out the core information required by the question criteria. This is not to say that these documents are an inappropriate part of
budget documentation: the government can and should explicitly make the case for its fiscal agenda and priorities in its budget documents (as reflected by other OBS questions), and it is appropriate that it be clear that these documents are the Minister/cabinet's case for the budget as opposed to a departmental view. It is, however, problematic to rely on the same documents to fulfill the functions of a "citizen's budget." There are also some quality and comprehensiveness issues with the documents. For example, the information presented on the distribution of the income tax in the "Key Facts for Taxpayers" presents information on amounts and share of taxes paid by various income classes, but does not provide information on how much income those various income classes report. This means that effective tax rates and other common measures of tax distribution cannot be considered alongside the information on shares of taxes paid by income class. This may creates the appearance of politically-motivated selective presentation of distributional measures.

RESEARCHER'S RESPONSE
The researcher acknowledges the PR's important and valid insights/comments regarding: (i) the undesirable fragmentation of Citizens Budget documentation across several separate documents; (ii) the shortcoming of Citizens Budget documentation in NZ being at risk of "bias", given the CB documentation is presented by the Minister of Finance on behalf of the governing party/coalition; (iii) the information provided within the (separate) documentation cited as comprising a Citizens Budget is lacking some specific information that would be of value/interest; and (iv) the earlier point made by the PR about a high level of technicality characterizing some of the explanatory information provided (i.e. as in case of "Caveats" and "Notes" for the estimated revenue effects of a change in tax policies - rate and/or base for specific types of taxes (see Section 1; Table 1). While acknowledging those shortcomings (and genuine opportunities for improvement), the initial response by researcher is unchanged.

065. How is the Citizens Budget disseminated to the public?

A. A Citizens Budget is disseminated widely through a combination of at least three different appropriate tools and media (such as the Internet, billboards, radio programs, newspapers, etc.).
B. A Citizens Budget is published by using at least two, but less than three, means of dissemination, but no other dissemination efforts are undertaken by the executive.
C. A Citizens Budget is disseminated only by using one means of dissemination.
D. A Citizens Budget is not published.
E. Not applicable/other (please comment).

New Zealand

A.

Score: 100


GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
066. Has the executive established mechanisms to identify the public's requirements for budget information prior to publishing the Citizens Budget?

A. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget, and these mechanisms are accessible and widely used by the public.

B. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget; while these mechanisms are accessible they are not widely used by the public.

C. Yes, the executive has established mechanisms to identify the public's requirements for budget information in the Citizen's Budget, but these mechanisms are not accessible.

D. No, the executive has not established any mechanisms to identify the public's requirements for budget information in the Citizen's Budget.

E. Not applicable/other (please comment).

**New Zealand**

C. 

**Score:** 33

**Sources:** Investigation of resources on Treasury website (including commissioned surveys and consultative processes) and discussions Treasury official (Simon Duncan at NZ Treasury). Relevant documents attached and references/website citations provided in "Comment" section below.

**Comments:** There are several components to Treasury's (i.e. the Executive's) efforts to consult with stakeholders, including media, academia, business community, government departments and others in the general public to either gain feedback on Treasury's performance in providing information or to increase general awareness and participation in budget policy formulation and processes. Based on discussions with Treasury (Simon Duncan), Treasury has continued the process of consultations with selected constituencies (the media, economic and financial analysts, rating agencies and public commentators) described in response to the previous (2012) OBS, seeking feedback on the content of specific fiscal reports and budget documents. This is more than one set of experts, but it is not related specifically to what is in the documents aimed at the general public and presented in the Citizens Budget. Probably the most pertinent example of the consultative process seeking input/feedback directly on the quality of information made available on fiscal policies and performance through the budget cycle, again one that is inclusive of but not limited to documents cited as comprising the Citizens Budget, is a survey with results published in July 2012 (attached). While not a regular annual process, the survey does reflect an effort to solicit input/advice on budget-related information from a broad group of stakeholders. It is available at: http://www.treasury.govt.nz/government/financialreporting/survey  While not directly pertaining to determining the content of the Citizens Budget, other elements of consultative processes conducted by Treasury with implications for what information Treasury decides to include in budget document (including but not focused on the Citizens Budget) and how that information is presented include: 1. A series of seminars over period from August 2013 through June 2014 intended to broaden public awareness and discussion of key issues leading up preparation of the “2014 Investment Statement: Managing the Crown's Balance Sheet” looking at long-term fiscal issues and strategies (see attached flier as example of one seminar in series and 2014 Investment Statement). http://www.treasury.govt.nz/government/investmentstatements/seminars/longtermfiscal-oct13  2. Consultative processes in surrounding examination of Treasury's LT fiscal model and preparation of 2013 LT fiscal strategy paper "Long-term Fiscal Projections: Reassessing Assumptions, Testing New Perspectives”. Some description of stakeholder consultation processes in introduction to background paper (attached) http://www.treasury.govt.nz/government/longterm/fiscalmodel  3. A relatively recent survey of stakeholders regarding client interactions with and performance of Treasury officials. While again, there is nothing very specific in the survey about budget documentation, the survey itself is an indication of broader consultative processes and participation (document attached) and available at: http://www.treasury.govt.nz/publications/informationreleases/stakeholders  Noting the criteria cited above for this question highlight the extent/scope of any such mechanisms' accessibility and actual usage by the public, these do vary across the different elements/examples cited above, but with both access and actual use/participation generally being limited (i.e. not open to any/all willing participants).
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Treasury consults with the key users of the information provided in the Budget. In addition to the material cited, note also the Survey “Exploring stakeholders’ perceptions of the Treasury’s fiscal reporting” available from http://www.treasury.govt.nz/government/financialreporting/survey/tsyfr-cb-report-jul12.pdf. Treasury is also open to public requests and frequently responds to requests for information.

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Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree that there are no evident publicly assessable mechanisms. Those mechanisms identified by the researcher on consultation with Treasury are not only inaccessible but also limited in scope. I agree with a response of “c”.

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067. Are “citizens” versions of budget documents published throughout the budget process?

A. A citizens version of budget documents is published for each of the four stages of the budget process (budget formulation, enactment, execution, and audit).

B. A citizens version of budget documents is published for at least two of the four stages of the budget process.

C. A citizens version of budget documents is published for at least one stage of the budget process.

D. No citizens version of budget documents is published.

E. Not applicable/other (please comment).

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New Zealand

Score: 67


Comments: "Citizens" versions of documents are produced at 2 stages of the budget cycle (budget preparation/EBP and the year-end financial statement. The content/documentation of the Citizens Budget has been presented in preceding questions. Since 2011, the Treasury has also produced “A Snapshot of the [Annual] Financial Statements of the New Zealand Government.” This leaflet is published on the Treasury website and contains simple graphs and pie charts on where the government’s money comes from, where it was spent, key services funded, the budget balance, what the government owes, and what it owns, information about economic context shaping fiscal performance and possibly some other specific policy issue/area of significance (e.g. fiscal/financial implications of Canterbury Earthquake). The most recent version was released together with the most recent Year-End Report on 7 October 2013 and covers the financial (budget/fiscal) year ending 30 June 2013.

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Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The New Zealand Budget App (available for IOS and Andriod) provides interactive content on expenditure and revenue and access to all budget documents. It is updated after key information releases e.g. each economic and fiscal update.

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Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the score. Note: the “snapshot” document produced by Treasury has some of the same issues with completeness.
and objectivity (selective presentation of tax distributional measures) as those noted above in the response to Q64 regarding the "Key Facts for Taxpayers document".

068. Do the In-Year Reports present actual expenditures by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the In-Year Reports present actual expenditures by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the In-Year Reports present actual expenditures by two of the three expenditure classifications.

C. Yes, the In-Year Reports present actual expenditures by only one of the three expenditure classifications.

D. No, the In-Year Reports do not present actual expenditures by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

B. Score: 67

Sources: The monthly In-Year Reports ("Financial Statements of the Government of New Zealand") include tables with data for expenses using an economic and a functional classification. In addition, commentary can include some additional information about specific spending by specific administrative units or for specific programs, but not on a comprehensive basis. 


Comments: Note: Revisions to questions about coverage of expenditure data provided in the In-Year Reports makes it difficult to clearly define changes in the "scores" or responses relative to the preceding 2012 OBS.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

069. Do the In-Year Reports present actual expenditures for individual programs?

A. Yes, the In-Year Reports present actual expenditures for programs accounting for all expenditures.

B. Yes, the In-Year Reports present actual expenditures for programs accounting for at least two-thirds of, but not all, expenditures.

C. Yes, the In-Year Reports present actual expenditures for programs accounting for less than two-thirds of expenditures.

D. No, the In-Year Reports do not present actual expenditures by program.
New Zealand

Score: 33

Sources: The "Notes to Financial Statements" included in each monthly report provides some data for specific programs. In particular, Note 4 (p. 25 in the most recent/10-month report) provides detailed information on all the major transfer and subsidy programs. Together with the additional program-specific expenses that can be found in either the main report (e.g. interest payments) or other notes (e.g. interest expenses in Note 7 and insurance expenses for ACC in Note 8, both on p.26), the total program-specific amounts are approximately one-third of total Crown expenses. "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf

Comments: As previously noted, commentary preceding the financial statements themselves in any given monthly report will routinely also include additional program-specific information in instances where specific spending is of material interest, but not on a comprehensive or consistent basis. Note: Revisions to questions about coverage of expenditure data provided in the In-Year Reports makes it difficult to clearly define changes in the "scores" or responses relative to the preceding 2012 OBS.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

070. Do the In-Year Reports compare actual year-to-date expenditures with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

A. Yes, comparisons are made for expenditures presented in the In-Year Reports.
B. No, comparisons are not made for expenditures presented in the In-Year Reports.
C. Not applicable/other (please comment).

New Zealand

Score: 100

Sources: Yes, the data provided in the monthly reports includes comparison of actual against forecast amounts. For a specific example with page references, see the monthly report released prior to OBS 30 June cut-off date: "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" Table with expenses by economic classification appears on p.12. Table with expenses by functional classification appear on p.13. http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
071. Do In-Year Reports present actual revenue by category (such as tax and non-tax)?

A. Yes, In-Year Reports present actual revenue by category.
B. No, In-Year Reports do not present actual revenue by category.
C. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Yes, the monthly reports include actual revenue by both broad and specific categories of tax and non-tax revenues. For a specific example with page references, see the monthly report released prior to OBS 30 June cut-off date: "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" Tables with general categories of revenue on accrual basis (p.12) and on cash basis (p.15). Notes 2 and 3 for more detailed information (pp.23-25) http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

072. Do In-Year Reports present the individual sources of revenue for actual revenues collected?

A. Yes, In-Year Reports present individual sources of actual revenue accounting for all revenue.
B. Yes, In-Year Reports present individual sources of actual revenue accounting for at least two-thirds of, but not all, revenue.
C. Yes, In-Year Reports present individual sources of actual revenue accounting for less than two-thirds of all revenue.
D. No, In-Year Reports do not present individual sources of actual revenue.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Yes, as noted in response to previous question, the monthly reports include actual revenue by both broad and specific categories of tax and non-tax revenues. For a specific example with page references, see the monthly report released prior to OBS 30 June cut-off date: "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" See Notes 2 and 3 for detailed...
073. Do the In-Year Reports compare actual year-to-date revenues with either the original estimate for that period (based on the enacted budget) or the same period in the previous year?

A. Yes, comparisons are made for revenues presented in the In-Year Reports.
B. No, comparisons are not made for revenues presented in the In-Year Reports.
C. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Yes, the monthly reports include comparisons of actual revenue against the forecast amounts for both the broad and the specific categories of tax and non-tax revenues. For a specific example with page references, see the monthly report released prior to OBS 30 June cut-off date: "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" Tables with general categories of revenue on accrual basis (p.12) and on cash basis (p.15). Notes 2 and 3 for more detailed information (pp.23-25) http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf

074. Do In-Year Reports present three estimates related to actual government borrowing and debt: the amount of net new borrowing; the total debt outstanding; and interest payments?

A. Yes, all three estimates related to government borrowing and debt are presented.
B. Yes, two of the three estimates related to government borrowing and debt are presented.
C. Yes, one of the three estimates related to government borrowing and debt are presented.
D. No, none of the three estimates related to government borrowing and debt are presented.
E. Not applicable/other (please comment).
New Zealand

A.

Score: 100

Sources: Yes, the monthly reports include information/figures for all three estimates or components. For a specific example with page references, see the monthly report released prior to OBS 30 June cut-off date: "Financial Statements of the Government of New Zealand - For the Ten Months Ended 30 April 2014" Tables with general categories of revenue on accrual basis (p.12) and on cash basis (p.15). Notes 2 and 3 for more detailed information (pp.23-25) New borrowing: The net borrowing requirement as of the end of the period (30 April 2014) is reported in Note 19 of Notes to the Financial Statements (p.32) and determined by the reconciliation of core Crown operating cash flows to residual core Crown cash ("Debt program cash flows") Total debt: The total (net and gross) debt as at the end of the period (30 April 2014) is shown in the Statement of Borrowings (p.19) Interest payments: The Statement of Financial Performance (p.12) and the Analysis of Expenses by Functional Classification (p.13) both show interest payments as of the end of the period (30 April 2014). Additional details of interest payments by type and source are provided in Note 7 to the Notes to the Financial Statements (p.26).

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

075. Do In-Year Reports present information related to the composition of the total actual debt outstanding? (The core information must include interest rates on the debt instruments; maturity profile of the debt; and whether it is domestic or external debt.)

A. Yes, information beyond the core elements is presented for the composition of the total actual debt outstanding.

B. Yes, the core information is presented for the composition of the total actual debt outstanding.

C. Yes, information is presented, but it excludes some core elements.

D. No, information related to composition of total actual debt outstanding is not presented.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: A substantial amount of detailed information about debt and borrowing in the monthly reports. However, the information contained exclusively within (in-year) monthly reports does NOT include all elements of the "core information" as defined for the OBS. More specifically, while there is information available to distinguish the stock of long-term and short-term debt (as well as for sovereign-guaranteed versus non sovereign-guaranteed debt, for gross versus net debt, and for contingent liabilities), there is no information about interest rates or about the domestic versus "external" (i.e. non-resident/foreign held) debt. Maturity profile: The Statement of Borrowing (p.19) as at the end of the period (30 April 2014) provides a breakdown of the amount of outstanding government debt held in each of 7 categories. Short-term borrowing is identified by the category of "Treasury bills" (with maturities of different Treasury bills all being with a period of 1 year or less). The largest category of Government bonds is considered to be long-term debt. Note, the category of "Other
"borrowing" refers to borrowing by non-core Crown entities (i.e. SOEs and Crown Entities). There is no explicit information provided about the maturity profile of this non-core Crown debt. Although the non-core Crown debt is not necessarily (likely to be) sovereign-guaranteed, some indication of the short/long-term composition of outstanding SOE/CE debt may be necessary to satisfy fully the OBS criteria for composition (maturity profile) of debt. [http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf](http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-10mths-apr14.pdf)

**Comments**: Note: The NZ Treasury Debt Management Office (NZDMO) and Reserve Bank (RBNZ) websites provides more detailed information updated each month about the core components cited in this question. The information readily available on the NZDMO website includes interest rates and maturity applicable to each debt issuance, as well as more detailed information about the maturity profile. While the information is not all compiled or aggregated into a single assessment of total outstanding debt stock, that information could be assembled from the available data. [http://www.nzdmo.govt.nz/publications/data](http://www.nzdmo.govt.nz/publications/data) Full and up-to-date information (updated monthly) about the respective shares of "domestic" and "external" debt (including by country) is readily available through the Reserve Bank (RBNZ) website (Tables D20-D26) with links to this site on the NZDMO website. [http://www.rbnz.govt.nz/statistics/tables/d20/](http://www.rbnz.govt.nz/statistics/tables/d20/)

**GOVERNMENT REVIEWER**
**Opinion**: Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**
**Opinion**: Yes, I agree with the score and have no comments to add.

**IBP COMMENT**
Based on the information on interest rates and maturity profile provided on the NZ Treasury Debt Management Office's website, IBP would accept answer choice "b" for this question.

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**076. Does the Mid-Year Review of the budget include an updated macroeconomic forecast for the budget year underway?**

A. Yes, the estimates for the macroeconomic forecast have been updated, and an explanation of all of the differences between the original and updated forecasts is presented.

B. Yes, the estimates for macroeconomic forecast have been updated, and an explanation of some of the differences between the original and updated forecasts is presented.

C. Yes, the estimates for macroeconomic forecast have been updated, but an explanation of the differences between the original and updated forecast is not presented.

D. No, the estimates for macroeconomic forecast have not been updated.

E. Not applicable/other (please comment).

**New Zealand**

A.

**Score**: 100

**Sources**: The Half Year Economic and Fiscal Update (HYEFU) released on 17 December 2013 includes a fully revised set of economic forecasts (finalised on 11 November 2013). Table 1.1 (p.9) in the Economic Outlook section (pp.7-20) presents the updated forecast data for all indicators of the revised economic forecasts for the budget year, along with actual outcomes for the preceding year and revised forecasts for a 4-year medium-term horizon. The main macroeconomic indicators and assumptions impacting fiscal forecasts are also highlighted (p.42). There is also a thorough presentation/discussion of risks around the baseline economic forecasts and alternative scenarios (pp.46-55) and a table showing long-term economic data series with 10 years of actual outcomes, the budget year forecast and the 4-year medium-term forecast horizon (p.129). [http://www.treasury.govt.nz/budget/forecasts/hyefu2013](http://www.treasury.govt.nz/budget/forecasts/hyefu2013)
077. Does the Mid-Year Review of the budget include updated expenditure estimates for the budget year underway?

A. Yes, expenditure estimates have been updated, and an explanation of all of the differences between the original and updated expenditure estimates is presented.

B. Yes, expenditure estimates have been updated, and an explanation of some of the differences between the original and updated expenditure estimates is presented.

C. Yes, expenditure estimates have been updated, but an explanation of the differences between the original and updated expenditure estimates is not presented.

D. No, expenditure estimates have not been updated.

E. Not applicable/other (please comment).

New Zealand

A. Yes, expenditure estimates have been updated, and an explanation of all of the differences between the original and updated expenditure estimates is presented.

B. Yes, expenditure estimates have been updated, and an explanation of some of the differences between the original and updated expenditure estimates is presented.

C. Yes, expenditure estimates have been updated, but an explanation of the differences between the original and updated expenditure estimates is not presented.

D. No, expenditure estimates have not been updated.

E. Not applicable/other (please comment).

Sources: The Half-Year Economic and Fiscal Update (HYEFU) provides updated expenditure estimates for the full fiscal year (and revised expenditures forecasts over a 4-year medium-term horizon). Tables for both economic (p.90) and functional (p.91) classifications are part of the Forecast Statement of Financial Performance. The tables include both the original and revised figures for the budget year. The Fiscal Outlook chapter (pp.21-45) discussed developments since the original budget affecting fiscal forecasts, including expenditures, with a section in the Fiscal Outlook paying particular attention to Core Crown Expenses (pp.25-26). In addition, the section discussing general fiscal risks around baseline forecasts (pp.56-59) includes a section focusing on risks to expense forecasts (p.58).


GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

078. Does the Mid-Year Review of the budget present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the Mid-Year Review presents expenditure estimates by all three expenditure classifications (by administrative, economic, and
079. Does the Mid-Year Review of the budget present expenditure estimates for individual programs?

A. Yes, the Mid-Year Review presents estimates for programs accounting for all expenditures.
B. Yes, the Mid-Year Review presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
C. Yes, the Mid-Year Review presents estimates for programs accounting for less than two-thirds of expenditures.
D. No, the Mid-Year Review does not present expenditure estimates by program.
E. Not applicable/other (please comment).

New Zealand

B. Score: 67

Sources: The Core Crown Expense Tables (pp.117-121) include a disaggregation of expenses within functional classifications. Within these data, one can identify roughly two-thirds of total core Crown expenses on a “program” level based on the criteria set out by OBS. Some additional sufficiently detailed spending at “program” level can also be found in the Notes to Financial Statements (Notes 3-7, pp.100-101).


Comments: In fact the actual total of disaggregated spending across transfers and subsidies (by type of transfer/subsidy), education (by level of education), health (funding to District Health Boards), interest payments, and more clearly specified categories across other
functional areas is almost exactly two-thirds of total expenses (or sufficiently close as to warrant a “b” response). This estimate of the amount of “program”-level information contained in the HYEFU has been discussed and confirmed with NZ Treasury.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

080. Does the Mid-Year Review of the budget include updated revenue estimates for the budget year underway?

A. Yes, revenue estimates have been updated, and an explanation of all of the differences between the original and updated revenue estimates is presented.
B. Yes, revenue estimates have been updated, and an explanation of some of the differences between the original and updated revenue estimates is presented.
C. Yes, revenue estimates have been updated, but an explanation of the differences between the original and updated revenue estimates is not presented.
D. No, revenue estimates have not been updated.
E. Not applicable/other (please comment).

New Zealand

A.
Score: 100

Sources: Data on revenues at a broad level can be found in the Forecast Statement of Financial Performance (p.89). Much greater detail provided in the Note 1 and Note 2 of the Notes to the Forecast Financial Statement (pp.98-100). These tables include comparisons of original and revised forecasts for the budget year. As with expenses, the Half-Year Economic and Fiscal Update (HYEFU) also provides updated revenue forecasts over a 4-year medium-term horizon. The Fiscal Outlook chapter (pp.21-45) also discusses developments since the original budget affecting fiscal forecasts, including revenues, with a section in the Fiscal Outlook paying particular attention to Core Crown Revenues (pp.23-24). In addition, the section discussing general fiscal risks around baseline forecasts (pp.56-59) includes a section focusing on risks to revenue forecasts (p.57-58). [http://www.treasury.govt.nz/budget/forecasts/hyefu2013]

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

081. Does the Mid-Year Review of the budget present revenue estimates by category (such as tax and non-tax)?

A. Yes, the Mid-Year Review presents revenue estimates by category.
B. No, the Mid-Year Review does not present revenue estimates by category.
New Zealand

A. Score: 100

Sources: As indicated in response to Question 80, data on revenues by category as well as by individual/specific tax and non-tax sources of revenue can be found in Note 1 and Note 2 of the Notes to the Forecast Financial Statement (pp.98-100). These tables include comparisons of original and revised forecasts for the budget year. As with expenses, the Half-Year Economic and Fiscal Update (HYEFU) also provides updated revenue forecasts over a 4-year medium-term horizon (including for categories). The Fiscal Outlook chapter (pp.21-45) also discusses developments since the original budget affecting fiscal forecasts, including revenues, with a section in the Fiscal Outlook paying particular attention to Core Crown Revenues (pp.23-24). Some of this discussion highlights specific categories of revenue. In addition, the section discussing general fiscal risks around baseline forecasts (pp.56-59) includes a section focusing on risks to revenue forecasts (p.57-58). http://www.treasury.govt.nz/budget/forecasts/hyefu2013

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

A. Yes, the Mid-Year Review presents individual sources of revenue accounting for all revenue.
B. Yes, the Mid-Year Review presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
C. Yes, the Mid-Year Review presents individual sources of revenue accounting for less than two-thirds of all revenues.
D. No, the Mid-Year Review does not present individual sources of revenue.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: As previously noted, data by individual/specific tax and non-tax source of revenue can be found in Note 1 and Note 2 of the Notes to the Forecast Financial Statement (pp.98-100). These tables include comparisons of original and revised forecasts for the budget year. As with expenses, the Half-Year Economic and Fiscal Update (HYEFU) also provides updated revenue forecasts over a 4-year medium-term horizon. As previously noted, the Fiscal Outlook chapter (pp.21-45) also discusses developments since the original budget affecting fiscal forecasts, including developments affecting specific revenue sources, with a section in the Fiscal Outlook paying particular attention to Core Crown Revenues (pp.23-24). In addition, the section discussing general fiscal risks around baseline forecasts (pp.56-59) includes a section focusing on risks to revenue forecasts (p.57-58), where again, there are some comments regarding specific revenue sources. http://www.treasury.govt.nz/budget/forecasts/hyefu2013

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
Opinion: Yes, I agree with the score and have no comments to add.

083. Does the Mid-Year Review of the budget include updated estimates of government borrowing and debt, including its composition, for the budget year underway?

A. Yes, estimates of government borrowing and debt have been updated, and information on all of the differences between the original and updated estimates is presented.

B. Yes, estimates of government borrowing and debt have been updated, and information on some of the differences between the original and updated estimates is presented.

C. Yes, estimates of government borrowing and debt have been updated, but information on the differences between the original and updated estimates is not presented.

D. No, estimates of government borrowing and debt have not been updated.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Overall, the scope, detail and quality of information provided for the “core” components specified for the OBS is excellent. Essentially, as in the case of the EBP, 5 of the 6 core components are covered by the HYEFU’s revised forecasts, with the only missing component being data to differentiate domestic versus external debt, for which data are routinely available with monthly update on the RBZN (and NZDMO) websites. New borrowing: The net borrowing requirement for the budget is reported in Note 22 of Notes to the Forecast Financial Statements in HYEFU 2013 (p.110) and determined by the reconciliation of core Crown operating cash flows to residual core Crown cash (“Debt program cash flows”). Figures presented in Note 22 include comparison of the original budget year (BEFU 2013) forecast against the revised mid-year (HYEFU 2013) forecast for the budget year (2013). There is also data and explanation of the revised borrowing forecasts presented as part of the Fiscal Outlook chapter (pp.21-44) in the section on Net Debt (pp.31-32). Total debt: Revised forecasts of total (net and gross) debt as at the end of the budget year (30 June 2014), along with the actual amount for the preceding budget year and revised medium-term forecasts of the following four years are shown in the Forecast Statement of Borrowings in the HYEFU 2013, p.96. There is also data and extensive discussion of debt forecasts presented as part of the Fiscal Outlook chapter (pp.21-44) in the sections on Net Debt (pp.31-32), the Total Crown Balance Sheet (pp.33-35), the Government Share Offer Programme (pp.36-41) related to planned asset sales, as well as some further discussion of “risks” around the revised debt forecasts as part of the chapter on Risks and Scenarios (pp.45-59). Interest payments: The Forecast Statement of Financial Performance (p.90) and the Forecast Analysis of Expenses by Functional Classification (p.91) both show interest payments over a multi-year horizon, including comparison of the original budget year (BEFU 2013) forecasts against the revised (HYEFU 2013) forecasts. Additional details of interest payments by type and source are provided in Note 6 to the Notes to the Forecast Financial Statements (p.101). Interest rates on debt: The HYEFU 2013 provides data for the 90-day bill, 5-year and 10-year bond rates used for economic and fiscal forecasts (see Table 2.15 on p.42). There is also discussion of interest rate forecasts and their potential impacts through the text of the Economic Outlook (pp.7-20), as well as some further consideration/discussion of “risks” around the interest rate forecasts as part of the chapter on Risks and Scenarios (pp.45-59). Maturity profile: The HYEFU Forecast Statement of Borrowing (p.96) provides a breakdown of the amount of outstanding government debt held in each of 7 categories. Note 22 of the “Notes to the Forecast Financial Statements” (p.110) states that short-term borrowing is identified by the category of “Treasury bills” (with maturities of different Treasury bills all being with a period of 1 year or less). The largest category of Government bonds is considered to be long-term debt. There is discussion of around the composition of government debt as part of the Fiscal Outlook chapter (pp.21-44) in the sections on Net Debt (pp.31-32), the Total Crown Balance Sheet (pp.33-35), the Government Share Offer Programme (pp.36-41) related to planned asset sales, as well as some further discussion of “risks” around the revised debt forecasts as part of the chapter on Risks and Scenarios (pp.45-59). Domestic and external debt: As in the case of the BEFU (EBP), there is no
Identification of the distinct amounts of domestic versus foreign/external debt, where the interpretation of “domestic” and “external” is understood to refer to those entities and/or individuals who hold the debt. Information provided outside/beyond core elements: Examples include the distinction between guaranteed and non-guaranteed debt, information about contingent liabilities, discussion of a planned asset sales programme, as well as a set of forecasts constituting a full balance sheet presentation of the government’s accounts. 


Comments: Note on more detailed information about interest rates on debt: As noted previously with respect the the EBP (Q.13), the NZ Debt Management Office (NZDMO) website provides more detailed information updated each month about the interest rates applying to each specific issuance of debt. This information, while publicly available at the time of the budget, is not considered to be part of the HYEFU (or EBP). http://www.nzdmo.govt.nz/publications/data Note need for fuller information on maturity for category of “Other borrowing” (non-core Crown entities): The category of “Other borrowing” refers to borrowing by non-core Crown entities (i.e. SOEs and Crown Entities), there is no explicit information provided about the maturity profile of this non-core Crown debt. Although the non-core Crown debt is not necessarily (likely to be) sovereign-guaranteed, some indication of the short/long-term composition of outstanding SOE/CE debt all for a more complete satisfaction of OBS criteria for composition (maturity profile) of debt. Availability of more detailed information about maturity on NZDMO website: As noted above for the availability of information about interest rates on debt, the NZ Debt Management Office (NZDMO) website provides very detailed information updated each month that includes the maturity profile for each issuance of debt. This information, while publicly available at the time of the budget, is not considered to be part of the HYEFU (or EBP). http://www.nzdmo.govt.nz/publications/data Availability of full detailed information about domestic vs external debt on NZDMO website: As noted above for the availability of information about interest rates on debt, the NZ Debt Management Office (NZDMO) website provides more detailed information updated each month about the respective shares of “domestic” and “external” debt (including by country) is readily available through the Reserve Bank website (with links also on the NZDMO website - Tables D20-D26). Inclusion of this type of information would be sufficient to satisfy the OBS criteria. On the basis of the overall scope and quality of information provided, including both data and narrative explanation, a response of “a” may be warranted, despite the absence of information for one of the six core components identified as specific OBS criteria (i.e. domestic versus “external” debt).

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

084. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for expenditures?

A. Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, along with a narrative discussion.

B. Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all expenditures are presented.

D. No, estimates of the differences between the enacted levels and the actual outcome for expenditures are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The Financial Statements of the Government of New Zealand for the year ended 30 June 2013 include a presentation of
Differences between the enacted levels and the actual outcome for all expenditures (see Table 5, p.12 and the Analysis of Expenses by Functional Classification, p.31), along with a narrative discussion of the differences (pp.12-14). Notes 6-11 (pp.57-63) for the financial statements provide additional comparison for specific expense categories (transfer payments and subsidies; personnel expenses; depreciation and amortization; other operating expenses; interest expenses; and insurance expenses).


GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

085. Does the Year-End Report present expenditure estimates by any of the three expenditure classifications (by administrative, economic, or functional classification)?

A. Yes, the Year-End Report presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).

B. Yes, the Year-End Report presents expenditure estimates by two of the three expenditure classifications.

C. Yes, the Year-End Report presents expenditure estimates by only one of the three expenditure classifications.

D. No, the Year-End Report does not present expenditure estimates by any expenditure classification.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: The Financial Statements of the Government of New Zealand for the year ended 30 June 2013 include reporting on expenditures by both functional classification (see Analysis of Expenses by Functional Classification, p.31) and by economic classification (see Statement of Financial Performance, p.30 and Notes 6-11 in Notes to the Financial Statements, pp.57-63). A narrative discussion of the expenses is also provided (pp.12-14). http://www.treasury.govt.nz/government/financialstatements/yearend/jun13 Additional sources (Annual Reports required by law from individual government agencies): Based on OBS/IBP agreement to also consider legally mandated annual reports by individual ministries, departments, Crown entities, SOEs and other government bodies as components of the "overall" Year-End Report, one could also, with some effort, find and compile the information required to produce a complete breakdown of total expenditures according to an administrative classification.

Comments: If, as was the case for the previous OBS, departmental/ministerial annual reports are to be accepted as supporting documentation for the government's Year-End Report, then one could also construct from the individual departmental/ministerial documents a breakdown of expenditures by administrative units. The PFA (Section 44) does require that each department/ministry produce an audited annual reports for submission to Parliament within 15 days after receiving an audit report. The audit report must be issued within 3 months of the end of the financial year. In short, with addition of departmental/ministerial annual reports, required by law, the data for administrative units (classification) is also available though not already compiled in a single source table. If this is accepted as evidence of data being provided, this would raise the "score"/response to an "a".

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The year end report provides two of the three expenditure breakdowns (economic and functional) and each administrative
unit provides their own financial report detailing, inter alia, their expenditure.

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: a.

Comments: OBS advice is that the annual reports can be considered. I agree with OBS that it is appropriate to consider these reports, and I agree with the researcher’s comment that on that basis, a rating of “a” is appropriate. Note, however, that finding and compiling administrative unit information from these reports is very cumbersome as they are published by each department/ministry on separate websites, and there is no central repository. It would take significant time and effort to locate and compile administrative unit information from departmental/ministerial reports (including transforming expenditure estimates in the reports into machine-readable format). It would be better practice for the government to make the annual reports available in a single place, either on Treasury’s website, the government’s data hub: https://data.govt.nz/, or elsewhere. Further, it would be best practice for departments to provide data and information in the annual reports in machine-readable format (e.g. in an accompanying excel document). Both steps would be consistent with the New Zealand Data and Information Management Principles: https://ict.govt.nz/guidance-and-resources/open-government/new-zealand-data-and-information-management-principles/.

RESEARCHER’S RESPONSE

Acknowledging agreement from OBS that individual departmental year-end reports are acceptable as an integral component of the government’s overall year-end-reporting, the assessment has been revised to be “a”. The researcher also strongly agrees with the PR’s two main comments: (1) the government should take steps to “make the annual reports available in a single place”, with options including either Treasury’s website or government’s data hub at https://data.govt.nz; and (2) “best practice” would have departmental data and information being made available in machine-readable format (e.g. an Excel file).

086. Does the Year-End Report present expenditure estimates for individual programs?

A. Yes, the Year-End Report presents estimates for programs accounting for all expenditures.

B. Yes, the Year-End Report presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.

C. Yes, the Year-End Report presents estimates for programs accounting for less than two-thirds of expenditures.

D. No, the Year-End Report does not present expenditure estimates by program.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The information about expenditures contained in Notes 6-11 in Notes to the Financial Statements (pp.57-63) provide program-level data for more than one-third but less than two-thirds of total expenses. Most of this program-level spending data is presented in Note 6 for Transfer Payments and Subsidies (p.57), with other substantial program-level spending data coming in Note 10 for Interest Expenses and in Note 11 for Insurance Expenses (both on p.61).

http://www.treasury.govt.nz/government/financialstatements/yearend/jun13 However, the response of “a” is based on assumption (consistent with approach taken for 2012 OBS questionnaire) that individual departmental/ministerial annual reports mandated by the PFA are also valid documentation to support the scope of year-end reporting. On that assumption, each departmental/ministerial annual reports contain present financial information including comparison of budgeted versus actual spending at the program level for all appropriations, with discussion for material variances. Complete detailed program-level year-end financial data including comparisons of actual spending against both the original budget and any funding subsequently approved by supplemental estimates/funding can be found in the annual reports of each individual department/ministry. For examples of departmental/ministerial annual reports, see:
GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Again, note that finding and compiling administrative unit information from annual reports is very cumbersome as they are published by each department/ministry on separate websites, and there is no central repository. It would take significant time and effort to locate and compile administrative unit information from departmental/ministerial reports (including transforming expenditure estimates in the reports into machine-readable format). It would be better practice for the government to make the annual reports available in a single place, either on Treasury's website, the government's data hub: https://data.govt.nz/, or elsewhere. Further, it would be best practice for departments to provide data and information in the annual reports in machine-readable format (e.g. in an accompanying excel document). Both steps would be consistent with the New Zealand Data and Information Management Principles: https://ict.govt.nz/guidance-and-resources/open-government/new-zealand-data-and-information-management-principles/.

087. Does the Year-End Report present the differences between the enacted levels (including in-year changes approved by the legislature) and the actual outcome for revenues?

A. Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, along with a narrative discussion.

B. Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all revenues are presented.

D. No, estimates of the differences between the enacted levels and the actual outcome for revenues are not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The Financial Statements of the Government of New Zealand for the year ended 30 June 2013 include a presentation of differences between budgeted and actual outcomes for revenues (see Statement of Financial Performance, p.30), along with a narrative discussion of revenue (pp.9-11). Notes 2-5 (pp.54-57) for the financial statements provide additional comparison for specific revenue categories (taxes and levies, sales of goods and services, interest revenue and dividends and other revenues)


GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.
A. Yes, the Year-End Report presents revenue estimates by category.

B. No, the Year-End Report does not present revenue estimates by category.

C. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The Financial Statements of the Government of New Zealand for the year ended 30 June 2013 include a presentation of differences between budgeted and actual outcomes for revenues for specific categories of revenue (see Statement of Financial Performance, p.30). Notes 2-5 (pp.54-57) for the financial statements provide additional comparison for specific revenue categories, including distinction between tax and non-tax revenues. http://www.treasury.govt.nz/government/financialstatements/yearend/jun13

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

089. Does the Year-End Report present individual sources of revenue?

A. Yes, the Year-End Report presents individual sources of revenue accounting for all revenue.

B. Yes, the Year-End Report presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.

C. Yes, the Year-End Report presents individual sources of revenue accounting for less than two-thirds of all revenues.

D. No, the Year-End Report does not present individual sources of revenue.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Notes 2-5 to the Financial Statements of the Government of New Zealand for the year ended 30 June 2013 (pp.54-57) include a presentation of differences between budgeted and actual outcomes for individual sources of revenue. http://www.treasury.govt.nz/government/financialstatements/yearend/jun13

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
Opinion: Yes, I agree with the score and have no comments to add.

090. Does the Year-End Report present the differences between the original estimates of government borrowing and debt, including its composition, for the fiscal year and the actual outcome for that year?

A. Yes, estimates of the differences between all of the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year are presented.

D. No, estimates of the differences between the original estimates of government borrowing and debt for the fiscal year and the actual outcome for that year is not presented.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: The scope of information about debt in the Financial Statements of the Government of New Zealand for the year ended 30 June 2013 (the Year-End Report) includes 4 of the 6 categories cited above for the OBS. There is information about borrowing requirements, total debt (both gross and net), interest payments and maturity profile. In addition, there is also information about what share of total debt is guaranteed or not guaranteed. However, there is no information presented in the year-end Financial Statements about either what shares of total debt are held either domestically or "externally" or about interest rates. New borrowing: Information about net borrowing is found in commentary about government's borrowing program (p.18). More information provided in Statement of Cash Flows (pp.33-35) and in Fiscal Indicator Analysis (pp.174-176). Total debt: Detailed information about total debt (both gross and net) is shown in Note 24 of Notes to the Financial Statements (pp.93-96). Note 24 also shows total debt (borrowings) by 6 types of debt instruments (i.e. bonds, Treasury bill, etc.) plus "Other", largely referring to non-sovereign guaranteed debt of SOEs and Crown Entities. Narrative discussion of both net and gross debt is also provided (pp.16-18). Interest payments: Information about interest payments shown in Statement of Financial Performance (p.30) and in Analysis of Expenses by Functional Classification (p.31), with more in Note 10 of Notes to the Financial Statements (p.60). Interest rates on debt: There is no quantitative information provided in the Financial Statements about interest rates beyond that about sensitivities of financial performance to changes in interests rates. However, as noted below in the "Comments" section, information for this "core" component is readily available on the Reserve Bank (RBNZ) website with monthly updates, with links to this information also on NZDMO website. Maturity profile: In addition to showing the amount of debt by type of debt instrument known to be long term (Government bonds) or short term (Treasury bills), Note 24 of the Notes to the Financial Statements (pp.93-96) includes a breakdown of debt by maturity, showing debt expected to be settled within one year and debt to be settled in more than one year (p.93). Domestic and external debt: As with EBP and other budget documents, there is no identification of the distinct amounts/shares of domestic versus externally held debt. However, as noted below in the "Comments" section, information for this "core" component is readily available on the Reserve Bank (RBNZ) website with monthly updates, with links to this information also on NZDMO website.


Comments: The scope and quality of the information seems to warrant a higher score than a "c", despite that being the relatively "strict" interpretation of the OBS criteria. Note on public availability of detailed data on interest rates and domestic/external debt: As noted with respect to the same question applied to the EBP (Q.14), In-Year Report (Q.75) and Mid-Year Report (Q.83), complete information for these
GOVERNMENT REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: a.

Comments: In addition to the material cited the most recent Financial Statements of the Government of New Zealand provide a narrative discussion of debt and borrowing. See page 14 onwards. Full compliance with the standards set by IPSAS 28-30 and IFRS 9 is achieved. An external/internal breakdown is not provided (this in notoriously difficult given the local status of a number of financial intermediaries for foreign investors) however, the more relevant information on currency risk is provided.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

RESEARCHER’S RESPONSE

The researcher acknowledges that the Year-End Report (Financial Statements) does indeed include a sound narrative discussion, as correctly noted by the GR. The choice of a “b” answer reflects a specific “compromise” agreement with OBS/IBP not strictly in accord with the text summarizing criteria for each answer option. The choice of a “b” is made with recognition that the overall scope and quality of information provided in the Year-End Report warrants a better assessment than a “c” response (the “strict” assessment), but is not sufficient for an “a” given some missing “core” components, specifically for interest rates and the split between domestic and external holdings of debt. As noted in “Comments” section, while not included in the Year-End Report (Financial Statements), information for both of the missing “core” elements is readily available on the NZDMO website.

091. Does the Year-End Report present the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year?

A. Yes, estimates of the differences between all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original macroeconomic assumptions for the fiscal year and the actual outcome for that year are presented.

D. No, estimates of the differences between the original macroeconomic forecast for the fiscal year and the actual outcome for that year is not presented.

E. Not applicable/other (please comment).

New Zealand

D.

Score: 0

Sources: In the NZ context, the Year-End Report is a set of (audited) financial statements. Information about macroeconomic assumptions used for budget formulation is not expected to be an element of the financial statements.
**Comments:** While the year-end Financial Statements do not themselves contain any substantial information about the out-turn for key macroeconomic indicators (having only a very brief narrative mention in the opening commentary/introduction), Treasury does routinely produce and publish other documents with relevant information. The Monthly Economic Indicators (MEI) report provide a running update for a very broad selection of key macroeconomic indicators, along with extensive narrative discussion of trends and policy implications. The Treasury routinely conducts internal reviews and assessment of its own macroeconomic forecasts relative to actual outcomes as part of maintaining and improving its forecasting model and methodology. Occasionally, some reports examining the accuracy of its forecasts are made public, but not on a regular (annual) basis.

**GOVERNMENT REVIEWER**

**Opinion:** No, I do not agree with the score.

**Suggested Answer:** a.

**Comments:** The Financial Statements for the Government of New Zealand present forecasts and actual outturns for macroeconomic variables. See the audited financial statements from page 27 onwards. Note 29 provides a narrative discussion of the progress towards achieving fiscal objectives.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

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**092. Does the Year-End Report present the differences between the original estimates of nonfinancial data on inputs and the actual outcome?**

A. Yes, estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of nonfinancial data on inputs and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimate of the differences between some but not all of the original estimates of nonfinancial data on inputs and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of nonfinancial data on inputs and the actual outcome are not presented.

E. Not applicable/other (please comment).

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**New Zealand**

C.

**Score:** 33

**Sources:** Annual reports for individual budget entities (i.e. departments, ministries, Crown Entities and SOEs) do consistently include information for a limited scope of “inputs”, in particular, for human resources (i.e. number of employees, as well as some characteristics such gender, tenure, employee turnover, etc.). Reports for individual departments/ministries may also contain some information about other non-financial inputs such equipment or specific infrastructure of relevance to a given entity's activities, but not on any consistent or comprehensive basis. Additional comment (11/09/14): In response to query from OBS/IBP staff regarding example of typical reporting on non-financial inputs (e.g. staffing/human resources, IT systems, energy use, procurement, etc.), the annual report of the Ministry of Social Development (attached to this submission) provides a representative example of reporting from other ministries/departments. The annual report from each entity must, by law, include reporting on “Organisational Management” (in MSD report, see pp.39-48), and within this section, a sub-section on “Organisational Health and Capability” (in MSD report, see pp.45-48). In some cases, there may be some specific
reference to a quantitative target or objective with respect to a given non-financial input. For example, the MSD report (p.47) states the following quantitative indicator: "Our goal is for 100 per cent of our frontline social work staff to be registered social workers.". But this is not defined/presented as a general goal, not one for the budget/reporting year, and the annual report does not actually state what percentage it has achieved, though there is data for the number of registered social workers and numbers of staff participating in various training programs. In short, as with the annual reports of other ministries/departments, while there is substantive and useful reporting on selected non-financial inputs, particularly for human resources, the use and scope of specific quantitative measures for assessing "performance" with respect to annual "use" of non-financial inputs is essential ad hoc and not extensive.

Comments: The fundamental framework for budgeting and reporting in New Zealand focuses on planning, financing and accountability for outputs, providing administrative units (departments, ministries and other budget entities) and the senior officials responsible for planning and implementing programs, a high degree of autonomy in determining what they consider to be the most effective/efficient mix of inputs required to achieve state performance targets. As a result, there is relatively little explicit or detailed "nonfinancial inputs" (e.g. number of teachers, quantities of various materials purchased or used, etc.). For two reasons, information about non-financial inputs is not expected to be included in the government’s year-end consolidated financial statements. First, as stated above, the NZ system of budgeting is fundamentally based on outputs not inputs. As noted for the similar question in context of EBP (Q.49), information on "inputs" does not feature prominently as an element or focus or reporting either at the budget formulation stage of the budget cycle or at the ex-post year-end reporting stage. Second, as a set of financial statements, one would not necessarily expect to find reporting on "nonfinancial inputs" as described above contained within the government’s year-end consolidated financial statements.


GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: We are not clear what value this would add and we’re not aware of a demand for it. Financial data is the most relevant and reliable.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: As with question 49, a low rating follows from the plain meaning of the question and criteria, and New Zealand’s output-based framework.

RESEARCHER’S RESPONSE

Acknowledging that the focus of NZ’s budget framework is on financial accountability and on assessing performance with respect to outputs, there is also an argument to be made supporting provision and assessment of information on how and why actual utilization of non-financial inputs may have diverged or varied from a planned mix of non-financial inputs.

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093. Does the Year-End Report present the differences between the original estimates of nonfinancial data on results and the actual outcome?

A. Yes, estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of nonfinancial data on results and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimate of the differences between some but not all of the original estimates of nonfinancial data on results and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of nonfinancial data on results and the actual outcome are not presented.

E. Not applicable/other (please comment).
Sources: The Financial Statements do not contain information about non-financial "results" or "actual outcomes". However, information is available in the annual reports produced separately by individual departments and ministries. The extent/quality of information/reporting may vary across agencies, but all departments/ministries are required by law (PFA) to produce extensive and very detailed reporting on performance against specific non-financial indicators assigned/defined for each output/appropriation. The reports include extensive narrative explanation. For examples of departmental/ministerial annual reports, see: Ministry of Social Development Annual Report http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/corporate/annual-report/2012-2013 Ministry of Business, Innovation and Employment http://www.mbie.govt.nz/about-us/publications/annual-report Ministry of Health http://www.health.govt.nz/publication/annual-report-year-ended-30-june-2013 Ministry of Education http://www.minedu.govt.nz/theMinistry/PublicationsAndResources/AnnualReport/AnnualReport13.aspx Additional citation/explanation in response to OBS/IBP request for more specific citation of example(s) of annual reporting on actual non-financial results against "budget" plans/intentions: Referring to the MSD Annual Report 2012-2013 cited above (and submitted as an attachment), there are two sections that provide quite extensive reporting on non-financial outputs and outcomes. For outputs (i.e. results of MSD’s program activities), the "Statement of Objectives and Service Performance" (pp.53-84) provides program-specific information combining a description of the scope of each MSD program activity; a summary of performance during the year; financial performance measures comparing actual and budgeted spending; a specification of program-specific non-financial performance indicator(s) essentially defining the "budgeted" performance target(s); and measurement(s) of "actual" performance against those target(s). Again, this section focuses on departmental activities, which fall within three separate "votes" under MSD responsibility/authority: Vote Social Development (pp.54-81), Vote Senior Citizens (pp.82-83) and Vote Veterans' Affairs (p.84). The other section of the annual report providing measurement/assessment of non-financial indicators focuses on "Ministry Outcomes", which are themselves linked to the broader Government-wide policy priorities (as stated in the BPS and other strategic policy documents). The section entitled “The Ministry's Outcomes” (pp.9-35) is broken into subsections covering each of MSD’s eight “ministry outcomes”. Each section begins with a narrative overview of the strategy, program activities, results indicators and actual outcomes. Following the narrative for each sub-section (ministry outcome), there is reporting on actual outcomes against performance indicators for more specific "intermediate outcomes" related to the corresponding (broader) "ministry outcome". The intermediate outcomes and "intents" pertain to the budget year and can extend over a multi-year horizon. In sum, the sample document (MSD Annual Report) provides what can be considered robust evidence of a substantial supply and scope of measurement for non-financial performance indicators. Annual reports produced by other ministries/departments will vary in terms of format/presentation, but the content must also include similar statements and measurements of outcomes and of (ministry/departmental) outputs against specified indicators, as well as reporting on human resource and organization capacity issues and the inclusion of an audited set of financial statements.

Comments: The response of "a" is based on assumption (consistent with approach taken for 2012 OBS questionnaire) that individual departmental/ministerial annual reports mandated by the PFA are also valid documentation to support the scope of year-end reporting.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: If the annual reports are to be considered, then I agree with a response of (a). Again, note that finding and compiling administrative unit information from these reports is very cumbersome as they are published by each department ministry on separate websites, and there is no central repository. It would take significant time and effort to locate and compile administrative unit information from departmental/ministerial reports (including transforming expenditure estimates in the reports into machine-readable format). It would be better practice for the government to make the annual reports available in a single place, either on Treasury’s website, the government’s data hub: https://data.govt.nz/, or elsewhere. This would be consistent with the New Zealand Data and Information Management Principles: https://ict.govt.nz/guidance-and-resources/open-government/new-zealand-data-and-information-management-principles/.
Does the Year-End Report present the differences between the enacted level of funds for policies (both new proposals and existing policies) that are intended to benefit directly the country's most impoverished populations and the actual outcome?

A. Yes, estimates of the differences between the enacted level for all policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between the enacted level for all policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between the enacted level for some but not all of the policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are presented.

D. No, estimates of the differences between the enacted level for policies that are intended to benefit directly the country's most impoverished populations and the actual outcome are not presented.

E. Not applicable/other (please comment).

**New Zealand**

**Score: 67**

**Sources:** The year-end Financial Statements do contain some reporting on program-level spending for transfer payments and subsidies in Note 6 (p.57). Some (though certainly not all) of these programs can be viewed as targeting the country's relatively more impoverished (low-income) population or vulnerable/“at-risk” population groups (e.g. Domestic purposes benefit, Invalids benefit, Accommodation assistance, Unemployment benefit, Sickness benefit, Disability allowances). However, there is no narrative focusing on these programs that discusses actual outcomes relative to budget estimates. [http://www.treasury.govt.nz/government/financialstatements/yearend/jun13](http://www.treasury.govt.nz/government/financialstatements/yearend/jun13) Separate from the Financial Statements themselves, much more detailed financial and non-financial information comparing actual annual performance against budget estimates, stated policy priorities and program-specific performance measures can be found in the annual reports for individual departments/ministries responsible for programs targeting poor, vulnerable and/or “at-risk” population groups, either on the basis of income or some other indicator or vulnerability, disadvantage, etc. As noted in response to Question 52, these specific programs come under the management of Vote Social Development (Ministry of Social Development) for subsidies related to social development and Vote Housing (Ministry of Business, Innovation and Employment) for subsidies related to housing. Other sectors/departments such as Health and Education also have spending programs targeting services for vulnerable or “at-risk” groups. For specific references/examples, see: Ministry of Social Development Annual Report (for social welfare transfers/subsidies) [http://www.msd.govt.nz/about-msd-and-our-work/publications-resources corporate/annual-report/2012-2013](http://www.msd.govt.nz/about-msd-and-our-work/publications-resources corporate/annual-report/2012-2013) (Note: For specific comparison of actual spending outcomes versus budget forecasts for specific poverty-related programs, including explanation of the variances between budget forecasts and actual spending for the year 2012-2013, see: “Non-Departmental Financial Statements and Schedules” from pp.119-139, with particular attention to the “Statement of Non-Departmental Expenditure and Capital Expenditure Against Appropriations” on pp.124-125 and the explanation of variances provided in "Note 1: Explanation of major variances against budget" on pp.133-135. Ministry of Business, Innovation and Employment (for housing programs) [http://www.mbie.govt.nz/about-us/publications/annual-report](http://www.mbie.govt.nz/about-us/publications/annual-report) Ministry of Health [http://www.health.govt.nz/publication/annual-report-year-ended-30-june-2013](http://www.health.govt.nz/publication/annual-report-year-ended-30-june-2013) Ministry of Education [http://www.minedu.govt.nz/theMinistry/PublicationsAndResources/AnnualReport.aspx](http://www.minedu.govt.nz/theMinistry/PublicationsAndResources/AnnualReport.aspx)

**Comments:** The response of “b” is based on assumption (consistent with approach taken for 2012 OBS questionnaire) that individual departmental/ministerial annual reports, the production, timing, scope/content and dissemination of which are mandated by law (PFA), are also valid documentation to support the scope of year-end reporting. The underlying rationale for the “b” score is directly based on the specific criteria defined in the OBS questionnaire. With inclusion of the departmental/ministerial annual reports, the depth and scope of both financial (spending data) and non-financial information (performance measures and narrative explanation) across the range of specific programs intended to assist low-income, disadvantaged, or in some way vulnerable/at-risk individuals and segments of the
general population are substantial. However, the assessment of a “b” score despite the considerable scope and quality of both financial and non-financial information available across the range of departmental/ministerial annual reports is intended to reflect the absence of a consolidated presentation of information across votes and programs within a single cohesive document focused on assistance to low-income, disadvantaged and vulnerable/at-risk segments of the population.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: This response is consistent with the response to question 52, and I agree in both cases that the lack of a consolidated presentation of relevant information requires a response of “b”.

095. Does the Year-End Report present the differences between the original estimates of extra-budgetary funds and the actual outcome?

A. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, along with a narrative discussion.

B. Yes, estimates of the differences between all of the original estimates of extra-budgetary funds and the actual outcome are presented, but a narrative discussion is not included.

C. Yes, estimates of the differences between some but not all of the original estimates of extra-budgetary funds and the actual outcome are presented.

D. No, estimates of the differences between the original estimates of extra-budgetary funds and the actual outcome is not presented.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The specific funds cited, for which annual reports containing audited full financial statements are attached, are (as cited in Question 33): 1. NZ Superannuation Fund (NZSF) - See pp.93-96 and pp.169-172 in attached annual report. 2. Government Superannuation Fund (GSF) - See pp.33-36 and pp.63-65 in attached annual report. 3. Earthquake Commission (EQC) - See pp.19-22 and pp.37-39 (Notes) in attached annual report. 4. Accident Compensation Corporation Fund (ACC) - See pp.32-41 in attached annual report. Citations within the Financial Statements of the Government of New Zealand for the year ended 30 June 2013 Within the most recently released year-end Financial Statements (for year ending 30 June 2013, released in October 2013), quantitative (and some narrative) information can be found in the following sections: Note 2, shows revenue (levies) to ACC and EQC, p.54 for accrual and p.55 for cash. Note 6 shows expenses for NZSF, p.57. Note 11 shows expenses for ACC and EQC (p.60-62, including some limited narrative explanation) Note 13 shows actuarial gains/losses on GSF liability and ACC outstanding claims, p.65. Note 14: shows receivables, including information about ACC levies, with narrative discussion, p.68. Note 16 shows revenues, expenses and balance sheet information for NZSF, p.105. Note 25 shows information about insurance liabilities pertaining to ACC and EQC, pp.97-105, with detailed quantitative presentation and extensive narrative discussion. Note 26 shows information retirement plan liabilities, with detailed quantitative analysis and narrative discussion focusing on GSF, pp.109-112. http://www.treasury.govt.nz/government/financialstatements/yearend/jun13 As also noted in response to Question 33, additional narrative discussion of and reporting on each of the funds noted above can also be found in the 2014 Investment Statement produced by Treasury (in March 2014). For NZSF, see pp.82-83 For ACC, see pp.84-86 For EQC, see pp.87-88 For GSF, see pp.89-90. http://www.treasury.govt.nz/government/investmentstatements/2014
Comments: Referring to the “extra-budgetary funds” (EBFs) cited in Question 33, as per legal requirements under the PFA, both the Financial Statements of the Government of New Zealand for the year ended 30 June 2013 and the respective annual reports (attached) for each of the four funds cited, provide for full reporting on actual outcomes versus budget forecasts, as well as extensive narrative explanation of any variances between actual outcomes and budget forecasts. Additional comment (11/9/14): Following up on “flag” from OBS/IBP staff querying whether source documents cited contain (or allow for) comparison of actual outcomes against budget forecasts, assessor undertook a more thorough review of both the consolidated Crown Financial Statements and the individual financial statements for each of the four “EBFs” cited in the response. The four respective financial statements (all fully audited) are included, in accordance with law, in the respective annual reports. Additional citations added in the “Source” box above direct attention to the specific pages (tables) within the financial statements where one can see budget forecast data presented together with actual outcomes. This is also the case for the Crown Financial Statements (where the budget data - for two consecutive years - is generally presented on the left hand side of the page and actual data on the right hand side - again, for the same two consecutive years). Narrative discussing the results does tend to focus more on comparison of actual outcomes relative to the previous year’s actual outcomes, but there is also sufficient information provided (data and some commentary) to support response of “a”.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The Financial Statements also provide actual outcomes for additional Crown Entities, and for the SOE segment (p 177-178), along with narrative discussion (p 7, 9, 11). As with ACC, GSF, and NZSF, the data and narrative information presented in the Financial Statements for these additional entities outside the Core Crown focuses on comparing actual outcomes with the prior year. However, data and narratives comparing actual outcomes with estimates/targets for SOEs (and for Crown entities including ACC, GSF, and NSSF) are presented in the Annual Portfolio Report: [http://www.treasury.govt.nz/commercial/resources/pdfs/apr-13.pdf](http://www.treasury.govt.nz/commercial/resources/pdfs/apr-13.pdf), which covers the 49 government-owned entities with full or partial commercial objectives. The Annual Portfolio report draws on and references other significant information set out in the Statement of Corporate Intent and Annual Report of each entity. Treasury’s website/sub-site for commercial entities is a centralized repository for this and other information: [http://www.treasury.govt.nz/commercial/](http://www.treasury.govt.nz/commercial/).

096. Is a financial statement included as part of the Year-End Report or released as a separate report?

A. Yes, a financial statement is part of the Year-End Report or is released as a separate report.

B. No, a financial statement is neither part of the Year-End Report nor released as a separate report.

C. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: The Financial Statements of the Government of New Zealand for the year ended 30 June 2013 is a fully audited financial statement of consolidated government finances, inclusive of an “Independent Report of the Auditor General”. Similarly, in accordance with the law governing public sector finance in NZ (PFA), every department, ministry, SOE and Crown Entity, together with many of other public sector entities (over 3000), must produce annual reports inclusive of audited financial statements. For the purposes of responding to OBS questions concerning “the” Year-End Report, the annual reports of central government entities including departments, ministries, SOEs and Crown Entities are viewed as being a component of that year-end reporting documentation. [http://www.treasury.govt.nz/government/financialstatements/yearend/jun13](http://www.treasury.govt.nz/government/financialstatements/yearend/jun13)

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

097. What type of audits (compliance, financial, or performance) has the Supreme Audit Institution (SAI) conducted and made available to the public?

A. The SAI has conducted all three types of audits (compliance, financial, or performance) and made them available to the public.
B. The SAI has conducted two of the three types of audits, and made them available to the public.
C. The SAI has conducted one of the three types of audits, and made them available to the public.
D. The SAI has not conducted any of the three types of audits, or has not made them available to the public.
E. Not applicable/other (please comment).

New Zealand
A.
Score: 100

Sources: Part 3 of the Public Audit Act 2001 specifies scope of audit procedures to include financial audit, as well as performance audit, where the scope of performance audit is stated to include the efficiency and effectiveness in performing its activities and a public entity's compliance with statutory obligations. http://www.legislation.govt.nz/act/public/2001/0010/latest/DLM88593.html Section 45 of the PFA further specifies the content and reporting of departmental/ministerial annual reports to include reporting on performance and financial statements. Section 45.D of the PFA specifies that these annual reports shall be subject to audit by the Office of the Auditor General. http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html Response also based on consultations with Office of Auditor-General (Phillippa Smith)

Comments: Referring to quotation from website of Office of Auditor General describing "the role of the Auditor-General in public sector accountability": "The Auditor-General is the auditor of about 4000 public entities, including government departments, Crown entities of all kinds, local authorities and their subsidiaries, state-owned enterprises, etc....As well as the ordinary work of providing assurance over the financial statements, Parliament has directed the public sector auditor to take on a broader set of assurance functions. The Public Finance Act, Crown Entities Act and Local Government Act all require us to audit the non-financial performance information included in annual reports – the information on how they are planning their work, organising resources, and measuring performance, over time.... And our own Act, the Public Audit Act 2001, gives us a performance audit function under which we can examine effectiveness and efficiency, compliance with statutory obligations, waste, probity and financial prudence. That Act also gives us capacity to carry out other audit services, and to inquire into any matter concerning an entity's use of its resources." http://www.oag.govt.nz/speeches-and-papers/spending-wisely-and-well/

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

098. What percentage of expenditures within the mandate of the Supreme Audit Institution (SAI) has been audited?
A. All expenditures within the SAI's mandate have been audited.

B. Expenditures representing at least two-thirds of, but not all, expenditures within the SAI's mandate have been audited.

C. Expenditures representing less than two-thirds of expenditures within the SAI's mandate have been audited.

D. No expenditures have been audited.

E. Not applicable/other (please comment).

**New Zealand**

A. 

**Score**: 100

**Sources**: As noted in response to preceding question (Q.97), Section 45 of the PFA specifies the content and reporting of departmental/ministerial annual reports to include reporting on performance and financial statements. Section 45D of the PFA specifies that these annual reports shall be subject to audit each year by the Office of the Auditor-General. **http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html** Response also based on consultations with Office of Auditor-General (Phillippa Smith)

**GOVERNMENT REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion**: Yes, I agree with the score and have no comments to add.

**099. What percentage of extra-budgetary funds within the mandate of the Supreme Audit Institution (SAI) has been audited?**

A. All extra-budgetary funds within the SAI's mandate have been audited.

B. Extra-budgetary funds accounting for at least two-thirds of, but not all, expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

C. Extra-budgetary funds accounting for less than two-thirds of expenditures associated with extra-budgetary funds within the SAI's mandate have been audited.

D. No extra-budgetary funds have been audited.

E. Not applicable/other (please comment).

**New Zealand**

A. 

**Score**: 100

**Sources**: Consultation with Office of Auditor-General (Phillippa Smith) Also, refer to audited annual reports of the specific EBFs cited in Q.33 and Q95 and attached below: 1. NZ Superannuation Fund (NZSF) 2. Government Superannuation Fund (GSF) 3. Earthquake Commission (EQC) 4. Accident Compensation Corporation Fund
Regarding the "extra-budgetary funds" (EBFs) cited in Questions 33 and 95, as per legal requirements under the PFA, these funds are all audited by the Office of Auditor-General, both as components of the consolidated Financial Statements of the Government of New Zealand, as well as on a separate basis through their respective annual reports (attached). Each entity’s annual report includes an audited full financial statement.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.


100. Does the annual Audit Report(s) prepared by the Supreme Audit Institution (SAI) include an executive summary?

A. Yes, the annual Audit Report(s) includes one or more executive summaries summarizing the report’s content.

B. No, the annual Audit Report(s) does not include an executive summary.

C. Not applicable/other (please comment).

New Zealand

A. 100

Score: 100

Both volumes include (i) a brief overview written/signed by the Auditor General and (ii) a section of about 10-pages in length provide overview of key findings. In addition to the two volumes on audits of central government, OAG also produces/publishes separate reports commenting on audit results for specific sector departments and agencies. For example, with the selection of reports in the Education sector, there is a report summarizing the results/findings from audits of schools (which, as public sector entities, must also produce annual reports with financial statements). That OAG report also contains a brief “Overview” from the Auditor General, as well as a relatively concise section of about 10 pages providing an overview of key findings. Similar overviews and summary of findings provided in other OAG audit reports for specific government entities. http://www.oag.govt.nz/2014/school-audits Response also based on consultation with Office of Auditor-General (Phillippa Smith)

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

101. Does the executive make available to the public a report on what steps it has taken to address audit recommendations or findings that indicate a need for remedial action?
A. Yes, the executive reports publicly on what steps it has taken to address audit findings.

B. Yes, the executive reports publicly on most audit findings.

C. Yes, the executive reports publicly on some audit findings.

D. No, the executive does not report on steps it has taken to address audit findings.

E. Not applicable/other (please comment).

New Zealand

B. Score: 67

Sources: Consultation with Office of Auditor-General (Phillippa Smith)

Comments: There is no centralised report from the executive in response to adverse audit findings or recommendations. However, there are three ways by which the executive (as opposed to either Office of Auditor General or Parliament) "reports" publicly on steps taken to address audit findings: 1. Routine processes covering main central government entities (i.e. departments/ministries and main Crown Entities) include hearings by select committees of Parliament (i.e. Financial Reviews) at which top officials from a given executive entity respond to questions about steps taken by the entity to address audit findings, where OAG has advised the select committee on findings of significance deserving additional attention for that entity. The responses by officials (either in writing or as testimony before a select committee) are a matter of public record. 2. Audit reports on some executive agencies can/do lead to follow up reports being issued by the executive agencies themselves responding to issues raised by the OAG report in selected instances (example cited by OAG of such reports in recent period include ones by Police and by Corrections). 3. Separately, a Minister will at times issue a press statement in response to a significant adverse Audit Office report.

GOVERNMENT REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: e.

Comments: New Zealand receives clear audit opinions, and therefore there are no adverse findings. In terms of management letter issues raised, these tend to either record areas where the Audit Office has directed attention to or where it wishes to work with the preparer (Treasury) on in the future. The Executive practice is to include comments where applicable within Audit Reports in accordance with the practice. See http://www.oag.govt.nz/2014/central-government/docs/central-government.pdf

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

RESEARCHER'S RESPONSE

The researcher acknowledges the GR's comments. The researcher's assessment response is, as previously noted, based on extensive discussion with the OAG and on review of relevant documentation, including the most recently available (within OBS deadline/cut-off) annual OAG report: "Central Government: Results of the 2012/13 Audits" (both Vol.1 and Vol. 2). The scope of assessment reflects not just OAG audit of Government's consolidated financial statements (prepared by NZ Treasury), but also the broader range of executive agencies. Chapter 3 in Vol. 2 (pp.25-33) of the annual OAG report cited above focuses on "Non-standard audit reports issued", including "modified opinions". With respect to the specific question at hand and researcher's assessment, the response is again based on discussions with OAG and review of relevant documentation. The nature of the question about reporting on steps taken in response to findings suggesting a need remedial action is viewed as "applicable" in NZ context, and the researcher holds that "b" response remains most appropriate.
102. Does either the Supreme Audit Institution (SAI) or legislature release to the public a report that tracks actions taken by the executive to address audit recommendations?

A. Yes, the SAI or legislature reports publicly on what steps the executive has taken to address all audit recommendations.

B. Yes, the SAI or legislature reports publicly on most audit recommendations.

C. Yes, the SAI or legislature reports publicly on some audit recommendations.

D. No, neither the SAI nor legislature reports on steps the executive has taken to address audit recommendations.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Consultation with Office of Auditor-General (Phillippa Smith)

Comments: There are two mechanisms by which either the OAG or Parliament will issue a public report on actions taken by executive agencies to address audit recommendations: 1. Responses by senior officials of executive agencies (either written submissions or testimony at a Parliamentary hearing) to questions from a select committee based on OAG audit findings and advice given to the select committee by OAG are reported and a matter of public record. 2. Follow up reports are issued by OAG on performance audits on specific executive agencies conducted by OAG in previous years. The scope of performance audits is more selective across executive agencies. But the conduct of a performance audit on a specific executive agency by OAG will lead to a subsequent periodic report by OAG on how an executive entity subject to a performance audit has responded/is responding to the findings in that performance audit. Links to example reports include: http://www.oag.govt.nz/2014/public-entities-progress http://www.oag.govt.nz/2014/plumbers

GOVERNMENT REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: a.

Comments: The Audit Office have advised that "on balance we are more comfortable with "A" ... on the basis of the follow up reporting that we do, either to the public entities concerned (which are subject to freedom of information legislation) or more widely e.g. follow up reports to Parliament by the Auditor-General.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher (and Peer Reviewer 1 for the prior OBS survey for New Zealand) that the follow-up reports on performance audits support a response of "b" but are insufficient (even with possible Select Committee questions based on an OAG report) for a response of "a".

RESEARCHER'S RESPONSE

In response to the GR's comment, based on review of available documentation (from OAG and from review of Parliamentary Select Committee hearings), combined with information from the researcher's own discussions with OAG, the response of "b", indicating that some public record is available for executive actions for most, but not all, relevant audit findings, is still considered to be the most appropriate.

Section 4. Strength of Oversight Institutions
103. Does the legislature have internal capacity to conduct budget analyses or use independent research capacity for such analyses?

A. Yes, there is a specialized budget research office/unit attached to the legislature, and it has sufficient staffing, resources, and analytical capacity to carry out its tasks.

B. Yes, there is a specialized budget research office, but its staffing and other resources, including adequate funding, are insufficient to carry out its tasks.

C. Yes, there are independent researchers outside the legislature that can perform budget analyses and the legislature takes advantage of this capacity, but there is no specialized office attached to the legislature.

D. No, the legislature has neither internal capacity nor access to independent research capacity for budget analyses.

E. Not applicable/other (please comment).

New Zealand

Score: 33

Sources: There is no specialized budget research office. There is an appropriation of funding administered by the Office of the Clerk that supports the use of external specialist advisors on request for advice to the Finance and Expenditure Committee (or to other select committees). Response based on meeting with Office of the Clerk at Parliament (Peter Carr).

Comments: FEC use of this funding in recent years has focused mainly on using services of a specialist adviser for advice on the Monetary Policy Statement and on issues pertaining to tax legislation. The Office of the Clerk notes that the appropriation (most recently = approximately $180,000) is generally not fully utilized.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: In New Zealand’s unicameral Westminster system, Treasury effectively operates as the “budget office” for the government members of the legislature. The legislature as a whole (including opposition members) also has access to parliamentary services, including research services housed within the Parliamentary Library. Neither the Library nor Parliamentary Services more broadly contain a specialized budget research “unit”, although the Library does produce some summaries of fiscal and budget issues from time-to-time, drawing on budget documents and other sources (e.g. http://www.parliament.nz/en-nz/parl-support/research-papers/00PLEcoC5141/core-crown-debt) and a “Monthly Economic Review” report that sets out some economic and fiscal indicators (e.g. http://www.parliament.nz/en-nz/parl-support/research-papers/00PLEcomer14111/monthly-economic-review-november-2014). I agree with the researcher's rating of "c".

104. Does the legislature debate budget policy prior to the tabling of the Executive's Budget Proposal?

A. Yes, the legislature both debates budget policy prior to the tabling of the Executive’s Budget Proposal and approves recommendations for the budget, and the executive is obliged to reflect the legislature’s recommendations in the budget.
B. Yes, the legislature both debates budget policy prior to the tabling of the Executive's Budget Proposal and approves recommendations for the budget, but the executive is not obliged to reflect the legislature's recommendations in the budget.

C. Yes, the legislature debates budget policy prior to the tabling of the Executive's Budget Proposal, but the legislature does not approve recommendations for the budget.

D. No, neither the full legislature nor any legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal.

E. Not applicable/other (please comment).

New Zealand

C.

Score: 33


Comments: The Public Finance Act requires the Minister of Finance to present a Budget Policy Statement to Parliament that sets out the government’s over-arching policy goals, which will guide the Government’s Budget decisions and the Government’s priorities for the forthcoming budget. By law, the BPS must be tabled in Parliament no later than 31 March of each year. In practice, the BPS is tabled in December, which is six months prior to the start of the budget year. The Select Committee for Finance and Expenditure (FEC) examines the BPS and reports on that to Parliament, which then holds a debate on the BPS prior to the tabling of the budget (EBP). The executive is not obliged to make any changes in proposed policies as a result of the Parliamentary debate of budget policies (BPS).

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: This is in accord with Parliamentary Standing Orders and reflects our constitutional arrangements.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

105. Does the executive hold consultations with members of the legislature as part of its process of determining budget priorities?

A. Yes, the executive holds consultations with a wide range of legislators.

B. Yes, the executive holds consultations with a range of legislators, but some key members are excluded.

C. Yes, the executive holds consultations with only a limited number of legislators.

D. No, the executive does not consult with members of the legislature as part of the budget preparation process.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100
Sources: Consultations with members of Parliament about the definition of budget policies include: (i) direct involvement of Cabinet and other Government ministers who are themselves members of Parliament; (ii) Consideration of the BPS by the Finance and Expenditure Committee, which has multi-party membership; (iii) Debate of the BPS and of FEC's report on the BPS by the full Parliament; and (iv) Consultations by the Government with members of Parliament from any coalition partners. Response based on meeting with Office of the Clark at Parliament (Peter Carr), with additional reference to parliamentary Standing Order 327. [http://www.parliament.nz/en-nz/pb/rules/standing-orders/chapter6/00HOHPBReferenceStOrdersChapter6CThe1/the-budget#SO327](http://www.parliament.nz/en-nz/pb/rules/standing-orders/chapter6/00HOHPBReferenceStOrdersChapter6CThe1/the-budget#SO327)

Comments: In NZ's Westminster system of government, members of the Cabinet are all Members of Parliament. As noted for preceding questions, the government tables a Budget Policy Statement (BPS) in Parliament in advance of the annual Budget, and this is discussed in the Finance and Expenditure Committee of Parliament (FEC). The FEC is a committee that contains representatives of all political parties in Parliament. The Minister of Finance appears before the FEC to answer questions on the BPS. The FEC's report to Parliament on its deliberations is publicly available at: [http://www.parliament.nz/en-nz/pb/sc/documents/reports/50DBSCH_SCR6120_1/budget-policy-statement-2014-and-half-year-economic-and](http://www.parliament.nz/en-nz/pb/sc/documents/reports/50DBSCH_SCR6120_1/budget-policy-statement-2014-and-half-year-economic-and) The next general parliamentary debate is then devoted to a two-hour debate on the BPS. Comments on the BPS are taken into consideration by the executive in finalizing the subsequent budget proposal (see A Guide to the Public Finance Act, p. 77). But executive is under no obligation to change stated priorities on basis of Parliamentary discussion of those budget policy priorities.

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

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### 106. How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?

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<table>
<thead>
<tr>
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<tbody>
<tr>
<td><strong>A.</strong></td>
<td>The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.</td>
</tr>
<tr>
<td><strong>B.</strong></td>
<td>The legislature receives the Executive's Budget Proposal at least six weeks, but less than three months, before the start of the budget year.</td>
</tr>
<tr>
<td><strong>C.</strong></td>
<td>The legislature receives the Executive's Budget Proposal less than six weeks before the start of the budget year.</td>
</tr>
<tr>
<td><strong>D.</strong></td>
<td>The legislature does not receive the Executive's Budget Proposal before the start of the budget year.</td>
</tr>
<tr>
<td><strong>E.</strong></td>
<td>Not applicable/other (please comment).</td>
</tr>
</tbody>
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**New Zealand**

**B.**

**Score:** 67

**Sources:** The 2014 Budget was tabled in Parliament on 15 May 2014. The start of the 2014/15 Budget Year is 1 July 2014. The interval is more than 6 weeks but less than 3 months. [http://www.treasury.govt.nz/budget/2014](http://www.treasury.govt.nz/budget/2014) Looking at past years, the same 6 week interval is very close to the norm over for the past 14 annual budgets. [http://www.treasury.govt.nz/budget/archive](http://www.treasury.govt.nz/budget/archive)

**Comments:** The attached "Guide to the Public Finance Act" produced by Treasury show annual cycle of "Budgeting and Reporting Documents in a Typical Year" (p.78).

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** We agree with the reviewer’s comments but consider that there is a trade-off as providing the Budget earlier would result in
less accurate forecasts on which to base decisions. In this regard, earlier is not unambiguously better.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

107. When does the legislature approve the Executive's Budget Proposal?

A. The legislature approves the budget at least one month in advance of the start of the budget year.
B. The legislature approves the budget less than one month in advance of the start of the budget year, but at least by the start of the budget year.
C. The legislature approves the budget less than one month after the start of the budget year.
D. The legislature approves the budget more than one month after the start of the budget year, or does not approve the budget.
E. Not applicable/other (please comment).

New Zealand

D. Score: 0

Sources: Parliament does not typically vote on and pass the budget until the month of August, more than one month after the start of the fiscal year. Refer to Standing Order 335 stating that 3rd (final) reading and vote on main Appropriations Bill must take place within three months of the date on which the budget (EBP) is tabled in Parliament. http://www.parliament.nz/en-nz/pb/rules/standing-orders/chapter6/00HOHPBReferenceStOrdersChapter6DEstimates1/estimates However, an Imprest Supply Bill is passed by Parliament before the end of June to provide legal authority for the executive to carry out spending in the new budget year starting 1 July up until the date on which Parliament votes on and passes the Appropriations (Estimates) Act in August. Response based on meeting with Office of the Clark at Parliament (Peter Carr), and additional reference to parliamentary Standing Order 335.

Comments: In terms of when the process provides formal legal authority for spending in the new budget year, the passage by Parliament of the Imprest Supply Bill prior to the start of the budget year giving the government authority for spending in accordance with the previously tabled Estimates (EBP) would support a response of "b".

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I would also be amenable to changing the score to "b" on the basis of the Imprest Supply bill. OBS staff advise that in order to maintain consistency of ratings with other countries that have a similar system, and given the question's focus on the EBP, a score of "d" is most appropriate. Irrespective of the rating, it is important to note the role of the Imprest Supply bill in New Zealand's system.

108. Does the legislature have the authority in law to amend the Executive's Budget Proposal?

A. Yes, the legislature has unlimited authority in law to amend the Executive's Budget Proposal.
Yes, the legislature has authority in law to amend the Executive's Budget Proposal, with some limitations.

Yes, the legislature has authority in law to amend the Executive's Budget Proposal, but its authority is very limited.

No, the legislature does not have any authority in law to amend the Executive's Budget Proposal.

Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Chapter 6 of Parliament's Standing Orders (2011) establish the rules according to which financial bills, including the budget, are put to, debated and voted on by Parliament. While the rules allow, in principle, allow for a member or select committee of Parliament to propose an amendment to the budget (estimates/appropriations), the rules also establish the Government's authority to exercise a veto over any such proposed amendments that, in its view, would have more than a minor impact on the fiscal aggregates or on the composition of a Vote. [Link](http://www.parliament.nz/en-nz/pb/rules/standing-orders/00HOHPBReferenceStOrders3/standing-orders-of-the-house-of-representatives-2011). Response also based on meeting with Office of the Clark at Parliament (Peter Carr).

Comments: No amendments to the government's budget proposal have been approved in recent years. The fact that the content of the Appropriations Act passed by Parliament is in every detail (i.e. for each individual appropriation) precisely the same as the Estimates (EBP) presented to Parliament six weeks prior to the start of the financial (budget) year is largely a reflection of the Westminster parliamentary system (and NZ's particular form of that system having a unicameral/single-chamber Parliament) in which Government is, by definition the party (or coalition of parties) that holds majority in Parliament and of the vote on the budget being one of “confidence and supply”. Changes to the EBP (the Estimates) are permissible/feasible on the basis of law (refer to Standing Orders), but any substantive change is likely to be subject to financial veto by the executive.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: No, I do not agree with the score.

Suggested Answer: a.

Comments: The question is explicitly directed to authority in law. In law, the legislature has unlimited authority to amend or reject entirely the Executive's Budget Proposal. There are no written constitutional restraints on the legislature's authority in this regard (New Zealand has no written constitution). And there have been no attempts by previous legislatures to pass ordinary laws purporting to restrict this legal authority. In New Zealand's Westminster system where the Cabinet is made up of members of the legislature, a rejection of the budget or major amendment to it would not occur without likely triggering a loss of confidence and supply in the government (and ultimately, by convention, either a change in government or dissolution of parliament). This is the reason why in practice the legislature does not routinely amend the EBP. (It is also conceivable that a budget proposal be amended between the introduction of the EBP and the enactment of a budget by the legislature with the support of the government due to emergencies or other sudden developments.) Nevertheless, the legislature retains ultimate legal authority to amend, reject, or approve the Executive's Budget Proposal.

RESEARCHER'S RESPONSE

Acknowledging the PR's comments emphasizing that the question at hand focuses on the legal right rather than actions taken in practice, the researcher would like to modify the original response. However, the revised response is a “b” rather than the “a” preferred by the PR. The basis for the “b” response is two-fold: (i) the presence Government's veto authority over any proposed legislative amendment deemed to have more than a minor impact on either fiscal aggregates or composition of an individual vote's appropriation; and (ii) the legal/political implication of a failure on the part of Parliament to approve the executive's budget proposal, given the status of the vote as one of “confidence and supply”. The legal/institutional impact of dissolving Parliament and having to either re-form a government hold new elections constitutes a substantive conditionality, if not an explicit limit, on the legislature's effective authority to amend the proposed budget.
109. Does the executive seek input from the legislature prior to shifting funds between administrative units that receive explicit funding in the Enacted Budget, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds between administrative units, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to shifting funds between administrative units, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds between administrative units, but in practice the executive shifts funds without seeking prior approval or input from the legislature.

D. The executive shifts funds between administrative units without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

New Zealand

D. Score: 0

Sources: Consultations with NZ Treasury official (Simon Duncan). Cabinet Office circular CO(11)6 establishing regulations and guidelines for changes in appropriations (attached). http://www.dpmc.govt.nz/cabinet/circulars/co11/6 Response also based on reading of PFA, on meeting with Office of the Clark at Parliament (Peter Carr) and on review of response provided for preceding 2012 OBS.

Comments: Response assumes that phrase “shifting of funds between administrative units” can be equated to a transfer or virement of appropriated funds across “votes”. Based on consultations with NZ Treasury, the executive has a broad range of flexibility to transfer appropriations between output classes, including transfers from an appropriation for an output under one vote/department to an appropriation for output under a different vote/department. All changes to appropriations, including the use of approved contingency funds for specific purposes (outputs or appropriations) must be authorized (ex post to actual spending) by their presentation to and approval by Parliament in the Supplementary Estimates prior to the end of the budget year. Recent executive orders (Cabinet Orders) have moved toward promoting a more decentralized system of authorization for changes within the executive. [Note: CO(11)6] Also, the law (PFA) permits changes within the scope of “multi-class output expense appropriations” without seeking Parliamentary approval, so as to allow executive greater flexibility in resource allocation decisions where a range of outputs contribute to a single outcome. Information about the amount appropriated for each of the constituent output expenses within a multi-class output is provided ex ante in the Estimates Bill submitted to Parliament for approval, and ex-post in the Supplemental Estimates submitted to Parliament for approval prior to the end of the budget year to adjust appropriations for changes during the budget year.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: We consider that the more important aspect is the purpose of the appropriation, not which entity spends the funds. Legislative approval is required to move funds between appropriation.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
110. Does the executive seek input from the legislature prior to shifting funds within administrative units that receive explicit funding in the Enacted Budget, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds within administrative units, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to shifting funds within administrative units, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to shifting funds within administrative units, but in practice the executive shifts funds without seeking prior approval or input from the legislature.

D. The executive shifts funds within administrative units without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

New Zealand

D.

Score: 0

Sources: Consultations with NZ Treasury official (Simon Duncan). Cabinet Office circular CO(11)6 establishing regulations and guidelines for changes in appropriations (attached). http://www.dpmc.govt.nz/cabinet/circulars/co11/6 Response also based on reading of PFA, on meeting with Office of the Clark at Parliament (Peter Carr) and on review of response provided for preceding 2012 OBS.

Comments: Based on consultations with NZ Treasury, the executive has a broad range of flexibility to transfer appropriations between output classes, including transfers from an appropriation for an output under one vote/department to an appropriation for output under a different vote/department. Recent executive orders (Cabinet Orders) have moved toward promoting a more decentralized system of authorization for changes within the executive. [Note: CO(11)6] All changes to appropriations, including the use of approved contingency funds for specific purposes (outputs or appropriations) must be authorized (ex post to actual spending) by their presentation to and approval by Parliament in the Supplementary Estimates prior to the end of the budget year. Section 26A of Public Finance Act establishes scope of executive’s authority for transfers between output expense appropriations, with provisions that such transfers (virements) can be made only when: 1) the amount transferred does not increase any appropriation for output expenses by more than 5 percent; 2) no other transfer under this mechanism to that appropriation has occurred during that financial year; and 3) the total amount appropriated for output expenses in that Vote is unaltered. However, according to consultation with NZ Treasury, this particular section (26A) of the PFA applies to a specific scope of resource transfers (either unused or unappropriated expenses). The PFA also permits changes within the scope of "multi-class output expense appropriations" without seeking Parliamentary approval, so as to allow executive greater flexibility in resource allocation decisions where a range of outputs contribute to a single outcome. Information about the amount appropriated for each of the constituent output expenses within a mutli-class output is provided ex ante in the Estimates Bill submitted to Parliament for approval, and ex-post in the Supplemental Estimates submitted to Parliament for approval prior to the end of the budget year to adjust appropriations for changes during the budget year. While the choice of response “d” is assessed as being the one that most closely describes the scope of authority for the executive to implement transfers of funds across appropriations within (or even across) administrative units without requiring prior input or approval from the legislature (Parliament), it is also important to stress that this is in the context of a comprehensive, well understood and enforced broader legal framework to which the executive does abide.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: We consider that the more important aspect is the purpose of the appropriation, not which part of the entity spends the funds. Legislative approval is required to move funds between appropriation.
111. Does the executive seek input from the legislature prior to spending excess revenue (that is, amounts higher than originally anticipated) that may become available during the budget execution period, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending excess revenues, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to spending excess revenue, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending excess revenue, but in practice the executive spends these funds without seeking prior approval or input from the legislature.

D. The executive spends excess revenues without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

New Zealand

A. Score: 100


Comments: Note: There are significant changes in wording of both the question and the possible responses relative to previous (2012) OBS. The question now asks about whether executive seeks input from legislature “prior” to the spending “excess revenue” and whether it is legally required to do so. The selection of responses is also quite different. Following discussions with government, review of the laws and procedures and extensive discussion with IBP/OBS staff, the response of “a” is based on the following: (1) the law (PFA) does require that the legislature give prior approval on a “general” level to spending that may include deviations from specific appropriations (i.e. through approval of 2nd Imprest Bill approved at same time as when Appropriations Act is passed); (2) the law also regulates/governs the use of “excess revenues” accruing to government entities, granting authority for use of higher than expected revenues from specific sources (i.e. fees for services provided) without further (ex ante) Parliamentary approval but requiring appropriate authorisation from Ministry of Finance; and (3) the executive acts in accordance with these laws, as well as the legal requirement that the Supplemental Estimates bill/act submitted to and passed by Parliament before the end of the financial year fully account (on ex post basis) for any deviations from previously approved appropriations financed from “excess revenues”. PFA Section 21 and Section 22 define provisions for use of “excess revenues” by executive entities without requirement of prior approval by Parliament in specific circumstances (i.e. involving realisation of higher than planned revenues from either: (i) paid services provided by one department to another; or (ii) realisation of higher than planned revenues paid to a department by an external party for services being used by that department with specific approval from the Minister of Finance).

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
112. When was the most recent supplemental budget approved?

**A.** The most recent supplemental budget was approved before the funds were expended.

**B.** The most recent supplemental budget was approved after the funds were expended, or the executive implemented the supplemental budget without ever receiving approval from the legislature (please specify).

**C.** Not applicable/other (please comment).

**New Zealand**

**A.**

**Score:** 100

**Sources:** The most recent Supplemental Estimates of Appropriations (for the budget year 2013/14 ending on 30 June 2014) were tabled in Parliament on 15 May 2014 together with the budget documents for the 2014/15 budget year.


**Comments:** Spending beyond the amounts appropriated in the original budget for 2013/14 were provided advance legal authority by Imprest Supply prior to the spending taking place. Approval of the Supplemental Estimates before the end of the financial year is indeed required by law.

**GOVERNMENT REVIEWER**

**Opinion:** No, I do not agree with the score.

**Suggested Answer:** a.

**Comments:** Imprest supply approves the funding and is passed before the expenditure is incurred. The legislature does approve the expenditure and funds are spent with approval. Approval of amounts under imprest supply by the executive requires the executive to agree the amounts will be detailed in the supplementary estimates. Supplementary estimates therefore provide information to the executive about how the approved supplemental budget was expended.

**PEER REVIEWER**

**Opinion:** No, I do not agree with the score.

**Suggested Answer:** a.

**Comments:** I think an “a” is more appropriate, if one regards the Imprest Supply bill as the critical part of the “supplemental budget” that effectively authorizes (in advance) the expenses. I don't think the fact that in practice a later appropriation will repeal and replace the Imprest Supply authorization negates the fact that the legislature has considered those amounts and enacted legislation intended as authorization in advance.

**RESEARCHER’S RESPONSE**

Acknowledging comments from both the GR and PR, further review of the question by the researcher/assessor and discussion with OBS/IBP staff has led to the initial response of "b" being changed to "a". This decision reflects agreement that passage of an Imprest Supply Bill by Parliament giving the executive legal authorization in advance for a specified total amount of supplemental spending, tied to the legal requirement that any actual supplemental spending be reported and approved at a detailed line-item (appropriation-specific) level through submission of and Parliamentary approval of the Supplementary Estimates Bill before the end of the fiscal year, is sufficient to meet the criteria for an "a" response.
113. Does the executive seek input from the legislature prior to spending contingency funds or other funds for which no specific purpose was identified in the Enacted Budget, and is it legally required to do so?

A. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending contingency funds, and it does so in practice.

B. The executive obtains approval or input from the legislature prior to spending contingency funds, but is not required to do so by law or regulation.

C. The executive is required by law or regulation to obtain approval or input from the legislature prior to spending contingency funds, but in practice the executive spends these funds without seeking prior approval or input from the legislature.

D. The executive spends contingency funds without seeking prior approval or input from the legislature, and there is no law or regulation requiring it to obtain such prior approval or input from the legislature.

E. Not applicable/other (please comment).

New Zealand

D. Score: 0

Sources: Consultations with NZ Treasury official (Simon Duncan).

Comments: Based on consultations with NZ Treasury, the law allows the executive to use either the general contingency (for general spending pressures arising during the fiscal year) or “tagged” contingency (associated with specific policy initiatives around which there is some uncertainty about actual spending) with no further prior legislative input or approval being required. As with Question 109, based on consultations with NZ Treasury, the most appropriate choice seems to be "d". But at the same time, it is also important to highlight that there is indeed a law and functional legal framework to which the executive does abide. All changes to appropriations, including the use of approved contingency funds for specific purposes (outputs or appropriations) must be authorized (ex post to actual spending) by their presentation to and approval by Parliament in the Supplementary Estimates prior to the end of the budget year. The 2012 OBS offered the following additional comment: A general contingency is “notionally” established to accommodate anticipated within-year spending pressures. This amount is not appropriated in the budget. It is the difference between total funding actually appropriated through the budget and the amount built into the budget forecasts. It constitutes an internal monitoring mechanism against which Treasury advises the government regularly throughout the budget year of the possible need for spending in excess of appropriations. Interim Parliamentary authority for the expenditure beyond appropriations is provided by Imprest Supply, but specific authority for spending out of the contingency on specific items/outputs is not obtained until after the expenditure has occurred, when the Supplementary Estimates are presented to and approved by Parliament near the end of the financial year (typically tabled with the next year’s budget in May). In addition, Section 25 of the Public Finance Act authorizes the government to incur expenses or capital expenditure without a prior appropriation in the event of a national disaster or civil emergency. The details must be gazetted and approved retrospectively by Parliament in a subsequent appropriation. This provision was used for the first time in 2010-11 in response to the Canterbury Earthquake. The expenses associated with disasters are usually accommodated through Imprest Supply. Note on "score" as compared to 2012 OBS: Again, given the changes in the wording of the OBS question and response options relative to the preceding (2012) OBS, the "score" has changed substantially (from "b" to "d"). However, unlike the 2012 OBS, none of the response options in the 2015 OBS fully capture/describe the New Zealand context or practices, where a more general legal authorization must be provided ex ante by Parliament.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.
114. Does a committee of the legislature hold public hearings to review and scrutinize Audit Reports?

A. Yes, a committee holds public hearings to review and scrutinize a wide range of Audit Reports.
B. Yes, a committee holds public hearings to review and scrutinize the main Audit Reports.
C. Yes, a committee holds public hearings to review and scrutinize a small number of Audit Reports.
D. No, a committee does not hold public hearings to review and scrutinize Audit Reports.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100

Sources: Based on consultative meeting with Office of Auditor General (Philippa Smith).

Comments: Financial Reviews conducted by select committees of Parliament include review of audit reports for individual entities prepared by OAG and with select committees receiving advice from OAG as part of the Parliamentary review process. Coverage of select committee reviews extends across a wide range of executive entities inclusive of all the main government departments/ministries as well as the main Crown Entities, selected at the discretion of the Parliamentary committees with any public entity being potentially subject to review process.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

115. Does the Supreme Audit Institution (SAI) have the discretion in law to undertake those audits it may wish to?

A. The SAI has full discretion to decide which audits it wishes to undertake.
B. The SAI has significant discretion, but faces some limitations.
C. The SAI has some discretion, but faces considerable limitations.
D. The SAI has no discretion to decide which audits it wishes to undertake.
E. Not applicable/other (please comment).

New Zealand

A. Score: 100
Comments: The Public Audit Act states that OAG can undertake (and in case of central government departments/ministries and main Crown Entities, is required to undertake) audits of any public entity required by either the Public Finance Act or the Crown Entities Act to produce annual audited accounts and reports. That applies to approximately 4000 public entities inclusive of local authorities and individual schools.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: In particular, see the Public Audit Act 2001: Section 16, for the Auditor-General's broad authority to undertake performance audits of any public entity; Section 18, for the Auditor-General's broad authority to conduct, on the Auditor-General's own initiative (or on request) inquiries concerning a public entity's use of its resources; Section 9, requiring that the Auditor-General to act independently in the exercise and performance of the Auditor-General's functions, duties, and powers.

116. Has the Supreme Audit Institution (SAI) established a monitoring system to provide on-going, independent evaluations of its audit processes (a quality assurance system)?

A. Yes, the SAI has established a quality assurance system, and both a sample of completed audits are reviewed annually and the findings of these reviews are made available to the public.

B. Yes, the SAI has established a quality assurance system, but either a sample of completed audits are not reviewed annually or the findings of these reviews are not made available to the public.

C. Yes, the SAI has established a quality assurance system, but neither a sample of completed audits are reviewed annually nor are the findings of these reviews made available to the public.

D. No, the SAI has not established a quality assurance system.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Based on consultative meeting with Office of Auditor-General (Phillipa Smith).

Comments: OAG has a quality assurance system in place that applies to audit processes, the auditors carrying out the audits and its own reporting processes. The NZ Institute of Chartered Accountants and NZ interpretation of the international Accounting Standards are both cited by OAG has having a role in guiding and supporting the OAG's quality assurance system.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: The Audit Office have advised that: “the key reason why we think the second question is a “B” is that our QA findings are only made publicly available at a very high level through the Statement of service Performance in our annual report.”

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

117. Must a branch of government other than the executive (such as the legislature or the judiciary) give final consent before the head of the Supreme Audit Institution (SAI) can be removed from office?

A. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before he or she is removed.

B. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.

C. Not applicable/other (please comment).

New Zealand

A. Yes, the head of the SAI may only be removed by the legislature or judiciary, or the legislature or judiciary must give final consent before he or she is removed.

B. No, the executive may remove the head of the SAI without the final consent of the judiciary or legislature.

C. Not applicable/other (please comment).


**Comments:** Section 3 of the Public Audit Act provides that the Auditor-General or Deputy Auditor-General may only be removed or suspended from office by the Governor-General on the basis of a statement by Parliament indicating disability affecting the performance of duty, bankruptcy, neglect of duty, or misconduct. When Parliament is not in session, the Auditor-General or Deputy Auditor-General may be suspended from office by the Governor-General in Council for disability affecting the performance of duty, bankruptcy, neglect of duty, or misconduct proved to the satisfaction of the Governor-General. However, any such suspension must not continue in force beyond two months after the beginning of the next session of Parliament. The Auditor-General has a fixed term of seven years and may not be reappointed (Section 3 of Public Audit Act).

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

118. Who determines the budget of the Supreme Audit Institution (SAI)?

A. The budget of the SAI is determined by the legislature or judiciary (or some independent body), and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.

B. The budget of the SAI is determined by the executive, and the funding level is broadly consistent with the resources the SAI needs to fulfill its mandate.
C. The budget of the SAI is determined by the legislature or judiciary (or some independent body), but the funding level is not consistent with the resources the SAI needs to fulfill its mandate.

D. The budget of the SAI is determined by the executive, and the funding level is not consistent with the resources the SAI needs to fulfill its mandate.

E. Not applicable/other (please comment).

New Zealand

**Score: 100**

**Sources:** Section 26E of the Public Finance Act provides that Parliament itself determines the budget of Offices of Parliament, including the Office of the Auditor-General. Section 42 of the Public Audit Act also gives the Auditor-General (or the Auditor-General’s appointed auditors) power to charge audit fees to public entities, and almost all audit activities (aside from performance audits) are financed by fees charged to the audited entities. The fee is negotiated with each audited entity. Reference: Response to 2012 OBS updated on basis of consultations with Office of the Auditor-General (Phillippa Smith).

**Comments:** The process is one in which the Offices submit their proposed budgets to the Officers of Parliament Select Committee (chaired by the Speaker of Parliament, who is the Vote Minister for the Office of Auditor-General). The committee discusses the budget request with the Auditor-General and the Treasury and then reports to Parliament. http://www.parliament.nz/en-nz/pb/sc/documents/reports/50DBSCH_SCR6147_1/alterations-to-the-201314-appropriations-for-vote-audit Parliament, in turn, sends an address to the Governor-General recommending inclusion of specified budgets in the Appropriations Bill. With regard to the Auditor-General (or the Auditor-General’s appointed auditors) power to charge audit fees to public entities, a description of the process by which such fees are established can be found at: http://www.oag.govt.nz/2011/appointing-auditors-and-setting-audit-fees/part3.htm

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

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**Section 5. Public Engagement in the Budget Process**

119. Does the executive make available to the public clear (accessible, nontechnical) definitions of terms used in the budget and other budget-related documents (for instance, in a glossary)?

A. Yes, clear definitions of all key budget terms are provided.

B. Yes, definitions are provided for all key budget terms, but they are not always clear.

C. Yes, definitions are provided for some but not all key budget terms.

D. No, definitions are not provided.

E. Not applicable/other (please comment).
120. Is the executive formally required to engage with the public during the formulation and execution phases of the budget process?

A. A law, a regulation, or a formal procedural obligation requires the executive to engage with the public during both the formulation and execution phases of the budget process.

B. A law, a regulation, or a formal procedural obligation requires the executive to engage with the public during either the formulation or the execution phase of the budget process but not both.

C. There is no formal requirement for the executive to engage with the public during either the formulation or the execution phase of the budget process, but informal procedures exist to enable the public to engage with the executive during the formulation or execution phase of the budget process or during both phases.

D. There is no formal requirement and the executive does not engage with the public during the budget process.

E. Not applicable/other (please comment).

New Zealand

C.

Score: 33

Sources: Revised Source Citation: In response to guidance from OBS/IBP staff, the scope of applicable evidence of public consultative engagement on the part of the executive is narrower than that originally cited, with the exclusion of parliamentary processes (e.g. select committee hearings and written submissions on policy proposals - items 3, 4 and 9 cited below) and exclusion of public engagement via regional District Health Boards (item 8 cited below). On the basis of further review and assessment of the scope of public engagement, the extent of legal mandates for such consultative processes and the absence of a clear/comprehensive legal mandate specific to the central finance agency (i.e. Treasury) responsible for overall budget formulation and implementation, the most appropriate response is assessed as being “c”. Original Source Citation: On the basis of a “broad” view of “the executive” and “public engagement”, it is arguable that formal mechanisms do exist for both public engagement at both the formulation and execution stages of the budget process. Rather than aligning strictly with the text of the chosen OBS response option, the assessed “score” of “b” is more a (subjective) overall assessment of the depth and effectiveness of mechanisms across the wide variety identified below. Sources include: 1. Consultations with NZ Treasury (Simon Duncan); 2. Consultations Parliament’s Office of the Clerk (Peter Carr); 3. Relevant legal/regulatory documentation - Public Finance Act and Parliamentary Standing Orders; http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html http://www.parliament.nz/en-nz/pb/rules/standing-orders/chapter6/00H0HPBReferenceStOrdersChapter6CThe1/the-budget#SO327 4. Relevant FEC (and other select committee) reports; http://www.parliament.nz/en-
5. Relevant Treasury reports/activities (as mostly cited in response to Q.66)

http://www.treasury.govt.nz/government/financialreporting/survey
http://www.treasury.govt.nz/government/longterm/fiscalmodel
http://www.treasury.govt.nz/abouttreasury/universitychallenge
http://www.treasury.govt.nz/abouttreasury/schoolschallenge

6. Reports specifically discussing public engagement/consultation mechanisms and/or processes by departments/ministries (e.g. Transport, Health)


7. Departmental/Ministerial annual reports in which activities involving public engagement/consultation on policy development and/or service delivery are discussed

http://www.transport.govt.nz/about/publications/annualreports/annual-reports-201213

8. Consultative processes and public meetings of “decentralized” executive agencies (e.g. DHBs)

http://www.ccdhb.org.nz/Meetings

9. Example of public engagement in policy formulation through submissions on “green” and “white” papers


10. Opportunities for public engagement/submissions on proposed tax policy changes

http://taxpolicy.ird.govt.nz/work-programme
http://taxpolicy.ird.govt.nz/consultation

11. Office of Ombudsman - a formal institution/mecchanism for the public to identify concerns (complaints) about performance of executive agencies and seek further action

http://www.ombudsman.parliament.nz/what-we-do
12. Open Government Partnership - international initiative to support public engagement in governance


Comments: Revised/Additional Comment (15/9/2014): Following up on guidance provided from OBS/IBP staff to clarify 2 points: (i) indicating that assessment for this specific question should focus on executive agency legal requirements and/or practices involving public engagement exclusive of Parliamentary hearings/processes; and (ii) suggesting that the scope of “the executive” should focus on a relatively limited range of core central government agencies, exclusive of regional agencies such as NZ’s District Health Boards (DHB’s) which are Crown Entities funded by central government for implementation of national health programs, the assessor has reviewed the evidence previously cited as the basis for an initial response of “b”. Comments from OBS/IBP staff do reduce the range of supporting evidence for public engagement by the (central) executive agencies. The overall picture is somewhat mixed. For example, the previously cited documentation/evidence (even after excluding legislative processes/hearings) does demonstrate specific activities/evidence of direct public engagement by Treasury, Inland Revenue and other central government agencies as part of their respective processes for policy formulation and/or implementation. The assessor has not located any legal requirements for Treasury to engage in public consultation on a specific routine basis, so the evidence of such practices appears to be evidence of “informal” procedures deemed to be “good practice” but not legally required. Similarly, in the case of other executive agencies, the scope of public engagement (e.g. MSD client surveys) appear to be on the basis of what is deemed “good practice” rather than compliance with an established legal requirement. In other cases such as Transit New Zealand and (it would appear) Inland Revenue, there does appear to be some legal/regulatory requirement for a public consultative process to be implemented in the course of policy formulation (e.g. a process for public submissions on proposed tax policy changes) or policy implementation (e.g. consultative process with affected public required of Transit NZ under Land Transport Management Act). In sum, there are legally mandated public consultative processes for selected elements of policy formulation and implementation and other consultative processes conducted on the basis of what executive agencies deem to be “good practice”. The scope of these activities includes both policy formulation and policy implementation, but the formal legal framework is not comprehensive, particularly with regard to budget policies under direct management of Treasury as the central finance agency. On the basis of this summary assessment, the most appropriate (if somewhat conservative) response is deemed to be a “c”. Original Comment: It is challenging to accurately align the assessed scope/level of executive engagement to the response options offered by the OBS, due in part to the generality of the question and uncertainty as to what constitutes “the executive” and what constitutes “public engagement”. A response of “b” is considered to reasonably reflect the overall degree to which formal requirements exist for executive agencies (broadly defined, as discussed below) to engage with the public on budget formulation and execution. The range of activities representing some form of “engagement” between executive agencies and the public can be viewed as quite extensive, depending on how broadly one defines the range of “executive agencies”. On the one hand, if the scope of “the executive” is limited to NZ Treasury as the central finance agency managing the process of budget preparation and financing of budget execution, then formal requirements to engage (directly) with
green" paper by the Ministry of Social Development in 2011, followed by a consultative process involving, among other things, receipt and the executive and the public. One recent example is the Children's Action Plan, which began with the development and release of a policy formulation process for significant budget policy initiatives can generate a considerable and substantive engagement between processes and public meetings of these "decentralized" executive agencies.

Examples cited above are for Transport and Health.

executive agencies to put in place routine processes to support public engagement in either policy formulation or implementation.

produced by individual departments/ministries found through a search materials on public engagement indicate efforts by some winning contributions to debate around policy priorities ("advice to incoming Minister") and policy analysis of selected issues. A recent award was the "Challenges" award, presented each year to encourage public engagement in budget policy and processes targeting students. These are open competitions with information provided on the Treasury website. The Challenges award quite substantial scholarships/prizes for the recently initiated to broaden participation and interest in budget policy issues and processes targeting students. These are open to students across a range of disciplines, and the process is designed to encourage public engagement in budget policy and processes targeting students.

engagement. Components of Treasury's recent efforts to consult with stakeholders, including media, academia, business community, and others in the general public to increase general awareness and participation in budget policy formulation and processes have included: (i) a series of seminars over period from August 2013 through June 2014 intended to broaden public awareness and discussion of key issues leading up preparation of the "2014 Investment Statement: Managing the Crown's Balance Sheet" looking at long-term fiscal issues and strategies; (ii) consultative processes in surrounding examination of Treasury's LT fiscal model and preparation of 2013 LT fiscal strategy paper "Long-term Fiscal Projections: Reassessing Assumptions, Testing New Perspectives"; and (iii) the Schools and University Challenges recently initiated to broaden participation and interest in budget policy issues and processes targeting students. These are open competitions with information provided on the Treasury website. The Challenges award quite substantial scholarships/prizes for the winning contributions to debate around policy priorities ("advice to incoming Minister") and policy analysis of selected issues. 6. Reports produced by individual departments/ministries found through a search materials on public engagement indicate efforts by some executive agencies to put in place routine processes to support public engagement in either policy formulation or implementation. Examples cited above are for Transport and Health. 7. A review of reporting from FEC and a sample of other select committees examining budget issues can, in some instances, involve evidence presented by the public (i.e. individuals or non-governmental organizations) either as written submissions or as testimony before a committee (or both). 3. As previously noted (e.g. Q.104), the law (PFA) and Parliamentary Standing Orders specify requirements for public Parliamentary hearings to consider evidence for a broad range of budget-related documentation at both the formulation stage and throughout the budget execution phases (mid-year and year-end reports). Again, as noted above, the scope of such hearings includes both consolidated government finances as well as budget policies and finances for specific departments/ministries or votes. 4. A review of reporting from FEC and a sample of other select committees examining budget issues indicates that extent of "public engagement" in hearings is generally limited to occasional public submissions of evidence, usually written, and even this appears to be limited to only relatively few hearings. Note: A more active public engagement may be evident in submissions for select committee hearings on specific policy issues, where executive officials are also likely to be involved. 5. A review of Treasury documents and activities (also noted above) indicates a range of recent surveys and activities intended to support or broaden public engagement. Components of Treasury's recent efforts to consult with stakeholders, including media, academia, business community, and others in the general public to increase general awareness and participation in budget policy formulation and processes have included: (i) a series of seminars over period from August 2013 through June 2014 intended to broaden public awareness and discussion of key issues leading up preparation of the "2014 Investment Statement: Managing the Crown's Balance Sheet" looking at long-term fiscal issues and strategies; (ii) consultative processes in surrounding examination of Treasury's LT fiscal model and preparation of 2013 LT fiscal strategy paper "Long-term Fiscal Projections: Reassessing Assumptions, Testing New Perspectives"; and (iii) the Schools and University Challenges recently initiated to broaden participation and interest in budget policy issues and processes targeting students. These are open competitions with information provided on the Treasury website. The Challenges award quite substantial scholarships/prizes for the winning contributions to debate around policy priorities ("advice to incoming Minister") and policy analysis of selected issues. 6. Reports produced by individual departments/ministries found through a search materials on public engagement indicate efforts by some executive agencies to put in place routine processes to support public engagement in either policy formulation or implementation. Examples cited above are for Transport and Health. 7. A review of selected departmental/ministerial annual reports provides evidence of public engagement/consultations on policy development and/or service delivery, with forms of engagement focus group sessions with various stakeholders (e.g. "clients", interest groups, industry or "experts"), customer surveys, etc. 8. A review of the role, management and information produced by regional District Health Boards (DHBs), with focus on avenues for public engagement through consultative processes and public meetings of these "decentralized" executive agencies. 9. Public engagement occurs in the policy formulation process through the production and dissemination of "green" and "white" papers as a policy initiative develops from initial analysis and identification of issues through to formal Cabinet consideration and eventually to Parliamentary deliberation and vote. As noted above, this policy formulation process for significant budget policy initiatives can generate a considerable and substantive engagement between the executive and the public. One recent example is the Children's Action Plan, which began with the development and release of a "green" paper by the Ministry of Social Development in 2011, followed by a consultative process involving, among other things, receipt and
Review of over 9,000 submissions from the public. That was followed by development of a “white” paper for Cabinet approval in 2012. Ultimately, the policy agreed by Cabinet and a bill submitted to Parliament in 2013 to address the necessary legislative changes. That legislative process included additional consideration of public submissions with passage of the Vulnerable Children Act (and associated legislation) in 2014, together with incorporated of related policy funding in the 2014 budget. 10. The Inland Revenue Department offers another example of an executive agency routinely providing opportunities for direct public engagement on tax policy matters under consideration. The work programme is posted on IRD’s website with a listing and relevant documentation covering all the specific policy issues under consideration for reform and an invitation for public submissions. The IRD website offers a link for anyone to subscribe to their “public consultations” and receive email alerts and documentation of policies under review. 11. The Office of Ombudsman supports public engagement in budget implementation by providing a formal mechanism/channel through which the public can identify concerns, lodge complaints and seek further action with regard to the performance of executive agencies. 12. The New Zealand government recently accepted an invitation to join the Open Government Partnership. As a first step for under whole-of-government initiative with potential implications for deepening and broadening the scope for public engagement across a wide range of government activities, the government is in the process of developing the National Action Plan. That is scheduled to be submitted to the OGP on 31 July 2014. Following publication of the NAP, the next steps will be receive feedback on the NAP and to collaborate with civil society to develop an Implementation Plan outlining how each commitment will be delivered and the criteria for self-assessment. the government is then expected to work with civil society to monitor and evaluate progress on an ongoing basis. At this stage, it is too early to cite specific examples of how participation in the OGP will directly impact public engagement in budget formulation and execution.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: Based on IBP/OBS staff clarification of scope (as described by the researcher), I agree with the researcher’s description of processes that fit within scope, and with the researcher’s assessment of “c”.

121. When the executive engages with the public during the budget formulation process, does it articulate what it hopes to achieve from the engagement and provide other information far enough in advance so that the public can participate in an informed manner?

A. The executive provides sufficient information (including what it hopes to achieve from its engagement with the public) in advance of the engagement.
B. The executive provides information to the public, but it is either insufficient or is not provided in advance of the engagement.
C. The executive provides information to the public, but it is neither sufficient nor provided in advance of the engagement.
D. The executive does not provide information, or does not engage with the public during the budget process.
E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Refer to the sources/evidence cited for the preceding question (Q.120). In particular, focusing on the clearest direct engagement between “the executive” and “the public” in the phase of “budget” (or policy) formulation, attention is directed to: - Treasury engagement on broad budget policy, on selected policy issues (e.g. Investment Statement and Long-Term Fiscal Model and Strategy Paper) and the Schools/University “challenges” - Issuance of "green" and "white" papers in policy formulation - Invitations for public submissions on
proposed tax policy changes - Departmental/ministerial engagement with the public on policy development/work programmes -

Decentralized executive units (e.g. DHBs) consultative processes (submissions on policy documents and regular public meetings with opportunities for input) The chosen response of “b” reflects an overall assessment of both (i) the quality and timeliness of information provided to the public; (ii) the actual extent of public engagement realised through established mechanisms, including degree of responsiveness by the executive; and (iii) the scope of mechanisms for public engagement during the budget/policy formulation phase.

Comments: It is difficult to generalize across the full range of mechanisms cited for public engagement in budget policy formulation as part of the response to the preceding question (Q.120). Examples where the (quite diverse) mechanism public engagement on policy formulation care clearly evident include: (i) Treasury consultations through public hearing process on broad budget policy and its other outreach/consultation efforts on policy issues (seminar series for 2014 Investment Statement, public seminar for long-term fiscal strategy and modeling, and “Schools Challenges”); (ii) IRD's web-based system identifying tax policy work programme, ongoing notification of proposed changes to specific tax policies and invitations for submissions on those issues; (iii) the “green paper/white paper” process for formulating significant new policy initiatives; (iv) departmental/ministerial consultations on broad workplans and on specific policy issues; and (v) consultative processes conducted by decentralized executive agency units such as District Health Boards (DHBs). Overall, it can be said that the timing and quality of information made publicly available in these instances are sufficient to support effective public engagement. It can be noted that evidence suggests the effective level of public engagement in the instance of Treasury hearings in Parliament is relatively low. Public engagement may be more effective in the form of some of Treasury's other outreach efforts such as “Schools/University Challenges”, which offer substantial prizes (university scholarships), but are more oriented toward encouraging public awareness/interest (among youth) rather than direct public input into policy formulation. The scope of participation or Treasury's incorporation of public views from the (quite extensive) seminar series to support public consultation during preparation of the 2014 Investment Statement is not clear. The IRD mechanism (i.e. website access and option to subscribe to notifications of specific tax policies under review and open for public submissions, is certainly supportive of a more direct and extensive public engagement in policy formulation. However, it is also true that the content of relevant/supporting documentation provided with respect to IRD tax policy matters (as well as some Treasury policy matters) ca be considered relatively “inaccessible” to non-specialists. As concerns the “green paper” / “white paper” process, there is clear evidence supporting, in some specific instances, a strong level of “public engagement”, primarily in the form of submissions from specific interest/stakeholder groups for a specific issue. In the example of this process raised in Q.120 (Children’s Action Plan), the substantial response from “the public” over the course of the policy development period does appear to have had some impact on the final “design” of approved policy, even if not all advice received from public submissions was accepted by the executive. Individual departments/ministries make broad use of consultations on policies under development and on annual or multi-year work plans covering specific program areas. In many instances, consultative processes include mechanism for online submissions (with the policy documents or workplans themselves also being available online). Client and stakeholder surveys of specific services will also be used to shape policy development/reform. At the more localized level, public engagement among regional DHBs include opportunities for public comment/submissions on program-specific work plans (including online access) and opportunities for participation at regular DHB meetings, including public comments.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: I agree with the researcher's descriptions of various of consolation processes. The researcher notes that the documentation provided for some IRD tax policy matters can be considered relatively inaccessible to non-specialists. Note that in some instances, where IRD considered that it may be able to generate broad public interest in a policy change, IRD has set up online consultation processes that give information and feedback options intended to be accessible to non-experts. For example, see the online consultations on student loan policy changes, and changes to IRD information-sharing practices: https://taxpolicy.ird.govt.nz/archived-websites. I agree it is difficult to settle on a response given the diverse practices across the core executive departments.

122. When the executive engages with the public during the budget execution process, does it articulate what it hopes to achieve from the engagement and provide other information far enough in advance so that the public can participate in an informed manner?
The executive provides sufficient information (including what it hopes to achieve from its engagement with the public) in advance of the engagement.

B. The executive provides information to the public, but it is either insufficient or is not provided in advance of the engagement.

C. The executive provides information to the public, but it is neither sufficient nor provided in advance of the engagement.

D. The executive does not provide information, or does not engage with the public during the budget process.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Revised Source Citation: Based on guidance from OBS/IBP staff indicating that the scope of applicable evidence for executive agencies engaging in public consultative processes during budget execution should not include parliamentary processes (e.g. hearings) or (possibly) the activities of regional agencies such as District Health Boards, the revised citation of sources or evidence for public consultative processes during budget execution would focus on "client surveys" for selected central government agencies (e.g. Ministry of Social Development) and public consultations for implementation of particular infrastructural projects (e.g. Transit NZ for roading). Focusing on this narrower scope of executive agency engagement in public consultative processes during budget implementation - defined to include a range of established routines involving either "client surveys", "focus groups" and consultations with affected public (as in the case of Transit NZ), although the scope of these public engagement processes may be narrow and, in some cases, lacking a mandatory basis in law, the articulation of objectives and provision of information within the context of these particular public engagement processes would appear to be reasonably good. With the focus being solely on the articulation of objectives and quality of information within the relatively limited range of agencies conducting such public consultations on specific policies/programs rather than the overall scope of public engagement across all executive agencies, the assessment is revised to an "a". Note: However, while the literal interpretation of criteria for an assessment of "b" do not necessarily apply, if there assessment were to also factor in the limited scope of public consultations conducted by executive agencies, then an assessment of "b" (or even "c") might be a better indicator of the strength or adequacy of the overall framework and implementation of consultative processes by executive agencies. Original Source Citation: Refer to specific mechanisms and sources cited for Question 120. In particular, focusing on the clearest direct engagement between "the executive" and "the public" in the phase of "budget execution" or policy implementation, attention is directed to: - Parliamentary hearings; - Parliamentary hearings focusing on performance (both financial review and service delivery) for specific departments/ministries; - Departmental/ministerial engagement with the public on specific matters of service delivery; - Routine public meetings of "decentralized" executive agencies (e.g. DHBs).

Comments: Revised Comment: The revised assessment is based on the articulation of objectives and quality of information provided within what may be viewed as a relatively narrow scope of effective public consultative processes routinely conducted by executive agencies. The response of "a" may be overly "generous" in that it does not fully reflect the absence of a clear and comprehensive framework endorsing and supporting a broad whole-of-government standard or practice for implementation of public consultations by executive agencies. Original Comment: Based on consideration of the mechanisms cited for Question 120 (inclusive of both policy/budget formulation and policy/budget implementation, the overall assessment is that the scope of executive engagement with the public is less for policy/budget implementation than for policy/budget formulation. NZ Treasury and other departments/ministries do participate in public Parliamentary hearings in relation to budget execution, including of both mid-year reporting and year-end reporting in the case of Treasury, and for year-end annual reports for many individual departments/ministries. However, while not precluded, the scope/extent of actual public participation or engagement in these Parliamentary hearing processes is, as previously noted, quite limited, based on a review of actual select committee reports for recent years. That said, the background information for the select committee public hearings is readily available to the public well in advance of the hearings themselves and of relatively high quality, and the purpose of the hearings is relatively clear. As noted in response to preceding questions (and also cited in response for 2012 OBS), individual department/ministries also report engaging in public consultations of various forms as a way to assess and improve service delivery (program implementation). Consultations can include regional focus groups for specific programs, online surveys, or other mechanisms. In many cases, the conduct of stakeholder or client survey mechanisms are tied to performance indicators for specific outputs (e.g. percentage measurements of "client satisfaction"), as identified in both the vote-specific volumes of The Estimates and as reported on in departmental/ministerial annual reports. Quite a few ministries report using some form of public surveys and consultations (e.g. service providers, clients, other
Stakeholders. As cited in the item #7 in the “Sources” box for Q.120, these ministries include: Health; Education; Social Development; Business, Innovation and Employment; and Transport. Finally, again taking a broader view on the scope of “the executive”, regular public hearings held by “decentralized” entities such as District Health Boards (or even schools) also offer significant opportunities for direct public engagement with budget execution, including members of the public speaking at regularly scheduled meetings. The quality and timing of information provided to the public appears reasonably sufficient for supporting informed engagement in a more localized context.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.
Comments: I agree with the researcher that a rating of “b” is appropriate if and only if one considers only those (limited) engagements that the executive does conduct. Because the executive's engagements are limited, the “b” response (and this question) does not reflect the overall strength of consultative processes during implementation.

123. Has the executive established mechanisms to identify the public's perspective on budget priorities?

A. Yes, the executive has established mechanisms to identify the public's perspective on budget priorities, and these mechanisms are accessible and widely used by the public.

B. Yes, the executive has established mechanisms to identify the public's perspective on budget priorities; while these mechanisms are accessible they are not widely used by the public.

C. Yes, the executive has established mechanisms to identify the public's perspective on budget priorities, but these mechanisms are not accessible.

D. No, the executive has not established any mechanisms to identify the public's perspective on budget priorities.

E. Not applicable/other (please comment).

New Zealand
B.
Score: 67

Sources: Refer to specific mechanisms and sources cited for Question 120 and Question 121.

Comments: See comments for Question 120 and Question 121.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

124. Has the executive established mechanisms to identify the public's perspective on budget execution?
A. Yes, the executive has established mechanisms to identify the public's perspective on budget execution, and these mechanisms are accessible and widely used by the public.

B. Yes, the executive has established mechanisms to identify the public's perspective on budget execution; while these mechanisms are accessible they are not widely used by the public.

C. Yes, the executive has established mechanisms to identify the public's perspective on budget execution, but these mechanisms are not accessible.

D. No, the executive has not established any mechanisms to identify the public's perspective on budget execution.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Refer to specific mechanisms and sources cited for Question 120 and Question 122.

Comments: See comments for Question 120 and Question 122.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

125. Does the executive provide formal, detailed feedback to the public on how its inputs have been used to develop budget plans and improve budget execution?

A. Yes, the executive issues reports on the inputs it received from the public and provides detailed feedback on how these inputs have been used.

B. Yes, the executive issues reports on the inputs it received from the public, but provides only limited feedback on how these inputs have been used.

C. Yes, the executive issues reports on the inputs it received from the public, but provides no feedback on how these inputs have been used.

D. No, the executive does not issue reports on the inputs it received from the public or provide feedback on how these inputs have been used.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: Refer to the sources/evidence cited for Question 120. The evidence found, while not consistent across all agencies comprising the executive branch, is assessed as supporting a "b" response, in that there are publicly available documents indicating that public inputs
have been received (and in some instances, identifying the nature/content of those public inputs), but with relatively little feedback (public reporting) on how those inputs have been used to (re)shape policies or modify service delivery. One relatively recent example of a department/ministry-level "feedback report" (from MSD) can be found at: http://www.msd.govt.nz/about-msd-and-our-work/publications-resources/research/welfare-reform-health-disability/index.html

**Comments:** The executive does not effectively provide feedback to the public on the very limited scope of "public engagement" occurring within the specific context of FEC hearings at which Treasury presents budget policies (i.e. BPS). However, there for some of the other mechanisms of public engagement cited in response to Question 120, there is a greater degree of "reporting" back to the public on the extent to its input has influenced either policy formulation or implementation (service delivery). Probably the clearest and relatively more substantive examples of this would be: (i) public documentation of how (some) public submissions on the "green" paper for the Children's Acton Plan influenced specific decisions taken by the executive on the final version presented to Parliament for approval; and (ii) information contained within departmental/ministerial reports indicating how the results of focus groups, client surveys and other forms of consultation have been used to adjust either policies or service delivery.

**GOVERNMENT REVIEWER**

**Opinion:** Yes, I agree with the score and have no comments to add.

**PEER REVIEWER**

**Opinion:** Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

**Comments:** As with previous questions, given the variability of practice across the executive it is difficult to settle on a response, but I do not disagree with a response of "b".

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126. Does a legislative committee (or committees) hold public hearings on the macroeconomic and fiscal framework presented in the budget in which testimony from the executive branch and the public is heard?

**A.** Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and a wide range of constituencies.

**B.** Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony is heard from the executive branch and some constituencies.

**C.** Yes, public hearings are held on the macroeconomic and fiscal framework in which testimony from the executive branch is heard, but no testimony from the public is heard.

**D.** No, public hearings are not held on the macroeconomic and fiscal framework in which testimony from the executive branch and the public is heard.

**E.** Not applicable/other (please comment).

**New Zealand**

**B.**

**Score:** 67


**Comments:** The Fiscal Strategy Report and the Budget Economic and Fiscal Update are referred to the Finance and Expenditure Committee of Parliament for examination (as are the Half Year Economic and Fiscal Update and the Statement of Long Term Fiscal Position). Typically the Minister of Finance and senior officials Treasury appear before the Committee in public sessions. In some years,
witnesses may also include a minister or senior officials from another ministry/department, but that is not the norm. It is typical for FEC to also receive advice from the Office of Auditor-General as part of the hearing process.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.

Comments: There is a hearing of the Finance and Expenditure Committee on the Executive’s Budget Statement to which the public sometimes submits written testimony. (See Caritas Aoetearoa and Federated Farmers submissions on the Budget Policy Statement 2014: http://www.parliament.nz/en-nz/pb/sc/documents/evidence?Criteria.Keyword=budget+policy+statement&Criteria.Author=Finance+and+Expenditure+Committee&Criteria.Parliament=-1&Criteria.Timeframe=&Criteria.DocumentType=&Search=Go.) Participation is generally low, but submitters may comment on matters including the government’s policy priorities, and also particular appropriations/budgets of particular administrative units. Does such written public comment on government policy priorities constitute testimony by the public “heard” in a hearing “on the macroeconomic and fiscal framework presented in the budget” for the purposes of this question? It may be instructive for the researcher to report on the extent to which such written testimony is routinely discussed at hearings.

RESEARCHER’S RESPONSE

First, as the PR has pointed out, it is true that written submissions from a (typically) small number of non-governmental organizations are indeed, routinely submitted to the Select Committee (FEC) as part of the Parliament’s review process for the Budget Policy Statement (BPS), which covers the broad macro/fiscal framework for the subsequent annual budget. The researcher’s initial response to the question focused too narrowly on the hearings held by the same Parliamentary Select Committee (FEC) - later in the same month (March) in this particular case of 2014 - on the forthcoming Fiscal Strategy Report 2014, BEFU 2014 and 2014/15 Estimates for Vote:Finance, all subsequently presented to Parliament on Budget Day (15 May 2014). The FEC hearing document for the 2014 FSR and 2014 BEFU shows (submitted with the researcher’s initial response), shows there is no indication of either written submissions having been made to the FEC nor of any public/NGO/civil society testimony being heard by the FEC. However, in the case of the earlier BPS hearing (on 6 March), the publicly released FEC report does present the full testimony, including identification of two written submissions having been received (from Caritas Aotearoa NZ and from Federated Farmers of NZ). Moreover, the text of the proceedings shows that one of the two submissions (that from Caritas Aotearoa NZ) was directly quoted by a FEC member in a question posed to the Minister of Finance. The same reference also acknowledges both submissions having been received (and reviewed) by the Committee. On the basis of this evidence, I recommend revising the assessment choice to a “b”, even if there is no indication of the FULL written testimony being read aloud as part of the proceedings. The relevant links for the FEC’s/Parliament’s full report on the BPS hearing held on 6 March is: http://www.parliament.nz/en-nz/pb/sc/documents/reports/50DBSCH_SCR6120_1/budget-policy-statement-2014-and-half-year-economic-and The link to the Caritas submission is: http://www.parliament.nz/en-nz/pb/sc/documents/evidence/50SCFE_EVI_00DBSCH_OTH_12970_1_A375681/caritas-aotearoa-new-zealand The link to the Federated Farmers submission is: http://www.parliament.nz/en-nz/pb/sc/documents/evidence/50SCFE_EVI_00DBSCH_OTH_12970_1_A375680/federated-farmers-of-new-zealand

127. Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the executive branch is heard?

A. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of a wide range of administrative units.

B. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of the main administrative units.

C. Yes, public hearings in which testimony from the executive branch is heard are held on the budgets of a small number of administrative units.
127. Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the public is heard?

A. Yes, public hearings in which testimony from the public is heard are held on the budgets of a wide range of administrative units.
B. Yes, public hearings in which testimony from the public is heard are held on the budgets of some administrative units.
C. Yes, public hearings in which testimony from the public is heard are held on the budgets of a small number of administrative units.
D. No, public hearings in which testimony from the public is heard are not held on the budgets of administrative units.
E. Not applicable/other (please comment).

New Zealand

D. No, public hearings in which testimony from the executive branch is heard are not held on the budgets of administrative units.

E. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Parliamentary website listing reports for select committees (search dates for 19 June through 2 July for citations pertaining to select committee hearings on budget estimates for a "wide range" of specific votes) http://www.parliament.nz/en-nz/pb/sc/documents/reports. Also, consultative meeting with official from Office of the Clerk (Peter Carr).

Comments: Select committees hold public hearings on the individual budgets for a wide range of "votes" (budget administrative units under authority of specific ministries/departments and Crown Entities. A review of the publicly available select committee reports for the most recent 2014/2015 Estimates (posted on Parliamentary website) indicates a wide-ranging coverage for the hearings, which routinely involve oral and written responses to questions by the relevant minister and senior officials within the respective ministry, department or Crown Entity. It is also typical for the select committee conducting any given hearing to receive advice from the Office of Auditor General as part of the hearing process.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

128. Do legislative committees hold public hearings on the individual budgets of central government administrative units (i.e., ministries, departments, and agencies) in which testimony from the public is heard?

A. Yes, public hearings in which testimony from the public is heard are held on the budgets of a wide range of administrative units.
B. Yes, public hearings in which testimony from the public is heard are held on the budgets of some administrative units.
C. Yes, public hearings in which testimony from the public is heard are held on the budgets of a small number of administrative units.
D. No, public hearings in which testimony from the public is heard are not held on the budgets of administrative units.
E. Not applicable/other (please comment).

New Zealand

D.

Score: 0

Sources: Parliamentary website listing reports for select committees (search dates for 19 June through 2 July for citations pertaining to select committee hearings on budget estimates for a "wide range" of specific votes) http://www.parliament.nz/en-nz/pb/sc/documents/reports. Also, consultative meeting with official from Office of the Clerk (Peter Carr).

Comments: As noted in response to preceding question (Q.127), select committees do hold public hearings on the individual budgets for a
A wide range of “votes” (budget administrative units under authority of specific ministries, departments, and Crown Entities) is considered. However, as noted, a review of the publicly available select committee reports for the most recent 2014/2015 Estimates (posted on Parliamentary website) indicates that hearings routinely involve oral and written responses to questions by the relevant minister and senior officials within the respective ministry, department, or Crown Entity, but no testimony (or written submissions) from the public.

GOVERNMENT REVIEWER

Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER

Opinion: Yes, I agree with the score but wish to add a comment, clarification, or suggest another reference.


RESEARCHER’S RESPONSE

Acknowledging the PR’s comments, the researcher has conducted another review of select committee reports on hearings for Budget 2014 estimates for specific votes. Public hearings are held for a wide range of administrative units. However, none of the committee reports reviewed (for more than 10 individual votes in this supplemental review, in addition to those reviewed at time of original OBS submission) reported any evidence (or advice or testimony) being heard by any committees from anyone other than either executive (ministerial/departmental) officials or from OAG. The researcher does acknowledge that some comments in one NGO’s submission of written testimony for hearings held on the more general budget policy framework (i.e. the Caritas Aotearoa submission for BPS hearing in March) does mention some issues around funding levels for a few specific policy initiatives, but not to the extent that this constitutes a substantive input on estimates (appropriations) for specific votes (entities or policies). In sum, the result of the additional review appears to confirm the researcher’s initial assessment for OBS. That said, the researcher would also suggest that other channels for input to the select committee hearing process from NGOs, civil society, the general public do exist and are likely to be utilized, for example through direct contact with Members of Parliament who may then directly or indirectly influence the line of questioning to representatives of the executive agencies appearing at the select committee hearings. To summarize, while public hearings are indeed held for a wide range of administrative units, evidence points to no direct public testimony being heard during those hearings (or even written submissions), and the initial assessment remains unchanged.

129. Do the legislative committees that hold public hearings on the budget release reports to the public on these hearings?

A. Yes, the committees release reports, which include all written and spoken testimony presented at the hearings.

B. Yes, the committees release reports, which include most testimony presented at the hearings.

C. Yes, the committees release reports, but they include only some testimony presented at the hearings.

D. No, the committees do not release reports, or do not hold public hearings.

E. Not applicable/other (please comment).

New Zealand

C.

Score: 33
Comments: Reports from select committees holding public hearings on the individual budgets for a wide range of “votes” (budget administrative units under authority of specific ministries/departments and Crown Entities) are released and available to the public on the Parliament website (based on review of the most recent 2014/2015 Estimates). These reports list individual written submissions but typically provide only a summary of the oral testimony by witnesses (i.e. questions from committee members and answers from ministers and possibly other senior officials), not complete transcriptions.

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

130. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can assist in formulating its audit program (by identifying the agencies, programs, or projects that should be audited)?

A. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program, and these mechanisms are accessible and widely used by the public.

B. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program; while these mechanisms are accessible, they are not widely used by the public.

C. Yes, the SAI maintains formal mechanisms through which the public can assist in formulating its audit program, but these mechanisms are not accessible.

D. No, the SAI does not have formal mechanisms through which the public can assist in formulating its audit program.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: The Office of Auditor-General makes public its proposed work plan identifying specific audits that it intends to conduct. The is available on the OAG website. The OAG welcomes input from the public with regard to its work plan, including recommendations or advice regarding entities to be audited and specific issues or activities of concern. The OAG reports receiving a substantial number of letters from the public with recommendations and advice of this nature. Consultations with Office of Auditor General (Phillippa Smith)

GOVERNMENT REVIEWER
Opinion: Yes, I agree with the score and have no comments to add.

PEER REVIEWER
Opinion: No, I do not agree with the score.

Suggested Answer: d.

Comments: The current response does not seem to describe “formal mechanisms”. The possible mechanisms for the public to assist in formulating the audit programme that are described in the OAG’s Annual Plan http://www.oag.govt.nz/2013/annual-pla include: -- Annual
The Annual Plan states that there was consultation with staff and "other interested parties" on the OAG’s 2013-2017 strategy -- The Annual Plan states that there was "feedback received from select committees and other stakeholders" on the work programme -- The Annual Plan notes a stakeholder survey. However, the Annual Plan does not describe these mechanisms in detail. In my view, neither the Annual Plan nor the researcher response currently describe mechanisms involve some deliberate /active offer to the public to assist in formulating the audit program.

RESEARCHER’S RESPONSE

Acknowledging the PR’s comments, further review of relevant source material including: (i) the OAG website; (ii) OAG Strategic Intentions document; and other OAG reports/documents, together with further discussion between the researcher/assessor and OBS/IBP staff, had led to the original answer choice of “b” being retained. In particular, OAG website page(s) showing specific channels and procedures through which a member of the public can provide direct input or requests to the OAG concerning the scope of its audit activities (audit program), combined with the OAG's own routine process of making public its proposed/approved audit program, constitute sufficiently "formal" mechanisms surrounding the opportunity for public participating in the formulation of OAG's audit program. The OAG website provide clear guidance and mechanisms (e.g website links) for public to offer input. See: http://www.oag.govt.nz/our-work/inquiries/how-to-ask http://www.oag.govt.nz/our-work/inquiries/process http://www.oag.govt.nz/our-work/inquiries/other-avenues Also, with OAG's Strategic Intention document (See: http://www.oag.govt.nz/2014/strategic-intentions), Strategic Objective #3 includes strengthening engagement with public and other stakeholders ("Demonstrate our relevance to citizens as stakeholders", pp.12-13 of OAG’s 2014/15 Strategic Intention document). OAG states: “We have specific measures and performance targets for our stakeholders' views on our work. These can be found in the 2014/15 Budget's Estimates documentation for Vote Audit”. However, in undertaking further review of the Vote:Audit document (See http://www.budget.govt.nz/budget/2014/by/vote/audit.htm), the researcher/assessor was not able to find reference to performance targets specifying public participation or input to OAG activities (as opposed to public awareness of OAG outputs/reports). Reference to consultative processes more broadly refer to “stakeholders” as a whole, of which public is identified as one component. In sum, the info available on website for public engagement is good, and there are statements in OAG's Strategic Intentions about public engagement, even though specific performance measures on public participation/engagement are not readily apparent.

131. Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can participate in audit investigations (as respondents, witnesses, etc.)?

A. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations, and these mechanisms are accessible and widely used by the public.

B. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations; while these mechanisms are accessible, they are not widely used by the public.

C. Yes, the SAI maintains formal mechanisms through which the public can participate in audit investigations, but these mechanisms are not accessible.

D. No, the SAI does not have formal mechanisms through which the public can participate in audit investigations.

E. Not applicable/other (please comment).

New Zealand

B.

Score: 67

Sources: While there are no specific legal requirements for the Office of Auditor-General to engage the public at large as participants (i.e. respondents or witnesses) in their audit processes, the OAG does maintain a website through which members of the public can submit views or information they believe to be pertinent to specific audits. The public can also mail information or comments of relevance. Consultations with Office of Auditor General (Phillippa Smith)
132. Does the Supreme Audit Institution (SAI) maintain any communication with the public regarding its Audit Reports beyond simply making these reports publicly available?

A. Yes, in addition to publishing Audit Reports, the SAI maintains other mechanisms of communication to make the public aware of audit findings (such as maintaining an office that regularly conducts outreach activities to publicize previously released audit findings).

B. No, the SAI does not maintain any formal mechanisms of communication with the public beyond publishing Audit Reports.

C. Not applicable/other (please comment).

New Zealand

A.

Score: 100

Sources: Website, speeches, "schools website"/case studies for use in social studies curriculum, email lists, news media, tweets)
Consultations with Office of Auditor General (Phillippa Smith)

Comments: The OAG has been increasing the range of media and "vehicles" it is using to broaden communication or dissemination of audit results to the public.
133. Does the Supreme Audit Institution (SAI) provide formal, detailed feedback to the public on how their inputs have been used to determine its audit program or in Audit Reports?

A. Yes, the SAI issues reports on the inputs it received from the public and provides detailed feedback on how these inputs have been used.

B. Yes, the SAI issues reports on the inputs it received from the public but provides only limited feedback on how these inputs have been used.

C. Yes, the SAI issues reports on the inputs it received from the public but provides no feedback on how these inputs have been used.

D. No, the SAI does not issue reports on the inputs it received from the public through public consultations.

E. Not applicable/other (please comment).

New Zealand

D.

Score: 0

Sources: Feedback is provided to individuals who have provided inputs in the form of correspondence from the Office of Auditor-General, but that feedback is not put into a report for public release. Consultations with Office of Auditor General (Phillippa Smith)