

# Open Budget Survey 2017

## Questionnaire

### New Zealand

January 2018

## COUNTRY QUESTIONNAIRE: NEW ZEALAND

**PBS-1:** What is the fiscal year of the PBS evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2017

**Sources:** New Zealand Treasury website. <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Section 26M of Public Finance Act 1989 (as amended, see p.56 of attached) requires publication of Budget Policy Statement no later than 31 March each year. For roughly 20 years, the tradition has been to publish BPS in December of the preceding budget year, with Half-Year EFU macro/fiscal forecasts also serving as basis for BPS aggregate fiscal envelope.

**Comments:** Researcher: Budget Policy Statement for 2017 Budget attached, along with relevant legislation - PFA 1989. The BPS for Budget 2017 was released on 8 December 2016. Section 26M of the PFA 1989 (as amended) requires publication of BPS by 31 March (prior to the next budget year starting from 1 July). Over past 20 years, been released annually in December for the subsequent budget year starting on 1 July, with Half-Year EFU fiscal/macro forecasts providing a preliminary basis for BPS macro/aggregate fiscal forecasts, targets and envelopes.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-2:** When is the PBS made available to the public?

- a. (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
- b. (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
- c. (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
- d. (0) The PBS is not released to the public, or is released less than one month before the Executive's Budget Proposal is introduced to the legislature

**Answer:** a. (100)

**Sources:** <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) New Zealand Treasury website. Release data of 8 December 2016 for BPS for Budget 2017. Nearly 7 months before start of budget year. Section 26M of the Public Finance Act 1989 (as amended) legally mandates that the Government present the Budget Policy Statement (BPS) for the subsequent fiscal year (starting 1 July) to Parliament by no later than 31 March. However routine practice for the past 20 years has been for the BPS to be presented and publicly released in December of the preceding fiscal/budget year, approximately 5 months before the EBP (The Estimates) is presented to Parliament (in May) and 8 months before Parliament approved the EBP (typically in August). Public Finance Act 1989 (amended in 2004 to integrate previously separate Fiscal Responsibility Act 1994 and with more recent amendments in 2013 <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM160809>))

**Comments:** Researcher: The BPS ("Budget Policy Statement") is released annually in December for the subsequent budget year starting on 1 July. The BPS for FY 2017 will be released in December 2016 (prior to the 2017 OBS cut-off date of 31 December 2016).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-3a:** If the PBS is published, what is the date of publication of the PBS? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a."

**Answer:** 8 December 2016

**Sources:** <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Relevant legislation: Section 26M of the Public Finance Act 1989 (as amended)

**Comments:** Researcher: The BPS ("Budget Policy Statement") is by law required to be released no later than 31 March (3 months before the start of next financial year), but by convention over past 20 years, is released annually in December, 6-7 months before the start of the subsequent budget year on 1 July.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-3b:** In the box below, please explain how you determined the date of publication of the PBS. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** The BPS ("Budget Policy Statement") is routinely (for the past 20 years) released annually in December for the subsequent budget year starting on 1 July.

**Sources:** NZ Treasury website <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Relevant legislation: Section 26M of the Public Finance Act 1989 (as amended)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-4:** If the PBS is published, what is the URL or weblink of the PBS? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>)

**Sources:** PFA 1989 (as amended) - Section 26M

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-5:** If the PBS is published, are the numerical data contained in the PBS available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** NZ Treasury website. <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>)

**Comments:** Researcher: Machine readable data as used for 2017 BPS and as available on NZ Treasury website

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-6a:** If the PBS is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** Budget Policy Statement is publicly available. NZ Treasury website. <http://www.treasury.govt.nz/budget/2017/bps>  
(<http://www.treasury.govt.nz/budget/2017/bps>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-6b:** If you selected option "c" or "d" in question PBS-6a above, please specify how you determined whether the PBS was produced for internal use only, versus not produced at all. If option "a," "b," or "e" was selected in question PBS-6a, researchers should mark this question "n/a."

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-7:** If the PBS is produced, please write the full title of the PBS. If the document is not produced at all, researchers should mark this question "n/a."

**Answer:** Budget Policy Statement 2017

**Sources:** <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**PBS-8:** Is there a "citizens version" of the PBS?

- a. Yes
- b. No

**Answer:** b.

**Sources:** NZ Treasury website search along with other inquiry leads to response that no "citizens budget" version of BPS is produced. See comment below.

**Comments:** Researcher: Note: The content of the Budget Policy Statement is not highly technical and the entire document is not a lengthy one. The main body of the document is roughly about 6-7 pages, with 2 additional pages in an appendix. In other words, the document is already prepared in a form that is easily accessible to the public in both content and length. It is the view of the researcher/assessor that preparation of a distinct "Citizens Budget" version of the BPS would be redundant.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-1a:** What is the fiscal year of the EBP evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2016 FY 2016 covers the period from 1 July 2016 through 30 June 2017.

**Sources:** Source: NZ Treasury website <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>)

**Comments:** Researcher: The fiscal year in New Zealand runs from 1 July through 30 June. The Government's proposed budget (EBP) is typically/routinely submitted to ("tabled" in) Parliament in May of the preceding budget year. It is publicly released (including being posted onto NZ Treasury website) on the same day that it is presented in Parliament by the Minister of Finance on behalf of the Government. The EBP is comprised of a set of documents that includes: 1. The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 (The Estimates is organised on the basis of 10 sector volumes, with each Vote allocated to one sector.) 2. Summary Tables for the Estimates of Appropriations 2016/17 3. Summary of Initiatives in Budget 2016 4. Budget Speech 5. Budget Economic and Fiscal Update 2016 6. Fiscal Strategy Report 2016 7. 2016 Tax Expenditure Statement 8. Package of "Ministers' Budget-related Information" (Media releases about specific elements of Budget 2016) 9. Budget 2016 - 2016/17 Domestic Bond Programme media release by NZDMO 10. Summary of Budget Process posted on Budget 2016 site of Treasury website, including further reference to "Putting It Together" (NZ Treasury Guide to budget preparation process on Treasury website) In addition to the documentation pertaining to the forthcoming budget year (FY 2016), documentation submitted to Parliament and also publicly released on the same day includes Supplementary Estimates for all appropriated expenditures during the preceding budget year, inclusive of all budget revisions approved by Cabinet. "The Supplementary Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2016"

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-1b:** When is the EBP submitted to the legislature for consideration? Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016.

**Answer:** 26 May 2016 (for FY 2016 budget)

**Sources:** <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>) Both the content and timing of core components of EBP documentation are regulated in detail by the Public Finance Act 1989 (with amendments), including: Estimates of Appropriations - Sections 13-15 Economic and Fiscal Update - Sections 260-26R Fiscal Strategy Report - Sections 26I-26L

<http://www.legislation.govt.nz/act/public/1989/0044/latest/w...>

(<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM161614>)

**Comments:** Researcher: The annual EBP is routinely presented to Parliament in May prior to the start of the forthcoming budget year on 1 July. All budget documentation is routinely made public on the same day by posting of all documentation to the New Zealand Treasury website.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-2:** When is the EBP made available to the public?

- a. (100) At least three months in advance of the budget year, and in advance of the budget being approved by the legislature
- b. (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
- c. (33) Less than two months in advance of the budget year, but at least in advance of the budget being approved by the legislature
- d. (0) The EBP is not released to the public, or is released after the budget has been approved by the legislature

**Answer:** c. (33)

**Sources:** <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>) The EBP for FY 2016 (covering the period from 1 July 2016 through 30 June 2017) was submitted to Parliament and made public on 26 May 2016, less than two months in advance of the budget year.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-3a:** If the EBP is published, what is the date of publication of the EBP? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a." In the comment boxes below, researchers should also list any supporting documents to the EBP and their date of publication.

**Answer:** 26 May 2016

**Sources:** <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-3b:** In the box below, please explain how you determined the date of publication of the EBP. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** EBP is made publicly available on the New Zealand Treasury website on the same day that all EBP budget documentation is presented to Parliament.

**Sources:** <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-4:** If the EBP is published, what is the URL or weblink of the EBP? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a." In the comment boxes below, researchers should also list any supporting documents to the EBP and their URL or weblink.

**Answer:** <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>)

**Sources:** NZ Treasury website

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EBP-5:** If the EBP is published, are the numerical data contained in the EBP or its supporting documents available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** Budget 2016 Data from the Estimates of Appropriations 2016/17 <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>)

**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**EBP-6a:** If the EBP is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.**Sources:** n/a**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**EBP-6b:** If you selected option "c" or "d" in question EBP-6a above, please specify how you determined whether the EBP was produced for internal use only, versus not produced at all. If option "a," "b," or "e" was selected in question EBP-6a, researchers should mark this question "n/a."**Answer:** n/a**Sources:** n/a**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**EBP-7:** If the EBP is produced, please write the full title of the EBP. If the document is not produced at all, researchers should mark this question "n/a." If there are any supporting documents to the EBP, please enter their full titles in the comment box below.**Answer:** The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017**Sources:** <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)**Comments:** Researcher: Supporting documentation for EBP in addition to "The Estimates" (presented in 10 sector-based volumes covering all appropriations): 1. The Estimates (cited above) 2. Budget Economic and Fiscal Update 2016 (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 3. Summary Tables for the Estimates of Appropriations 2016/17 (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) 4. Summary of Initiatives in Budget 2016 (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) 5. Budget Speech (<http://www.treasury.govt.nz/budget/2016/speech>) 6. Fiscal Strategy Report 2016 (<http://www.treasury.govt.nz/budget/2016/fsr>) 7. 2016 Tax Expenditure Statement (<http://www.treasury.govt.nz/budget/2016/taxexpenditure>) 8. Package of media releases about specific elements of Budget 2016 - "Ministers' Budget-related Information" (<https://www.beehive.govt.nz/feature/budget-2016>) 9. Budget 2016 announcement by NZDMO about bond program (<https://www.nzdmo.govt.nz/analyst-centre/201617-domestic-bon...>) 10. Treasury summary of Budget Process (<http://www.treasury.govt.nz/budget/process>), including reference to "Putting It Together" - Treasury publication outlining budget preparation process (<http://www.treasury.govt.nz/publications/guidance/publicfina...>) Note: The individual media releases comprising item #8 above have not been attached but are readily available if requested (and on NZ Treasury website at site cited above).**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

## EBP-8: Is there a "citizens version" of the EBP?

a. Yes

b. No

**Answer:** b.

**Sources:** <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>)  
<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>)  
<https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>)

**Comments:** Researcher: As in past years, the information comprising a Citizens Budget in New Zealand is provided by a combination of multiple documents. As in previous OBS rounds, three separate documents are cited as containing requisite information for a Citizens Budget. However, for the 2017 OBS, the three documents have changed, with the recent development of new CB documents by NZ Treasury, including: 1. "Budget at a Glance" (produced for the first time in 2016); <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) 2. "Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016"; and <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16/>) 3. "Budget 2016: Overview" (produced for the first time in 2016). <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>)

### Peer Reviewer

**Opinion:** Agree with Comments

**Comments:** The "dashboard" should not be considered part of the "Citizen's Version" of the Executive's Budget Proposal, because it is not accessible to the general public. Some parts of the document may be accessible to the general reader, but the bulk of it is dense with acronyms (including "OBEGAL", "HYEFU," "QES," and "BEFU") and terms (including "cyclically adjusted", "output gap," "current account," and "fiscal impulse" that are not defined in this document and impenetrable to anyone without a background in New Zealand public accounting or general economics. Nevertheless, the citizen's budget requirement is met by items (1) and (3), and the Budget at a Glance document is a welcome addition to the Citizen's Budget documentation. However, there continue to be quality issues with the documents, which mean that although they strictly meet the criteria necessary to be rated "a", mean they are far from best practice. As noted in the reviewer's comments to the OBS 2015, 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 Budget at a Glance are issued under the name of the Minister of Finance (as opposed to a Treasury document). The documents continue to 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 best practice standard 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 function of a "citizen's budget." There also continue to be quality and comprehensiveness issues with the documents. For example, the information presented on the distribution of the income tax in the "Budget at a Glance" 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 create the appearance of politically-motivated, selective and incomplete presentation of distributional measures. Thus, while the documentation continues to meet the minimum requirement to satisfy an "a" rating under these criteria, Treasury and the Minister are far from best practice as set out by Shields and Petrie and IBP/OBS, and should continue to take steps towards those.

### Government Reviewer

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives" document was released for the first time in Budget 2016 and provides information on all agreed budget initiatives in one place. The information is broken down by key spending and by Vote and is easily accessible by the public. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) Additional Information For Budget 2017 (recently announced on 25 May 2017) two additional documents were released including "capital-at-a-glance" and "BEFU basics". The latter provides a plain English interpretation of the Budget Economic and Fiscal Update (BEFU).

**Researcher response:** Acknowledging both the Peer Reviewer and Govt Reviewer comments about the nature of the documents cited as Citizens Budget documentation for the EBP, the researcher is in agreement with the principles cited by the Peer Reviewer and advice that the Government (i.e. Treasury) has opportunities to create a single purpose-specific and non-partisan Citizens Budget document more in accordance with recognised 'best practice'. Furthermore, on advice from IBP, the "Dashboard" document is being retracted as an element of the Citizens Budget documentation on basis of it not being readily accessible to the general public in its presentation of information.

**IBP comment:** IBP does not consider the "dashboard" to be a Citizen Budget, and so agrees with changing the response from "a" to "b."

**EB-1a:** What is the fiscal year of the EB evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2016

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>) The Enacted Budget (EB) for FY 2016, formally entitled "Appropriation (2016/17 Estimates) Act 2016", was passed by Parliament and made public on 17 August 2016.

**Comments:** Researcher: The official EB is the document entitled "Appropriation (2016/17 Estimates) Act 2016". For the purposes of completing the OBI/OBS, the full scope of documentation considered to be the EB includes selected documents also included among the EBP documentation. This reflects the fact that the text of the Appropriations Act (in each year) voted on and approved by Parliament refers directly to those other documents (e.g. the detailed "Estimates of Appropriations") rather than reproducing them within the approved Act itself. It is important to recognise that the Appropriation (2016/17 Estimates) Act is voted on and passed by Parliament without any modification to the EBP, given both: (1) the "confidence and supply" status of Parliament's deliberation and vote on the annual budget and (2) institutional arrangements underpinning New Zealand's Westminster-style Parliament.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-1b:** When was the EB approved (enacted) by the legislature? Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016.

**Answer:** 17 August 2016

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>) The content and timing of EB documentation are regulated in detail by the Public Finance Act 1989 (with amendments) - Sections 13-15 (and others) <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...>  
(<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM161614>)

**Comments:** Researcher: Note that the date for formal budget approval comes AFTER the start of the fiscal year (i.e. 1 July). However, while the detailed appropriations are not formally approved by Parliament until after the start of the budget year, a general funding supply bill (imprest supply) is passed prior to the beginning of the new fiscal year, thereby granting the Government legal authority/mandate to spend money in accordance with the proposed (estimated) appropriations set out in the EBP and ultimately, approved by Parliament in the Appropriations Act without modification.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-2:** When is the EB made available to the public?

- a. (100) Two weeks or less after the budget has been enacted
- b. (67) Between two weeks and six weeks after the budget has been enacted
- c. (33) More than six weeks, but less than three months, after the budget has been enacted
- d. (0) The EB is not released to the public, or is released more than three months after the budget has been enacted

**Answer:** a. (100)

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>) The text of the Appropriation (2016/17 Estimates) Act 2016 was posted onto the Parliamentary website (and available elsewhere) on the same day as (or within one day of) its passage by Parliament.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-3a:** If the EB is published, what is the date of publication of the EB? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a." Note that the date of publication is not necessarily the same date that is printed on the document.

**Answer:** 17 August 2016

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-3b:** In the box below, please explain how you determined the date of publication of the EB. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** The text of the Appropriation (2016/17 Estimates) Act 2016 was posted onto the Parliamentary website (and available elsewhere) on the same day as (or within one day of) its passage by Parliament.

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-4:** If the EB is published, what is the URL or weblink of the EB? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>)

**Sources:** NZ Parliamentary Counsel Office web-based legislative data base. <http://www.legislation.govt.nz/> (<http://www.legislation.govt.nz/>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-5:** If the EB is published, are the numerical data contained in the EB available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** The machine-readable data for individual appropriations contained within the Enacted Budget ("Appropriation (2016/17 Estimates) Act 2016") for both expenditure and revenue are made available on Treasury website cited below in "Sources" box. Files for both expenditure and revenue attached. <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>)

**Comments:** Researcher: Note: The EB documentation (Appropriation (2016/17 Estimates) Act 2016) directly refers to "the Estimates" (EBP documentation) and as the vote on the budget is an up/down "confidence and supply vote", the content of all individual appropriations is unchanged. I interpret IBP advice received stating that EBP documentation ('the Estimates') directly cited by the main EB document (Appropriation Act) is acceptable in reference for EB questions to mean that the machine-readable data for 'the Estimates' are also acceptable for this EB question.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-6a:** If the EB is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-6b:** If you selected option "c" or "d" in question EB-6a above, please specify how you determined whether the EB was produced for internal use only, versus not produced at all. If option "a," "b," or "e" was selected in question EB-6a, researchers should mark this question "n/a."

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-7:** If the EB is produced, please write the full title of the EB. If the document is not produced at all, researchers should mark this question "n/a."

**Answer:** Appropriation (2016/17 Estimates) Act 2016

**Sources:** <http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6...>  
(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/DLM6851530.html>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**EB-8:** Is there a "citizens version" of the EB?

- a. Yes
- b. No

**Answer:** a.

**Sources:** Based on advice from IBP, the Citizens Budget documentation previously cited for both the EBP and the EB (which are in all respects identical) is no longer able to be cited for the EB.

**Comments:** Researcher: Given the identical nature of the EBP and EB, the 4 documents cited as together constituting a Citizens Budget for the EBP ("The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017") could also be viewed as constituting a

Citizens Budget for the EB (Appropriation (2016/17 Estimates) Act 2016). <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) ("Budget at a Glance 2016") <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>) ("Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016") <http://www.treasury.govt.nz/government/revenue/estimatesrevenue...> (<http://www.treasury.govt.nz/government/revenue/estimatesrevenueeffects>) ("Estimates of Revenue Effects of Small Tax Rate and Tax Base Changes") <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) ("Budget 2016: Overview") Note: Again, given that the EB documentation directly refers to "the Estimates" (EBP documentation) and the vote on the budget is an up/down "confidence and supply vote" meaning that the content of all individual appropriations are the same for the EB as presented in the EBP, EBP documentation (and machine-readable data files) had been accepted as also being supporting documentation for the EB in all past rounds of OBS.

#### Peer Reviewer

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** IBP's interpretation of this question and advice to the researcher seems too formalistic. IBP's interpretation, as set out by the researcher, implies that if the government were to simply republish the documents constituting the Citizen's Budget with a simple date change but no change to content, the rating would go from "b" to "a" -- even though the public would have access to no new information and be no better informed.

#### Government Reviewer

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives" document was released for the first time in Budget 2016 and provides information on all agreed budget initiatives in one place. The information is broken down by key spending and by Vote and is easily accessible by the public. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) Additional Information For Budget 2017 (recently announced on 25 May 2017) two additional documents were released including "capital-at-a-glance" and "BEFU basics". The latter provides a plain English interpretation of the Budget Economic and Fiscal Update (BEFU).

**Researcher response:** In response to the Peer Reviewer's comments and upon further review, IBP has reconsidered the appropriate assessment for this question and agrees that an "a" response is warranted, noting however that as in the case of the final assessment of acceptable Citizens Budget documentation for the EBP, the "Dashboard" document has been assessed as not sufficiently accessible to the general public in its presentation of information to satisfy expectations for a Citizens Budget document. On those grounds, the researcher would also suggest (to IBP) that the "Estimates of Revenue Effects of Small Tax Rate and Tax Base Changes" also not be viewed as an acceptable element of Citizens Budget documentation. This leaves the "Budget at a Glance 2016" and "Budget 2016: Overview" (both produced by the Minister's Office rather than by Treasury) as the two accepted elements of Citizens Budget documentation. There remains a clear opportunity for Treasury to devote its attention to using the readily available information to produce a single purpose-specific Citizens Budget document that meets international 'best practice' guidelines.

**IBP comment:** IBP agrees that "a" is the appropriate response.

**CB-1:** What is the fiscal year of the CB evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY." If more than one Citizens Budget is produced, for each CB please indicate the document the CB simplifies/refers to, and the fiscal year.

**Answer:** EBP - FY 2016 MYR - FY 2016 YER - FY 2015

**Sources:** CB documentation for EBP FY 2016: <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) ("Budget at a Glance 2016") <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>) ("Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016") <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) ("Budget 2016: Overview") CB documentation for MYR FY 2016: <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/budget...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/budget/forecasts/dashboard/hyefu2016/>) ("Economic and Fiscal Forecasts Dashboard - 2016 Half Year Economic and Fiscal Update (HYEFU)") CB documentation for YER FY 2015: <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>) ("The 2016 Snapshot [of the Financial Statements of the Government]")

**Comments:** Researcher: Two documents added by researcher - Jan 2017. - Additional document (Minister's "Budget Overview") added as the 3rd component of EBP/EB CB documentation - "Economic and Fiscal Forecasts Dashboard - 2016 Half Year Economic and Fiscal Update (HYEFU)" added as CB documentation for MYR One document REMOVED from CB documentation cited for EBP/EB: "Revenue Effect of Changes to Key Tax Rates, Bases and Thresholds for 2016/17"

#### Peer Reviewer

**Opinion:** Agree with Comments

**Comments:** I do not think that the "dashboard" should be included as part of the "Citizens' Budget," because it is not accessible to the general public. Some parts of the document may be accessible to the general reader, but the bulk of it is dense with acronyms (including "OBEGAL", "HYEFU", "QES," and "BEFU") and terms (including "cyclically adjusted", "output gap", "current account," and "fiscal impulse" that are not defined in this document and impenetrable to anyone without a background in New Zealand public accounting or general economics. This would not change the "score" (the fiscal year evaluated) but suggests the "dashboard" should be removed from the list of sources.

#### Government Reviewer

**Opinion:** Agree

**Researcher response:** Acknowledging the Peer Reviewer's comment, upon further review, IPB has reassessed the "Dashboard" documents for both Budget (EBP/EB) and Half-Year Update (MYR) as not being sufficiently accessible to the general public to serve as Citizens Budget documentation. Therefore, revisions to the original response for this question are as follows: (1) both "Dashboard" documents are excluded, thereby resulting in there being no CB document for the Mid-Year Report (MYR/HYEFU); and (2) IBP's revised position on accepting the 2 remaining EBP Citizens Budget

documents as also qualifying as CB documentation for the Enacted Budget (EB) means that there remain valid/acceptable Citizens Budget documents for 3 key documents - EBP, EB and YER. Acknowledging the Govt Reviewer's comment, the "Summary of Initiatives" does not meet OBS criteria as a Citizens Budget. However, it is cited as a supporting EBP (Budget) document.

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**CB-2a:** For the fiscal year indicated above, what is the public availability status of the CB. If more than one Citizens Budget is produced, please complete this questions for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budgets are produced and their public availability status.

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** CB documentation for EBP, EB, MYR and YER are publicly available within a satisfactory OBS timeframe.

**Comments:** Researcher: CB documents are produced and made publicly available within satisfactory timeframe for: EBP- FY2016 EB - FY2016 MYR - FY2016 YER - FY2015 Note: Reference to CB documentation for MYR FY2016 added by researcher in Jan 2017.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**CB-2b:** If you selected option "c" or "d" in question CB-2a above, please specify how you determined whether the CB was produced for internal use only, versus not produced at all. If option "a," "b," or "e" was selected in question CB-2a, researchers should mark this question "n/a."

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**CB-3a:** If the CB is published, what is the date of publication of the CB? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a." If more than one Citizens Budget is published, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budgets are produced and their dates of publication.

**Answer:** 26 May 2016

**Sources:** <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>)  
<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16/>)  
<https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>)

**Comments:** Researcher: The documentation cited above applies to BOTH EBP FY2016 and EB FY2016 (with the same documentation and public release dates for both) The other key document for which for CB-type document is produced is for MYR and YER: For MYR FY2016, the release date is 08 December 2016 "Economic and Fiscal Forecasts Dashboard - 2016 Half Year Economic and Fiscal Update (HYEFU)"  
<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>) For YER FY2015, the release date is 13 October 2016. ("The 2016 Snapshot [of the Financial Statements of the Government])  
<http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>) Updated by research in Jan 2017 - one document added for EBP/EB CB documentation and a reference to MYR CB document also added.

**Peer Reviewer****Opinion:** Agree**Government Reviewer****Opinion:** Agree

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**CB-3b:** In the box below, please explain how you determined the date of publication of the CB. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** Website links to actual CB documents

**Sources:** For EBP and EB FY2016 (same set of documentation for both): <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16/>) <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) For MYR FY2016: <http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>) For YER FY2015: <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>)

**Peer Reviewer****Opinion:** Agree**Government Reviewer****Opinion:** Agree with Comments

**Comments:** Budget 2016 also published a new document called "summary of initiatives" on 26 May 2016. This document set out all the agreed budget initiatives and short descriptions for what each initiative would fund and the expected outcome. This document allowed for all initiatives to be listed in one place for easy accessibility. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>)

**Researcher response:** Acknowledging the Govt Reviewer's comment, the "Summary of Initiatives" does not meet OBS criteria as a Citizens Budget. However, it is cited as a supporting EBP (Budget) document. Also, please note the revised assessment, that IBP has reassessed the "Dashboard" documents for both EBP and MYR as not being sufficiently accessible to the general public to be accepted as Citizens Budget documentation.

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**CB-4:** If the CB is published, what is the URL or weblink of the CB? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a." If more than one Citizens Budget is published, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budgets are produced and their URL or weblink.

**Answer:** For EBP FY2016: <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16/>) <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>)

**Sources:** New Treasury Website <http://www.treasury.govt.nz> (<http://www.treasury.govt.nz>)

**Comments:** Researcher: Website links for CB documentation for EB FY2016 are same as those provided above for EBP FY2016. For MYR FY2016: <http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>) For YER FY2015: <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>)

**Peer Reviewer****Opinion:** Agree**Government Reviewer****Opinion:** Agree with Comments

**Comments:** Budget 2016 also included a new document called "summary of initiatives". This included a list of all initiatives agreed through Budget (by area of expenditure and Vote) and a short description of what the initiative is funding and the expected outcomes. The intention of this new document was to provide the public with a place they could see all the initiatives and make this information easily accessible. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>)

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**CB-5:** If the CB is produced, please write the full title of the CB. If the document is not produced at all, researchers should mark this question “n/a.” If more than one Citizens Budget is produced, for each CB, indicate the document the CB refers to and, next to it, its full title.

**Answer:** For EBP FY2016 and EB FY2016 (same set of documents): 1. "Budget at a Glance 2016" 2. "Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016" 3. "Budget 2016: Overview" For MYR FY2016: "Economic and Fiscal Forecasts Dashboard - 2016 Half Year Economic and Fiscal Update (HYEFU)" For YER FY2015: "The 2016 Snapshot [of the Financial Statements of the Government]"

**Sources:** For EBP FY2016 and EB FY2016 (same set of documents): <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>... (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16/>) <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) For MYR FY2016: <http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>) For YER FY2015: <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** For EBP FY2016 and EB FY2016: 4. "Summary of initiatives" <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>)

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**CB-6:** If the CB is produced, please indicate which budget document it corresponds to. If more than one Citizens Budget is produced, please complete this question for one of them, specifying in the comment box below which document you are referring to, and – in the same comment box – which other Citizens Budgets are produced and which budget documents they simplify.

**Answer:** EBP FY 2016

**Sources:** <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) ("Budget at a Glance 2016") <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>... (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>) ("Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016") <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) ("Budget 2016: Overview")

**Comments:** Researcher: For EB FY2016 (same set of documents as for EBP FY2016): <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) ("Budget at a Glance 2016") <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>... (<http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16>) ("Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016") <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) ("Budget 2016: Overview") For MYR FY2016: <http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>) ("Economic and Fiscal Forecasts Dashboard - 2016 Half Year Economic and Fiscal Update (HYEFU)") For YER FY 2015: <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>) ("The 2016 Snapshot [of the Financial Statements of the Government]")

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) ("Summary of Initiatives 2016")

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify. Further, under the OBS methodology, only Citizens Budgets related to the EBP and the EB are relevant for purposes of this question.

**IYRs-1:** What is the fiscal year of the IYRs evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: “FY YYYY” or “FY YYYY-YY.”

**Answer:** FY 2016 (2 samples - for first 3 months and first 4 months FY 2016, noting no monthly report produced for either the 1st month of any FY or for the first 2 months of any FY) and FY 2015 (5 samples - given requirement for SEVEN sample monthly reports! - for 11 months, 10 months, 9

months, 8 months and 7 months through FY FY 2015)

**Sources:** Two FY 2016 samples and five FY 2015 samples can ALL be found in archive on NZ Treasury website:  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-2: When are the IYRs made available to the public?**

- a. (100) At least every month, and within one month of the period covered
- b. (67) At least every quarter, and within one month of the period covered
- c. (33) At least every quarter, and within three months of the period covered
- d. (0) The IYRs are not released to the public, or are released more than three months after the period covered

**Answer:** c. (33)

**Sources:** NZ Treasury Website <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend>) <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>) Public Finance Act 1989 (with amendments): Section 31A Monthly financial statements of Government

**Comments:** Researcher: Notes: As set out by the Public Finance Act (PFA), In-Year Reports (IYRs) are routinely produced on a monthly basis starting from the 3rd month of each fiscal year through the 11th month. There is no monthly reporting for the 1st and 2nd months. For the 12th month, the monthly IYR is supplanted by the Year-End Report (YER), which is produced and released 3-4 months after the end of the reporting period (i.e. released in October for fiscal year ending 30 June). With respect to the monthly reporting starting from the 3rd month through the 11th month, the actual period elapsed between the end of the monthly reporting period and release of the monthly IYR is consistently slightly more than one month (averaging about 5 weeks). Therefore, on advice received from IBP, the most appropriate response is assessed to be "c", since both "a" and "b" require that IYRs be produced and released within one-month of the end of the reporting period.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Note that the in-year reports produced within six weeks of month end are consolidated financial statements of the whole of government, i.e. including operating statement, balance sheet and cash flow statement, and covering all central government entities including public corporations. This ensures the reporting is consistent with the content and format of the fiscal forecasts. NZ is aware of no other jurisdiction that produces that level of information more quickly.

**Researcher response:** The Govt Reviewer's comment about the regularity (within 6 weeks of the end of the reporting period) and especially the comprehensive scope of the MONTHLY in-year reporting is acknowledged. The assessed score reflects the cross-country application of consistent OBS criteria with respect to the elapsed time between the end of the reporting period and publication of the routine in-year report. A "b" response would require publication within one month following the end of the reporting period. This standard is not met in the case of the NZ monthly reporting.

**IBP comment:** IBP notes the comprehensiveness of the monthly reporting.

**IYRs-3a:** If the IYRs are published, what are the dates of publication of the IYRs? Specifically: if quarterly In-Year Reports are published, indicate the dates of publication of at least three of the last four IYRs that were publicly available. If monthly IYRs are published, indicate the dates of publication of at least seven of the last 12 IYRs that were publicly available. Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a."

**Answer:** For FY 2016 (to be added when released later in 2016) 6 December 2016 - For 4 months through October 2016 4 November 2016 - For 3 months through September 2016 For FY 2015 05 July 2016 - For 11 months through May 2016 03 June 2016 - For 10 months through April 2016 10 May 2016 - For 9 months through March 2016 08 April 2016 - For 8 months through February 2016 04 March 2016 - For 7 months through January 2016

**Sources:** NZ Treasury Website <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend>) <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-3b:** In the box below, please explain how you determined the date of publication of the IYRs. If the document is not published at all, researchers should mark this question “n/a.”

**Answer:** Available on NZ Treasury website

**Sources:** <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend>) <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-4:** If the IYRs are published, what is the URL or weblink of the IYRs? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question “n/a.” Researchers should provide the weblink to the most recent In-Year Report in the space below, and – in the comment box underneath – the weblinks to older IYRs.

**Answer:** NZ Treasury Website <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend>) <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>) Two FY 2016 samples:  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-4mths-oct16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-3mths-sep16.pdf>) Five FY 2015 samples:  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-11mths-may16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-10mths-apr16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-9mths-mar16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-8mths-feb16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-7mths-jan16.pdf>)

**Sources:** See above.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-5:** If the IYRs are published, are the numerical data contained in the IYRs available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend>) <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>)

**Comments:** Researcher: Excel files for each monthly IYR readily available on NZ Treasury website pages cited above. Sample of Excel files as prepared for last 2 monthly financial statement reports are attached.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-6a: If the IYRs are not publicly available, are they still produced?**

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-6b: If you selected option “c” or “d” in question IYRs-6a above, please specify how you determined whether the IYRs were produced for internal use only, versus not produced at all. If option “a,” “b,” or “e” was selected in question IYRs-6a, researchers should mark this question “n/a.”**

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-7: If the IYRs are produced, please write the full title of the IYRs. If In-Year Reports are not produced at all, researchers should mark this question “n/a.” Researchers should provide the full title of the most recent In-Year Report in the space below, and – in the comment box underneath – the full titles of older IYRs.**

**Answer:** Two FY 2016 samples: Financial Statements of the Government of New Zealand for the Four Months Ended 31 October 2016 Financial Statements of the Government of New Zealand for the Three Months Ended 30 September 2016 Five FY 2015 samples: Financial Statements of the Government of New Zealand for the Eleven Months Ended 31 May 2016 Financial Statements of the Government of New Zealand for the Ten Months Ended 30 April 2016 Financial Statements of the Government of New Zealand for the Nine Months Ended 31 March 2016 Financial Statements of the Government of New Zealand for the Eight Months Ended 29 February 2016 Financial Statements of the Government of New Zealand for the Seven Months Ended 31 January 2016

**Sources:** All docs available at one website: <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive>) Individual monthly reports are available on NZ Treasury website as follows: Two FY 2016 samples: <http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-4mths-oct16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-3mths-sep16.pdf>) Five FY 2015 samples:  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-11mths-may16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-10mths-apr16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-9mths-mar16.pdf>)

<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-8mths-feb16.pdf>)  
<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/archive/pdfs/fsgnz-7mths-jan16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IYRs-8:** Is there a "citizens version" of the IYRs?

a. Yes

b. No

**Answer:** b.

**Sources:** While probably not sufficient to constitute a CB version of the IYR, there is a "media statement" from NZ Treasury for each monthly reports. For example: <http://www.treasury.govt.nz/publications/media-speeches/medi...> (<http://www.treasury.govt.nz/publications/media-speeches/media/05jul16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** a) I consider the Media Release, and the commentary with the In-Year report sufficient "to allow citizens to be aware of what is happening, in terms of public financial management, throughout the entire budget cycle."

**IBP comment:** IBP does not consider the media release to be a "citizens version" of the IYR.

**MYR-1:** What is the fiscal year of the MYR evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2016

**Sources:** The "Half Year Economic and Fiscal Update 2016" was released on 8 December 2016.  
<http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: Attached are two docs comprising the full HYEPU for Budget 2016 released on 8 Dec. 2016. 1st is main HYEPU and 2nd is separate document providing "additional information".

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-2:** When is the MYR made available to the public?

a. (100) Six weeks or less after the midpoint

b. (67) Nine weeks or less, but more than six weeks, after the midpoint

c. (33) More than nine weeks, but less than three months, after the midpoint

d. (0) The MYR is not released to the public, or is released more than three months after the midpoint

**Answer:** a. (100)

**Sources:** The "Half Year Economic and Fiscal Update 2016" was released on 8 December 2016, 3 weeks BEFORE the 6-month midpoint of the budget/fiscal year. <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>) The content and timing of MYR documentation are regulated in detail by the Public Finance Act 1989 (with amendments) Half-Year Economic and Fiscal Update - Section 26S <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM161614>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-3a:** If the MYR is published, what is the date of publication of the MYR? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a."

**Answer:** 08 December 2016

**Sources:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-3b:** In the box below, please explain how you determined the date of publication of the MYR. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** "Half Year Economic and Fiscal Update" (HYEFU) is routinely been released in early December each year over the past 25 years.

**Sources:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-4:** If the MYR is published, what is the URL or weblink of the MYR? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Sources:** NZ Treasury website

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-5:** If the MYR is published, are the numerical data contained in the MYR available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: Two separate machine-readable data files are provided to accompany the 2016 HYEFU

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-6a:** If the MYR is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-6b:** If you selected option “c” or “d” in question MYR-6a above, please specify how you determined whether the MYR was produced for internal use only, versus not produced at all. If option “a,” “b,” or “e” was selected in question MYR-6a, researchers should mark this question “n/a.”

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-7:** If the MYR is produced, please write the full title of the MYR. If the document is not produced at all, researchers should mark this question “n/a.”

**Answer:** Half Year Economic and Fiscal Update 2016

**Sources:** <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**MYR-8:** Is there a “citizens version” of the MYR?

- a. Yes
- b. No

**Answer:** b.

**Sources:** NZ Treasury has recently started producing a 1-page summary of macro and fiscal forecasts for each Economic and Fiscal update, including both the Budget EFU and the Half-Year EFU. CB documentation for MYR FY 2016: "Economic and Fiscal Forecasts Dashboard - 2016 Half Year

Economic and Fiscal Update (HYEFU)" <http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu...>  
(<http://www.treasury.govt.nz/budget/forecasts/dashboard/hyefu2016/dash-eff-hyefu16.pdf>)

**Comments:** Researcher: NZ Treasury has recently started producing a 1-page summary of macro and fiscal forecasts for each Economic and Fiscal update, including both the Budget EFU and the Half-Year EFU. The HYEFU document itself also includes a 6-page Executive Summary.

**Peer Reviewer**

**Opinion:** Disagree

**Suggested answer:** b.

**Comments:** The "Economic and Fiscal Forecasts Dashboard -- 2016 Half Year Economic and Fiscal Update " is not a "citizen's version," of the HYEFU because it is not accessible to the general public. A general reader might understand some parts of the document, but the bulk of the dashboard is dense with acronyms (e.g., "OBEGAL", "HYEFU," "QES," and "BEFU") and terms (e.g., "cyclically adjusted", "output gap", "current account," and "fiscal impulse") that are not defined in the document and that would generally be impenetrable to anyone who does not have a background in New Zealand public accounting or economics. I agree with the researcher that the Executive Summary to the HYEFU itself is fairly accessible to a general audience. However, as I understand it, because the Executive Summary is itself part of the MYR, it cannot also be listed as the Citizen's Budget to the MYR.

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The Year-End Economic and Fiscal Update for Budget 2017 (published on 25 May 2017) also includes a new "BEFU basics" which provides a plain English summary of the some of the key economic and fiscal concepts and indicators used in the document.

**Researcher response:** Acknowledging the Peer Reviewer's comment, upon further review, IBP has reassessed the "Dashboard" documents for both Budget (EBP/EB) and Half-Year Update (MYR) as not being sufficiently accessible to the general public to serve as Citizens Budget documentation. Therefore, on IBP's advice, the score has been revised from "a" (yes) to "b" (no) with regard to there being a "citizens version" of the MYR.

**IBP comment:** IBP agrees with the change.

**YER-1:** What is the fiscal year of the YER evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2015

**Sources:** Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016

<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Comments:** Researcher: Latest YER covering FY 2015 (12 months ending 30 June 2016) was released on Thursday 13 October 2016.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Clarification: Latest YER covering FY 2015 (12 months ending 30 June 2016) was released on Thursday 13 October 2016.

**YER-2:** When is the YER made available to the public?

- a. (100) Six months or less after the end of the budget year
- b. (67) Nine months or less, but more than six months, after the end of the budget year
- c. (33) More than nine months, but within 12 months, after the end of the budget year
- d. (0) The YER is not released to the public, or is released more than 12 months after the end of the budget year

**Answer:** a. (100)

**Sources:** Latest YER covering FY 2015 (12 months ending 30 June 2015) was released on Thursday 13 October 2016. "Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016" <http://www.treasury.govt.nz/government/financialstatements/y...>

(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) The content and timing of YER documentation are regulated in detail by the Public Finance Act 1989 (with amendments) - Sections 27-31 (and others) <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...>  
(<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM161614>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-3a:** If the YER is published, what is the date of publication of the YER? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter

the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a."

**Answer:** 13 October 2016

**Sources:** "Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016"  
<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-3b:** In the box below, please explain how you determined the date of publication of the YER. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** NZ Treasury website

**Sources:** "Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016"  
<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-4:** If the YER is published, what is the URL or weblink of the YER? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** <http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Sources:** NZ Treasury website

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-5:** If the YER is published, are the numerical data contained in the YER available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** a.

**Sources:** <http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Comments:** Researcher: Excel data file uploaded for YER for FY 2015 (covering period from 1 July 2015 through 30 June 2016). The Excel data file was released together with the YER document on 13 October 2016.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-6a:** If the YER is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-6b:** If you selected option "c" or "d" in question YER-6a above, please specify how you determined whether the YER was produced for internal use only, versus not produced at all. If option "a," "b," or "e" was selected in question YER-6a, researchers should mark this question "n/a."

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-7:** If the YER is produced, please write the full title of the YER. If the document is not produced at all, researchers should mark this question "n/a."

**Answer:** Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016

**Sources:** <http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**YER-8:** Is there a "citizens version" of the YER?

- a. Yes
- b. No

**Answer:** a.

**Sources:** <http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>)

**Comments:** Researcher: The CB-version of YER for FY 2015 ("The 2016 Snapshot [of the Financial Statements of the Government]") was released on 13 October 2016. See attached file.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**AR-1:** What is the fiscal year of the AR evaluated in this Open Budget Survey questionnaire? Please enter the fiscal year in the following format: "FY YYYY" or "FY YYYY-YY."

**Answer:** FY 2015

**Sources:** Central Government: Results of the 2015/16 Audits Released on 7 December 2016 <http://www.oag.govt.nz/2016/central-government/docs/> (<http://www.oag.govt.nz/2016/central-government/docs/>)

**Comments:** Researcher: The annual report providing results of Office of Auditor General's audits of central government is released annually in December.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The Audit Opinion on the Financial Statements of Government for the year ended 30 June 2015 was completed on 30 September 2015, and was made public with the Financial Statements on 14 October. It states that in the Auditor General's opinion, the financial statements present fairly in all material respects, the Government's financial position as at 30 June 2015, financial performance and cash flows for the year ended on that date and comply with generally accepted accounting practice in New Zealand. The report referred to in the response above is an additional report to Parliament that includes comments and reflections on matters arising during the audit.

**Researcher response:** Govt Reviewers comments are acknowledged, noting that the Independent Report of Auditor General presented within the YER itself (Financial Statements, pp.25-31) does offer a slightly more detailed write-up of findings by the AG with respect to the FY2015/16 financial statements. At the same time, the document previously cited as the AR for OBS purposes (Central Govt Results of 2015/16 Audits) offers valuable time-trend comparison of audit results for Financial Statements over a 7-year period, as well as reporting on audit results more broadly across central government agencies. In the opinion of the researcher, it is useful to consider the content of both documents.

**AR-2:** When is the AR made available to the public?

- a. (100) Six months or less after the end of the budget year
- b. (67) 12 months or less, but more than six months, after the end of the budget year
- c. (33) More than 12 months, but within 18 months, after the end of the budget year
- d. (0) Does not release to the public, or is released more than 18 months after the end of the budget year

**Answer:** a. (100)

**Sources:** <http://www.oag.govt.nz/2016/central-government/docs/cg-2015-16-audits.pdf>) The content and timing of AR documentation are regulated in detail by 1. Public Audit Act 2001 - Part 6 and other sections/clauses <http://www.oag.govt.nz/about-us/our-governing-legislation/docs/public-audit-act-2001.pdf>) and 2. Public Finance Act 1989 (with amendments) - Sections 29-31, 45D and others clauses <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM161614>)

**Comments:** Researcher: "Central Government: Results of the 2015/16 Audits" released on 7 December 2016, within 6 months of the end of the FY 2015 (ending on 30 June 2016).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The Audit Report for the Financial Statements of the Government is also published in the Financial Statements of the Government for the year ended 30 June 2016 (pages 26-31 of this document) which was released on 13 October 2016.

<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**AR-3a:** If the AR is published, what is the date of publication of the AR? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. Please enter the date in the following format: "DD Month YYYY." For example, 5 September 2016 should be entered as 05 September 2016. If the document is not published or not produced, please mark this question "n/a."

**Answer:** 07 December 2016

**Sources:** <http://www.oag.govt.nz/2016/central-government/docs/cg-2015-...> (<http://www.oag.govt.nz/2016/central-government/docs/cg-2015-16-audits.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** As noted previously the short form audit report on the financial statements is published earlier, in October

**AR-3b:** In the box below, please explain how you determined the date of publication of the AR. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** The date of publication and release on the OAG website is provided in the document and on OAG website.

**Sources:** <http://www.oag.govt.nz/2016/central-government/docs/cg-2015-...> (<http://www.oag.govt.nz/2016/central-government/docs/cg-2015-16-audits.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**AR-4:** If the AR is published, what is the URL or weblink of the AR? Researchers should respond to this question if the document is published either within the time frame accepted by the OBS methodology or too late. If the document is not published at all, researchers should mark this question "n/a."

**Answer:** <http://www.oag.govt.nz/2016/central-government/docs/cg-2015-...> (<http://www.oag.govt.nz/2016/central-government/docs/cg-2015-16-audits.pdf>)

**Sources:** OAG website

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**AR-5:** If the AR is published, are the numerical data contained in the AR available in a machine readable format?

- a. Yes, all of the numerical data are available in a machine readable format
- b. Yes, some of the numerical data are available in a machine readable format
- c. No
- d. Not applicable

**Answer:** c.

**Sources:** No machine-readable data is provided with the document.

**Comments:** Researcher: The OAG's annual report for Central Government audits is not a data-intensive document.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** There is no "machine-readable" version of the audit report. As the researcher mentioned, 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.

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Peer Reviewer's comment noted.

**AR-6a:** If the AR is not publicly available, is it still produced?

- a. Produced but made available online to the public too late (published after the acceptable time frame)
- b. Produced but made available only in hard copy or soft copy (not available online)
- c. Produced for internal purposes/use only
- d. Not produced at all
- e. Not applicable (the document is publicly available)

**Answer:** e.

**Sources:** n/a

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**AR-6b:** If you selected option “c” or “d” in question AR-6a above, please specify how you determined whether the AR was produced for internal use only, versus not produced at all. If option “a,” “b,” or “e” was selected in question AR-6a, researchers should mark this question “n/a.”

**Answer:** n/a

**Sources:** n/a

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**AR-7:** If the AR is produced, please write the full title of the AR. If the document is not produced at all, researchers should mark this question “n/a.”

**Answer:** Central government: Results of the 2015/16 audits

**Sources:** Source reference (on OAG website) to be updated upon release of most recently available OAG report on central government audit results for FY2015 (expected in December 2016).

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**AR-8:** Is there a “citizens version” of the AR?

- a. Yes
- b. No

**Answer:** b.

**Sources:** There is a short (2-page) executive summary of the document, but this may not satisfy the expected criteria for a Citizens Budget version of the AR. <http://www.oag.govt.nz/2016/central-government/docs/summary...> (<http://www.oag.govt.nz/2016/central-government/docs/summary.pdf>)

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The Auditor General has provided an unqualified opinion on the financial statements and it is often referred to as that. The Audit Opinion (3 pages) contains information required by international auditing standards. It seems doubtful that a 'citizens version of the Audit Report' would provide additional value, and it would run the risk of being in breach of those standards.

**Researcher response:** Government Reviewer's comments noted. A "citizens version" of Audit Report is not an uncommon product in other countries, with the obvious intention being to help make what might be an otherwise dense and relatively inaccessible report with extremely important informational content in terms of public awareness, more accessible to the general population.

**GQ-1a:** Are there one or more websites or web portals for disseminating government fiscal information? If yes, please provide the necessary links in the comment/citation.

- a. Yes
- b. No

**Answer:** a.

**Sources:** <http://www.budget.govt.nz/> (<http://www.budget.govt.nz/>) <http://www.treasury.govt.nz/budget> (<http://www.treasury.govt.nz/budget>) - for PBS, EBP, CB and MYR <http://www.treasury.govt.nz/government/financialstatements> (<http://www.treasury.govt.nz/government/financialstatements>) - for IYR and YER <https://www.parliament.nz> (<https://www.parliament.nz>) - for EB <http://www.oag.govt.nz> (<http://www.oag.govt.nz>) - for AR

**Comments:** Researcher: Note: New website (added since previous 2015 OBS) has been added to list cited above. The site (<http://www.budget.govt.nz> (<http://www.budget.govt.nz>)) offers very efficient access to comprehensive range of budget data and documents, as well as extensive interactive infographic and "visualization" products/tools for 2016 Budget. Other very important websites providing extensive government fiscal information include the website for both the NZ Debt Management Office (NZDMO) and Reserve Bank of New Zealand (RBNZ), as well as the many websites for specific government ministries, departments and Crown Entities. NZDMO website: <https://www.nzdmo.govt.nz/> (<https://www.nzdmo.govt.nz/>) RBNZ website (statistics page): <http://www.rbnz.govt.nz/statistics> (<http://www.rbnz.govt.nz/statistics>)

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** An additional access point for machine-readable government fiscal information is the government's Open Data hub at [data.govt.nz](http://data.govt.nz) (<http://data.govt.nz>).

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Peer Reviewer's comment acknowledged about the website [www.data.govt.nz](http://www.data.govt.nz) (<http://www.data.govt.nz>) being another important source of information that is a focal point for further development under the Open Government Partnership (OGP).

**GQ-1b:** On these websites/portals, can revenue and expenditure data for the current fiscal year be downloaded as a consolidated file (or set of files)? If yes, please provide the necessary links in the comment/citation.

- a. Yes
- b. No

**Answer:** a.

**Sources:** <http://www.budget.govt.nz> (<http://www.budget.govt.nz>) - for efficient and effective access to comprehensive range of budget data, graphics and documentation, including effective interactive infographic tools <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>) - for FY 2016 Budget data <http://www.treasury.govt.nz/government/data> (<http://www.treasury.govt.nz/government/data>) - includes current and historical data series <http://www.treasury.govt.nz/government/revenue/taxoutturn> (<http://www.treasury.govt.nz/government/revenue/taxoutturn>) - for recent and historical data sets

**Comments:** Researcher: Other data tables can be found for macroeconomic and fiscal forecasts, assets and liabilities, as well as a wide range of data for specific sectors, ministries, departments, SOEs, etc. Note: Citation updated by research in Jan 2017 to include reference to <http://www.budget.govt.nz> (<http://www.budget.govt.nz>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**GQ-1c:** On these websites/portals, can consolidated revenue and expenditure data be downloaded for multiple years in consistent formats? If yes, please provide the necessary links and details in the comment/citation.

- a. Yes

b. No

**Answer:** a.

**Sources:** NZ Treasury Long-Term Fiscal Data Series: <http://www.treasury.govt.nz/government/data> (<http://www.treasury.govt.nz/government/data>) Also, refer to following recently developed budget website offering efficient and effective access to comprehensive range of budget data, graphics and documentation, including effective interactive infographic tools and downloading of both data series and documentation: <http://www.budget.govt.nz> (<http://www.budget.govt.nz>)

**Comments:** Researcher: Note: Response updated by researcher in Jan 2017 to add reference to recently developed budget website: <http://www.budget.govt.nz/> (<http://www.budget.govt.nz/>) In addition to the NZ Treasury long-term fiscal data series, the following related/pertinent fiscal/economic data series are also available: Statistics New Zealand Long-Term Fiscal, Economic and Demographic Data Series: [http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicator...](http://www.stats.govt.nz/browse_for_stats/economic_indicator...) ([http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicators/nationalaccounts/long-term-data-series.aspx#](http://www.stats.govt.nz/browse_for_stats/economic_indicators/nationalaccounts/long-term-data-series.aspx#)) [http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicator...](http://www.stats.govt.nz/browse_for_stats/economic_indicator...) ([http://www.stats.govt.nz/browse\\_for\\_stats/economic\\_indicators/NationalAccounts/InstitutionalSectorAccounts\\_HOTP99-08/Tables.aspx](http://www.stats.govt.nz/browse_for_stats/economic_indicators/NationalAccounts/InstitutionalSectorAccounts_HOTP99-08/Tables.aspx)) NZ Debt Management Office Long-Term Debt and Financial Data Series: <https://www.nzdmo.govt.nz/analyst-centre/data> (<https://www.nzdmo.govt.nz/analyst-centre/data>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**GQ-1d:** On these websites/portals, are infographics/visualizations or other similar tools used to simplify data access and analysis? If yes, please provide the necessary links and details in the comment/citation.

a. Yes

b. No

**Answer:** a.

**Sources:** Since the previous 2015 OBS, the Government has established a new Budget website with a substantial offering of interactive infographics and visualization products/tools, as well as providing quick links to specific budget data and documents. <http://www.budget.govt.nz/> (<http://www.budget.govt.nz/>) See, for example, the following interactive charts options: <http://www.budget.govt.nz/budget/2016/my-tax-dollars/index.htm> (<http://www.budget.govt.nz/budget/2016/my-tax-dollars/index.htm>) <http://www.budget.govt.nz/budget/2016/economic-fiscal-outlook/core-crown-expenses.htm> (<http://www.budget.govt.nz/budget/2016/economic-fiscal-outlook/core-crown-expenses.htm>) <http://www.budget.govt.nz/budget/2016/economic-fiscal-outlook/core-crown-revenue.htm> (<http://www.budget.govt.nz/budget/2016/economic-fiscal-outlook/core-crown-revenue.htm>)

**Comments:** Researcher: Response updated by research in Jan 2017 based on recently developed budget website: <http://www.budget.govt.nz/> (<http://www.budget.govt.nz/>)

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** Furthermore, the interactive data visualizations mentioned by the researcher allow the user to easily download the underlying data in machine-readable format.

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Information on the current Budget ("Budget 2017") can also be accessed on the website <https://www.budget.govt.nz/> (<https://www.budget.govt.nz/>)

**Researcher response:** Comments by both Peer Reviewer and Government Reviewer acknowledged.

**GQ-2:** Are there laws in place guiding public financial management and/or auditing? If yes, please provide the necessary details and links in the comment/citation, and specify whether and where the law(s) contains specific provisions for budget transparency and/or participation.

a. Yes

b. No

**Answer:** a.

**Sources:** The main laws governing PFM and Audit processes are the following: Public Finance Act 1989 (amended in 2004 to integrate previously separate Fiscal Responsibility Act 1994 and with more recent amendments in 2013 <http://www.legislation.govt.nz/act/public/1989/0044/latest/w...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM160809>) Public Audit Act 2001 <http://www.oag.govt.nz/about-us/our-governing-legislation/do...> (<http://www.oag.govt.nz/about-us/our-governing-legislation/docs/public-audit-act-2001.pdf>) Other key elements of the PFM legal/institutional framework include (with website links to Sate Services Commission website provided): State Sector Act 1988 and Amendment Act 2013 <http://www.ssc.govt.nz/node/8525> (<http://www.ssc.govt.nz/node/8525>) Crown Entities Act 2004 and Amendment Act

2013 <http://www.ssc.govt.nz/node/8517> (<http://www.ssc.govt.nz/node/8517>) State-Owned Enterprises Act 1986  
<http://www.ssc.govt.nz/node/8524> (<http://www.ssc.govt.nz/node/8524>) Official Information Act 1982 <http://www.ssc.govt.nz/node/8520>  
(<http://www.ssc.govt.nz/node/8520>)

**Comments:** Researcher: As the core legal instrument governing PFM in NZ, the PFA is very extensive and detailed in regulating and specifying an extremely wide range of PFM (budget) processes, authorities and responsibilities, including the content and timing of specific budget and financial reporting documentation central to the OBS (PBS, EBP, EB, IYR, MYR and YER). Documents providing guidance to the PFA has been prepared by NZ Treasury: <http://www.treasury.govt.nz/publications/guidance/publicfina...>  
(<http://www.treasury.govt.nz/publications/guidance/publicfinance/pfaguide>) "A Guide to the Public Finance Act"  
<http://www.treasury.govt.nz/statesector/2013reform> (<http://www.treasury.govt.nz/statesector/2013reform>) "2013 Amendments to the Public Finance Act 1989 and Crown Entities Act 2004" <http://www.treasury.govt.nz/publications/guidance/publicfina...>  
(<http://www.treasury.govt.nz/publications/guidance/publicfinance/pit>) "Putting It Together: An Explanatory Guide to the New Zealand Public Sector Financial Management System"

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**GQ-3:** Are there additional laws regulating: (1) access to information; (2) government transparency; or (3) citizens participation? If yes, please provide the necessary details and links in the comment/citation, and specify whether and where these laws contain specific provisions for budget transparency and/or participation.

a. Yes

b. No

**Answer:** a.

**Sources:** The main laws governing PFM, Audit and, the State Sector as a whole all include elements with direct implications for (1) public access to information; (2) government transparency; and, to a lesser extent (3) opportunities for citizen participation in budget/audit processes. Of particular importance are the PFA 1989, the Public Audit Act 2001 and the Official Information Act 1982. Public Finance Act 1989 (amended in 2004 to integrate previously separate Fiscal Responsibility Act 1994 and with more recent amendments in 2013  
<http://www.legislation.govt.nz/act/public/1989/0044/latest/w...>  
(<http://www.legislation.govt.nz/act/public/1989/0044/latest/whole.html#DLM160809>) See Section 26Y for general PFA provision concerning "Publication and availability of reports, statements, or updates". Public Audit Act 2001 [http://www.oag.govt.nz/about-us/our-governing-legislation/docs/public-audit-act-2001.pdf](http://www.oag.govt.nz/about-us/our-governing-legislation/do...)) Official Information Act 1982  
<http://www.ssc.govt.nz/node/8520> (<http://www.ssc.govt.nz/node/8520>) State Sector Act 1988 and Amendment Act 2013  
<http://www.ssc.govt.nz/node/8525> (<http://www.ssc.govt.nz/node/8525>) Crown Entities Act 2004 and Amendment Act 2013  
<http://www.ssc.govt.nz/node/8517> (<http://www.ssc.govt.nz/node/8517>) State-Owned Enterprises Act 1986 <http://www.ssc.govt.nz/node/8524>  
(<http://www.ssc.govt.nz/node/8524>) In addition to the legal framework, NZ Govt has also joined the Open Government Partnership (OGP), with formulation of its 1st National Action Plan covering years 2014-16. A Final Self-Assessment Report for that 1st National Action Plan has recently been released. Public participation has been among core themes/elements of the OGP strategy and activities in New Zealand. <http://www.ogp.org.nz/>  
(<http://www.ogp.org.nz/>) "New Zealand Final Self-assessment Report First National Action Plan 2014-16" <http://www.ssc.govt.nz/new-zealand-final-self-assessment-rep...> (<http://www.ssc.govt.nz/new-zealand-final-self-assessment-report-first-national-action-plan-2014-16>) "Open Government Partnership - New Zealand National Action Plan 2016-18" (October 2016) <http://www.ogp.org.nz/assets/publications/National-Action-Pl...>  
(<http://www.ogp.org.nz/assets/publications/National-Action-Plan-2016-18.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**1:** 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. (100) Yes, administrative units accounting for all expenditures are presented.
- b. (67) Yes, administrative units accounting for at least two-thirds of, but not all, expenditures are presented.
- c. (33) Yes, administrative units accounting for less than two-thirds of expenditures are presented.
- d. (0) No, expenditures are not presented by administrative unit.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017.  
<http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) See Summary Tables for the Estimates of Appropriations 2016/17 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...>  
(<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>)

**Comments:** Researcher: 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 2016/17. All expenses and capital expenditures require an appropriation (Section 4 of Public Finance Act). Appropriations must be supported by Estimates (Section 13 PFA) and 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "summary of initiatives 2016" document also provides a breakdown of new expenditure agreed through Budget 2016 by area of expenditure and by Vote.

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

- a. (100) Yes, expenditures are presented by functional classification.
- b. (0) No, expenditures are not presented by functional classification.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** [www.treasury.govt.nz/budget/forecasts/befu2016](http://www.treasury.govt.nz/budget/forecasts/befu2016) (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 1. Forecast Financial Statements in the Budget Economic and Fiscal Update (BEFU), p.97; and 2. Core Crown Expense Tables in the Budget Economic and Fiscal Update (BEFU), pp.125-129.

**Comments:** Researcher: The classification is broadly compatible with the Classification of the Functions of Government (COFOG), the internationally-recognised functional classification (see the IMF's Government Finance Statistics Manual 2001, p. 76). There are, however, some (relatively small) inconsistencies. For instance, the category "GSF pension expenses" (an item of constituting less than 0.3% of total expenses for current budget year 2016/17) is not a category in COFOG, and should in principle be apportioned across COFOG functions.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives 2016" document provides a breakdown of new expenditure through Budget 2016 by functional classification/area of expenditure. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>)

**3: 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. (100) Yes, the functional classification is compatible with international standards.
- b. (0) No, the functional classification is not compatible with international standards, or expenditures are not presented by functional classification.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** [www.treasury.govt.nz/budget/forecasts/befu2016](http://www.treasury.govt.nz/budget/forecasts/befu2016) (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 1. Forecast Financial Statements in the Budget Economic and Fiscal Update (BEFU), p.97; and 2. Core Crown Expense Tables in the Budget Economic and Fiscal Update (BEFU), pp.125-129.

**Comments:** Researcher: The classification is broadly compatible with the Classification of the Functions of Government (COFOG), the internationally-recognised functional classification (see the IMF's Government Finance Statistics Manual 2001, p. 76). There are, however, some (relatively small) inconsistencies. For instance, the category "GSF pension expenses" (an item of constituting less than 0.3% of total expenses for current budget year 2016/17) is not a category in COFOG, and should in principle be apportioned across COFOG functions.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** While COFOG indicates that GSF pension expenses should in principle be apportioned across COFOG functions, it is not clear that doing so in New Zealand's case would generate much benefit. (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.)

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Peer Reviewer's comments about GSF apportionment and about compatibility of NZ budget functional classification relative COFOG acknowledged.

**4: Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for the budget year by economic classification?**

- a. (100) Yes, expenditures are presented by economic classification.
- b. (0) No, expenditures are not presented by economic classification.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 1. Forecast Statement of Financial Performance, p.96; and 2. Notes (3-9) to the Forecast Financial Statements, pp.106-107.

**Comments:** Researcher: While the classification used by NZ Govt to present budget forecasts is not identical to the IMF's economic classification of expenses, the internationally recognised economic classification (see the IMF's Government Finance Statistics Manual 2001, p.63). the economic classification used can be described as generally compatible with international standards. For the relatively small specific areas/categories in which the NZ Govt.'s economic classification differ (e.g. Official Development Assistance" classified as part of "transfer payments and subsidies" rather than using the GFS category of "grants"), sufficient information is available in the NZ accounts to support the necessary adjustments or conversion to the GFS classification.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**5: 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. (100) Yes, the economic classification is compatible with international standards.
- b. (0) No, the economic classification is not compatible with international standards, or expenditures are not presented by economic classification.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 1. Forecast Statement of Financial Performance, p.96; and 2. Notes (3-9) to the Forecast Financial Statements, pp.106-107.

**Comments:** Researcher: While the classification used by NZ Govt to present budget forecasts is not identical to the IMF's economic classification of expenses, the internationally recognised economic classification (see the IMF's Government Finance Statistics Manual 2001, p.63). the economic classification used can be described as generally compatible with international standards. For the relatively small specific areas/categories in which the NZ Govt.'s economic classification differ (e.g. Official Development Assistance" classified as part of "transfer payments and subsidies" rather than using the GFS category of "grants"), sufficient information is available in the NZ accounts to support the necessary adjustments or conversion to the GFS classification.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**6: Does the Executive's Budget Proposal or any supporting budget documentation present expenditures for individual programs for the budget year?**

- a. (100) Yes, programs accounting for all expenditures are presented.
- b. (67) Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented.
- c. (33) Yes, programs accounting for less than two-thirds of expenditures are presented.
- d. (0) No, expenditures are not presented by program.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017

<http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Comments:** Researcher: 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**7: 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. (100) Yes, multi-year expenditure estimates are presented by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, multi-year expenditure estimates are presented by two of the three expenditure classifications.
- c. (33) Yes, multi-year expenditure estimates are presented by only one of the three expenditure classifications.
- d. (0) No, multi-year expenditure estimates are not presented by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Multi-year expenditure estimates are presented by all three expenditure classifications - administrative, economic and functional, with data presented for the budget year (2016/17, ending on 30 June 2017, as well as for 3 "outyears" - 2017/18, 2018/19, through 2019/20). For multi-year FUNCTIONAL classification data, see: Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) "Forecast Analysis of Expenses by Functional Classification for the years ending 30 June"

(BEFU 2016, p.97) and "Core Crown Expense Tables" (BEFU 2016, pp. 125-129) For multi-year ECONOMIC classification data, see: Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) "Forecast Statement of Financial Performance" (BEFU 2016, p.96) and "Notes to the Forecast Financial Statements" (notes 3-9 - BEFU 2016, pp.106-107) For multi-year ADMINISTRATIVE classification data, see: The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) See "Supporting Information - Part 1 - Vote as a Whole - 1.2 - Trends in the Vote - Summary of Financial Activity" shown for each vote in the vote-specific documents contained in each of the 10 sector-based groupings of vote-specific appropriations documents. For a specific example (Vote Transport with the responsible ministry being Ministry of Transport), see attached sample document which is also available on NZ Treasury website: <http://www.treasury.govt.nz/budget/2016/estimates/v1> (<http://www.treasury.govt.nz/budget/2016/estimates/v1>), p.195

**Comments:** Researcher: The multi-year estimates 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 a each vote being the responsibility of a specific department (administrative unit such as the Ministry of Education for "Vote Education").

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives 2016" document also provides multi-year information on new expenditure agreed through Budget 2016 <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>)

**8: 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. (100) Yes, multi-year estimates for programs accounting for all expenditures are presented.
- b. (67) Yes, multi-year estimates for programs accounting for at least two-thirds of, but not all, expenditures are presented.
- c. (33) Yes, multi-year estimates for programs accounting for less than two-thirds of expenditures are presented.
- d. (0) No, multi-year estimates for programs are not presented.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** Vote-specific documentation comprising the Estimates contain multi-year appropriations for each output (program).

<http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) Each vote-specific document has a section entitled "Supporting Information" comprised of 4 parts: Part 1 - Vote as a Whole Part 2 - Details of Departmental Appropriations Part 3 -

Details of Non-Departmental Appropriations Part 4 - Details of Multi-Category Expenses and Capital Expenditure Part 1 ("Vote as a Whole") includes "Table 1.1- New Policy Initiatives" showing the budget year appropriation and multi-year baseline estimates over a 3-year medium term forecast horizon for each new output (policy initiative. Parts 2-4 include, for each output, a table entitled "Current and Past Policy Initiatives" showing the "estimated actual" amount for the previous budget year (BY-1), the appropriation for the budget year and multi-year baseline estimates over a 3-year medium term forecast horizon (for each output). Sample vote-specific documentation: Vote Education Part 1-Table 1.1, pp.13-17 Part 2, pp.26-37 Part 3, pp. 38-76 Part 4, pp. 77-87 <http://www.treasury.govt.nz/budget/2016/estimates/v2/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v2/est16-v2-educ.pdf>) Vote Health Part 1-Table 1.1, pp.13-14 Part 2, pp.17-26 Part 3, pp. 27-104 Part 4, pp. 105-106 Separately, the Budget Economic and Fiscal Update also contains the Core Crown Expense Tables with a 10-year series of expenses by functional classification. Many of the sub-categories under each functional classification are sufficiently detailed to meet the OBS criteria for "program" as defined for this question. Core Crown Expense Tables, pp.125-129 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>)

**Comments:** Researcher:

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IBP comment:** After further review of the new materials cited, IBP and the researcher agree that multi-year estimates are not provided for all programs, making a "b" (rather than an "a") the more appropriate response.

**9: 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. (100) Yes, individual sources of tax revenue accounting for all tax revenue are presented.
- b. (67) Yes, individual sources of tax revenue accounting for at least two-thirds of, but not all, tax revenues are presented.
- c. (33) Yes, individual sources of tax revenue accounting for less than two-thirds of all tax revenues are presented.
- d. (0) No, individual sources of tax revenue are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Notes to the Forecast Financial Statements: Note 1 in the BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: Note 1 of the Forecast Financial Statements in BEFU 2016 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**10: 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. (100) Yes, individual sources of non-tax revenue accounting for all non-tax revenue are presented.
- b. (67) Yes, individual sources of non-tax revenue accounting for at least two-thirds of, but not all, non-tax revenues are presented.
- c. (33) Yes, individual sources of non-tax revenue accounting for less than two-thirds of all non-tax revenues are presented.
- d. (0) No, individual sources of non-tax revenue are not presented.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** Consolidated tables cited below included in the Budget 2016 BEFU (i.e. items 1-3 referenced below) provide figures for the large majority of total non-tax revenues according to standard categories (as listed in OBS guidance such as "sales of goods and services", etc): 1. Other sovereign receipts (accrual and cash shown separately) See Note 1 in Notes to the Forecast Financial Statements in BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 2. Interest and dividends (shown separately by type and by source) See Note 2 in Notes to the Forecast Financial Statements in BEFU 2016, p.106. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 3. Revenues from sales of goods and services, interest revenue and dividends for specific segments of "the Crown" (i.e. Core Crown, Crown Entities and SOEs) See Forecast Statement of Segments in BEFU 2016, pp.118-123. <http://www.treasury.govt.nz/budget/forecasts/befu2016>

(<http://www.treasury.govt.nz/budget/forecasts/befu2016>) At least some of the additional/remaining detailed breakdown by individual source/type of non-tax revenue can be found by a thorough review of 10-volume sector-based set of documentation presented for The Estimates of Appropriations. To locate the additional detailed information, one must review vote-specific documentation. Even with a full review of all vote-specific documentation, it is not clear that ALL non-tax revenues can be viewed by specific categories. Some relatively small percentage may still remain classified as "other non-tax revenue". Figures both for total non-tax revenues for each vote are provided in Table 1.2 - Trends in the Vote Summary of Financial Activity.

Beyond that, some but not all vote-specific documentation includes a more detailed breakdown by specific types of non-tax revenue expected to be received (e.g. administrative fees and fees for other services, etc.). However, the inclusion (and format and location) of this more detailed breakdown of non-tax revenues is not consistent across all votes, with some providing a table showing the detailed breakdown by specific type of non-tax revenue (e.g. Vote Transport) and others not doing so. For an example of table showing revenue from each specific type of non-tax revenue for a single vote, see: Vote Transport, p. 201 <http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v1-trans.pdf>)

**Comments:** Researcher: Need to check with NZ Treasury about this. Response will be either "b" (as it was for 2015 OBS) or an "a" if it can be verified that ALL non-tax revenues can be assigned to specific categories (either by inclusion as sources all "The Estimates" documentation) or if accounting for some high share such as 95% or 98% is sufficient to warrant an "a" response.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**11: 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. (100) Yes, multi-year estimates of revenue are presented by category.
- b. (0) No, multi-year estimates of revenue are not presented by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** See "Forecast Financial Statements" in the BEFU 2016, p.96. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) See "Notes to the Forecast Financial Statements" (Note 1) in the BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: The Forecast Financial Statements in the BEFU 2016, together with Note 1 for that table, provide a multi-year forecast of individual tax and non-tax revenue items for a 3-year horizon beyond the budget year. In the case of the Budget for 2016/17, that covers a medium-term horizon from 2017/18 through 2019/20.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**12: 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. (100) Yes, multi-year estimates for individual sources of revenue accounting for all revenue are presented.
- b. (67) Yes, multi-year estimates for individual sources of revenue accounting for at least two-thirds of, but not all, revenue are presented.
- c. (33) Yes, multi-year estimates for individual sources of revenue accounting for less than two-thirds of revenue are presented.
- d. (0) No, multi-year estimates for individual sources of revenue are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** See "Forecast Financial Statements" in the BEFU 2016, p.96. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) See "Notes to the Forecast Financial Statements" (Note 1) in the BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: The Forecast Financial Statements in the BEFU 2016, together with Note 1 for that table, provide a multi-year forecast of individual tax and non-tax revenue items for a 3-year horizon beyond the budget year. In the case of the Budget for 2016/17, that covers a medium-term horizon from 2017/18 through 2019/20.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**13: 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. (100) Yes, all three estimates related to government borrowing and debt are presented.
- b. (67) Yes, two of the three estimates related to government borrowing and debt are presented.
- c. (33) Yes, one of the three estimates related to government borrowing and debt are presented.
- d. (0) No, none of the three estimates related to government borrowing and debt are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** 1. New borrowing: The net borrowing requirement for the budget is reported in Note 23 of Notes to the Forecast Financial Statements in BEFU 2016 (p.116) and is determined by the reconciliation of Net Core Crown Operating Cash Flows to Residual Core Crown Cash ("Debt Program Cash Flows") on page 116 of the BEFU 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 2. Total debt: The total (net and gross) debt as at the end of the budget year (30 June 2017) and for each of the following three years (through 30 June 2020) is shown in the Forecast Statement of Borrowings in the BEFU 2016, p.102. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 3. Interest payments: The Forecast Statement of Financial Performance (p.96) and the Forecast Analysis of Expenses by Functional Classification (p.97) both show interest payments ("finance costs") 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.107). <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**14: 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. (100) Yes, information beyond the core elements is presented for the composition of the total debt outstanding.
- b. (67) Yes, the core information is presented for the composition of the total debt outstanding.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to composition of total debt outstanding is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Interest rates on debt: Data for interest rates are provided in the 2016 BEFU for short-term debt (90-day bill rate), medium-term debt (5-year bond rate) and long-term debt (10-year bond rate) as used for economic and fiscal forecasts Table 2.14 – Summary of key economic forecasts used in fiscal forecasts, p.52 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) Maturity profile: A breakdown of data on outstanding Government debt is provided in the BEFU by 7 categories Forecast Statement of Borrowing, p.102 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 1. The category of "Government bonds" is recognised as medium-term and long-term borrowing 2. The category of "Treasury bills" is recognised as short-term borrowing with maturities all being 1 year or less, as indicated in the footnote to Notes to the Forecast Financial Statements (Note 23: Core Crown Residual Cash), p.116 3. The category "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. However, according to Treasury, non-core Crown debt is not necessarily (or likely to be) sovereign-guaranteed. [Note: 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/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Domestic and external debt: As advised by Treasury, a breakdown of Government debt by ownership (whether holder of bond is a New Zealand or a foreign citizen, bank or institution) is not provided on the basis that this is "notoriously difficult given the local status of a number of financial intermediaries for foreign investors". However, relevant information updated monthly is readily available on the RBNZ website: <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) Additional information beyond core elements: 1. Breakdown of outstanding debt showing sovereign-guaranteed debt vs non sovereign-guaranteed debt Forecast Statement of Borrowings, p. 102 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 2. NZDMO Media release about bond program as part of EBP documentation <https://www.nzdm.govt.nz/analyst-centre/201617-domestic-bon...> (<https://www.nzdm.govt.nz/analyst-centre/201617-domestic-bond-programme-set-70-billion>) 3. Narrative discussion of debt-related issues (including NZDMO bond program in Table 2.8 – Net increase in government bonds) in 2016 BEFU as part of Chapter 2 ("Fiscal Outlook"), with particular attention to debt-related matters and how various economic developments and fiscal policies affect the level of debt and Crown balance sheet, pp.42-46. Further discussion of the sensitivities and alternative scenarios surrounding baseline economic and fiscal forecasts, including debt-related trends, provided in Chapter 3 ("Risks and Scenarios"). <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 4. Additional discussion of debt-related matters in the Fiscal Strategy Report (FSR) as another element of EBP required by law (PFA) to demonstrate how the Government's fiscal policies are in line with the principles of "fiscal responsibility", including "prudent" levels of debt. <http://www.treasury.govt.nz/budget/2016/fsr> (<http://www.treasury.govt.nz/budget/2016/fsr>) 5. Extremely detailed and extensive data on outstanding debt and debt issuances readily available online from NZDMO and RBNZ websites <https://www.nzdm.govt.nz/analyst-centre/data> (<https://www.nzdm.govt.nz/analyst-centre/data>) <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) 6. Extensive reporting and analysis of data, as well as an extensive discussion of policy issues related to the debt and the Crown balance sheet as a whole is provided in an Investment Statement required (by 2013 amendment to PFA) to be produced and accompany the EBP every 4 years, with the last one having been produced in 2014. Among other issues, the Investment Statement includes extensive information and analysis of the composition of Government debt and maturity profile of Government bonds over a long-term horizon. "2014 Investment Statement: Managing the Crown's Balance Sheet"

[http://www.treasury.govt.nz/government/investmentstatements/...](http://www.treasury.govt.nz/government/investmentstatements/)

(<http://www.treasury.govt.nz/government/investmentstatements/2014/is14.pdf>) 7. The 2016 BEFU tables provide data on borrowing/debt broken down by the 3 different "segments" of "Total Crown": (i) Core Crown; (ii) SOEs; and (iii) Crown Entities Forecast Statement of Segments, pp.118-123 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 8. NZDMO presentation from June 2016 (on NZDMO website) for investors with additional information about composition and maturity of Government debt

**Comments:** Researcher: A substantial amount of detailed information is presented about the composition and other characteristics of outstanding Government debt. However, strictly speaking, the information contained exclusively within the EBP documentation does not include ALL elements of the "core information" as defined for the OBS, noting that the breakdown of data within EBP documentation does not provide data for the amounts or shares of Government debt held by a NZ or foreign citizens, bank or other institution. As noted above, these data are updated monthly and readily available on the RBNZ website. Consistent with advice received by IBP during the 2015 OBS assessment process, a response of "a" is chosen on the basis of the core information that is available within EBP documentation, together with a significant amount of information beyond the core elements. Noting IBP comment from 2015 OBS assessment: "As the researcher has indicated that the amount of external debt is negligible, 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." NZ Treasury/NZDMO advise that foreign-currency denominated debt (different from "externally held" debt) is indeed negligible at less than 1/10 or 1% of total Government debt.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I agree (1) for the reasons listed by the researcher, and particularly OBI staff comment on the 2015 OBI response; and (2) based on discussion with OBI staff for the 2015 OBI which clarified that: the presentation of interest rates in the economic assumptions 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.

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Peer Reviewer's comments acknowledged.

**15:** 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. (100) Yes, information beyond the core elements is presented for the macroeconomic forecast.
- b. (67) Yes, the core information is presented for the macroeconomic forecast.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to the macroeconomic forecast is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Table 1.1 - Economic forecasts, BEFU 2016, p.8 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) and "Time Series of Fiscal and Economic Indicators" BEFU 2016, pp.136-137 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: Note, the figures for amount of nominal GDP are provided in the table entitled "Time Series of Fiscal and Economic Indicators" (on p.136), while data for all the remaining "core" information (plus many more relevant economic indicators) are provided in "Table 1.1 (on p.8).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**16:** 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. (100) Yes, information beyond the core elements is presented to show the impact of different macroeconomic assumptions on the budget.
- b. (67) Yes, the core information is presented to show the impact of different macroeconomic assumptions on the budget.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to different macroeconomic assumptions is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Much of the discussion contained in the first three sections (chapters) of the BEFU 2016 (pp.7-66) includes assessment of how the broader economic context affects fiscal forecasts, including expenditures, revenues, the overall deficit/surplus and level of debt. The discussion through these sections of the BEFU consider the fiscal impacts of specific macroeconomic indicators as incorporated into the budget's baseline forecasts, as well as

two alternative scenarios for underlying macroeconomic assumptions/indicators. This comprehensive discussion and presentation of data for both macroeconomic indicators and fiscal measures goes well beyond the core elements identified as OBS criteria.  
<http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** In addition, further detail on sensitivities is also provided in the 'risks and scenarios' section of the Budget Economic and Fiscal Update 2016 (page 53 onwards)

**17: 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. (100) Yes, estimates that show how all new policy proposals affect expenditures are presented, along with a narrative discussion.
- b. (67) Yes, estimates that show how all new policy proposals affect expenditures are presented, but a narrative discussion is not included.
- c. (33) Yes, information that shows how some but not all new policy proposals affect expenditure is presented.
- d. (0) No, information that shows how new policy proposals affect expenditure is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (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 2017. <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) In addition, with the 2016 Budget, the Government (NZ Treasury) has added a new document to the EBP package separately identifying and briefly explaining each new budget initiative and the respective (expected) impact on expenditures (and the operating balance). "Summary of Initiatives in Budget 2016" <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) Various sections of the BEFU document include discussion of/references to the fiscal impacts for new initiatives being introduced as part of the new budget "package". Relevant discussion of expenditure initiatives (new policies) can be found, for example, in the "Fiscal Outlook" section (Chapter 2) of the BEFU focusing on "Core Crown Expenses" (pp.33-35). <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) The Minister's "Budget Speech" (previously classified for the 2015 OBS as a component of Citizens Budget, but now reclassified for the 2017 OBS as being a component of the EBP) also includes extensive references to specific policy initiatives being introduced by the new budget, including both spending and revenue initiatives. <http://www.treasury.govt.nz/budget/2016/speech> (<http://www.treasury.govt.nz/budget/2016/speech>)

**Comments:** Researcher: It is also worth noting the standard practice (and legal requirements established by the PFA legislation governing budget processes) of reporting on "specific fiscal risks" (as well as on contingent liabilities and assets). Specific fiscal risks are the fiscal impacts (either positive or negative with respect to the overall operating balance) associated with any policy decisions under consideration by Government but which have yet to be decided (by Cabinet) as of the date for finalisation of the 2016 Budget's fiscal baseline fiscal forecasts (29 April 2016). Chapter 4 of BEFU 2016 (pp.67-90) provides the mandatory "disclosure" of all such material fiscal risks, including both the policy-related "specific risks", as well as contingent liabilities and assets that typically depend on whether a particular event (e.g. legal ruling) eventuates. Again, these may be either positive or negative with respect to the overall operating balance and/or balance sheet. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**18: 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. (100) Yes, estimates that show how all new policy proposals affect revenues are presented, along with a narrative discussion.
- b. (67) Yes, estimates that show how all new policy proposals affect revenues are presented, but a narrative discussion is not included.
- c. (33) Yes, information that shows how some but not all new policy proposals affect revenues are presented.
- d. (0) No, information that shows how new policy proposals affect revenues is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (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 2017. This includes new policy initiatives pertaining to revenue as well as to spending across all votes/departments. <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) In addition, with the 2016 Budget, the Government (NZ Treasury) has added a new document to the EBP package separately identifying and briefly explaining each new budget initiative and the respective (expected) impact on revenues (and the operating balance). "Summary of Initiatives in Budget 2016" <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) Various sections of the BEFU document include discussion of/references to the fiscal impacts for new initiatives being introduced as part of the new budget "package". Relevant discussion of revenue initiatives (new policies) can

be found, for example, in the "Fiscal Outlook" section (Chapter 2) of the BEFU focusing on "Core Crown Tax Revenue" (pp.29-32). <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) As a component of the overall BEFU documentation, the "Additional Information" section(s) previously appended at the end of printed versions of earlier BEFUs are now posted as separate items on the NZ Treasury Budget 2016 website. Included among these "additional information" items (as cited in the main BEFU 2016 document on p.31) is a brief description of specific tax policy initiatives included in the 2016 Budget and a table with budget forecasts of the expected fiscal impacts over the medium-term forecast horizon. <http://www.treasury.govt.nz/budget/forecasts/befu2016/106.htm>... (<http://www.treasury.govt.nz/budget/forecasts/befu2016/106.htm>) The Minister's "Budget Speech" (previously classified for the 2015 OBS as a component of Citizens Budget, but now reclassified for the 2017 OBS as being a component of the EBP) also includes extensive references to specific policy initiatives being introduced by the new budget, including revenue initiatives. <http://www.treasury.govt.nz/budget/2016/speech> (<http://www.treasury.govt.nz/budget/2016/speech>)

**Comments:** Researcher: It is also worth noting the standard practice (and legal requirements established by the PFA legislation governing budget processes) of reporting on "specific fiscal risks" (as well as on contingent liabilities and assets). Specific fiscal risks are the fiscal impacts (either positive or negative with respect to the overall operating balance) associated with any policy decisions under consideration by Government but which have yet to be decided (by Cabinet) as of the date for finalisation of the 2016 Budget's fiscal baseline fiscal forecasts (29 April 2016). Chapter 4 of BEFU 2016 (pp.67-90) provides the mandatory "disclosure" of all such material fiscal risks, including both the policy-related "specific risks", as well as contingent liabilities and assets that typically depend on whether a particular event (e.g. legal ruling) eventuates. Again, these may be either positive or negative with respect to overall operating balance and/or balance sheet. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**19: 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. (100) Yes, expenditure estimates for BY-1 are presented by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, expenditure estimates for BY-1 are presented by two of the three expenditure classifications.
- c. (33) Yes, expenditure estimates for BY-1 are presented by only one of the three expenditure classifications.
- d. (0) No, expenditure estimates for BY-1 are not presented by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Both original budget and "estimated actual" expenditures are provided for (BY-1) for all three expenditure classifications: functional, economic and administrative Functional classification data for year (BY-1): Forecast Forecast Analysis of Expenses by Functional Classification, p.97 Core Crown Expense Tables, pp.125-129 (more detailed level by functional classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Economic classification data for year (BY-1): Forecast Statement of Financial Performance, p.96 Notes to Forecast Financial Statements (notes 3-8), pp.106-107 (more detailed level by economic classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Administrative classification data for year (BY-1): (found in either of two locations) (i) Total Appropriations for Each Vote Summary Tables for the Estimates of Appropriations 2016/17, pp.10-11. <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) or (ii) Details of Appropriations and Capital Injections - Annual and Permanent Appropriations at the beginning of each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Supplementary Estimates of Appropriations" provide information on expenditure in the previous financial year, including how the expenditure has changed from when it was approved by parliament at the previous Budget. <http://www.treasury.govt.nz/budget/2016/suppestimates> (<http://www.treasury.govt.nz/budget/2016/suppestimates>)

**Researcher response:** Government Reviewer's comments about Supplementary Estimates acknowledged.

**20: 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. (100) Yes, programs accounting for all expenditures are presented for BY-1.
- b. (67) Yes, programs accounting for at least two-thirds of, but not all, expenditures are presented for BY-1.
- c. (33) Yes, programs accounting for less than two-thirds of expenditures are presented for BY-1.
- d. (0) No, expenditures are not presented by program for BY-1.

e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Both the original budget and the "estimated actuals" data for (BY-1) for a program classification can be found for each vote/department in the table/section entitled "Details of Appropriations and Capital Injections Annual and Permanent Appropriations" at the beginning of the documentation for each vote/department across the 10 sector-based volumes that together comprise the full Estimates. The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Supplementary Estimates of Appropriations" (for the year ending 30 June 2016) provide information on expenditure in the FY2015 (1 July 2015-30 June 2016) and how this has changed throughout the year. <http://www.treasury.govt.nz/budget/2016/suppestimates> (<http://www.treasury.govt.nz/budget/2016/suppestimates>)

**21:** 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. (100) Yes, expenditure estimates for BY-1 have been updated from the original enacted levels.
- b. (0) No, expenditure estimates for BY-1 have not been updated from the original enacted levels.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Updated "estimated actual" expenditures for (BY-1) are provided across all three expenditure classifications: functional, economic and administrative Functional classification data for updated "estimated actuals" in (BY-1): Forecast Forecast Analysis of Expenses by Functional Classification, p.97 Core Crown Expense Tables, pp.125-129 (more detailed level by functional classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Economic classification data for updated "estimated actuals" in (BY-1): Forecast Statement of Financial Performance, p.96 Notes to Forecast Financial Statements (notes 3-8), pp.106-107 (more detailed level by economic classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Administrative classification data for updated "estimated actuals" in (BY-1): (found in either of two alternative locations) (i) Total Appropriations for Each Vote Summary Tables for the Estimates of Appropriations 2016/17, pp.10-11. <http://www.treasury.govt.nz/budget/2016/summarytables/estimates> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) or (ii) Details of Appropriations and Capital Injections - Annual and Permanent Appropriations at the beginning of each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)  
**Comments:** Researcher: "Estimated actual" expenditures are updated from the original enacted levels to reflect in-year policy decisions by government (baseline updates), revised macroeconomic forecasts and other relevant factors.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Supplementary Estimates of Appropriations" provide information on the final authority for expenditure for the fiscal year 2015 (1 July 2015 to 30 June 2016) including information on how this has changed from what was enacted in Budget 2015. <http://www.treasury.govt.nz/budget/2016/suppestimates> (<http://www.treasury.govt.nz/budget/2016/suppestimates>)

**22:** 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. (100) Yes, expenditure estimates for BY-2 and prior years are presented by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, expenditure estimates for BY-2 and prior years are presented by two of the three expenditure classifications.
- c. (33) Yes, expenditure estimates for BY-2 and prior years are presented by only one of the three expenditure classifications.
- d. (0) No, expenditure estimates for BY-2 and prior years are not presented by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Actual expenditures for more than one year prior to the budget year (BY-2 and prior years) are presented for economic, functional and administrative classifications. Functional classification data (BY-2 and earlier): Core Crown Expense Tables, pp.125-129 Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Economic classification data (data in 2016 EBP only back to BY-2; historic series on NZ Treasury website): Forecast Statement of Financial Performance, p.96

Notes to Forecast Financial Statements (notes 3-8), pp.106-107 (more detailed level by economic classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Administrative classification data (BY-2 and earlier): Within each vote-specific document comprising the 10 sector-based volumes of The Estimates is a table that provides historical data for that vote Section 1.2 - Trends in the Vote: Summary of Financial Activity The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Comments:** Researcher: Might need to "downgrade" answer to "b" given that data for Economic Classification (only) as contained directly within 2016 EBP documentation only extends back to (BY-2) and not too previous years. However, the longer historic data series are readily available on NZ Treasury website.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**23:** 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. (100) Yes, programs accounting for all expenditures are presented for BY-2 and prior years.
- b. (67) Yes, programs accounting for at Least two-Thirds of, but not all, expenditures are presented for BY-2 and prior years.
- c. (33) Yes, programs accounting for less than two-Thirds of expenditures are presented for BY-2 and prior years.
- d. (0) No, not expenditures are presented by program for BY-2 and prior years.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** The Core Crown Expense Tables provided in the 2016 Budget Economic and Fiscal Update (BEFU) contain a 10-year series of expenses by functional classification. Many, though not all, of the sub-categories under each functional classification are sufficiently detailed to meet the OBS criteria for "program" as defined for this question. Calculations for the share of total expenses for which the sub-category data for year BY-2 and earlier are sufficiently disaggregated to meet the OBS criteria for "program" level data supports the response of "b", even with the exclusion of data shown for aggregated spending across all 20 District Health Boards (DHBs). With the DHB line of expenses included, the share of total Core Crown Expenses for which program-level data are available increases to over 80%. Note: OBS criteria for "program" to include administrative data available at "any level of detail below an administrative unit, such as a ministry or department" => include DHB breakdown by administrative unit 2011 2012 2013 2014 2015 2016 Actual Actual Actual Actual Actual Forecast Sum of program-level data (excl. DHBs) 46,428 45,114 46,363 46,824 48,361 49,533 Sum of program-level data (incl. DHBs) 57,561 56,656 58,309 58,989 60,775 62,365 Total Core Crown expenses 70,099 68,939 69,962 71,174 72,363 74,382 % program-level data (excl. DHBs) 66.2% 65.4% 66.3% 65.8% 66.8% 66.6% % program-level data (incl. DHBs) 82.1% 82.2% 83.3% 82.9% 84.0% 83.8% Core Crown Expense Tables, pp.125-129 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>)

**Comments:** Researcher: Note: Treasury has stated in previous OBS comment that historic series with detailed appropriation-level data (including separate appropriations to each regional DHB, as well as for all other specific outputs/programs) are readily available to the public in an Excel file on Treasury's website. However, researcher was not able to locate a file that had ACTUAL financial outcomes at the output-specific level. Archives of both past BEFUs and Estimates (including all component sector-specific volumes) are readily available. However, the tables showing output/program specific data in the vote-specific Estimates documentation do NOT have actuals data. The BY-1 data provided at output/program level include only "estimated actuals" and these appear in the annual "Supplemental Estimates". Budget Economic and Fiscal Updates (BEFUs) for past years with historic time series for detailed functional classification data <http://www.treasury.govt.nz/budget/forecasts/archive> (<http://www.treasury.govt.nz/budget/forecasts/archive>) Estimates for past years with program-specific data, including <http://www.treasury.govt.nz/budget/archive> (<http://www.treasury.govt.nz/budget/archive>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**24:** 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. (100) Two years prior to the budget year (BY-2).
- b. (67) Three years prior to the budget year (BY-3).
- c. (33) Before BY-3.
- d. (0) No actual data for all expenditures are presented in the budget or supporting budget documentation.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Actual expenditures for BY-2 are presented for economic, functional and administrative classifications. Functional classification data: Core Crown Expense Tables, pp.125-129 Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Economic classification data: Forecast Statement of Financial Performance, p.96 Notes to

Forecast Financial Statements (notes 3-8), pp.106-107 (more detailed level by economic classification) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Administrative classification data: Within each vote-specific document comprising the 10 sector-based volumes of The Estimates is a table that provides historical data for that vote Section 1.2 - Trends in the Vote: Summary of Financial Activity The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** <http://www.treasury.govt.nz/government/financialstatements/y...>  
(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**25: 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. (100) Yes, revenue estimates for BY-1 are presented by category.
- b. (0) No, revenue estimates for BY-1 are not presented by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Data for revenues broken down by broad categories for the year preceding the budget year (BY-1) available in various locations/documents: Forecast Statement of Financial Performance BEFU 2016, p.96 Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) A breakdown of revenue data, including data for BY-1, by broad categories also available in various locations in documentation for The Estimates, including: (i) Summary of Trends (aggregated across all votes) Summary Tables for the Estimates of Appropriations 2016/17, p.2 (ii) Crown Revenue and Capital Receipts (by vote) Summary Tables for the Estimates of Appropriations 2016/17, pp.15 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) or (iii) Section (Table) 1.2 - Trends in the Vote Summary of Financial Activity in each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**26: 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. (100) Yes, individual sources of revenue accounting for all revenue are presented for BY-1.
- b. (67) Yes, individual sources of revenue accounting for at least two-thirds of, but not all, revenue for BY-1 are presented.
- c. (33) Yes, individual sources of revenue accounting for less than two-thirds of all revenues for BY-1 are presented.
- d. (0) No, individual sources of revenue are not presented for BY-1.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Data for revenues broken down by individual sources (i.e.by (<http://i.e.by>) specific type of tax or non-tax revenue source) for the year preceding the budget year (BY-1) available in various locations/documents: Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) More detailed information, as might be deemed necessary to meet OBS criteria) about more specific sources of revenue (particularly for non-tax revenues) can also be found were one to go through ALL the vote-specific documentation constituting The Estimates and find the more detailed information there for non-tax revenues collected/accruing to individual departments/ministries, starting from the more aggregate non-tax revenue data available in the following Estimates documentation: (i) Crown Revenue and Capital Receipts (by vote) Summary Tables for the Estimates of Appropriations 2016/17, pp.15 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) and (iii) Section (Table) 1.2 - Trends in the Vote Summary of Financial Activity in each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Comments:** Researcher: The breakdown of tax revenues by type of type instrument is quite detailed and data readily available within the 2016 BEFU (Note 1, as cited above). With regard to the detail and coverage of breakdown for NON-TAX revenue by specific type/source, as with Q.10, research may still need to check/confirm with NZ Treasury (and IBP) about this. Response will be either "a" (as it was for 2015 OBS) or an "b" if it cannot be verified that data for ALL non-tax revenues (or a sufficiently high share in accordance within reasonable expectations) are assigned to sufficiently specific categories (either by inclusion as sources all vote-specific documentation in "The Estimates") or if the data more readily available within the BEFU document covering a relatively high share (such as 95% or 98%) within existing labels for specific types of non-tax revenue sources is sufficient to warrant an "a" response.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**27:** 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. (100) Yes, revenue estimates for BY-1 have been updated from the original enacted levels.
- b. (0) No, revenue estimates for BY-1 have not been updated from the original enacted levels.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Data for revenues (broken down by broad categories, as referenced for previous questions) for the year preceding the budget year (BY-1) and sourced in various locations/documents is all inclusive of updated "estimated actuals" data for BY-1: Forecast Statement of Financial Performance BEFU 2016, p.96 Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) A breakdown of revenue data, including "estimated actuals" data for BY-1, by broad categories also available in various locations in documentation for The Estimates, including: (i) Summary of Trends (aggregated across all votes) Summary Tables for the Estimates of Appropriations 2016/17, p.2 (ii) Crown Revenue and Capital Receipts (by vote) Summary Tables for the Estimates of Appropriations 2016/17, pp.15 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) or (iii) Section (Table) 1.2 - Trends in the Vote Summary of Financial Activity in each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Comments:** Researcher: The revised/updated "estimated actual" figures presented in any/all EBP documentation for year (BY-1) reflect the latest available data for 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Actual information is also presented in the year-end government financial statements. The link below is for the Financial Statements of the Government for the Year Ended June 2016. <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Researcher response:** Government Reviewer's comments about actual data being presented in year-end Financial Statements acknowledged, noting that this question is specifically directed at the scope of information presented in EBP (Budget) documentation.

**28:** 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. (100) Yes, revenue estimates for BY-2 and prior years are presented by category.
- b. (0) No, revenue estimates for BY-2 and prior years are not presented by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Data for revenues (broken down by broad categories, as referenced for previous questions) for the year (BY-2) and (in some cases) for earlier years are available in various locations/documents: Data available for year (BY-2) by broad categories of revenue: Forecast Statement of Financial Performance BEFU 2016, p.96 Data available for year (BY-2) by both broad and more specific categories of revenue: Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Data available for year (BY-2) and previous years by broad categories of revenue available in documentation for The Estimates: Summary of Trends (aggregated across all votes) Summary Tables for the Estimates of Appropriations 2016/17, p.2 or Section (Table) 1.2 - Trends in the Vote Summary of Financial Activity in each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) Data available for year (BY-2) only by broad categories of revenue available in documentation for The Estimates: Crown Revenue and Capital Receipts (by vote) Summary Tables for the Estimates of Appropriations 2016/17, pp.15 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**29: 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. (100) Yes, individual sources of revenue accounting for all revenue are presented for BY-2 and prior years.
- b. (67) 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. (33) Yes, individual sources of revenue accounting for less than two-thirds of all revenues are presented for BY-2 and prior years.
- d. (0) No, individual sources of revenue are not presented for BY-2 and prior years.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Data available for year (BY-2) by individual sources of revenue: Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Data for revenue by individual sources for previous years (before BY-2) readily available in machine-readable data files on NZ Treasury website, but not formally part of EBP.

**Comments:** Researcher: As noted for Q.10 and Q.26, the breakdown of tax revenues by type of type instrument is quite detailed and data readily available within the 2016 BEFU (Note 1, as cited above). With regard to the detail and coverage of breakdown for NON-TAX revenue by specific type/source, as in the case of the two earlier OBS questions (Q.10 and Q.26), research will still need to confirm with NZ Treasury (and IBP) about this. Response will be either "a" (as it was for 2015 OBS) or an "b" if it cannot be verified that data for ALL non-tax revenues (or sufficiently high share in accordance within reasonable expectations) are assigned to sufficiently specific categories (either by inclusion as sources all vote-specific documentation in "The Estimates") or if the data more readily available within the BEFU document covering a relatively high share (such as 95% or 98%) within existing labels for specific types of non-tax revenue sources is sufficient to warrant an "a" response. Also need to consider the fact that the tables cited above for data broken down by individual sources of revenue cover only the year (BY-2), but not previous years.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**30: 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. (100) Two years prior to the budget year (BY-2).
- b. (67) Three years prior to the budget year (BY-3).
- c. (33) Before BY-3.
- d. (0) No actual data for all revenues are presented in the budget or supporting budget documentation.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The most recent year for which all revenue data cited in the EBP documentation reflect actual outcomes are for the year (BY-2). As referenced in the previous two questions ((Q.28 and Q.29), the revenue data cited for the year (BY-2), including both the data sources cited for broad categories and that cited for specific/individual revenue sources, all reflect actual outcomes in that year. Data for revenues for the year (BY-2) and (in some cases) for earlier years are available in various locations/documents. Data available for year (BY-2) available in BEFU 2016: Forecast Statement of Financial Performance BEFU 2016, p.96 Notes to the Forecast Financial Statements (Notes 1 and 2) BEFU 2016, pp.104-106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Data available for year (BY-2) available in documentation for The Estimates: Summary of Trends (aggregated across all votes) Summary Tables for the Estimates of Appropriations 2016/17, p.2 Section (Table) 1.2 - Trends in the Vote Summary of Financial Activity in each vote-specific document The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2017 <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**31: 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. (100) Yes, information beyond the core elements is presented for government debt.
- b. (67) Yes, the core information is presented for government debt.
- c. (33) Yes, information is presented, but it excludes some core elements.

- d. (0) No, information related to government debt is not presented.  
e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Total government debt outstanding: Data on outstanding Government debt for BY-1 (and BY-2) are provided in 2016 BEFU for 7 categories Forecast Statement of Borrowing, p.102 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) Amount of net new borrowing: Data for amount of net borrowing required in year BY-1 (and BY-2) are reported in the 2016 BEFU Notes to the Forecast Financial Statements (Note 23: Core Crown Residual Cash), p.116 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Interest payments: Data for interest payments ("finance costs") for BY-1 (and BY-2) are provided in 2016 BEFU in several locations Forecast Statement of Financial Performance, p.96 Forecast Analysis of Expenses by Functional Classification, p.97 Additional detailed data showing interest payments in BY-1 (and BY-2) "by source" for the different "segments" of the central government (i.e. Core Crown, SOEs and Crown Entities) are also available in the 2016 BEFU Notes to the Forecast Financial Statements, p.107 Interest rates on debt: Data for interest rates for BY-1 (and BY-2) are provided in the 2016 BEFU for short-term debt (90-day bill rate), medium-term debt (5-year bond rate) and long-term debt (10-year bond rate) as used for economic and fiscal forecasts Table 2.14 – Summary of key economic forecasts used in fiscal forecasts, p.52 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) Maturity profile: A breakdown of data on outstanding Government debt for BY-1 (and BY-2) are provided in 2016 BEFU for 7 categories Forecast Statement of Borrowing, p.102 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 1. The category of "Government bonds" is recognised as medium-term and long-term borrowing 2. The category of "Treasury bills" is recognised as short-term borrowing with maturities all being 1 year or less, as indicated in the footnote to Notes to the Forecast Financial Statements (Note 23: Core Crown Residual Cash), p.116 3. The category "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. However, according to Treasury, non-core Crown debt is not necessarily (or likely to be) sovereign-guaranteed. [Note: 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/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Domestic and external debt: As advised by Treasury, a breakdown of Government debt by ownership (whether holder of bond is a New Zealand or a foreign citizen, bank or institution) is not provided on the basis that this is "notoriously difficult given the local status of a number of financial intermediaries for foreign investors". However, relevant information (including for years prior to the budget year) updated monthly is readily available on the RBNZ website: <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) Additional information beyond core elements: 1. Breakdown of outstanding debt showing sovereign-guaranteed debt vs non sovereign-guaranteed debt for BY-1 (and BY-2) Forecast Statement of Borrowings, p. 102 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 2. NZDMO Media release about bond program as part of EBP documentation (including BY-1 data) <https://www.nzdmo.govt.nz/analyst-centre/201617-domestic-bond-programme-set-70-billion> 3. Narrative discussion of debt-related issues (including NZDMO bond program in Table 2.8 – Net increase in government bonds) in 2016 BEFU as part of Chapter 2 ("Fiscal Outlook"), with particular attention to debt-related matters and how various economic developments and fiscal policies affect the level of debt and Crown balance sheet, pp.42-46. Further discussion of the sensitivities and alternative scenarios surrounding baseline economic and fiscal forecasts, including debt-related trends, provided in Chapter 3 ("Risks and Scenarios"). <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 4. Additional discussion of debt-related matters in the Fiscal Strategy Report (FSR) as another element of EBP required by law (PFA) to demonstrate how the Government's fiscal policies are in line with the principles of "fiscal responsibility", including "prudent" levels of debt (including data and information about BY-1 and BY-2) <http://www.treasury.govt.nz/budget/2016/fsr> (<http://www.treasury.govt.nz/budget/2016/fsr>) 5. Extremely detailed and extensive data on outstanding debt and debt issuances readily available online from NZDMO and RBNZ websites (including data and information for BY-1 and previous years) <https://www.nzdmo.govt.nz/analyst-centre/data> (<https://www.nzdmo.govt.nz/analyst-centre/data>) <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) 6. Extensive reporting and analysis of data, as well as an extensive discussion of policy issues related to the debt and the Crown balance sheet as a whole is provided in an Investment Statement required (by 2013 amendment to PFA) to be produced and accompany the EBP every 4 years, with the last one having been produced in 2014. Among other issues, the Investment Statement includes extensive information and analysis of the composition of Government debt and maturity profile of Government bonds over a long-term horizon. "2014 Investment Statement: Managing the Crown's Balance Sheet" [http://www.treasury.govt.nz/government/investmentstatements/...](http://www.treasury.govt.nz/government/investmentstatements/) (<http://www.treasury.govt.nz/government/investmentstatements/2014/is14.pdf>) 7. The 2016 BEFU tables provide data on borrowing/debt broken down by the 3 different "segments" of "Total Crown": (i) Core Crown; (ii) SOEs; and (iii) Crown Entities (including data for BY-1 and BY-2) Forecast Statement of Segments, pp.118-123 <http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16...> (<http://www.treasury.govt.nz/budget/forecasts/befu2016/befu16.pdf>) 8. NZDMO presentation from June 2016 (on NZDMO website) for investors with additional information about composition and maturity of Government debt (including some information pertaining to BY-1 and previous years).

**Comments:** Researcher: As commented for Q.14, a substantial amount of detailed information is presented about the composition and other characteristics of outstanding Government debt. Strictly speaking, the information contained exclusively within the EBP documentation does not include ALL elements of the "core information" as defined for the OBS, noting that the breakdown of data within EBP documentation does not provide data for the amounts or shares of Government debt held by a NZ or foreign citizens, bank or other institution. As noted above, these data are updated monthly and readily available on the RBNZ website, including historical data for BY-1 and previous years Consistent with advice received by IBP during the 2015 OBS assessment process, a response of "a" is chosen on the basis of the core information that is available within EBP documentation, together with a significant amount of information beyond the core elements. Noting IBP comment from 2015 OBS assessment: "As the researcher has indicated that the amount of external debt is negligible, 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." NZ Treasury/NZDMO advise that foreign-currency denominated debt (different from "externally held" debt) is indeed negligible at less than 1/10 or 1% of total Government debt.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I agree on the basis of the breadth and quality of information provided and on the IBP comment on the 2015 OBI cited by the researcher.

**Government Reviewer**

**Opinion:** Agree

**32:** 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. (100) Two years prior to the budget year (BY-2).
- b. (67) Three years prior to the budget year (BY-3).
- c. (33) Before BY-3.
- d. (0) No actual data for government debt are presented in the budget or supporting budget documentation.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Actual total (both net and gross) debt as at the end of the year (BY-2) are shown in: Forecast Statement of Borrowings BEFU 2016, p.102 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**33:** 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. (100) Yes, information beyond the core elements is presented for all extra-budgetary funds.
- b. (67) Yes, the core information is presented for all extra-budgetary funds.
- c. (33) Yes, information is presented, but it excludes some core elements or some extra-budgetary funds.
- d. (0) No, information related to extra-budgetary funds is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** For consistency with previous OBS assessments and noting comments below, the following funds are considered as possible EBFs: 1. Accident Compensation Corporation (ACC) 2. New Zealand Superannuation Fund (NZSF) 3. Government Superannuation Fund (GSF) 4. Earthquake Commission (EQC) Information about these funds can be found in the following EBP documentation: In various comments about fiscal impacts found throughout various sections of the 2016 BEFU (for example, on p.34, 43, 45, 46, 50, 72, 73) Notes to the Forecast Financial Statements in BEFU 2016: Note 1 shows revenue (levies) to ACC and EQC, p.105 Note 3 shows expenditures for NZSF, p.106 Note 8 shows expenses for ACC and EQC, p.107 Note 11 shows actuarial gains/losses on GSF liability and ACC outstanding claims, p.108 Note 13 shows information on the financial asset portfolio inclusive of NZSF, ACC and EQC, p.108 Note 17 shows revenues, expenses and balance sheet information for NZSF, p.111 Note 19 shows detailed information about changes in the assets and liabilities of ACC and EQC, pp.112-113 Note 20 shows detailed information about GSF liabilities, p.114 Note 24 shows information about "net earthquake expenses", including EQC costs net of reinsurance, 117 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Additional narrative discussion of the policy objectives, as well as budgeted revenues and expenses pertaining to the various funds can be found in the following vote-specific documentation in The Estimates: 1. Accident Compensation Corporation (ACC): (i) ACC-related appropriations and discussion contained in documentation for Vote Labour Market in The Estimates (noting that as of 2015, the previously separate Vote ACC has been restructured to be part of the new Vote Labour Market): Departmental outputs pertaining to ACC regulatory activities, p.155 Non-departmental outputs pertaining to various categories of ACC services, pp.165-171 <http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v1-labmar.pdf>) 2. New Zealand Superannuation Fund (NZSF): (i) NZSF-related appropriations and discussion contained in documentation for Vote Social Development in The Estimates Non-departmental outputs pertaining to NZSF, p.40, pp. 69-70; pp.130-131 <http://www.treasury.govt.nz/budget/2016/estimates/v10/est16-...> (<http://www.treasury.govt.nz/budget/2016/estimates/v10/est16-v10-socdev.pdf>) (ii) Fiscal Strategy Report (FSR), a component of the EBP, providing additional discussion and explanation of the long-term fiscal implications associated with NZSF, pp.13-14 <http://www.treasury.govt.nz/budget/2016/fsr/b16-fsr.pdf> (<http://www.treasury.govt.nz/budget/2016/fsr/b16-fsr.pdf>) 3. Government Superannuation Fund (GSF): (i) GSF-related appropriations and discussion contained in documentation for Vote Finance in The Estimates, pp.57-59 <http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v5-finan.pdf>) 4. Earthquake Commission (EQC): Note: The Earthquake Commission is self-funded from EQC premiums and investment returns on the Natural Disaster Fund, and so it has no appropriations.

**Comments:** Researcher: 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 SOEs and Crown Entities) to be included in consolidated financial statements (NZ IAS 27). Therefore, reporting on all the funds/entities cited above is included within the Budget (and in EBP documentation). However, having reviewed relevant literature on EBFs and consistent with the criteria applied for previous OBS assessments, 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**34: 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. (100) Yes, central government finances are presented on a consolidated basis.
- b. (0) No, central government finances are not presented on a consolidated basis.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Statement of Accounting Policies provided (BEFU 2016, p.92) states: "The Forecast Financial Statements [including both revenues and expenditures] have been prepared in accordance with the accounting policies that are expected to be used in the comparable audited actual Financial Statements of the Government. They comply with generally accepted accounting practice (GAAP) as required by the Public Finance Act 1989...Forecasts have been prepared for the consolidated Financial Statements of the Government reporting entity, which includes all entities controlled by the Government." The full listing/scope of the Government Reporting Entity, inclusive of: (i) the Core Crown Segment (i.e. ministries, departments, offices, commissions, etc.); (ii) State-Owned Enterprises Segment; and (iii) Crown Entities Segment, is shown on pp.93-95 of BEFU 2016. Data provided in EBP documentation for consolidated central government finances include both: (i) Total Crown Expenses (inclusive of Crown Entities and SOEs) (ii) Core Crown Expenses (exclusive of Crown Entities and SOEs) Forecast Analysis of Expenses by Functional Classification BEFU 2016, p.97 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**35: Does the Executive's Budget Proposal or any supporting budget documentation present estimates of intergovernmental transfers for at least the budget year?**

- a. (100) Yes, estimates of all intergovernmental transfers are presented, along with a narrative discussion.
- b. (67) Yes, estimates of all intergovernmental transfers are presented, but a narrative discussion is not included.
- c. (33) Yes, estimates of some but not all intergovernmental transfers are presented.
- d. (0) No, estimates of intergovernmental transfers are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (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. [Note: While under normal circumstances, the number, scope and overall volume of central government funding to local authorities is relatively limited, over the past 5 years (from Budget 2011 through Budget 2015, a substantial central government commitment of funding to support recovery efforts from the Canterbury earthquakes was administered through a separate Vote: Canterbury Earthquake Recovery, which was formally eliminated/removed for the 2016 Budget. The very recent major earthquake Kaikoura region in November 2016 will again see a substantial amount of central government funding dedicated to regional recovery efforts.] Below is a listing of the main channels for funding of local authority activities from central government, as found in vote-specific documents from The Estimate (for the Year Ending 30 June 2017). This is not necessarily an exhaustive list, but it does capture the main funding mechanisms: <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) 1. Vote Transport Among the main channels for central government funding going to local authorities is the National Land Transport Programme (NLTP). The Government Policy Statement on land transport identifies ranges of expenditure that the government wishes to commit to different land transport activities. The New Zealand Transport Agency, in conjunction with regional bodies, develops the NLTP, detailing how the funding will be spent and what it will deliver within the ranges. The Government Policy Statement is a ten year document which is reviewed every three years. The NLTP is a three year document. The latest documents took effect from 1 July 2015. NLTP appropriations provide support 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. A breakdown of the current funding (appropriations) by components can be found in The Estimates documentation for Vote Transport (pp.210-212) <http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v1-trans.pdf>) In addition, a number of other appropriations are directed to specific transport-related projects within specific local jurisdictions, including Auckland, Christchurch, Wellington and others. These appropriations would generally be utilised in accordance with local plans for transportation networks. 2. Vote Environment A range of appropriations from the central Government budget provide funding to local authorities for a variety of activities related to environmental protection and services, including water supply, remediation activities, waste disposal and others. Examples found in Vote Environment documentation include the following Some general funding mechanisms supporting local authorities (and communities) include: (i) 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. (ii) 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. (iii) Community Environment Fund - appropriation for strengthening partnerships, raising environmental awareness and encouraging participation in environmental initiatives in the community. (iv) Fresh Start for Fresh Water - appropriation for clean-up of New Zealand's freshwater waterbodies arising from historical contamination (e.g. Waikato River Clean-up Fund). (v) Transitional Support for Local Government and Iwi - appropriation providing transitional support to local authorities and iwi for new arrangements involving iwi in the management of natural resources arising from historical Treaty settlements. There are also a number of specific appropriations targeting support for a given project/activity in a particular region/community, such as Lake Taupo Protection Programme and Rotorua Water Supply. <http://www.treasury.govt.nz/budget/2016/estimates/v3/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v3/est16-v3-envir.pdf>) 3. Vote Internal Affairs (responsible for supporting local government

administration) Appropriation to fund the Chatham Islands Council to meet its statutory responsibilities (p.65)  
<http://www.treasury.govt.nz/budget/2016/estimates/v8/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v8/est16-v8-intaff.pdf>)  
**Comments:** Researcher: 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.

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**36:** 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. (100) Yes, at least three alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.
- b. (67) Yes, two alternative displays of expenditures are presented to illustrate the financial impact of policies on different groups of citizens.
- c. (33) Yes, one alternative display of expenditures is presented to illustrate the financial impact of policies on different groups of citizens.
- d. (0) 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).

**Answer:** d.

**Sources:** There is no "alternative display" of budgeted expenditures (such as by gender, by age, by income, or by region). Consideration was given to appropriations for District Health Boards (DHBs), given the regional breakdown of these appropriations. However, as explained further in comment below, given that these appropriations are themselves determined or defined on a regional basis, they were not assessed as being an "alternative display".

**Comments:** Researcher: On the basis of OBS instructions/criteria provided above for this question, stating that "the alternative display can cover all expenditures or only a portion of expenditures", the substantial amount of funding for health services allocated on a regional basis (to District Health Boards) was considered as a possible "alternative" display of expenditure data. Expenditure data for the 20 District Health Boards (DHBs) is detailed in the vote-specific Estimates documentation for Vote Health. The DHB funding totalling over \$12 billion constitutes over 75% of total Vote Health spending in the 2016 Budget and roughly about 15% of total government expenditure. DHB expenditures include services to meet hospital care, most aged care, mental health and primary care, as well as pharmaceuticals and some public health services. District Health Board (DHB) spending by region is shown in the Vote Health documentation, pp.8-9 Additional detailed presentation of financing as well as some description of specific activities and initiatives for each of the 20 DHBs is also provided, pp.27-58 <http://www.treasury.govt.nz/budget/2016/estimates/v6/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v6/est16-v6-health.pdf>) However, because the appropriations to DHBs are themselves defined/determined on a regional basis, they were not assessed as constituting an "alternative display" of budgeted expenditures.

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree with Comments

**Comments:** Budget 2017 (announced on 25 May) included a Family Incomes Package with changes to tax thresholds, working for families tax credits and the accommodation supplement for those in housing stress. Documentation released to the public included a "family incomes package at-a-glance" which included information on how this package would impact families in different regions depending on the composition of the family (e.g. number of children and their age). This was supported by detailed factsheets and a tax calculator. Budget 2017 also included a "social investment package" of 14 initiatives aimed at specific vulnerable populations with an objective to improve their long-term outcomes. Examples include, low-income children in early childhood education showing behavioural problems, intergenerational welfare dependents and those who are chronically homeless in specific regions.

**Researcher response:** Government Reviewer's comments about specific examples of "alternative displays" of data for initiatives in the most recent 2017 budget are acknowledged.

**37:** 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. (100) Yes, estimates of all transfers to public corporations are presented, along with a narrative discussion.
- b. (67) Yes, estimates of all transfers to public corporations are presented, but a narrative discussion is not included.
- c. (33) Yes, estimates of some but not all transfers to public corporations are presented.
- d. (0) No, estimates of transfers to public corporations are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Instances of transfer payments to SOEs/CEs (generally, capital investments) are relatively limited/isolated and such transactions are fully disclosed/reported and described in EBP documentation. Transactions between the Crown and individual entities in either of the SOE or CE segments are reported in at least two components of the EBP documentation: 1. the Forecast Financial Statements (accounts and notes) presented in the BEFU (Ch.5), with the transaction being incorporated into the appropriate statement and note depending on the nature of the transaction <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 2. the vote-specific

documentation comprising the 10 sector-based volumes of The Estimates <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) In addition, starting from the 2016 Budget, a new element of the EBP package of documentation is a separate document presenting information about each new budget initiative ("Summary Initiatives in Budget 2016"). This document, like the estimates, includes information for individual approved budget items/appropriations. [http://www.treasury.govt.nz/budget/2016/summary-initiatives/...](http://www.treasury.govt.nz/budget/2016/summary-initiatives/) (<http://www.treasury.govt.nz/budget/2016/summary-initiatives/b16-sum-initiatives.pdf>)

**Comments:** Researcher: 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 instances (not as a matter of routine policy or routine appropriations) when the government (Crown) will appropriate a cash/capital injection (transfer) with the aim of supporting the financial viability or health of a given SOE/CE entity. Examples over recent years have included NZ Post, Solid Energy and Kiwi Rail. To provide a specific example of such reporting, among the most significant recent Crown "transfers" to an SOE or CE is the capital injection (equity investment) for KiwiRail Holdings Limited, a state-owned enterprise which owns and operates a national network providing freight transport, passenger rail services as well as ferry services. An appropriation of \$198 million to KiwiRail intended to strengthen the commercial viability of its freight business was identified as part of the response to the previous (2015) OBS, with reference to EBP reporting in the 2014 Estimates documentation for Vote Transport. <http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v...> (<http://www.treasury.govt.nz/budget/2014/estimates/v1/est14-v1-trans.pdf>) Similarly, the Crown's continued investment in KiwiRail in the 2016 Budget can be seen in the \$190.2 million capital expenditure reported in Vote Transport document (p.191, p.199 and pp.227-228) as part of the full set of 2016 Estimates documentation. <http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v1-trans.pdf>) The same commitment of capital funding to KiwiRail can also be seen reported in the newly added "Summary of Initiatives" document, p.38. [http://www.treasury.govt.nz/budget/2016/summary-initiatives/...](http://www.treasury.govt.nz/budget/2016/summary-initiatives/) (<http://www.treasury.govt.nz/budget/2016/summary-initiatives/b16-sum-initiatives.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**38:** 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. (100) Yes, information beyond the core elements is presented for all quasi-fiscal activities.
- b. (67) Yes, the core information is presented for all quasi-fiscal activities.
- c. (33) Yes, information is presented, but it excludes some core elements or some quasi-fiscal activities.
- d. (0) No, information related to quasi-fiscal activities is not presented.
- e. Not applicable/other (please comment).

**Answer:** e.

**Sources:** N/A

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

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**39:** 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. (100) Yes, information beyond the core elements is presented for all financial assets.
- b. (67) Yes, the core information is presented for all financial assets.
- c. (33) Yes, information is presented, but it excludes some core elements or some financial assets.
- d. (0) No, information related to financial assets is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Note 13 - Financial Assets, p.108 Note 14 - Student Loans, p.109 Note 17 - NZ Superannuation Fund, p.111 Listings of financial assets and their values. Notes to the Forecast Financial Statements in BEFU 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) In addition, given the government's use of accrual accounting and GAAP framework, there is also a presentation and substantial discussion in BEFU 2016 of the government's balance sheet, net worth and issues (such as risks) surrounding financial (and non-financial) asset holdings and valuations. Finally, the BEFU includes discussions of: Balance Sheet Risks (pp.65-66) Specific Fiscal Risks (pp.67-80) Contingent Liabilities and Contingent Assets (pp.81-90) These sections also contribute important information and assessment the

(potential) fiscal impacts of possible changes surrounding the value of financial assets (and liabilities)  
<http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**40:** 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. (100) Yes, information beyond the core elements is presented for all nonfinancial assets.
- b. (67) Yes, the core information is presented for all nonfinancial assets.
- c. (33) Yes, information is presented, but it excludes some nonfinancial assets.
- d. (0) No, information related to nonfinancial assets is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Note 15 - Property, Plant and Equipment (pp.109-110) Provides 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/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** Investment Statements have extensive information and discussion of information about the Crown's balance sheet, including non-financial assets, but one has not been issued since 2014 (The Public Finance Act (1989) was require the Treasury to report to Parliament an Investment Statement at least every four years.) <http://www.treasury.govt.nz/government/investmentstatements> (<http://www.treasury.govt.nz/government/investmentstatements>)

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, estimates of all expenditure arrears are presented, along with a narrative discussion.
- b. (67) Yes, estimates of all expenditure arrears are presented, but a narrative discussion is not included.
- c. (33) Yes, estimates of some but not all expenditure arrears are presented.
- d. (0) No, estimates of expenditure arrears are not presented.
- e. Not applicable/other (please comment).

**Answer:** e.

**Sources:** N/A

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

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**42:** 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. (100) Yes, information beyond the core elements is presented for all contingent liabilities.
- b. (67) Yes, the core information is presented for all contingent liabilities.

- c. (33) Yes, information is presented, but it excludes some core elements or some contingent liabilities.
- d. (0) No, information related to contingent liabilities is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Chapter 4 of BEFU 2016 (pp.81-94) 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. As reported in the 2016 BEFU, the largest quantified contingent liabilities (nearly 90% of total quantified contingent liabilities reported) are to international financial organisations (e.g. IMF, ADB and World Bank) and mostly relate to uncalled capital and promissory notes. The remaining 10% of quantifiable contingent liabilities relate to guarantees and indemnities (about 3%) tax disputes and other legal proceedings (about 2%), along with a mix of other quantifiable contingent liabilities (about 5%). Reporting also includes a listing of specific unquantified contingent liabilities including indemnities, legal claims and proceedings and a small number of others. In addition to listing the items reported on the basis of criteria set out by the PFA, with an indication of whether each item is new, unchanged or changed since the previous budget year's documentation, a concise written explanation of the context or scenario is provided for each reported quantifiable or unquantifiable contingent liability or contingent asset. In addition to the reporting described above, the Forecast Financial Statements also include reporting on quantifiable contingent liabilities and contingent assets: Statement of Actual Contingent Liabilities and Assets BEFU 2016, p.103. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: In addition to the reporting described for contingent liabilities and assets, the PFA 1989 also requires disclosure of specific fiscal risks (positive and negative) related to policy decisions (or in some instances, external events) that are "reasonably probable" (i.e. assessed as having a greater than 50% probability of occurring) and that can be expected to have material impact on multi-year budget baselines (i.e. greater than \$100 million over a 5-year period). Note, the PFA 1989 does provide for a limited set of specific exclusions related to either national security or the substantive commercial/economic interests of the Crown which allows the Minister of Finance to withhold (full) reporting on a given risk.

**Peer Reviewer**

**Opinion:** Agree with Comments

**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 the materiality threshold.

**Government Reviewer**

**Opinion:** Agree

**43:** 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. (100) 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. (67) Yes, the core information is presented to assess the government's future liabilities and the sustainability of its finances over the longer term.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to future liabilities and the sustainability of finances over the longer term is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Forecast Statement of Financial Position in the BEFU 2016 (p.101) 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, along with the EQC for earthquake-related costs), civil service pension scheme (the Government Superannuation Fund) and other future liabilities are presented in notes to the financial statements. Note 17 (p.111) - NZ Superannuation Fund Note 19 (pp.112-113) - Insurance Liabilities (including ACC and EQC). Note 20 (p.114) - Retirement Plan Liabilities (including GSF) <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) In addition to the comprehensive coverage of financial liabilities over the multi-year/medium-term forecast period, the EBP also includes 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/2016/fsr> (<http://www.treasury.govt.nz/budget/2016/fsr>)

**Comments:** Researcher: 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. Note: Treasury also recently released the "He Tirohanga Mokopuna" (2016 Statement on the Long-Term Fiscal Position), the latest version of a legally mandated "statement" required to be produced every 4 year. This document provides and extensive consideration of actual and potential long-term fiscal liabilities and long-term fiscal sustainability. <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (<http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/he-tirohanga-mokopuna/tfs-16-htm.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**44:** 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. (100) Yes, estimates of all sources of donor assistance are presented, along with a narrative discussion.
- b. (67) Yes, estimates of all sources of donor assistance are presented, but a narrative discussion is not included.
- c. (33) Yes, estimates of some but not all sources of donor assistance are presented.
- d. (0) No, estimates of the sources of donor assistance are not presented.
- e. Not applicable/other (please comment).

**Answer:** e.

**Sources:** N/A

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

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**45:** 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. (100) Yes, information beyond the core elements is presented for all tax expenditures.
- b. (67) Yes, the core information is presented for all tax expenditures.
- c. (33) Yes, information is presented, but it excludes some core elements or some tax expenditures.
- d. (0) No, information related to tax expenditures is not presented.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** 2016 Tax Expenditure Statement <http://www.treasury.govt.nz/budget/2016/taxexpenditure>

(<http://www.treasury.govt.nz/budget/2016/taxexpenditure>) The 2016 Tax Expenditure Statement includes: 1. reasonably sound explanation of the purpose/policy rationale for listed items; 2. some explanation of intended beneficiaries as part of each item's description; and 3. estimates of the cost or revenue foregone for a "small sub-section" of selected tax expenditures, based on NZ Treasury's own assessment of its capacity to produce meaningful estimates with available data and a judgment about the likely materiality of such tax expenditures. In addition, related EBP documentation referenced in the Tax Expenditure Statement also provides relevant information for selected items that are, in fact, appropriated as social assistance to lower-income families and delivered through the tax system. While very similar in overall form to previous tax expenditure statements over the past 3-4 years (noting more substantive modifications made to earlier years' statements), Treasury notes the following changes in the 2016 statement as compared the 2015: - addition of several new income tax expenditures, - removal of one tax credit - an increase in the annual time-series data shown for quantified tax expenditures - a brief explanation (p.14) of Quantification Methods used for each quantified tax expenditure .  
<http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v5-reven.pdf>) (see p.180, p.188 and pp.205-210)

**Comments:** Researcher: As noted, social assistance to lower-income families delivered through the tax system is, in fact, appropriated and reported as government expenditure in vote-specific documentation for Vote Revenue in the Estimates for 2016 Budget (attached) The list tax expenditures covers the Income Tax Act of 2007, with Treasury having assessed that there are no qualifying/actual tax expenditures pertaining to the Goods and Services Tax Act of 1985. Treasury advises the following: - disclosure of a tax expenditure indicates that "a tax provision is significantly motivated by a non-revenue policy objective"; - disclosure indicates "the Government has forgone a quantifiable or unquantifiable amount of revenue to achieve this policy objective"; - disclosure, as a matter of financial reporting, "makes no statement about the desirability of the provision or the effectiveness of the policy"; and - "due to the lack of a tax benchmark, the list is not intended to be exhaustive". The assigned score/response of "c" may be TOO strict given the reasonable content of the Tax Expenditure Statement (see further NOTE below), but it reflects a relatively strict interpretation of OBS criteria and the following shortcomings: 1. the very small share of all tax expenditures identified for which quantitative estimates are provided; 2. the fact that the quantified estimates provided extend only to the ongoing budget year (BY-1); 3. the use of a methodology for identifying the scope/range of tax expenditures within New Zealand that is not as robust as "best practice" would require, in that it views any tax benefit available to ALL taxpayers is, by definition, not a tax expenditure, even if only a limited or particular segment of the full set of taxpayers actually utilises the benefit or is likely to do so (with no clear parameter for "where to draw the line" for the level/degree of uptake); and 4. the reliance on Treasury's own subjective judgment for deciding whether or not to attempt to formulate quantitative estimates a given tax expenditure based on a view that "the compliance and administration costs of collecting additional data exceed the value that data might provide", without specifying any clear objective criteria or empirical evidence regarding materiality or the expected compliance and administrative costs. Note: Relative to 2015 OBS response, the researcher's assessment is that information provided MIGHT warrant an "upgrade" from the "c" assigned for 2015 OBS to a "b" for the current 2017 OBS. This assessment is based on the fact that some information relevant to the three core elements set out by OBS criteria is provided (despite some obvious weaknesses) and the availability of some information "beyond the core elements", such as: (i) the explanation of methodology used for identifying tax expenditures and for quantifying individual items; (ii) the effort to provide a "typologies" to categorise different types of tax expenditures by "purpose" (i.e. social/business/other) and by "impact" (i.e. historic/permanent/timing); and (iii) references to relevant sections of tax code The assessment of NZ's Tax Expenditure Statement possibly warranting a higher score of "b" also partly reflects the researchers comparison against the

documentation and (higher) scores applied for some other OBS participating countries in which, in the view of the researcher, the actual scope of information and documentation was not of the same standard as NZ's statement.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I agree with the researcher's score of "c" but do not think it requires a particularly strict interpretation of the criteria to reach this score.

Further, basic explanations of methodology, category labelling, and references to code sections, while improvements on the information provided at the time of the last OBI review, do not address the underlying reasoning for a "c" score: Treasury has adopted a "narrow" approach to defining tax expenditures which means that it does not report core information on some of the potentially most significant features of the tax system which would be reported on in other countries, such as preferential regimes for certain investment vehicles and the lack of a broad-based capital gains tax.

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Peer Reviewer's comments about appropriateness of "c" response on basis of Treasury's "narrow" approach to defining what constitutes a tax expenditure is acknowledged.

**46: Does the Executive's Budget Proposal or any supporting budget documentation present estimates of earmarked revenues?**

- a. (100) Yes, estimates of all earmarked revenues are presented, along with a narrative discussion.
- b. (67) Yes, estimates of all earmarked revenues are presented, but a narrative discussion is not included.
- c. (33) Yes, estimates of some but not all earmarked revenues are presented.
- d. (0) No, estimates of earmarked revenues are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (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. The revenues are spent on the national roading network, with a relatively smaller share (about 10% of the annual total) used to pay for road policing activities in Vote Police. These revenues are identified individually and detailed information is provided in documentation for Vote Transport (p.196) in The Estimates.  
<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v1/est16-v1-trans.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**47: 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. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** a. (100)

**Sources:** EBP documentation provides relatively clear linkages between specific estimates (budget allocations, initiatives and appropriations) and the Government's broad policy priorities as set out in the Budget Policy Statement (BPS) issued at the initial stages of the annual budget preparation cycle in December, 6 months prior to the EBP's submission to Parliament in May. In particular, the Minister's speech on the date of the EBP's submission to Parliament ("tabling") highlights how, in the Government's view, how the budget as a whole and specific initiatives reflect the Government's policy priorities, in terms of broad objectives for "prudent" fiscal management and supporting economic development, as well as in specific sectoral or programmatic areas. <http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf> (<http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf>) <http://www.budget.govt.nz/budget/2016/speech/index.htm> (<http://www.budget.govt.nz/budget/2016/speech/index.htm>) Other EBP documentation providing additional linkages between the specific content of the budget and the Government's stated policy priorities (including the legally mandated demonstration of "prudent" fiscal management include: 1. Fiscal Strategy Report - document legally mandated by the PFA required to specifically demonstrate linkages between content of the budget and the earlier Budget Policy Statement <http://www.budget.govt.nz/budget/pdfs/fsr/b16-fsr.pdf> (<http://www.budget.govt.nz/budget/pdfs/fsr/b16-fsr.pdf>) <http://www.budget.govt.nz/budget/2016/fsr/index.htm> (<http://www.budget.govt.nz/budget/2016/fsr/index.htm>) 2. Summary of Initiatives in Budget 2016 (new addition to EBP documentation) <http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf> (<http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf>) <http://www.budget.govt.nz/budget/2016/summary-initiatives/in...> (<http://www.budget.govt.nz/budget/2016/summary-initiatives/index.htm>) 3. A package of media releases providing statements from

Government ministers highlighting how specific budget initiatives reflect the Government's attention and funding to support policy priorities new addition to EBP documentation) <http://www.budget.govt.nz/budget/2016/releases/index.htm> (http://www.budget.govt.nz/budget/2016/releases/index.htm) 4. Detailed content of the vote-specific Estimates documentation containing all the individual output/program-specific allocations/appropriations <http://www.treasury.govt.nz/budget/2016/estimates> (http://www.treasury.govt.nz/budget/2016/estimates)

**Comments:** Researcher: The EBP documentation cited above includes relevant information for both the budget year as well as over the full multi-year forecast horizon. Note: While there are still (always) opportunities for strengthening the presentation of how specific new and continuing spending program/policies relate to the Government's broad policy priorities, as set out in the Budget Policy Statement, the availability of data and narrative explanation contained in the EBP documentation cited above is considered to be sufficient to support the researcher's assigned response/score.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** The 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 by appropriation. Based on feedback from OBS staff for the prior OBI survey, and taking into account consistency of ratings between countries, the narrative provided is sufficient to warrant an "a".

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** The Peer Reviewer's comments about the ability to trace budget-policy linkages and about the quality of narrative being variable across specific appropriations is acknowledged.

**48:** 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. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** a. (100)

**Sources:** As explained for Q.47, EBP documentation provides relatively clear linkages between specific estimates (budget allocations, initiatives and appropriations) and the Government's broad policy priorities as set out in the Budget Policy Statement (BPS) issued at the initial stages of the annual budget preparation cycle in December, 6 months prior to the EBP's submission to Parliament in May. In particular, the Minister's speech on the date of the EBP's submission to Parliament ("tabling") highlights how, in the Government's view, how the budget as a whole and specific initiatives reflect the Government's policy priorities, in terms of broad objectives for "prudent" fiscal management and supporting economic development, as well as in specific sectoral or programmatic areas. <http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf> (http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf) <http://www.budget.govt.nz/budget/2016/speech/index.htm> (http://www.budget.govt.nz/budget/2016/speech/index.htm) Other EBP documentation providing additional linkages between the specific content of the budget and the Government's stated policy priorities (including the legally mandated demonstration of "prudent" fiscal management include: 1. Fiscal Strategy Report - document legally mandated by the PFA required to specifically demonstrate linkages between content of the budget and the earlier Budget Policy Statement <http://www.budget.govt.nz/budget/pdfs/fsr/b16-fsr.pdf> (http://www.budget.govt.nz/budget/pdfs/fsr/b16-fsr.pdf) <http://www.budget.govt.nz/budget/2016/fsr/index.htm> (http://www.budget.govt.nz/budget/2016/fsr/index.htm) 2. Summary of Initiatives in Budget 2016 (new addition to EBP documentation) <http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf> (http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf) <http://www.budget.govt.nz/budget/2016/summary-initiatives/in...> (http://www.budget.govt.nz/budget/2016/summary-initiatives/index.htm) 3. A package of media releases providing statements from Government ministers highlighting how specific budget initiatives reflect the Government's attention and funding to support policy priorities new addition to EBP documentation) <http://www.budget.govt.nz/budget/2016/releases/index.htm> (http://www.budget.govt.nz/budget/2016/releases/index.htm) 4. Detailed content of the vote-specific Estimates documentation containing all the individual output/program-specific allocations/appropriations <http://www.treasury.govt.nz/budget/2016/estimates> (http://www.treasury.govt.nz/budget/2016/estimates)

**Comments:** Researcher: The EBP documentation cited above include relevant information for both the budget year as well as over the full multi-year forecast horizon. Note: While there are still (always) opportunities for strengthening the presentation of how specific new and continuing spending program/policies relate to the Government's broad policy priorities, as set out in the Budget Policy Statement, the availability of data and narrative explanation contained in the EBP documentation cited above is considered to be sufficient to support the researcher's assigned response/score.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** The linkages between stated policy goals beyond the budget year 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 by appropriation. Based on feedback from OBS staff for the prior OBI survey, and taking into account consistency of ratings between countries, the narrative provided is sufficient to warrant an "a".

**Government Reviewer**

**Opinion:** Agree

**49: 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. (100) Yes, nonfinancial data on inputs to be acquired are provided for each program within all administrative units (or functions).
- b. (67) Yes, nonfinancial data on inputs to be acquired are presented for all administrative units (or functions) but not for all (or any) programs.
- c. (33) Yes, nonfinancial data on inputs to be acquired are presented for some programs and/or some administrative units (or functions).
- d. (0) No, nonfinancial data on inputs to be acquired are not presented.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** Budget Speech: References to specific to (selected) specific budget programs including how the proposed funding is expected to support the acquisition (or production) of relevant types of non-financial inputs (e.g. classrooms, additional staffing, medicines, housing units, etc.). <http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf>... (<http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf>) Summary of Budget Initiatives for 2016 Budget (Section 5 - Notes on Initiatives, pp.28-53) Section 5 provides information for specific outputs (programs), including budget and multi-year forecasts of appropriations for the relevant output/program, as well as a description of its objectives and expected activity. In some cases, the short descriptions of activities for these output/program-specific items include identification of how the funding is expected to support acquisition of certain inputs (e.g. staffing levels, scope of services, number of new classrooms or schools, purchases of medicines, etc.) Note: The output/program-specific information provided in Section 5 of the Summary of Initiatives also includes references to the vote-specific volumes of the Estimates documentation, which provide a fuller description of the funding, objectives and activities for each output. In some instances, the output-specific documentation in the Estimates will also include information about the quantity of some specific non-financial inputs to be funded by the proposed appropriation. Summary of Budget Initiatives document is new since the previous OBS round and it does offer some additional information about non-financial inputs being purchased/funded through specific (selected) appropriations. <http://www.treasury.govt.nz/budget/2016/summary-initiatives/>... (<http://www.treasury.govt.nz/budget/2016/summary-initiatives/b16-sum-initiatives.pdf>) <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Comments:** Researcher: Note: As commented on in previous OBS rounds, the fundamental framework for budgeting and reporting in New Zealand focuses on: (i) planning, financing and accountability for outputs; and (ii) 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 routine provision of detailed information or data "nonfinancial inputs" (e.g. number of teachers, quantities of various materials purchased or used, etc.) in budget documentation. 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**50: 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. (100) Yes, nonfinancial data on results are provided for each program within all administrative units (or functions).
- b. (67) Yes, nonfinancial data on results are presented for all administrative units (or functions) but not for all (or any) programs.
- c. (33) Yes, nonfinancial data on results are presented for some programs and/or some administrative units (or functions).
- d. (0) No, nonfinancial data on results are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Vote-specific volumes of The Estimates provide 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/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, performance targets are assigned to all nonfinancial data on results.
- b. (67) Yes, performance targets are assigned to most nonfinancial data on results.
- c. (33) Yes, performance targets are assigned to some nonfinancial data on results.
- d. (0) 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).

**Answer:** a. (100)

**Sources:** Vote-specific volumes of The Estimates provide 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/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**52: 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. (100) 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. (67) 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. (33) Yes, estimates of some but not all policies that are intended to benefit directly the country's most impoverished populations are presented.
- d. (0) 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).

**Answer:** a. (100)

**Sources:** EBP documentation includes information (both narrative and financial data - estimates/appropriations) for programs intended to assist specific groups within the general population who are recognised as "vulnerable", "at-risk", "disadvantaged" and/or having low-income. Relevant EBP documentation includes 4 types: 1. Minister's Budget Speech Providing information about specific budget "packages" or initiatives which, in the view of the Government, are targeting low-income, "disadvantaged", "vulnerable" and/or "at-risk" population groups, including not just "low-income, but also "at-risk" children and youth, ethnic groups with generally lower social/economic outcomes (e.g. Maori and Pacific Island population), students with special-needs/disabilities, etc. <http://www.treasury.govt.nz/budget/2016/speech/b16-speech.pdf> 2. Summary of Initiatives in Budget 2016 (new addition to EBP documentation) This new document provides a full listing of budget initiatives (new policies or changes to existing policies), with relatively full information about funding levels, including for those initiatives categorised as "social investments" targeting low-income, "disadvantaged", "vulnerable" and/or "at-risk" population groups. <http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf> <http://www.budget.govt.nz/budget/2016/summary-initiatives/index.htm> 3. A package of media releases providing statements from Government ministers highlighting how specific budget initiatives reflect the Government's attention and funding to support policy priorities new addition to EBP documentation) Another new component of EBP documentation is the presentation of a package of media releases, including those for budget initiatives view as "social investments" targeting low-income, "disadvantaged", "vulnerable" and/or "at-risk" population groups. These media releases from ministers include narrative discussion as well as highlighting spending levels. <http://www.budget.govt.nz/budget/2016/releases/r5-english-652-1m-social-investment-for-vulnerable-nzers.htm> <http://www.budget.govt.nz/budget/2016/releases/r25-tolley-34...> (<http://www.budget.govt.nz/budget/2016/releases/r25-tolley-347-8m-for-care-and-protection-of-young-people.htm>) <http://www.budget.govt.nz/budget/2016/releases/r26-tolley-11...> (<http://www.budget.govt.nz/budget/2016/releases/r26-tolley-111-5m-to-support-nzers-into-employment.htm>) <http://www.budget.govt.nz/budget/2016/releases/r27-tolley-fi...> (<http://www.budget.govt.nz/budget/2016/releases/r27-tolley-financial-help-boosted-for-low-income-earners.htm>) <http://www.budget.govt.nz/budget/2016/releases/r10-bennett-2...> (<http://www.budget.govt.nz/budget/2016/releases/r10-bennett-258m-to-boost-social-housing.htm>) <http://www.budget.govt.nz/budget/2016/releases/r20-bridges-3...> (<http://www.budget.govt.nz/budget/2016/releases/r20-bridges-36m-for-warmer-healthier-homes.htm>) <http://www.budget.govt.nz/budget/2016/releases/r19-bridges-9...> (<http://www.budget.govt.nz/budget/2016/releases/r19-bridges-96m-for-legal-aid-and-community-law-centres.htm>) <http://www.budget.govt.nz/budget/2016/releases/r23-parata-ex...> (<http://www.budget.govt.nz/budget/2016/releases/r23-parata-extra-support-for-most-at-risk-students.htm>) <http://www.budget.govt.nz/budget/2016/releases/r24-parata-ex...> (<http://www.budget.govt.nz/budget/2016/releases/r24-parata-extra-support-for-students-with-special-needs.htm>) <http://www.budget.govt.nz/budget/2016/releases/index.htm> (<http://www.budget.govt.nz/budget/2016/releases/index.htm>) also see: <https://www.beehive.govt.nz/feature/budget-2016> (<https://www.beehive.govt.nz/feature/budget-2016>) 4. Detailed content of the vote-specific Estimates documentation containing all the individual output/program-specific allocations/appropriations Finally, the full detailed descriptions and funding levels for all specific outputs/programs (both existing and new "budget initiatives"), including those targeting low-income, "vulnerable", "at-risk" and other "disadvantaged" population groups, individuals and households can be found in the vote-specific Estimates documentation for relevant votes (e.g. Social Development, Finance, Education, Health, Maori Development and Pacific Peoples). <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) 5. Funding targeting low-income and other "disadvantaged" individuals and population groups (for budget year and medium-term horizon) also available in the 2016 BEFU for all the main transfer/subsidies programs. Notes to the Forecast Financial Statements - Note 3, p.106 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Comments:** Researcher: As Budget Speech no longer cited as a component of the Citizens Budget, comments made in the speech (which is a component of EBP) related to programs/spending targeting most vulnerable segments of population can now be cited in response to this question. Note, the researcher's assessment for this question (relative to the 2015 OBS) has been raised from a "c" to a "a" on the basis of: 1. the addition of the Summary of Initiatives for Budget 2016; 2. the addition or (or at least, strengthening of presentation and increased ease of access ) for the package of media releases highlighting funding for specific programs targeting relevant population groups; 3. the inclusion of the Budget Speech, with its relevant narrative, as a component of the EBP (noting that in previous OBS rounds it had been treated as a component of the Citizens Budget); and

4. the fact that all detailed financial data (and some narrative) for all programs targeting relevant population groups, individuals and households is, in fact, available within the full scope of the vote-specific Estimates documentation, even if it is not separately compiled in one place.

#### Peer Reviewer

**Opinion:** Disagree

**Suggested answer:** c.

**Comments:** I agree with the researcher that the narrative information presented is relevant. However, OBI staff should consider the extent to which these factors matter for the choice between an "a" and a "b" rating, taking into account consistency with the rating of other countries: (1) The narrative information identified by the researcher relates primarily to new budget initiatives only, not existing policies. (2) The researcher has compiled these sets of information from various sources relying on both explicit statements by the Executive and the researcher's judgment as to whether a new initiative is intended to target impoverished populations. In some cases, the Executive's statements are very clear about this, particularly with respect to new initiatives. However there is no centralized compilation by the Executive of these estimates/narrative statements. (E.g. the media statements have been reviewed and identified from the set of all media statements released with the Executive's Budget.) Especially for existing policies that are not new budget initiatives, a citizen would need to review all Vote estimates themselves and rely on their own judgment about whether a policy is "intended" to benefit directly impoverished populations.

#### Government Reviewer

**Opinion:** Agree with Comments

**Comments:** Budget 2017 (announced on 25 May 2017) included a "social investment package" of 14 initiatives aimed at specific vulnerable populations with an objective to improve their long-term outcomes. Examples include, low-income children in early childhood education showing behavioural problems, intergenerational welfare dependents and those who are chronically homeless in specific regions. A factsheet was released to provide information on each of these initiatives, who they were targeting and the expected long-term benefits.

**Researcher response:** The comments by both Peer Reviewer and Govt Reviewer are acknowledged. With respect to the Peer Reviewer's disagreement with the assessment, the researcher acknowledges three key points: (1) there is no single consolidated table or listing of all programs - new and existing - intended to benefit the most impoverished or vulnerable/at-risk population groups; (2) that some subjective judgment is necessary and applied to identify what programs are intended to benefit the most impoverished or vulnerable/at-risk population groups; and (3) that the narrative discussion provided in relevant documentation is directed mostly toward new rather than existing programs. In response, the researcher holds that: (1) the assessment criteria do not necessarily require that the relevant information all be provided in a single table, though that would be best; (2) that even if such a table were to be produced, it would also necessarily require some "judgment" as to which programs should be included; and (3) that the narrative discussion in such sources as the Budget Speech, Summary of Initiatives and media releases do include some information about both new and existing programs, since some of the programs highlighted as "budget initiatives" reflect changes in the level of funding for what are existing programs. Ultimately, the assessment depends on whether to recognise the comprehensive coverage of all appropriations provided for in the Estimates, which if accepted as a reasonable source would at least qualify for a "b" response on the basis of estimates for all policies being presented. But the Estimates also include narrative discussion/explanation of each appropriation. So a second critical issue is whether at least an acceptably complete coverage of all such programs can be found on the basis of reasonably straightforward "judgment" of which subset of votes can be expected to include the relevant information about existing programs (e.g. vote finance, vote revenue, vote social development, vote health, vote education, vote maori development, etc.), noting that the narrative and estimates for new programs are already highlighted in the sources noted above - Budget Speech, Summary of Initiatives and media releases.

**IBP comment:** IBP agrees that, given the range of information cited, even though it is not contained in a single presentation, an "a" response is appropriate.

**53:** 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. (100) Yes, a detailed timetable is released to the public.
- b. (67) Yes, a timetable is released, but some details are excluded.
- c. (33) Yes, a timetable is released, but it lacks important details.
- d. (0) No, a timetable is not issued to the public.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** Treasury did not make publicly available on its website the detailed Budget Circular for 2016 Budget outlining to budget entities the deadlines for various submissions and stages of the budget preparation process. However, documents posted onto Treasury's Budget 2016 site do provide some information about the budget preparation process. There are two relevant documents cited in this response: 1. A very brief summary of the "Budget Process"; and 2. A quite detailed explanation of the budget preparation process, from strategic plans through to finalisation of the Estimate (referenced in the brief summary). While this document provides and excellent detailed description of the process, it is a guide produced quite some time ago by Treasury for public consumption and is not updated on an annual basis. The dates provided are not specific (referring to months when certain activities are undertaken) and those date/month references have not been updating to accurately reflect the timing of current budget processes (in particular, the release of the Budget Policy Statement conjointly with the Half-Year Economic and Fiscal Update in December). Overall, the information publicly available for Budget 2016 is assessed as warranting a "c" response.

**Comments:** Researcher: Treasury does produce a detailed budget preparation calendar, but its distribution/circulation is restricted/limited and for 2016 Budget it was not posted onto the Treasury website for public access. See following website for Treasury Circular releases after the budget was delivered to Parliament: <http://www.treasury.govt.nz/publications/guidance/circulars> (<http://www.treasury.govt.nz/publications/guidance/circulars>) Note the following items: 6 Apr 2016 - Treasury Circular 2016/03: Budget 2016: Updated Timetable (Restricted Distribution) Not available on website. 25 Feb 2016 - Treasury Circular 2016/02: 2016 Final Budget timetable (Restricted Distribution) Not available on website. NOTE: A query has been sent to Treasury to confirm the change from previous OBS rounds, noting the lack of a publicly available budget circular with calendar information. Still waiting for a response from Treasury.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Disagree

**Suggested answer:** b.

**Comments:** The Budget 2016 pro-active release on the Treasury website includes documents which provide insight into the overall budget process and key stages. These documents are released by the Treasury on their website following each Budget. The documents include the Budget Strategy paper agreed by Cabinet on 10 September 2015. This paper includes an indicative timetable outlining when budget initiatives are due from departments, when they will be assessed and when decisions will be made. <http://www.treasury.govt.nz/publications/informationreleases...> (<http://www.treasury.govt.nz/publications/informationreleases/budget/2016/key>) The detailed timetable for each individual part of the Budget process is provided to agencies to assist them in the submission of budget initiatives. This is similar to a technical guide and is not typically released to the public.

**Researcher response:** The Government Reviewer's comments are acknowledged about the "pro-active" release of materials, which does not happen until after the budget is tabled in Parliament. The "spirit" of the question is about providing the public with advance notice of the budget calendar such that "civil society is aware of the various steps in the budget formulation process, and when opportunities may exist to engage the executive". This is not facilitated by a "pro-active" release that comes after the budget is delivered to Parliament. The information should be made available at or before the start of the budget preparation phase.

**IBP comment:** IBP agrees with a "c" response.

**54:** 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. (100) Yes, information beyond the core elements is presented for the macroeconomic forecast.
- b. (67) Yes, the core information is presented for the macroeconomic forecast.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to the macroeconomic forecast is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Policy Statement - 2017 Budget (released in 8 December 2016) For estimate of nominal GDP over the multi-year forecast horizon: Table 1 - Comparison of the Treasury's growth forecasts between Half Year Update and Budget Update, p.2 For estimates of inflation and real GDP growth (and other economic indicators) over multi-year forecast horizon: Table 2 - Summary of the Treasury's economic forecasts, p.3 <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Also, refer to the Half-Year Economic and Fiscal Update for Budget 2016 (released on the same date conjointly with 2017 BPS) Table 1.1- Economic Forecasts, p.10 Time Series of Fiscal and Economic Indicators, pp.141-142 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: The Budget Policy Statement for Budget 2017 itself provides relatively extensive information and discussion of the economic context for preparation of the next year's budget, including forecasts of inflation, nominal and real GDP. In addition to these core elements, the 2017 BPS itself also includes data and narrative discussion about other major economic indicators such as employment growth and the unemployment rate, wage growth and the current account balance. While there is a brief comment in the 2017 BPS narrative discussion about interest rates being expected to remain low (p.2), there is no interest rate data presented in the BPS itself and is therefor missing one the core elements (i.e. interest rates) cited among OBS criteria for assessment. However, the BPS is published/released conjointly with and explicitly cites the full set of economic forecasts provided in the Budget 2016 Half-Year Economic and Fiscal Update (HYEFU), which does contain both historic and forecast data for both long-term and short-term interest rates (p.10 and p.142), along with a much wider range of economic indicators well beyond the core elements cited as OBS criteria. On the basis of the joint release of the 2017 BPS together with the HYEFU for 2016 Budget, with references in the 2017 BPS directing the reader to the full set of economic forecasts contained within HYEFU, and consistent with advice from IBP for the assessment of the same question in the 2015 OBS, the very extensive range of economic data series provided in the HYEFU is viewed as also supporting the scope of available information for the 2017 BPS.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**55:** 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. (100) Yes, information beyond the core elements is presented for the government's expenditure policies and priorities.
- b. (67) Yes, the core information is presented for the government's expenditure policies and priorities.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to the government's expenditure policies and priorities is not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Policy Statement - 2017 Budget (released in 8 December 2016) The 2017 BPS all of the core information related to the government's expenditure policies and priorities as well as some additional information beyond the core elements. For estimate of nominal GDP over the multi-year forecast horizon: Table 1 - Comparison of the Treasury's growth forecasts between Half Year Update and Budget Update, p.2 For estimate of total expenditure over the multi-year forecast horizon: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A2 - Short-term fiscal intentions, p.10 For additional information about expenditure policies and priorities: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A1 - Long-term fiscal objectives, p.9 Table A2 - Short-term fiscal intentions, p.10 <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Also, refer to the Half-Year Economic and Fiscal Update for Budget 2016 (released on the same date conjointly with 2017 BPS) Section/Chapter 2 - Fiscal Outlook (providing extensive range of data and narrative discussion for same set of fiscal forecasts used for/in the 2017 Budget Policy Statement), pp.27-52. Full set of fiscal forecasts, including tables showing: Economic classification - Forecast Statement of Financial Performance, p.96 Functional classification - Forecast Analysis of Expenses by Functional Classification, p.97 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: The Budget Policy Statement for Budget 2017 includes both of the two core elements cited as criteria for the OBS (noting that the estimate of total expenditure is presented in Table A2 as a percentage of GDP, but can be derived as a nominal amount from GDP data also presented in the BPS), as well as significantly more relevant data and narrative discussion. The available fiscal data is greatly increased when that available in the 2017 BPS itself is complemented by the more extensive fiscal forecast data provided in the conjointly released HYEUFU for Budget 2016. The 2017 BPS includes: 1. A summary statement of the Government's "fiscal strategy" p.5 2. A summary statement of the Government's broad "budget priorities", pp.6-8 3. A presentation (as required by the PFA 1989) of the how the Government's short-term fiscal intentions and long term fiscal objectives are "consistent with each other and with the principles of responsible fiscal management as set out in the Public Finance Act 1989".

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**56:** 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. (100) Yes, information beyond the core elements is presented for the government's revenue policies and priorities.
- b. (67) Yes, the core information is presented for the government's revenue policies and priorities.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to the government's revenue policies and priorities is not presented.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** Budget Policy Statement - 2017 Budget (released in 8 December 2016) For estimate of nominal GDP over the multi-year forecast horizon: Table 1 - Comparison of the Treasury's growth forecasts between Half Year Update and Budget Update, p.2 For estimate of total revenue over the multi-year forecast horizon: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A2 - Short-term fiscal intentions, p.10 For additional information about revenue policies and priorities: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A1 - Long-term fiscal objectives, p.9 Table A2 - Short-term fiscal intentions, p.10 <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Also, refer to the Half-Year Economic and Fiscal Update for Budget 2016 (released on the same date conjointly with 2017 BPS) Section/Chapter 2 - Fiscal Outlook (providing extensive range of data and narrative discussion for same set of fiscal forecasts used for/in the 2017 Budget Policy Statement), pp.27-52. Full set of fiscal forecasts, including tables showing: Forecast Statement of Financial Performance, p.96 (showing revenue data by broad categories) Notes to the Forecast Financial Statements (Notes 1 and 2), pp.109-111 (showing revenue data by detailed categories) <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: The discussion of revenue-related policies and figures in the Budget Policy Statement for Budget 2017 (as is traditionally the case in the annual BPS documents) much less detailed than is the discussion of expenditure-related policies and figures. Nonetheless, there is some information for both of the two core elements cited as criteria for the OBS. As in the case of the estimate for total expenditure, the estimate of total revenue is presented in Table A2 as a percentage of GDP, but the nominal amount can be derived from GDP data also presented in the BPS itself. Again, the narrative discussion of revenue policies and priorities presented within the BPS itself is much more limited than the scope/content of discussion about expenditure policies and priorities. Still, the BPS (as legally mandated) does provide a broad statement of both the Government's long-term objectives and short-term intentions with respect to revenue policies. With respect to revenue policies, consistent with the legally mandated "principles of responsible fiscal management", the 2017 BPS indicates that: 1. the Government's long-term objective is to ensure that operating revenues are sufficient to meet the demands of total operating expenses; and 2. the Government's short-term intention is "to support fiscal surpluses by growing revenue in dollar terms, although maintaining it at broadly the same proportion of GDP." The main narrative discussion in the BPS also includes the following comments about revenue policies: 1. begin reducing income taxes subject to economic and fiscal conditions allowing for that without threatening its objectives for achieving and maintaining a surplus operating balance and reducing total net debt to 20% of GDP 2. use "any further fiscal headroom" arising as a result of "positive revenue surprises" to accelerate the reduction in net debt to the target of 20% of GDP 3. as deemed "affordable" in light of "economic conditions", the Government will seek to "lower income taxes, with a focus on helping lower and middle income earners obtain a greater return from their own hard work." The 2017 BPS also refers to the conjointly released HYEUFU, which provides the full economic and fiscal forecasts underlying the BPS figures and narrative, in indicating that there is not currently any "explicit provision for tax reductions", while also saying that "the Government will continue to consider options for lowering tax rates or thresholds - either in Budget 2017 or after - as the fiscal situation continues to improve." Based on the same argument applied in preceding OBS questions, whereby the full set of economic and fiscal forecasts contained within the conjointly produced/released HYEUFU that is repeatedly referenced in the 2017 BPS can be considered as a supplement to the content of the BPS itself, then it can be said that the scope of revenue-related data provided (and, to some extent, the narrative discussion of those revenue trends and forecasts) is well beyond the core element required by the OBS. In addition to the very detailed breakdown of revenue data provided in the HYEUFU forecasts, there is also reasonably extensive discussion of both the observed trends (pp.31-32 and pp.49-50), as well as "risks" around the underlying assumptions and alternative scenarios for forecasts (pp.65-67).

**Peer Reviewer****Opinion:** Disagree**Suggested answer:** b.

**Comments:** I agree with the researcher's description of the information included in the BPS and the HYEUFU, but, this is very similar in nature to that included in the 2014 BPS and 2013 HYEUFU reviewed for the last OBI, and which received a score of "b." The criteria have not changed. In my view, the narrative discussion of revenue information in particular is quite limited and may not satisfy the core information requirement.

**Government Reviewer****Opinion:** Agree

**Researcher response:** Acknowledging the Peer Reviewer's comments and upon further consideration leading to a decision not to base the assessment on the more extensive information about revenues provided in the conjointly produced and directly referenced HYEUFU (MYR), the assessment has been revised from an "a" to a "b"

**57:** 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. (100) Yes, all three estimates related to government borrowing and debt are presented.
- b. (67) Yes, two of the three estimates related to government borrowing and debt are presented.
- c. (33) Yes, one of the three estimates related to government borrowing and debt are presented.
- d. (0) No, none of the three estimates related to government borrowing and debt are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Policy Statement - 2017 Budget (released in 8 December 2016) For estimate of net debt over the multi-year forecast horizon: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A2 – Short-term fiscal intentions, p.10 For additional information about revenue policies and priorities: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A1 - Long-term fiscal objectives, p.9 Table A2 – Short-term fiscal intentions, p.10 [Note: For estimate of nominal GDP over the multi-year forecast horizon: Table 1 - Comparison of the Treasury's growth forecasts between Half Year Update and Budget Update, p.2] <http://www.treasury.govt.nz/budget/2017/bps> (<http://www.treasury.govt.nz/budget/2017/bps>) Also, refer to the Half-Year Economic and Fiscal Update for Budget 2016 (released on the same date conjointly with 2017 BPS) Section/Chapter 2 - Fiscal Outlook (providing extensive range of data and narrative discussion for same set of fiscal forecasts used for/in the 2017 Budget Policy Statement), pp.27-52. For the amount of net new borrowing (presented annually) over the medium-term forecast horizon, see: - Forecast Statement of Borrowings, p.107 - Notes to the Forecast Financial Statements (Note 23), p.121 For the total amount of outstanding debt (presented annually) over the medium-term forecast horizon, see: - Forecast Statement of Borrowings, p.107 For the amount of interest payments (presented annually) over the medium-term forecast horizon, see: - Forecast Statement of Financial Performance, p.101 - Forecast Analysis of Expenses by Functional Classification, p.102 - Notes to the Forecast Financial Statements (Note 7), p.112 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: The Budget Policy Statement for Budget 2017 itself provides data for only the amount of total net debt. The particular attention to debt levels, in part, reflects the specific legal mandate established by the PFA 1989 to demonstrate how the Government's budget policies support responsible fiscal management, specifically including maintaining a "prudent" level of debt. However, in conjunction with the full set of HYEUFU economic and fiscal forecasts released on the same day together with the BPS, data for all three core elements cited as criteria for the OBS are available. While is relatively little information or commentary in the BPS specifically about "net new borrowing", there is much more about the operating balance, with statements indicating the intention/expectation of achieving annual operating surpluses within the forecast horizon and using at least part of that surplus to reduce total (net) debt, thereby implying negative net new borrowing in some years. Finally, note that the amount of net new borrowing is derived from the line/amount for "Residual cash deficit/(surplus) funding or investing" as shown in Note 23 of the Notes to the Forecast Financial Statements, p.121 of the HYEUFU.

**Peer Reviewer****Opinion:** Agree**Government Reviewer****Opinion:** Agree

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

- a. (100) Yes, multi-year expenditure estimates are presented.
- b. (0) No, multi-year expenditure estimates are not presented.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Budget Policy Statement - 2017 Budget (released in 8 December 2016) For estimate of nominal GDP over the multi-year forecast horizon: Table 1 - Comparison of the Treasury's growth forecasts between Half Year Update and Budget Update, p.2 For estimate of expenditures over the multi-year forecast horizon: Annex - Long-term Fiscal Objectives and Short-term Fiscal Intentions Table A2 – Short-term fiscal intentions, p.10 The BPS also provides data for both operating allowances (Figure 4) and capital spending allowances (Table 4) over the forecast horizon. These allowances are essentially unallocated funding viewed as being available to accommodate additional appropriations within the Government's overall fiscal forecasts for operating balance (surplus/deficit) and debt-related targets. <http://www.treasury.govt.nz/budget/2017/bps>

(<http://www.treasury.govt.nz/budget/2017/bps>) Also, refer to the Half-Year Economic and Fiscal Update for Budget 2016 (released on the same date jointly with 2017 BPS) Section/Chapter 2 - Fiscal Outlook (providing extensive range of data and narrative discussion for same set of fiscal forecasts used for/in the 2017 Budget Policy Statement), pp.27-52. Full set of fiscal forecasts, including tables showing: Economic classification - Forecast Statement of Financial Performance, p.96 Functional classification - Forecast Analysis of Expenses by Functional Classification, p.97 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: The Budget Policy Statement for Budget 2017 includes the core element cited as criteria for the OBS, noting that the estimate of total expenditure is presented in Table A2 as a percentage of GDP, but can be derived as a nominal amount from GDP data also presented in the BPS. The available expenditure data is greatly increased when that available in the 2017 BPS itself is complemented by the more extensive expenditure data provided in the conjointly released HYEPU for Budget 2016.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, the Enacted Budget presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, the Enacted Budget presents expenditure estimates by two of the three expenditure classifications.
- c. (33) Yes, the Enacted Budget presents expenditure estimates by only one of the three expenditure classifications.
- d. (0) No, the Enacted Budget does not present expenditure estimates by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Formally, the "Enacted Budget" is the Appropriation (2016/17 Estimates) Act 2016. The Appropriations Act 2016 references the vote-specific volumes of "The Estimates of Appropriations 2016/17" for additional information for each appropriation. <http://www.legislation.govt.nz/act/public/2016/0037/9.0/whole...>

(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/whole.html#DLM6851530>) In light of the fact that Parliament makes no changes to the EBP and the fact that the Appropriations Act itself references the content of the Estimates documentation, the content of the 10 sector-based volumes comprising the Estimates of Appropriations (together with the Summary Tables) can be cited as a source in responding to all questions relating to the "Enacted Budget". <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) Inclusion of the Estimates documentation as an element of supporting information for the "Enacted Budget" provides a source of expenditure estimates for 2 of the 3 expenditure classifications: Administrative classification: Summary Tables for the Estimates of Appropriations 2016/17 June 2017, pp.2-11 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) Functional classification: Column J of the Estimates data file labelled as "Expenditure Data - Estimates of Appropriations 2016/17" also provides the data for functional classification for each appropriation. A data sort on Column J, together with simple summations for each type functional classification, produces a table for functional classification. Estimates data file\_2016-17\_Expenditures.xls (attached) <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>)

**Comments:** Researcher: Note: While not assessed as part of the EB documentation, information for expenditures using both functional and economic classifications is also readily available in the Budget Economic and Fiscal Update (BEFU), which is part of the EBP documentation. The tables in BEFU reflect the same expenditure data as that provided in EB documentation. Specifically, the data for can be found in the BEFU in the following locations: Functional classification: "Forecast Analysis of Expenses by Functional Classification for the years ending 30 June" (BEFU 2016, p.97) and "Core Crown Expense Tables" (BEFU 2016, pp. 125-129) Economic classification: "Forecast Statement of Financial Performance" (BEFU 2016, p.96) and "Notes to the Forecast Financial Statements" (notes 3-9 - BEFU 2016, pp.106-107) Budget Economic and Fiscal Update 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) It is also worth noting that some elements of a standard economic classification are also available in "the Estimates". However other elements of a complete input-based standard economic classification are missing, due to the fact that New Zealand appropriations are output-based and not input-based. "Output classes" used in NZ budgeting corresponding directly to categories of a standard input-based economic classification include: "Benefits or Related Expenses" in the NZ system corresponds to "Social Benefits" in the standard economic classification; "Borrowing Expenses" in the NZ system corresponds to "Interest Payments" in the standard economic classification; and "Capital Expenditure" in the NZ system corresponds to "Capital" in the standard economic classification. The components of an input-based standard economic classification that are missing in New Zealand's output-based budgeting system of appropriations are: "Compensation of Employees" (wages, salaries and other personnel expenses); "Purchases of Goods and Services"; and "Subsidies" to public and private corporations (of which the researcher believes there are none in New Zealand)

**Peer Reviewer**

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** The researcher's rating has changed since the last OBI survey, while the standard of information provided and criteria have not. The reason is that the researcher correctly notes that the economic classification information provided in the BEFU and Estimates of Appropriations do not contain complete input-based information according to standard international standards, due to the fact that New Zealand appropriations are output-based and not input-based. This is important to note. However it is arguable that an "a" might nevertheless be appropriate given the substantial output-based economic classification information most relevant to New Zealand's output-based framework are provided. OBI staff should ensure that New Zealand's output-based framework is taken into account consistently in this question and others (such as whether the EBP presents non-financial data on inputs) where the output-based framework means that certain standard input-based information is missing.

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** The Peer Reviewer's comments are acknowledged.

**IBP comment:** For cross-country consistency, IBP accepts an "a" (rather than "b"). The reference in the appropriations bill to the Estimates of Appropriations is sufficient to allow information from all of the core budget documents tabled on 26 May 2016 to be used for purposes of this question, given that these documents were released as a package.

## 60: Does the Enacted Budget present expenditure estimates for individual programs?

- a. (100) Yes, the Enacted Budget presents estimates for programs accounting for all expenditures.
- b. (67) Yes, the Enacted Budget presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
- c. (33) Yes, the Enacted Budget presents estimates for programs accounting for less than two-thirds of expenditures.
- d. (0) No, the Enacted Budget does not present expenditure estimates by program.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Appropriation Act 2016 approved by Parliament provides information on appropriations for each vote on an output level which is effectively (for purpose of OBS) equivalent to providing expenditures on a program basis.

<http://www.legislation.govt.nz/act/public/2016/0037/9.0/whole...>

(<http://www.legislation.govt.nz/act/public/2016/0037/9.0/whole.html#DLM6851530>) In addition, the Appropriation Act specifically refers to corresponding vote-specific volumes of the Estimates documentation, which also provide a more fully detailed/developed presentation of all expenditures on an output (program) level. <http://www.treasury.govt.nz/budget/2016/summarytables/estima...>

(<http://www.treasury.govt.nz/budget/2016/summarytables/estimates>) Note: The machine-readable data at program-level expenditure is also available: <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>)

### Peer Reviewer

**Opinion:** Agree

### Government Reviewer

**Opinion:** Agree

## 61: Does the Enacted Budget present revenue estimates by category (such as tax and non-tax)?

- a. (100) Yes, the Enacted Budget presents revenue estimates by category.
- b. (0) No, the Enacted Budget does not present revenue estimates by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Appropriations Act focuses entirely on expenses. Revenues are not appropriated by Parliament. Factoring in the additional sources of information, the full Estimates documentation to which the Appropriations Act itself refers do include information about all revenues (receipts) across all votes (and the ministries, departments or other entities collectively associated with each vote). The revenue (receipts) information can be found within each of the vote-specific documents that together comprise the Estimates, most easily located in Section 1.2 of each vote-specific document showing "Trends in the Vote - Summary of Financial Activity" <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) Alternatively, the amounts of revenue (receipts) for each vote can also be found in the separate document providing Summary Tables for the Estimates (p. 2 or pp.14-15):

<http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates/b16-sumtab-estimates.pdf>)

Finally, the machine-readable data for revenues across all ministries/departments is also available, allowing for relatively efficient access to and utilisation/summation of data across administrative units: <http://www.treasury.govt.nz/budget/2016/data>

(<http://www.treasury.govt.nz/budget/2016/data>) File attached below: "Estimates data file\_2016-17\_Revenues"

**Comments:** Researcher: Note: While not assessed as part of the EB documentation, information for categories of revenue is also readily available in the Budget Economic and Fiscal Update (BEFU), which is part of the EBP documentation. The tables in BEFU reflect the same revenue data as that provided in EB documentation. Specifically, the data for categories of revenue can be found in the BEFU in the following locations: See "Forecast Financial Statements" in the BEFU 2016, p.96. <http://www.treasury.govt.nz/budget/forecasts/befu2016>

(<http://www.treasury.govt.nz/budget/forecasts/befu2016>) See "Notes to the Forecast Financial Statements" (Note 1) in the BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

### Peer Reviewer

**Opinion:** Agree

### Government Reviewer

**Opinion:** Agree

## 62: Does the Enacted Budget present individual sources of revenue?

- a. (100) Yes, the Enacted Budget presents individual sources of revenue accounting for all revenue.
- b. (67) Yes, the Enacted Budget presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.

- c. (33) Yes, the Enacted Budget presents individual sources of revenue accounting for less than two-thirds of all revenues.
- d. (0) No, the Enacted Budget does not present individual sources of revenue.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Appropriations Act focuses entirely on expenses. Revenues are not appropriated by Parliament. Factoring in the additional sources of information, the full Estimates documentation to which the Appropriations Act itself refers do include information about all individual sources of revenue (receipts) across all votes (and the ministries, departments or other entities collectively associated with each vote). The revenue (receipts) information can be found within each of the vote-specific documents that together comprise the Estimates. The summary table for each vote located in Section 1.2 of each vote-specific document showing "Trends in the Vote - Summary of Financial Activity" only provides data for three relatively broad categories: (i) tax revenue; (ii) non-tax revenue; and (iii) capital receipts. However, within each of the full vote-specific documents will be the more detailed information regarding the individual sources. <http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) Alternatively, revenue data according to more detailed categories than those found in the Estimates summary tables can also be found in the machine-readable data for revenues across all ministries/departments that is available on Treasury website. This file includes all detailed categories of individual revenues across all administrative units and provides relatively efficient opportunities to view the data across alternative breakdowns (by detailed type of revenue, by category of revenue, by vote or by ministry/department. <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>) File attached below: "Estimates data file\_2016-17\_Revenues

**Comments:** Researcher: Note: While not assessed as part of the EB documentation, information for revenue from individual sources is also readily available in the Budget Economic and Fiscal Update (BEFU), which is part of the EBP documentation. The tables in BEFU reflect the same revenue data as that provided in EB documentation. Specifically, the data for revenue from individual sources can be found in the BEFU in the following locations: See "Forecast Financial Statements" in the BEFU 2016, p.96. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) See "Notes to the Forecast Financial Statements" (Note 1) in the BEFU 2016, pp.104-105. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**63:** 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. (100) Yes, all three estimates related to government borrowing and debt are presented.
- b. (67) Yes, two of the three estimates related to government borrowing and debt are presented.
- c. (33) Yes, one of the three estimates related to government borrowing and debt are presented.
- d. (0) No, none of the three estimates related to government borrowing and debt are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Recognising the Estimates as admissible supporting documentation for the EB (given the direct references made within the Appropriation Act to the 10-volume set of Estimates, data for 1 of the 3 core elements - Interest Payments (referred to as "Borrowing Expenses") - is presented in several locations: Vote Finance documentation (2 locations) Table 1.2 - Trends in the Vote - Summary of Financial Activity, p.34 Section 3.3 - Non-Departmental Borrowing Expenses - Debt Servicing PLA (M31), pp.55-56 <http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v...> (<http://www.treasury.govt.nz/budget/2016/estimates/v5/est16-v5-finan.pdf>) Summary Tables for the Estimates of Appropriations 2016/17 <http://www.treasury.govt.nz/budget/2016/summarytables/estima...> (<http://www.treasury.govt.nz/budget/2016/summarytables/estimates/b16-sumtab-estimates.pdf>) The machine-readable data at program-level for expenditures as "Borrowing Expenses" by Treasury within Vote Finance: <http://www.treasury.govt.nz/budget/2016/data> (<http://www.treasury.govt.nz/budget/2016/data>)

**Comments:** Researcher: While not assessed as part of the EB documentation, information for the other two core elements identified for this question (net new borrowing and total debt outstanding) is also readily available in the Budget Economic and Fiscal Update (BEFU), which is part of the EBP documentation. Specifically, the data for these other two core elements (based on the same levels of expenditures and revenues as detailed in the Estimates of Appropriations) can be found in the BEFU in the following locations: 1. New borrowing: The net borrowing requirement for the budget is reported in Note 23 of Notes to the Forecast Financial Statements in BEFU 2016 (p.116) and is determined by the reconciliation of Net Core Crown Operating Cash Flows to Residual Core Crown Cash ("Debt Program Cash Flows") on page 116 of the BEFU 2016 <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) 2. Total debt: The total (net and gross) debt as at the end of the budget year (30 June 2017) is shown in the Forecast Statement of Borrowings in the BEFU 2016, p.102. <http://www.treasury.govt.nz/budget/forecasts/befu2016> (<http://www.treasury.govt.nz/budget/forecasts/befu2016>) Note also that the Appropriation Act itself has 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. 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)." <http://www.treasury.govt.nz/publications/guidance/publicfina...> (<http://www.treasury.govt.nz/publications/guidance/publicfinance/pfaguide/guide-pfa.pdf>)

**Peer Reviewer**

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** OBI staff advice for the prior OBS indicated that the information provided in the BEFU and Estimates of Appropriations detail should be included when answering this question.

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** In New Zealand, as we operate under the Westminster system, there is unlikely to be a difference between the enacted Budget and the Executive Budget as the failure of an Executive to have its Budget enacted would represent a loss of confidence of the Parliament in the Government. The information specified is provided with the Executive Budget.

**IBP comment:** For cross-country consistency, IBP accepts an "a" (rather than "c"). The reference in the appropriations bill to the Estimates of Appropriations is sufficient to allow information from all of the core budget documents tabled on 26 May 2016 to be used for purposes of this question, given that these documents were released as a package.

**64:** 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. (100) The Citizens Budget provides information beyond the core elements.
- b. (67) The Citizens Budget provides the core information.
- c. (33) The Citizens Budget provides information, but it excludes some core elements.
- d. (0) The Citizens Budget is not published.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Three separate documents comprising the Citizens Budget Documentation for EBP (and EB): 1. "Budget at a Glance 2016" <http://www.treasury.govt.nz/budget/2016/at-a-glance> (http://www.treasury.govt.nz/budget/2016/at-a-glance) 2. "Economic and Fiscal Forecasts Dashboard - Budget Economic and Fiscal Update 2016" <http://www.treasury.govt.nz/budget/forecasts/dashboard/befu1...> (http://www.treasury.govt.nz/budget/forecasts/dashboard/befu16) 3. "Budget 2016: Overview" <https://www.beehive.govt.nz/release/budget-2016-overview> The content of the 3 documents cited for EBP (and EB) Citizens Budget documentation provides all the core elements cited as criteria for 2017 OBS. In addition, the documents provide a much broader array of data and explanation of: - Macroeconomic indicators (nominal and real GDP, output gap, investment, housing market prices, inflation, employment/unemployment, wages and salaries, current account, terms of trade, short and long-term interest rates, etc.) - Fiscal data (categories of expenditures and revenues, operating balance, cyclically-adjusted balance, fiscal impulse, debt, assets and liabilities, etc.) - Highlighting of specific budget initiatives - Statement of the Government's fiscal policy priorities

**Comments:** Researcher: Note: Despite the comprehensive availability of information, there is still a clear opportunity for the Government to both present comparable content to that provided in the three separate CB documents in a SINGLE consolidated Citizens Budget document that is more specifically geared toward communicating to the general public using a simpler narrative and presentation format.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives 2016" is another document published in Budget 2016 which provides accessible information on new initiatives agreed through Budget 2016 by area of expenditure and by Vote. For each initiative, it also includes a brief explanation on what the funding will be used for and the expected outcomes. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (http://www.treasury.govt.nz/budget/2016/summary-initiatives)

**Researcher response:** Note that one of the three documents originally cited as an element of Citizens Budget documentation - the "Dashboard" - has been removed on the basis that IBP has reassessed its acceptability as a Citizens Budget document, judging it to not be sufficiently accessible to the general public in its presentation.

**IBP comment:** IBP notes that it does not consider the "dashboard" to be a Citizens Budget. Nor does it consider the "Summary of Initiatives" to qualify.

**65:** How is the Citizens Budget disseminated to the public?

- a. (100) 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. (67) 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. (33) A Citizens Budget is disseminated only by using one means of dissemination.
- d. (0) A Citizens Budget is not published.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** The 2 separate documents cited as comprising the "Citizens Budget" are posted to internet and print copies also produced and disseminated. 1. "Budget at a Glance 2016" 2. "Budget 2016: Overview" In addition, media coverage of the annual budget will include widespread reporting on radio, TV and in newspapers, with both of the two documents cited above likely as being used by the media for its reporting.

**Comments:** Researcher: Note: With the NZ context, the "Citizens Budget" not being a single purpose-specific document, but rather a set of items that together are assessed as meeting the basic requirements for a Citizens Budget, it is a bit challenging to determine the best/most accurate response for this question. It is certain that the material constituting the "Citizens Budget" is made available both on internet sites and disseminated in print copy. It is also clear that media reports about the budget do rely on the items cited as elements of the Citizens Budget. The researcher's initial response to this question was given as an "a" on the basis of the media's use of Citizens Budget documents for its reporting constituting a form of dissemination. However, that assessment has been revised on the basis of advice from IBP.

#### Peer Reviewer

**Opinion:** Disagree

**Suggested answer:** b.

**Comments:** The researcher cites only two modes of dissemination: print and internet posting. The criteria are clear that this is sufficient for a "b" only: "paper versions and an Internet posting of a document might not be sufficient"; "Dissemination would also be pursued at the very local level," (no evidence is presented for local efforts); "Option 'b' applies if significant dissemination efforts are made through a combination of two means of communications, for instance, both posting the Citizens Budget on the executive's official website and distributing printed copies of it". Use and citation by media is not a dissemination method, but one type of evidence of effective dissemination by one or more methods. Also note that the documents constituting the "citizen's budget," particularly the "Budget at a Glance," do not appear to have been posted on the New Zealand Treasury's social media platforms, @nztreasury and <https://www.facebook.com/nztreasury/> (<https://www.facebook.com/nztreasury/>).

#### Government Reviewer

**Opinion:** Agree with Comments

**Comments:** The "Summary of Initiatives 2016" is another document published in Budget 2016 which provides accessible information on new initiatives agreed through Budget 2016 by area of expenditure and by Vote. For each initiative, it also includes a brief explanation on what the funding will be used for and the expected outcomes. <http://www.treasury.govt.nz/budget/2016/summary-initiatives> (<http://www.treasury.govt.nz/budget/2016/summary-initiatives>) A new Budget 2016 website was developed which provides all budget information in one place. This is in addition to the Treasury website. <https://www.budget.govt.nz/> (<https://www.budget.govt.nz/>)

**Researcher response:** Both the Peer Reviewer's and Government's Reviewer's comments are acknowledged. With respect to the Govt Reviewer's comments, the "Summary of Initiatives" document does not really offer the presentation of information in a form that is accepted as a Citizens Budget document. With respect to the Peer Reviewer's comments about the media's direct use of Citizen's Budget documentation (including direct citations and reproduction) not constituting a 3rd form of dissemination, the researcher does not agree with that view, but on the advice of IBP, the assessment has been revised to a "b". Finally, note that the "Dashboard" document has been removed from the set of documents identified as collectively comprising the Citizens Budget documentation on the advice of IBP, again with reference to previous Peer Reviewer comment about the accessibility of information presented in that document to the general public.

**IBP comment:** IBP agrees with changing the assessment from an "a" to a "b," as the question is intended to capture only actions by the executive to disseminate the Citizen's Budget.

### 66: Has the executive established mechanisms to identify the public's requirements for budget information prior to publishing the Citizens Budget?

- a. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** b. (67)

**Sources:** The strongest direct evidence of consultation by the executive (in particular, by Treasury as the executive agency currently responsible for producing the Citizens Budget) are the relatively recent and still formative Open Government Partnership processes developing over the past few years, mainly around formulation of the first two National Action Plans (NAPs) and in some concrete steps taken as part of the NZ's first OGP NAP covering 2014-16. While still in a formative stage, OGP processes are having an impact as: (i) a mechanism for focusing the Government's attention on the need to provide more robust forms of public engagement in budget processes; (ii) a process for establishing a set of concrete indicators to guide and monitor the Government's actions to strengthen public participation/engagement, with specific agencies being assigned responsibility for completing specific tasks and achieving specific objectives. This OGP process, including input received from OGP stakeholders and the general public, has clearly been at least partly responsible for recent innovations significantly improving the content of the cited Citizens Budget documentation (as compared to the 2015 OBS round), as well as the development of both the new "Budget" website and the useful new set of "infographics" tools/products accessible through that website. Two specific references to OGP documentation and activities are of particular relevance to this question: 1. Open Government Partnership - New Zealand Action Plan 2014 - 2016 The OGP National Action Plan 2014-16 included as one of its four "key initiatives" and "commitments", responding to recommendations contained in the comprehensive 2013 Transparency International NZ (TINZ) National Integrity Systems report, which itself included specific recommendations related to "Fiscal Transparency and Accountability" under the more general heading of "Recommendation 4" in the NIS Report produced by TINZ. With previous OBS rounds helping to inform the TINZ NIS Report recommendations in this area, the improving the quality of the Citizens Budget documentation was one of the specific recommendations. On the basis of that recommendation, together with further advice and engagement following release of the 2015 OBS, Treasury was charged (by the State Service Commission as the lead agency for managing OGP work) with reviewing its Citizens Budget documentation. The Government's report (as part of the OGP process over the past two years) detailing how it is responding to specific NIS Report recommendations indicates that Treasury had taken steps to revise and improve the quality of its Citizens Budget documentation (see p.10 of "Response to National Integrity Systems Report on New Zealand by Transparency International" cited below), with changes in part reflecting consultative processes with civil society. Indeed, some significant improvements are evident in the Citizens Budget documentation for the 2016 Budget, though it remains the case that there are still clear opportunities for further improvement. Open Government Partnership - New Zealand Action Plan 2014 - 2016 <http://www.ssc.govt.nz/sites/all/files/nz-ogp-action-plan-jul2014.pdf> ("New

Zealand's OGP Action Plan Commitments 2014 – 2016" <http://www.ssc.govt.nz/node/9658> (<http://www.ssc.govt.nz/node/9658>) Response to National Integrity Systems Report on New Zealand by Transparency International <https://www.ssc.govt.nz/sites/all/files/Response%20to%20National%20Integrity%20Systems%20Report%20on%20New%20Zealand%20by%20Transparenc>... (<https://www.ssc.govt.nz/sites/all/files/Response%20to%20National%20Integrity%20Systems%20Report%20on%20New%20Zealand%20by%20Transparenc>)

2. Open Government Partnership - New Zealand Action Plan 2016 – 2018 The recently released new OGP National Action Plan (Oct.2016) has "Commitment 1: Open Budget", which is intended to "ensure the Budget process is open and transparent and there is an accountable process for public participation". The stated objective is: "To promote public discussion/debate and participation through accessibility of the budget and include relevant groups outside of government in the formative phase of the Budget, ensuring they are informed about the process and issues". The assessment of the "status quo" is that: "The Budget can be perceived as a closed process between agencies and the Government and information is not regarded as accessible." Under OGP, "the Government has begun work to ensure that Budgets become focused on outcomes for citizens rather than funding for agencies." Over the timeline identified as October 2016 – May 2018, the Treasury has been tasked with taken actions to (i) Ask key stakeholder groups how the Budget could be made more accessible (Jan.-May 2017); (ii) Invite feedback about how to make information available in forms people can engage with, including machine readable data, 'plain English' published material and visual presentations (Jan.2017-May 2018); (iii) Provide Budget data in machine readable form, including open source formats (May 2017-May 2018); and (iv) Work with agencies having expertise in presenting Budget data in ways that make it easy to understand (May 2017-May 2018) <http://www.ogp.org.nz/commitment-1/> (<http://www.ogp.org.nz/commitment-1/>) <http://www.budget.govt.nz> (<http://www.budget.govt.nz>) [http://www.opengovpartnership.org/sites/default/files/New-Zealand\\_National-Action-Plan\\_2016-2018.pdf](http://www.opengovpartnership.org/sites/default/files/New-Zealand_National-Action-Plan_2016-2018.pdf) ([http://www.opengovpartnership.org/sites/default/files/New-Zealand\\_National-Action-Plan\\_2016-2018.pdf](http://www.opengovpartnership.org/sites/default/files/New-Zealand_National-Action-Plan_2016-2018.pdf))

**Comments:** Researcher: In sum, a score of "b" is viewed as warranted on the basis of recent improvements in the Government's efforts to develop more substantive mechanisms for public engagement, mainly through the OGP process, with a specific element of that public engagement being some initial measures (with more expected to follow) to improve the quality of "Citizens Budget" documentation (together with other measures taken such as creation of the budget-specific website for 2016 Budget offering a far more "user friendly" channel for the public to access and review budget information, including both a broad range of non-technical budget documentation - media releases, "Budget at a Glance", "Budget Overview" etc, - and the infographic products/tools). Note, in addition to the OGP processes discussed above, Treasury also conducts biennial surveys of "stakeholders" to get feedback on the quality of its services, including the content of Treasury reporting. The last survey was completed in 2015. However, there is not much evidence of other direct consultation about content of (Budget) reporting and nothing specifically about Citizens Budget documentation. Also, as the main documentation for evidence of Treasury's consultation, the biennial Stakeholder Survey is mainly targeting Treasury's public sector "clients", followed by business community. There is relatively little involvement in survey from "general public". <http://www.treasury.govt.nz/publications/informationreleases...> (<http://www.treasury.govt.nz/publications/informationreleases/stakeholders/cb-stakeholders-jun15.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**67: Are "citizens" versions of budget documents published throughout the budget process?**

- a. (100) 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. (67) A citizens version of budget documents is published for at least two of the four stages of the budget process.
- c. (33) A citizens version of budget documents is published for at least one stage of the budget process.
- d. (0) No citizens version of budget documents is published.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** Some form of a "Citizens Budget" (interpreted loosely to be a concise and relatively accessible summary of a given budget document) is produced for 3 different stages/documents. 1. EBP <http://www.treasury.govt.nz/budget/2016/at-a-glance> (<http://www.treasury.govt.nz/budget/2016/at-a-glance>) <https://www.beehive.govt.nz/release/budget-2016-overview> (<https://www.beehive.govt.nz/release/budget-2016-overview>) 2. Enacted Budget (same as EBP) Same as for EBP 3. Year-End Report <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16snapshot>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** On the advice of IBP, the "Dashboard" documents have been removed as an element of the Citizens Budget for both EBP and EB and as a "citizens version" of the MYR, thereby reducing the number of budget documents for which "citizens versions" are produced from the previous assessment of 4 to the revised assessment of 3 (EBP, EB and YER).

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

- a. (100) Yes, the In-Year Reports present actual expenditures by all three expenditure classifications (by administrative, economic, and functional classification).

- b. (67) Yes, the In-Year Reports present actual expenditures by two of the three expenditure classifications.
- c. (33) Yes, the In-Year Reports present actual expenditures by only one of the three expenditure classifications.
- d. (0) No, the In-Year Reports do not present actual expenditures by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** b. (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. For a specific example with page references, see the monthly report for the 4 months ending 31 October 2016, the last one released before 2017 OBS cut-off date of 31 Dec. 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016). Expenses by functional classification: Year on Year Perspective, p.6 Analysis of Expenses by Functional Classification, p.11 Expenses by economic classification: Statement of Financial Performance, p.10 Notes to the Financial Statements (Notes 4-9) for more detailed breakdown of data, pp.21-22 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Comments:** Researcher: In addition, commentary may include some additional information about specific spending items identified for specific administrative units or for specific programs, but not on a comprehensive basis. <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 69: Do the In-Year Reports present actual expenditures for individual programs?

- a. (100) Yes, the In-Year Reports present actual expenditures for programs accounting for all expenditures.
- b. (67) Yes, the In-Year Reports present actual expenditures for programs accounting for at least two-thirds of, but not all, expenditures.
- c. (33) Yes, the In-Year Reports present actual expenditures for programs accounting for less than two-thirds of expenditures.
- d. (0) No, the In-Year Reports do not present actual expenditures by program.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** As part of the financial statements and notes included in each monthly report, some data for specific programs is provided on a routine basis. In total, program-specific data generally amounts to less than 2/3 of total spending. Referring to the sample report for 4-months ending 31 October 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016). Notes to the Financial Statements (Notes 4-9) for more detailed breakdown of data, pp.21-22 Transfer payment and subsidy programs - Note 4, p.21 Interest expenses - Note 8, p.22 Insurance expenses for ACC - Note 9, p.22 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Comments:** Researcher: Additional program-specific expenses can occasionally be found in the commentary for a specific monthly report. It might also be possible that some of the other categories of expense provided in specific parts of the financial statements or the more detailed notes to the financial statements might also provide data sufficiently categorised to meet OBS definition/criteria as "program-level" spending (e.g. "depreciation expenses")? It is conceivable that enough additional spending might be found in such program-level categories to warrant a "b" response, but further discussion/review is necessary.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 70: 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. (100) Yes, comparisons are made for expenditures presented in the In-Year Reports.
- b. (0) No, comparisons are not made for expenditures presented in the In-Year Reports.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** In addition to the amount-to-date for the ongoing budget year, all of the tables presented for the Financial Statements and Notes to the Financial Statements in the monthly In-Year Reports ("Financial Statements of the Government of New Zealand") include: 1. Actual amount for the previous budget year (12-month total) 2. Actual amount for the comparable period in the previous budget year 3. Forecast (budgeted) amount for the same year-to-date period in the ongoing budget year 4. Variance between actual year-to-date in ongoing budget year and forecast (budgeted) amount 5. Annual forecast (budgeted) amount for ongoing budget year For a specific example with page references, see the monthly report for the 4 months ending 31 October 2016, the last one released before 2017 OBS cut-off date of 31 Dec. 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016), pp.10-28

<http://www.treasury.govt.nz/government/financialstatements/m...>  
(<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**71: Do In-Year Reports present actual revenue by category (such as tax and non-tax)?**

- a. (100) Yes, In-Year Reports present actual revenue by category.
- b. (0) No, In-Year Reports do not present actual revenue by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The monthly In-Year Reports ("Financial Statements of the Government of New Zealand") include tables with data for revenues by category, including specific taxes and specific non-tax revenue categories. For a specific example with page references, see the monthly report for the 4 months ending 31 October 2016, the last one released before 2017 OBS cut-off date of 31 Dec. 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016). Statement of Financial Performance, p.10 Notes to the Financial Statements (Notes 2-3) for more detailed breakdown of data, pp.20-21 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**72: Do In-Year Reports present the individual sources of revenue for actual revenues collected?**

- a. (100) Yes, In-Year Reports present individual sources of actual revenue accounting for all revenue.
- b. (67) Yes, In-Year Reports present individual sources of actual revenue accounting for at least two-thirds of, but not all, revenue.
- c. (33) Yes, In-Year Reports present individual sources of actual revenue accounting for less than two-thirds of all revenue.
- d. (0) No, In-Year Reports do not present individual sources of actual revenue.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The monthly In-Year Reports ("Financial Statements of the Government of New Zealand") include tables with data for revenues by category, including specific taxes and specific non-tax revenue categories. the more detailed information is presented in the Notes to the Financial Statements, as cited below. For a specific example with page references, see the monthly report for the 4 months ending 31 October 2016, the last one released before 2017 OBS cut-off date of 31 Dec. 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016). Statement of Financial Performance, p.10 Notes to the Financial Statements (Notes 2-3) for more detailed breakdown of data, pp.20-21 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**73: 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. (100) Yes, comparisons are made for revenues presented in the In-Year Reports.
- b. (0) No, comparisons are not made for revenues presented in the In-Year Reports.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** As in the case of reporting on expenses (Q.70), in addition to the amount-to-date for revenues in the ongoing budget year, all of the revenue-related tables presented for the Financial Statements and Notes to the Financial Statements in the monthly In-Year Reports ("Financial Statements of

the Government of New Zealand") also include: 1. Actual amount for the previous budget year (12-month total) 2. Actual amount for the comparable period in the previous budget year 3. Forecast (budgeted) amount for the same year-to-date period in the ongoing budget year 4. Variance between actual year-to-date in ongoing budget year and forecast (budgeted) amount 5. Annual forecast (budgeted) amount for ongoing budget year For a specific example with page references, see the monthly report for the 4 months ending 31 October 2016, the last one released before 2017 OBS cut-off date of 31 Dec. 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016), pp.10-28 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**74: 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. (100) Yes, all three estimates related to government borrowing and debt are presented.
- b. (67) Yes, two of the three estimates related to government borrowing and debt are presented.
- c. (33) Yes, one of the three estimates related to government borrowing and debt are presented.
- d. (0) No, none of the three estimates related to government borrowing and debt are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The monthly In-Year Reports include information/figures for all three estimates or components. Referring to the sample report for 4-months ending 31 October 2016: "Financial Statements of the Government of New Zealand - For the Four Months Ended 31 October 2016" (released on 6 December 2016). 1. New borrowing: The actual net new borrowing requirement as of 31 October 2016 (as well as for other periods and forecasts presented for comparison) is reported in Note 20 of Notes to the Financial (p.28) and is determined by the reconciliation of Net Core Crown Operating Cash Flows to Residual Core Crown Cash ("Debt Program Cash Flows") 2. Total debt: The actual total (net and gross) debt as at the end of 31 October 2016 (as well as for other periods and forecasts presented for comparison) is shown in the Statement of Borrowings, p.16 3. Interest payments: Interest payments ("finance costs") as of 31 October 2016 (as well as for other periods and forecasts presented for comparison) are reported in both the Statement of Financial Performance (p.10) and the Analysis of Expenses by Functional Classification (p.11). Additional details of interest payments by type and source are provided in the Note 8 of the Notes to the Financial Statements (p.22). <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**75: 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. (100) Yes, information beyond the core elements is presented for the composition of the total actual debt outstanding.
- b. (67) Yes, the core information is presented for the composition of the total actual debt outstanding.
- c. (33) Yes, information is presented, but it excludes some core elements.
- d. (0) No, information related to composition of total actual debt outstanding is not presented.
- e. Not applicable/other (please comment).

**Answer:** b. (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, there is information available to distinguish the stock of long-term and short-term debt, but there is no information about interest rates or about the domestic versus "external" (i.e. non-resident/foreign held) debt. As advised by Treasury, a breakdown of Government debt by ownership (whether holder of bond is a New Zealand or a foreign citizen, bank or institution) is not provided on the basis that this is "notoriously difficult given the local status of a number of financial intermediaries for foreign investors". However, relevant information updated monthly is readily available on the RBNZ website: <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) The information provided below refers to the most recently released IYR (prior to the 31 December 2016 deadline for 2017 OBS) for the 4 months ending 31 October 2016 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>) <http://www.treasury.govt.nz/publications/media-speeches/medi...> (<http://www.treasury.govt.nz/publications/media-speeches/media/06dec16>) Maturity profile: A breakdown of data on outstanding Government debt (as at 31 October 2016) is provided in monthly financial statements for the same 7 categories as shown/used in other reporting during budget cycle (i.e. budget, mid-year, year end) 1. The category of "Government bonds" is recognised as medium-term and long-term borrowing 2. The category of "Treasury bills" is recognised as short-term borrowing with maturities all

being 1 year or less, as indicated in the footnote to Notes to the Forecast Financial Statements (Note 20: Core Crown Residual Cash) 3. The category "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. However, according to Treasury, non-core Crown debt is not necessarily (or likely to be) sovereign-guaranteed. [Note: 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.] Statement of Borrowing (as at 31 October 2016), p.16 Notes to the Forecast Financial Statements (Note 20: Core Crown Residual Cash), p.28 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>) Additional information provided beyond the core elements: 1. Sovereign-guaranteed versus Non sovereign-guaranteed Debt Statement of Borrowing (as at 31 October 2016), p.16 2. Gross versus Net Debt Statement of Borrowing (as at 31 October 2016), p.16 3. Contingent Liabilities Statement of Contingent Liabilities and Assets (as at 31 October 2016), p.17 <http://www.treasury.govt.nz/government/financialstatements/m...> (<http://www.treasury.govt.nz/government/financialstatements/monthend/pdfs/fsgnz-4mths-oct16.pdf>) 4. Extremely detailed and extensive data on outstanding debt and debt issuances, including more information about composition and maturity, as well as both interest rates and the breakdown of debt holdings) are readily available online from NZDMO and RBNZ websites <https://www.nzdmo.govt.nz/analyst-centre/data> (<https://www.nzdmo.govt.nz/analyst-centre/data>) <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>)

**Comments:** Researcher: IBP Comment from 2015 OBS assessment: "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."

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) 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. (67) 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. (33) 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. (0) No, the estimates for macroeconomic forecast have not been updated.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Half Year Economic and Fiscal Update (HYEFU) released on 8 December 2016 includes a fully revised set of economic forecasts (finalised on 21 November 2016). The Economic Outlook section (pp.9-25) presents the updated forecast data for all indicators of the revised economic forecasts for the budget year, along with narrative discussion of the differences between the original and updated forecasts. The main macroeconomic indicators and assumptions impacting fiscal forecasts are also highlighted (p.53). There is also a thorough presentation/discussion of risks around the baseline economic forecasts and alternative scenarios (pp.55-70). Finally, there is also a table showing long-term economic data series with 10 years of actual outcomes (2007-2016), the updated budget year forecast and the 4-year medium-term forecast horizon (p.142). Table 1.1 - Economic forecasts, HYEFU 2016, p.10 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>) and "Time Series of Fiscal and Economic Indicators" HYEFU 2016, pp.141-142 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher:

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**77: Does the Mid-Year Review of the budget include updated expenditure estimates for the budget year underway?**

- a. (100) Yes, expenditure estimates have been updated, and an explanation of all of the differences between the original and updated expenditure estimates is presented.
- b. (67) Yes, expenditure estimates have been updated, and an explanation of some of the differences between the original and updated expenditure estimates is presented.
- c. (33) Yes, expenditure estimates have been updated, but an explanation of the differences between the original and updated expenditure estimates is not presented.
- d. (0) No, expenditure estimates have not been updated.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Half-Year Economic and Fiscal Update (HYEFU) provides updated expenditure estimates for the full fiscal year, along with revised expenditure forecasts over a 4-year medium-term horizon (through June 2021). Tables showing expenditure data for both economic (p.101) and functional (p.102) classifications are part of the Forecast Financial Statements: Economic classification: Forecast Statement of Financial Performance, p.101 Functional classification: Forecast Analysis of Expenses by Functional Classification, p.102 The tables include both the original and revised figures for the budget year. The Fiscal Outlook chapter (pp.27-53) discusses developments since the original budget affecting fiscal forecasts, including expenditures, with a section in the Fiscal Outlook (pp.48-52) focusing on "Comparison to the Budget Update" and sections of the narrative discussion for the updated forecasts focusing on expenditures (pp.33-36 and pp.41-42). In addition, the section discussing general fiscal risks and alternative scenarios around baseline forecasts (Chapter/Section 3, pp.55-70) includes a discussion focusing on "expenditures risks" (p.68). <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**78: 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. (100) Yes, the Mid-Year Review presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, the Mid-Year Review presents expenditure estimates by two of the three expenditure classifications.
- c. (33) Yes, the Mid-Year Review presents expenditure estimates by only one of the three expenditure classifications.
- d. (0) No, the Mid-Year Review does not present expenditure estimates by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** As noted for Question 77, the Half-Year Economic and Fiscal Update (HYEFU) provides updated expenditure estimates for the full fiscal year, along with revised expenditures forecasts over a 4-year medium-term horizon (through June 2021). Tables showing expenditure data for both economic (p.101) and functional (p.102) classifications are part of the Forecast Financial Statements: Economic classification: Statement of Financial Performance, p.101 Functional classification: Forecast Analysis of Expenses by Functional Classification, p.102 The tables include both the original and revised figures for the budget year. There is no presentation of expenditures by administrative classification. <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**79: Does the Mid-Year Review of the budget present expenditure estimates for individual programs?**

- a. (100) Yes, the Mid-Year Review presents estimates for programs accounting for all expenditures.
- b. (67) Yes, the Mid-Year Review presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
- c. (33) Yes, the Mid-Year Review presents estimates for programs accounting for less than two-thirds of expenditures.
- d. (0) No, the Mid-Year Review does not present expenditure estimates by program.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** The Core Crown Expense Tables (pp.129-134) include a disaggregation of expenses within functional classifications. Within these data, one can identify two-thirds of total core Crown expenses on a "program" level based on the criteria set out by OBS. Shares calculated from HYEFU Core Crown Expense Tables: 2016 2017 2018 2019 2020 2021 Actual Forecast Forecast Forecast Forecast Program-specific share of total (excl. DHBs) 66.6% 65.1% 64.8% 64.0% 63.4% 63.1% Program-specific share of total (incl. DHBs) 83.9% 82.1% 81.4% 80.2% 79.0% 78.3% Some additional sufficiently detailed spending at "program" level can also be found in the Notes to Financial Statements (Notes 3-7, pp.111-112, including insurance payments (e.g. for ACC/public health system and EQC/earthquake commission) which together total roughly \$4-5 billion. <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: Note OBS criteria for "program" to include administrative data available at "any level of detail below an administrative unit, such as a ministry or department", which would suggest that DHB data, even if in aggregate form across all 20 DHBs, might still be included as "program-specific" data.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**80: Does the Mid-Year Review of the budget include updated revenue estimates for the budget year underway?**

- a. (100) Yes, revenue estimates have been updated, and an explanation of all of the differences between the original and updated revenue estimates is presented.
- b. (67) Yes, revenue estimates have been updated, and an explanation of some of the differences between the original and updated revenue estimates is presented.
- c. (33) Yes, revenue estimates have been updated, but an explanation of the differences between the original and updated revenue estimates is not presented.
- d. (0) No, revenue estimates have not been updated.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Half-Year Economic and Fiscal Update (HYEFU) provides updated revenue estimates for the full fiscal year, along with revised revenue forecasts over a 4-year medium-term horizon (through June 2021). Tables showing revenue data are part of the Forecast Financial Statements: Forecast Statement of Financial Performance, p.101 Notes to the Forecast Financial Statements (Notes 1-2), pp.109-111 The tables include both the original and revised figures for the budget year. The Fiscal Outlook chapter (pp.27-53) discusses developments since the original budget affecting fiscal forecasts, including revenues, with a section in the Fiscal Outlook (pp.48-52) focusing on "Comparison to the Budget Update", a section of the narrative discussion for the updated forecasts focusing on Core Crown Tax Revenue (pp.31-32). and other discussion of revenue-related impacts in sections examining operating balance and the Crown balance sheet. In addition, the section discussing general fiscal risks and alternative scenarios around baseline forecasts (Chapter/Section 3, pp.55-70) includes a discussion focusing on "revenue risks" (p.65-66).  
<http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, the Mid-Year Review presents revenue estimates by category.
- b. (0) No, the Mid-Year Review does not present revenue estimates by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** As indicated in response for Question 80, the Half-Year Economic and Fiscal Update (HYEFU) provides updated revenue estimates for the full fiscal year, along with revised revenue forecasts over a 4-year medium-term horizon (through June 2021). Tables shown for revenue data as part of the Forecast Financial Statements include data for revenue categories: Forecast Statement of Financial Performance, p.101 Notes to the Forecast Financial Statements (Notes 1-2), pp.109-111 The tables include both the original and revised figures for the budget year.  
<http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**82: Does the Mid-Year Review of the budget present individual sources of revenue?**

- a. (100) Yes, the Mid-Year Review presents individual sources of revenue accounting for all revenue.
- b. (67) Yes, the Mid-Year Review presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
- c. (33) Yes, the Mid-Year Review presents individual sources of revenue accounting for less than two-thirds of all revenues.
- d. (0) No, the Mid-Year Review does not present individual sources of revenue.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** As indicated in response for Question 81, the Half-Year Economic and Fiscal Update (HYEFU) provides updated revenue estimates for the full fiscal year, along with revised revenue forecasts over a 4-year medium-term horizon (through June 2021). Tables showing revenue data for individual sources of revenue are part of the Forecast Financial Statements: Forecast Statement of Financial Performance, p.101 Notes to the Forecast Financial Statements (Notes 1-2), pp.109-111 The tables include both the original and revised figures for the budget year. Also, the Fiscal Outlook chapter (pp.27-53) discusses developments since the original budget affecting fiscal forecasts, including revenues, with a section in the Fiscal Outlook (pp.48-52) focusing on "Comparison to the Budget Update", a section of the narrative discussion for the updated forecasts focusing on Core Crown Tax Revenue (pp.31-32) and other discussion of revenue-related impacts in sections examining operating balance and the Crown balance sheet. These sections included commentary about recent developments and revised expectations (forecasts) for specific revenue sources. Finally, in addition, the

section discussing general fiscal risks and alternative scenarios around baseline forecasts (Chapter/Section 3, pp.55-70) includes a discussion focusing on "revenue risks" (p.65-66) attributable to specific sources of revenue. <http://www.treasury.govt.nz/budget/forecasts/hyefu2016> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016>)

**Comments:** Researcher: Note: As in other related questions for EBP, EB, IYR, etc, there may be a need to confer further with OBS regarding what is the "acceptable" amount of revenue that can be categorised as "other non-tax revenue" while still meeting reasonable expectations for providing data on individual sources of revenue. Some further follow-up with Treasury may also be necessary.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**83: 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. (100) 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. (67) 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. (33) 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. (0) No, estimates of government borrowing and debt have not been updated.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** 1. New borrowing: Data for updated estimates of the net borrowing requirements as at the end of the ongoing budget year (together with the original budget estimate, actual data for BY-1 and an updated 4-year medium term forecast) are provided in the 2016 HYEPU Notes to the Forecast Financial (Note 23: Core Crown Residual Cash), p.121 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 2. Total debt: Data for updated estimates of total (net and gross) debt as at the end of the ongoing budget year (together with the original budget estimate, actual data for BY-1 and an updated 4-year medium term forecast) are provided in the 2016 HYEPU Forecast Statement of Borrowings, p.107 Also see "Fiscal Indicators" table on p.141 of HYEPU <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 3.

Interest payments: Data for updated estimates of interest payment for the ongoing budget year (together with the original budget estimate, actual data for BY-1 and an updated 4-year medium term forecast) are provided in the 2016 HYEPU in several locations - Forecast Statement of Financial Performance, p.101 - Forecast Analysis of Expenses by Functional Classification, p.102 - Notes to the Forecast Financial Statements (Note 7), p.112 with the last of these three sources showing providing additional detail by segment of central government (i.e. Core Crown, SOEs and Crown Entities) <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 4.

Interest rates on debt: Data for updated estimates of interest rates for short-term debt (90-day bill rate), medium-term debt (5-year bond rate) and long-term debt (10-year bond rate) for the ongoing budget year (together with the original budget estimate, actual data for BY-1 and an updated 4-year medium term forecast) are provided in the 2016 HYEPU Table 2.13 - Summary of key economic forecasts used in fiscal forecasts, p.53 Also see "Economic Indicators" table on p.142 of HYEPU. <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 5. Maturity profile: Data for updated estimates of the breakdown of Government debt by categories of debt (including information about short versus medium/long-term debt) for the ongoing budget year (together with the original budget estimate, actual data for BY-1 and an updated 4-year medium term forecast) are provided in the 2016 HYEPU Forecast Statement of Borrowing, p.107 - "Government bonds" are recognised as medium-term and long-term borrowing - "Treasury bills" are recognised as short-term borrowing with maturities all being 1 year or less, as indicated in the footnote to Notes to the Forecast Financial Statements (Note 23: Core Crown Residual Cash), p.121 - "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. However, according to Treasury, non-core Crown debt is not necessarily (or likely to be) sovereign-guaranteed. [Note: 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/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 6. Domestic and external debt: As advised by Treasury, a breakdown of Government debt by ownership (i.e. whether holder of bond is a New Zealand or a foreign citizen, bank or institution) is not provided on the basis that this is "notoriously difficult given the local status of a number of financial intermediaries for foreign investors". However, relevant information updated monthly is readily available on the RBNZ website: <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) Additional information provided beyond core elements: 1.

Breakdown of outstanding debt showing sovereign-guaranteed debt vs non sovereign-guaranteed debt Forecast Statement of Borrowings, p.107 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 2. NZDMO Media release about bond program as part of EBP documentation <https://www.nzdm.govt.nz/analyst-centre/201617-domestic-bon...> (<https://www.nzdm.govt.nz/analyst-centre/201617-domestic-bond-programme-set-70-billion>) 3. Narrative discussion of debt-related issues (including NZDMO bond program in Table 2.7 - Net increase in government bonds) in 2016 HYEPU as part of Chapter 2 ("Fiscal Outlook"), with particular attention to debt-related matters and how various economic developments and fiscal policies affect the level of debt and Crown balance sheet, pp.43-47. Further discussion of the sensitivities and alternative scenarios surrounding baseline economic and fiscal forecasts, including debt-related trends, provided in Chapter 3 ("Risks and Scenarios"). <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>) 4. Extremely detailed and extensive data on outstanding debt and debt issuances readily available online from NZDMO and RBNZ websites <https://www.nzdm.govt.nz/analyst-centre/data> (<https://www.nzdm.govt.nz/analyst-centre/data>) <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) 5. The 2016 HYEPU tables provide data on borrowing/debt broken down by the 3 different "segments" of "Total Crown": (i) Core Crown; (ii) SOEs; and (iii) Crown Entities Forecast Statement of Segments, pp.123-128 <http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu...> (<http://www.treasury.govt.nz/budget/forecasts/hyefu2016/hyefu16.pdf>)

**Comments:** Researcher: Consistent with the response for Q.13 and Q.14, the chosen response for this is also "a". Note, this is consistent with IBP advice from the 2015 OBS for Q.14: "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."

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** This rating is consistent with IBP advice to Q14 for 2015 OBS, but leads to inconsistent ratings across time when neither the criteria nor the extent of the information provided have changed. OBI staff should advise.

**Government Reviewer**

**Opinion:** Agree

**84:** 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. (100) Yes, estimates of the differences between the enacted levels and the actual outcome for all expenditures are presented, along with a narrative discussion.
- b. (67) 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. (33) Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all expenditures are presented.
- d. (0) No, estimates of the differences between the enacted levels and the actual outcome for expenditures are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Financial Statements of the Government of New Zealand for the year ended 30 June 2016 include a presentation of data and discussion of differences between the enacted levels and the actual outcome for all expenditures (see Table 5, p.11 and discussion on pp.11-12 and on p.22, as well as sections on variances in financial outcomes for the operating balance and Crown balance sheet resulting from expenditure-related developments). Assessments of variances include comments for both comparison against the most recent ("estimated actual") forecasts of the 2015 budget year (covering 1 July 2015 through 30 June 2016) produced and presented in the 2016 Budget (p.21), as well as comparisons of actual year-end financial outcomes relative to original 2015 Budget amount (p.22). Additional expenditure data for year-end actuals, as well as original 2015 Budget amounts, the most recent "estimated actuals" from the 2016 Budget documentation and year-end actuals for the preceding budget year are also provided in the (audited) financial statements included as part of the year-end report. Economic classification: Statement of Financial Performance, p.34 Notes to the Financial Statements (Notes 7-11), pp.55-58 of Functional classification Analysis of Expenses by Functional Classification, p.35 <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, the Year-End Report presents expenditure estimates by all three expenditure classifications (by administrative, economic, and functional classification).
- b. (67) Yes, the Year-End Report presents expenditure estimates by two of the three expenditure classifications.
- c. (33) Yes, the Year-End Report presents expenditure estimates by only one of the three expenditure classifications.
- d. (0) No, the Year-End Report does not present expenditure estimates by any expenditure classification.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Consistent with the approach used for previous OBS rounds, "the" Year-End Report is considered to include: (i) NZ Treasury report providing the year-end financial statements for consolidated central government "The Financial Statements of the Government of New Zealand for the year ended 30 June 2016" <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun136>) (ii) the Annual Report as required by law (PFA) of each ministry, department or other central government entity (see comment below) The expenditure data by functional and economic classification are readily available in Treasury's year-end consolidated government financial statements. Functional classification Analysis of Expenses by Functional Classification, p.35 Economic classification Statement of Financial Performance, p.34 Notes to the Financial Statements (Notes 7-11), pp.55-58 Expenditure data by administrative classification is NOT provided NZ Treasury's year-end financial statements. Nor is it compiled in any other readily accessible table as an element of the Government's year-end reporting. However, with some effort, the data can be compiled from the legally mandated annual reports produced by individual entities. The PFA requires that each entity's annual report include audited financial statements which, like Treasury's consolidated central government financial statements, each include a Statement of Financial Performance and associated notes. An example for Ministry of Health is attached, with the ministry's financial statements shown, pp.79-114

**Comments:** Researcher: The PFA (Section 44) requires that each department, ministry, commission, agency or other central government entity (including SOEs and Crown Entities) produce an audited annual reports for submission to Parliament within 15 days after receiving an audit report (from the OAG). The audit reports for individual entities must be issued (by OAG) within 3 months of the end of the financial year (30 June). As has been commented in previous OBS, compiling financial data by administrative unit is very cumbersome and time consuming, since one must obtain

each unit's own report from separate websites and there is no central repository. Moreover, the financial data is not likely to be readily accessible in machine-readable format. It would be good practice for the Government to at least make the annual reports available in a single place, either on Treasury's website or some other central repository such as the Government's official "data hub" (<https://data.govt.nz> (<https://data.govt.nz>)). In addition, all entities should ensure that the relevant data and other information in their respective annual report is available 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/n...> (<https://ict.govt.nz/guidance-and-resources/open-government/new-zealand-data-and-information-management-principles>)

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I agree with both the score and the researcher's comment.

**Government Reviewer**

**Opinion:** Agree

**86: Does the Year-End Report present expenditure estimates for individual programs?**

- a. (100) Yes, the Year-End Report presents estimates for programs accounting for all expenditures.
- b. (67) Yes, the Year-End Report presents estimates for programs accounting for at least two-thirds of, but not all, expenditures.
- c. (33) Yes, the Year-End Report presents estimates for programs accounting for less than two-thirds of expenditures.
- d. (0) No, the Year-End Report does not present expenditure estimates by program.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** As indicated in the response for Question 85, consistent with the approach used for previous OBS rounds, "the" Year-End Report is considered to include: (i) NZ Treasury report providing the year-end financial statements for consolidated central government "The Financial Statements of the Government of New Zealand for the year ended 30 June 2016" <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun136>) (ii) the Annual Report as required by law (PFA) of each ministry, department or other central government entity (see comment below) Data for individual programs can, with considerable time/effort, be found and assembled from data available in the collective (legally mandated) annual reports of individual ministries, departments and other entities (including individual SOEs and Crown Entities). A significant share of individual program expenditure data can be found directly in the NZ Treasury's consolidated financial statements, specifically for large transfer payment and subsidy programs and for interest payments on government debt ("finance costs"). Together, these account for roughly 1/3 of total Government expenses. Notes to the Financial Statements Note 7 - Transfer payments and subsidies, p.55 Note 10 - Interest expenses, p.56 <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) The remaining 2/3's must be assembled from individual annual reports of specific ministries, departments and other entities which are required to include reporting on expenses for each "output".

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**87: 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. (100) Yes, estimates of the differences between the enacted levels and the actual outcome for all revenues are presented, along with a narrative discussion.
- b. (67) 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. (33) Yes, estimates of the differences between the enacted levels and the actual outcome for some but not all revenues are presented.
- d. (0) No, estimates of the differences between the enacted levels and the actual outcome for revenues are not presented.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Financial Statements of the Government of New Zealand for the year ended 30 June 2016 include a presentation of differences between budgeted and actual outcomes for revenues, as well as a narrative discussion of underlying factors for revenue variances. Statement of Financial Performance, p.34 Notes to the Financial Statements (Notes 3-6), pp.53-54 Narrative discussion of revenue (pp.9-10), along with comments about revenue-related impacts on operating balance, balance sheet and other aspects of Government's financial position provided elsewhere in the Commentary on the Financial Statements, pp.3-22. <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

Opinion: Agree

**88: Does the Year-End Report present revenue estimates by category (such as tax and non-tax)?**

- a. (100) Yes, the Year-End Report presents revenue estimates by category.
- b. (0) No, the Year-End Report does not present revenue estimates by category.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Financial Statements of the Government of New Zealand for the year ended 30 June 2016 include a presentation of differences between budgeted and actual outcomes for revenues for different categories of revenue. Statement of Financial Performance, p.34 Notes to the Financial Statements (Notes 3-6), pp.53-54 <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**89: Does the Year-End Report present individual sources of revenue?**

- a. (100) Yes, the Year-End Report presents individual sources of revenue accounting for all revenue.
- b. (67) Yes, the Year-End Report presents individual sources of revenue accounting for at least two-thirds of, but not all, revenue.
- c. (33) Yes, the Year-End Report presents individual sources of revenue accounting for less than two-thirds of all revenues.
- d. (0) No, the Year-End Report does not present individual sources of revenue.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Financial Statements of the Government of New Zealand for the year ended 30 June 2016 include a presentation of differences between budgeted and actual outcomes for individual sources of revenue. Statement of Financial Performance, p.34 Notes to the Financial Statements (Notes 3-6), pp.53-54 <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

**Comments:** Researcher: Note: As in other related questions for EBP, EB, IYR, MYR, etc, there may be a need to confer further with OBS regarding what is the "acceptable" amount of revenue that can be categorised as "other non-tax revenue" while still meeting reasonable expectations for providing data on individual sources of revenue. Some further follow-up with Treasury may also be necessary.

**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**90: 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. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** b. (67)

**Sources:** The information provided below is (primarily) in reference to: "Financial Statements of the Government of New Zealand for the Year Ended 30 June 2016" <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16/fsgnz-year-jun16.pdf>) 1. Net new borrowing Actual data (and commentary) for net new borrowing requirement for BY, together with original budget forecasts for BY and BY-1, as well as actual data for the 4 preceding BYs are all reported in Financial Statements Table 12 – Cash proceeds from debt programme, p.16 Additional (budget and actual) data for

net new borrowing (for both BY and BY-1): Cash flows from financing activities Statement of Cash Flows, pp.37-39 Debt programme cash flows Fiscal Indicator Analysis – Core Crown Residual Cash, p.155 2. Central government's total debt burden Actual data (and commentary) for total debt (both gross and net) for the BY (and BY-1), together with original budget forecasts for BY and BY-1 are all provided in Financial Statements Notes to the Financial Statements (Note 21), pp.81-83 - by 7 categories of debt (with commentary and analysis for each category) - by maturity (<1 year; > 1year) - by guarantee (sovereign vs non-sovereign) This note constitutes the Statement of Borrowings as required by the Public Finance Act 1989. Additional data series for total gross and net debt shown as part of commentary section, with the data series covering actual data for a 5-year period through the BY, along with original budget forecasts for the BY and BY-1 Table 10 – Net debt and Gross debt, p.15 3. Interest payments Actual data for interest payments ("finance costs") for the BY (and BY-1), together with original budget forecasts for BY and BY-1 are all provided in Financial Statements Statement of Financial Performance, p.34 Analysis of Expenses by Functional Classification, p.35 4. Interest rates There is no data table provided for actual interest rates (either long-term or short-term) in the Financial Statements. However, there is discussion of interest rates in at least two contexts: (i) in the commentary section with occasional references to interest rates as a factor impacting fiscal outcomes, including balance sheet and debt Commentary, pp.3-22 (ii) in the discussion of assumptions made as part of the process of preparing the financial statements, with particular reference discount rates and uncertainties or sensitivities surrounding some of the valuations and other measurements Note 2: Key Assumptions and Judgements, pp.48-52 Note: Extensive data covering both long-term and short-term interest rates, as well as the rates applying to specific debt issuances and instruments are readily available on the Reserve Bank (RBNZ) and NZDMO websites with regular monthly updates <http://www.rbnz.govt.nz/statistics/b2> (<http://www.rbnz.govt.nz/statistics/b2>) <https://www.nzdm.govt.nz/government-securities> (<https://www.nzdm.govt.nz/government-securities>) 5. Maturity profile Actual data (and commentary) for debt maturity for the BY (and BY-1), together with original budget forecasts for BY and BY-1 are all provided in Financial Statements Notes to the Financial Statements (Note 21), pp.81-83 - by 7 categories of debt (with commentary and analysis for each category) - by maturity (<1 year; > 1year) The commentary for Note 21 covering each of the 7 categories provides additional information regarding the respective maturities for the different types of debt instruments. As noted in response to related OBS questions: 1. "Government bonds" are recognised as medium-term and long-term borrowing 2. "Treasury bills" are recognised as short-term borrowing with maturities all being 1 year or less 3. "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. However, according to Treasury, non-core Crown debt is not necessarily (or likely to be) sovereign-guaranteed. [Note: 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.] 6. Domestic vs external debt As advised by Treasury, a breakdown of Government debt by ownership (whether holder of bond is a New Zealand or a foreign citizen, bank or institution) is not provided on the basis that this is "notoriously difficult given the local status of a number of financial intermediaries for foreign investors". However, relevant information updated monthly is readily available on the RBNZ website: <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) Additional information provided beyond the core elements: 1. Sovereign-guaranteed versus Non sovereign-guaranteed Debt Notes to the Financial Statements (Note 21), pp.81-83 2. Gross versus Net Debt Provision of extensive detailed data for both gross and net debt through Financial Statements 3. Contingent Liabilities Statement of Contingent Liabilities and Contingent Assets, pp.101-109 4. Extremely detailed and extensive data on outstanding debt and debt issuances, including more information about composition and maturity, as well as both interest rates and the breakdown of debt holdings) are readily available online from NZDMO and RBNZ websites <https://www.nzdm.govt.nz/analyst-centre/data> (<https://www.nzdm.govt.nz/analyst-centre/data>) <http://www.rbnz.govt.nz/statistics/d30> (<http://www.rbnz.govt.nz/statistics/d30>) <http://www.rbnz.govt.nz/statistics/d31> (<http://www.rbnz.govt.nz/statistics/d31>) 5. Balance sheet data (including borrowing) for SOEs and Crown Entities Information on State-owned Enterprises and Crown Entities, pp.157-159

**Comments:** Researcher: Given the following: (i) that 4 of the 6 core elements are extremely thoroughly covered within the year-end financial statements; (ii) that extremely comprehensive data for the other 2 core elements are readily available on websites and effectively maintained with routine updates of extensive monthly (and daily) series; and (iii) the provision of a great deal of relevant data and narrative discussion beyond the core elements it is the view of the researcher that IBP should consider whether an "a" response is, in fact, appropriate. For the preceding 2015 OBS assessment, IBP comment/advice was as follows: "Based on the information on interest rates and maturity profile provided on the NZ Treasury Debt Management Office's website [together with the scope of information available in the Year-End Report documentation, including some information beyond the core elements], IBP would accept answer choice "b" for this question."

#### Peer Reviewer

**Opinion:** Agree

#### Government Reviewer

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** I would consider that the information provided and included in the Sources section is sufficient to satisfy criteria the criteria for a. The main difference between a. and b. is that a, requires a narrative discussion - The NZ Government provides such a narrative discussion on pages 15-16 and pages 20-21 of the Financial Statements

**Researcher response:** Acknowledging the Government Reviewer's comment that an "a" response seems warranted, further explanation of how the researcher (and IBP) arrived at the "b" assessment is provided here. The choice of a "b" answer reflects an OBS/IBP "compromise" that is not strictly in accord with the text summarising 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 when not all "core elements" are included), 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.

**IBP comment:** IBP agrees that a "b" response is appropriate. The "compromise" noted by the researcher is part of the OBS methodology for questions assessing the availability of core information, and is applied consistently across countries.

**91:** 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. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** c. (33)

**Sources:** In the NZ context, the Year-End Report is a set of (audited) financial statements with commentary to highlight specific outcomes and identify underlying factors leading to those outcomes. A full detailed presentation of data to compare macroeconomic indicators/assumptions used for budget formulation relative to their respective actual outcomes is not expected to be a core element of the financial statements. However, the Commentary section (pp.3-22) does include frequent reference to a wide range of economic indicators (e.g. GDP, employment, migration, consumption, interest rates, exchange rates, wages and salaries, property investment, etc.) as part of the explanation of aggregate and specific fiscal outcomes, including discussion of their variances from budget forecasts. <http://www.treasury.govt.nz/government/financialstatements/y...>

(<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) The NZ Treasury does routinely produce and publish other documents with relevant information. Treasury produces and makes public (on website) a Monthly Economic Indicators (MEI) report series offering a monthly update for a wide selection of macroeconomic indicators, together with extensive narrative discussion of trends and policy implications. (Sample of July and August 2016 MEI reports attached showing direct comparison of original budget forecasts to actual outcomes for most recently completed 2015 budget year (1 July 2015-30 June 2016). <http://www.treasury.govt.nz/economy/mei/archive>

(<http://www.treasury.govt.nz/economy/mei/archive>) In addition, the Treasury periodically conducts internal reviews and assessments of its own macroeconomic forecasts relative to actual outcomes as part of maintaining and improving its forecasting models and methodologies. These reports examining the accuracy of its forecasts are made public, but they are not produced on an annual basis. The most recent report was released in May 2016 (attached). The previous report released in 2013. "Analysis of the Treasury's Macroeconomic and Tax Forecast Accuracy" <http://www.treasury.govt.nz/publications/informationreleases...>

(<http://www.treasury.govt.nz/publications/informationreleases/forecastingperformance/reviews/tsyforperf16.pdf>)

**Comments:** Researcher: Note: The response to this question has been changed from a "d" for the 2015 OBS to "c" in recognition of the content of the Commentary provided in the year-end Financial Statements. Also note that Treasury's Monthly Economic Indicators (MEI) reports for July 2016 and August 2016 (available on the Treasury website) contain extensive comparisons of data and narrative discussion of how actual macroeconomic outcomes have deviated from original Budget forecasts for the 2015/16 budget year (July 1,2015-June 30,2016).

<http://www.treasury.govt.nz/economy/mei/archive/pdfs/mei-jul...> (<http://www.treasury.govt.nz/economy/mei/archive/pdfs/mei-jul16.pdf>)

<http://www.treasury.govt.nz/economy/mei/archive/pdfs/mei-aug...> (<http://www.treasury.govt.nz/economy/mei/archive/pdfs/mei-aug16.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IBP comment:** .

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

- a. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** c. (33)

**Sources:** As a component of the executives overall year-end report (together with NZ Treasury's year financial statements for consolidated central government), the annual reports for individual budget entities (i.e. departments, ministries, Crown Entities and SOEs) do, with some consistency, include information for a limited scope of "inputs", in particular, for human resources (i.e. number of employees, as well as some characteristics such as gender, tenure, employee turnover, etc.). Generally, some information on non-financial inputs is provided as part of each entity's mandatory reporting on "organisational health" and/or "organisational capability" focusing on how well a given entity is "equipped" (in terms of staff, property and equipment, IT systems, etc.) to carry out expected tasks and achieve expected output. Alternatively, an annual report might have an appendix focusing on characteristics of its staffing/personnel. However, the particular scope and level of detail provided for such information varies widely and there are not usually explicit comparisons between the "budgeted" amount (since budgeting is not based on such inputs) and the "actual" amounts for the completed budget year. Comparisons, when they do appear, are more likely to be against the "actual" amount (e.g. of staff, property, equipment, etc.) in the preceding year. Finally, some of the actual performance indicators for specific outputs may, in fact, refer to aspects of "non-financial inputs" required by a given entity to deliver its expected services, such as a reference to a targeted percentage of personnel providing a given service having achieved a certain professional qualification or having participated in a certain professional development training program. In short, while there is some substantive and useful reporting on selected non-financial inputs, particularly for human resources, the scope and level of detail for such information is not extensive or consistent, and its use is mainly to support entities' internal human resource management. Although the reporting on "non-financial inputs" is: 1. very limited 2. not provided in a convenient form for assessment (being spread across annual reports of individual entities) 3. produced but not consistent in its format/content across individual entities the fact that some information is reported is assessed as justifying the assigned score of "c". A selection of entities' annual reports attached: Ministry of Social Development, pp.40-44 <https://www.msd.govt.nz/documents/about-msd-and-our-work/pub...> (<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/annual-report/2015-2016/annual-report-2015-2016.pdf>) Ministry of Education, pp.46-48 <http://www.education.govt.nz/assets/Documents/Ministry/Publi...> (<http://www.education.govt.nz/assets/Documents/Ministry/Publications/Annual-Reports/2016-MOE-Annual-Report-WEB.pdf>) Ministry of Health, pp.129-134 <https://www.health.govt.nz/system/files/documents/publicatio...>

(<https://www.health.govt.nz/system/files/documents/publications/annual-report-year-ended-30-june-2016-oct16.pdf>) Ministry for Primary Industries, pp.9-12 <http://www.mpi.govt.nz/about-mpi/corporate-publications/> (<http://www.mpi.govt.nz/about-mpi/corporate-publications/>)

**Comments:** Researcher: Note: As commented on in previous OBS rounds and in response to Q.49 of this 2017 OBS questionnaire, the fundamental framework for budgeting and reporting in New Zealand focuses on: (i) planning, financing and accountability for outputs; and (ii) 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 routine provision of detailed information or data "nonfinancial inputs" (e.g. number of teachers, quantities of various materials purchased or used, etc.) in documentation reporting on budget implementation. 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The NZ Government has found that improved performance results if managers are provided the freedom to manage their inputs and are held accountable for achieving their specified outputs. It would be counter to this philosophy to specify detailed input information ex ante.

**IBP comment:** IBP notes the comments indicating that the budget in New Zealand is primarily geared toward outputs, with decisions around inputs being delegated to managers.

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

- a. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** a. (100)

**Sources:** While the NZ Treasury's year-end financial statements do not themselves contain information about non-financial "results" or "actual outcomes", such information is available in the legally mandated annual reports produced separately by individual central government entities (ministries, departments, SOEs, Crown entities, etc.). The extent/quality of information/reporting does vary across agencies, but all entities are required by law (PFA) to produce extensive and detailed reporting on performance against specific non-financial indicators assigned/defined for each output/appropriation ("Statement of Performance"). The annual reports also include extensive narrative explanation. For specific examples of specific annual reports (for budget year 2015-16), see documents attached for Q.92 for: 1. Ministry of Social Development Reporting against strategic policy objectives, policy priorities and outcomes, pp.6-44 Reporting against performance indicators for individual outputs (programs), pp.51-84 2. Ministry of Education Reporting against strategic policy objectives, policy priorities and outcomes, pp.4-44 Reporting against performance indicators for individual outputs (programs), pp.57-80 3. Ministry of Health Reporting against Government-wide, cross-sectoral, sector and ministry targets/priorities, pp.4-37 Reporting against Ministry of Health's objectives ("outcomes framework"), pp.38-52 Reporting against performance indicators for individual outputs (programs), pp.53-71

**Comments:** Researcher: 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 the reporting on human resource and organisation capacity issues and the inclusion of an audited set of financial statements.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**94: 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. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** b. (67)

**Sources:** Data for both budgeted and actual spending for each individual output/program, including all those intended to assist low-income and other "vulnerable", "at-risk" and/or "disadvantaged" groups, households or individuals, can be found in and assembled from data available year-end financial reporting comprised of both NZ Treasury's consolidated financial statements for central government and the collective (legally mandated) annual reports of individual ministries, departments and other entities (including individual SOEs and Crown Entities).

<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>)

<http://www.treasury.govt.nz/budget/2016/estimates> (<http://www.treasury.govt.nz/budget/2016/estimates>) (for enacted levels of funding at a program-level) A significant share of individual program expenditure data can be found directly in the NZ Treasury's consolidated financial statements, specifically for the large transfer payment and subsidy programs and for interest payments on government debt ("finance costs"). Together, these transfers, subsidies and tax credits account for a large share of all spending on programs specifically targeting low-income households and individuals. Notes to the Financial Statements (Note 7 - Transfer payments and subsidies), p.55

<http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) As noted, data and narrative explanation for both these transfer/subsidies and all other specific output expenses (programs) intended to assist low-income, "vulnerable", "at-risk" and/or "disadvantaged" groups, households or individuals can be found in individual annual reports of specific ministries, departments and other entities which are required by the PFA to include reporting on expenses for each "output". Compiling such data would focus on the annual reports from specific entities, including Ministry of Social Development, Ministry of Education, Ministry of Health, Ministry of Maori Development, Ministry for Pacific Peoples and The Treasury. These are the ministries responsible for the votes (appropriations) encompassing the majority of relevant outputs/programs.

**Comments:** Researcher: Note, the researcher's assessment for this question (relative to the 2015 OBS) has been kept at a "b" on the basis of the fact that all detailed financial data (and some narrative) for ALL programs targeting relevant population groups, individuals and households are available within the full scope of the annual reports by individual central government entities (with a particular focus on those for entities responsible for managing and implementing the specific outputs/programs targeting assistance/services for low-income, "disadvantaged", "at risk" or otherwise "vulnerable" population groups). This entity-specific for specific votes and outputs documentation also includes narrative explanation to explain actual outcomes and how actual expenses may have differed from budgeted amounts. The researcher's main reason for not giving an "a" response is because the data across a substantial range of relevant outputs (programs) are not consolidated into a single table and require substantial effort to review a significant number of entity-specific year-end reporting documentation in order to compile such a table.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**95: Does the Year-End Report present the differences between the original estimates of extra-budgetary funds and the actual outcome?**

- a. (100) 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. (67) 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. (33) 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. (0) 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).

**Answer:** a. (100)

**Sources:** Referring to the "extra-budgetary funds" (EBFs) cited in Question 33: 1. Accident Compensation Corporation (ACC) 2. New Zealand Superannuation Fund (NZSF) 3. Government Superannuation Fund (GSF) 4. Earthquake Commission (EQC) As per legal requirements under the PFA, both the, the year-end Financial Statements and the respective year-end annual reports pertaining to each of the four funds cited provide for full reporting on actual outcomes versus budget forecasts, as well as narrative explanation of significant variances between actual outcomes and budget forecasts. Citations within the Financial Statements of the Government of New Zealand for the year ended 30 June 2016: Notes to the Financial Statements provide quantitative data and some narrative information: Note 3 shows revenue (levies) to ACC and EQC, p.53 Note 6 shows expenses for NZSF, p.55 Note 11 shows expenses for ACC and EQC, p.57-58 Note 13 shows actuarial gains/losses on GSF liability and ACC outstanding claims, p.59 Note 14: shows receivables, including information about ACC levies, with narrative discussion, pp.60-61 Note 22 shows information about insurance liabilities pertaining to ACC and EQC, with detailed quantitative presentation and extensive narrative discussion, pp.84-89 Note 23 shows information retirement plan liabilities, with detailed quantitative analysis and narrative discussion focusing on GSF, pp.90-93 Note 31 focusing on Canterbury Earthquakes provide additional information related to EQC finances, pp. 122-126 <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) More specific detailed financial reporting and additional narrative discussion can be found in the respective legally mandated annual report by each entity, with specific reference to the following sections of each entity's annual report: 1. Accident Compensation Corporation (ACC): Section 2: Performance against output delivery, pp.53-61 Financial statements for the year ended 30 June 2016, pp. 62-74 Notes to the financial statements, pp.75-109 [http://www.acc.co.nz/PRD\\_EXT\\_CSMP/groups/external\\_communicat...](http://www.acc.co.nz/PRD_EXT_CSMP/groups/external_communicat...)

([http://www.acc.co.nz/PRD\\_EXT\\_CSMP/groups/external\\_communications/documents/reports\\_results/2016annualreport.pdf](http://www.acc.co.nz/PRD_EXT_CSMP/groups/external_communications/documents/reports_results/2016annualreport.pdf)) 2. New Zealand Superannuation Fund (NZSF): Financial statements for the year ended 30 June 2016, pp. 82-94 Notes to the financial statements, pp.95-147 <https://www.nzsuperfund.co.nz/sites/default/files/documents-...> (<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZSF%202016%20Annual%20Report.pdf>) 3. Government Superannuation Fund (GSF): Financial statements for the year ended 30 June 2016, pp. 31-45 Notes to the financial statements, pp.46-64 4. Earthquake Commission (EQC): Financial statements for the year ended 30 June 2016, pp. 58-61 Notes to the financial statements, pp.62-102 See pp.19-22 and pp.37-39 (Notes) in attached annual report.

**Comments:** Researcher: As noted in the comment for Question 33, in accordance with the PFA (Sections 26Q.4 and 27.2.a), generally accepted accounting practice (GAAP) requires all controlled entities (including SOEs and Crown Entities) to be included in consolidated financial statements,

with reporting on all the funds/entities cited above. However, consistent with the criteria applied for previous OBS assessments (and based on review of relevant literature on EBFs), the four items cited above are assessed 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**96: Is a financial statement included as part of the Year-End Report or released as a separate report?**

- a. (100) Yes, a financial statement is part of the Year-End Report or is released as a separate report.
- b. (0) No, a financial statement is neither part of the Year-End Report nor released as a separate report.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Financial Statements of the Government of New Zealand for the year ended 30 June 2016 includes a fully audited financial statement of consolidated government finances (pp.33-162), as well as an "Independent Report of the Auditor General" based on an audit of the Government's consolidated financial statements (pp.25-32). <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16>) Similarly, in accordance with the law governing public sector finance in NZ (PFA), every department, ministry, SOE and Crown Entity, together with other public sector entities (over 3000), must produce annual reports inclusive of audited financial statements.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) The SAI has conducted all three types of audits (compliance, financial, or performance) and made them available to the public.
- b. (67) The SAI has conducted two of the three types of audits, and made them available to the public.
- c. (33) The SAI has conducted one of the three types of audits, and made them available to the public.
- d. (0) 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).

**Answer:** a. (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/D...> (<http://www.legislation.govt.nz/act/public/2001/0010/latest/DLM88593.html>) Section 45 of the PFA further specifies the content of annual reports from all central government entities 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/D...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>) Finally, 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-> (<http://www.oag.govt.nz/speeches-and->) papers/spending-wisely-and-well/ Information/Guidance provided by OAG: Performance audits: See <http://www.oag.govt.nz/reports/most-recent/performance-audit...> (<http://www.oag.govt.nz/reports/most-recent/performance-audits>) Financial audits: See any annual report by central government agency, e.g. Ministry of Social Development <https://www.msd.govt.nz/documents/about-msd-and-our-work/pub...> (<https://www.msd.govt.nz/documents/about-msd-and-our-work/publications-resources/corporate/annual-report/2015-2016/annual-report-2015-2016.pdf>) Compliance audits: Typically a component of either an annual financial audit or a performance audit. Compliance as part of financial audits: Refer to Auditor-General's Auditing Standards, published under Public Audit Act: <http://www.oag.govt.nz/2014/auditing-standards> (<http://www.oag.govt.nz/2014/auditing-standards>) Part 2 ("Public sector auditing") in the "Introduction" refers to compliance with statutory obligations as one of the things the auditor examines (applicable auditing standard AG ISA (NZ) 250). Compliance is also part of the annual appropriation audit of any ministry, department, etc., where because there is no private sector equivalent, the Auditor-General has published her own standard (AG-2). Compliance as part of performance audits: Refer to section 16(1)(b) of the Public Audit Act refers to examination of "a public entity's compliance with its statutory obligations", though not every performance audit will include that element.

**Comments:** Researcher: Advice received from OAG and incorporated above.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**98:** What percentage of expenditures within the mandate of the Supreme Audit Institution (SAI) has been audited?

- a. (100) All expenditures within the SAI's mandate have been audited.
- b. (67) Expenditures representing at least two-thirds of, but not all, expenditures within the SAI's mandate have been audited.
- c. (33) Expenditures representing less than two-thirds of expenditures within the SAI's mandate have been audited.
- d. (0) No expenditures have been audited.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Section 45 of the PFA specifies that all ministerial, departmental and other central government agency annual reports must 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, and those audits are completed without exception. <http://www.legislation.govt.nz/act/public/1989/0044/latest/D...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>)

**Comments:** Researcher: Confirmed by consultation with OAG.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) All extra-budgetary funds within the SAI's mandate have been audited.
- b. (67) 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. (33) 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. (0) No extra-budgetary funds have been audited.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Audited annual reports of the specific EBFs cited in Q.33 and Q.95 Referring to the "extra-budgetary funds" (EBFs) cited in Question 33, 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. 1. Accident Compensation Corporation (ACC): [http://www.acc.co.nz/PRD\\_EXT\\_CSMP/groups/external\\_communicat...](http://www.acc.co.nz/PRD_EXT_CSMP/groups/external_communicat...) ([http://www.acc.co.nz/PRD\\_EXT\\_CSMP/groups/external\\_communications/documents/reports\\_results/2016annualreport.pdf](http://www.acc.co.nz/PRD_EXT_CSMP/groups/external_communications/documents/reports_results/2016annualreport.pdf)) 2. New Zealand Superannuation Fund (NZSF): <https://www.nzsuperfund.co.nz/sites/default/files/documents-...> (<https://www.nzsuperfund.co.nz/sites/default/files/documents-sys/NZSF%202016%20Annual%20Report.pdf>) 3. Government Superannuation Fund (GSF): <http://www.gsfa.govt.nz/content/5ce6938d-9741-4942-b4f8-4a23...> (<http://www.gsfa.govt.nz/content/5ce6938d-9741-4942-b4f8-4a236d02ce22.cmr>) 4. Earthquake Commission (EQC): [http://www.eqc.govt.nz/sites/public\\_files/Annual%20Report%20...](http://www.eqc.govt.nz/sites/public_files/Annual%20Report%20...) ([http://www.eqc.govt.nz/sites/public\\_files/Annual%20Report%202015-16\\_Part1.pdf](http://www.eqc.govt.nz/sites/public_files/Annual%20Report%202015-16_Part1.pdf)) [http://www.eqc.govt.nz/sites/public\\_files/Annual%20Report%20...](http://www.eqc.govt.nz/sites/public_files/Annual%20Report%20...) ([http://www.eqc.govt.nz/sites/public\\_files/Annual%20Report%202015-16\\_Part2.pdf](http://www.eqc.govt.nz/sites/public_files/Annual%20Report%202015-16_Part2.pdf))

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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

- a. (100) Yes, the annual Audit Report(s) includes one or more executive summaries summarizing the report's content.

- b. (0) No, the annual Audit Report(s) does not include an executive summary.  
c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The main report document includes an overview by the Auditor General and a new summary section for key findings: (i) a brief overview written/signed by the Auditor General, pp.3-5 (ii) a summary of "key audit matters" (findings) from OAGs audit, pp.19-24 "Central government: Results of the 2015/16 audits" <http://www.oag.govt.nz/2016/central-government/docs/cg-2015-...> (<http://www.oag.govt.nz/2016/central-government/docs/cg-2015-16-audits.pdf>) In addition, there is a separate 2-page "Summary" document released together with the full report: "Summary of our report" <http://www.oag.govt.nz/2016/central-government/docs/summary...> (<http://www.oag.govt.nz/2016/central-government/docs/summary.pdf>) In addition to the audits of the Government's consolidated Financial Statements, 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 summarising the results/finding from audits of schools (which, as public sector entities, must also produce annual reports with financial statements). That OAG report also contains a summary (attached) of about 6-7 pages providing an overview of key findings. <http://www.oag.govt.nz/2016/school-audits> (<http://www.oag.govt.nz/2016/school-audits>) Similar overviews and summary of findings provided in other OAG audit reports for specific government entities. <http://www.oag.govt.nz/2016/health-audits> (<http://www.oag.govt.nz/2016/health-audits>) <http://www.oag.govt.nz/2016/energy-sector> (<http://www.oag.govt.nz/2016/energy-sector>) <http://www.oag.govt.nz/2016/local-govt> (<http://www.oag.govt.nz/2016/local-govt>)

**Comments:** Researcher: Updated references provided by OAG.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**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. (100) Yes, the executive reports publicly on what steps it has taken to address audit findings.  
b. (67) Yes, the executive reports publicly on most audit findings.  
c. (33) Yes, the executive reports publicly on some audit findings.  
d. (0) No, the executive does not report on steps it has taken to address audit findings.  
e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** 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). Examples provided/cited by OAG response: <http://strongerchristchurch.govt.nz/article/the-auditor-gene...> (<http://strongerchristchurch.govt.nz/article/the-auditor-general-commends-scirt%E2%80%99s-work>) <http://www.police.govt.nz/about-us/publication/commission-in-...> (<http://www.police.govt.nz/about-us/publication/commission-inquiry-quarterly-report-october-december-2016>) - page 3 <http://www.police.govt.nz/sites/default/files/publications/c...> ([http://www.police.govt.nz/sites/default/files/publications/coi\\_change\\_management\\_report\\_for\\_15\\_16\\_police\\_annual\\_report.pdf](http://www.police.govt.nz/sites/default/files/publications/coi_change_management_report_for_15_16_police_annual_report.pdf)) - page 112 3. Separately, a Minister will at times issue a press statement in response to a significant adverse Audit Office report. Examples provided/cited by OAG response: <https://www.beehive.govt.nz/release/minister-welcomes-releas...> (<https://www.beehive.govt.nz/release/minister-welcomes-release-ag-report>) <https://www.beehive.govt.nz/release/eqc-minister-welcomes-au...> (<https://www.beehive.govt.nz/release/eqc-minister-welcomes-auditor-general%E2%80%99s-report>) <https://www.beehive.govt.nz/release/auckland-council-complai...> (<https://www.beehive.govt.nz/release/auckland-council-complaint-report-welcomed>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**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. (100) Yes, the SAI or legislature reports publicly on what steps the executive has taken to address all audit recommendations.  
b. (67) Yes, the SAI or legislature reports publicly on most audit recommendations.  
c. (33) Yes, the SAI or legislature reports publicly on some audit recommendations.  
d. (0) No, neither the SAI nor legislature reports on steps the executive has taken to address audit recommendations.

e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** The SAI or legislature reports publicly on most audit recommendations. 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 examples of reports include:

<http://www.oag.govt.nz/2016/watercare> (<http://www.oag.govt.nz/2016/watercare>) <http://www.oag.govt.nz/2016/reoffending> (<http://www.oag.govt.nz/2016/reoffending>) <http://www.oag.govt.nz/2016/new-migrants> (<http://www.oag.govt.nz/2016/new-migrants>) <http://www.oag.govt.nz/2016/scirt> (<http://www.oag.govt.nz/2016/scirt>) <http://www.oag.govt.nz/2016/biodiversity> (<http://www.oag.govt.nz/2016/biodiversity>) <http://oag.govt.nz/2016/home-based-support> (<http://oag.govt.nz/2016/home-based-support>)

**Comments:** Researcher: Updated with references to examples provided by OAG.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 103: Is there an Independent Fiscal Institution (IFI) that conducts budget analyses for the budget formulation and/or approval process?

- a. (100) Yes, there is an IFI, its independence is set in law, and it has sufficient staffing and resources, including funding, to carry out its tasks.
- b. (67) Yes, there is an IFI, but either its independence is not set in law or its staffing and resources, including funding, are insufficient to carry out its tasks.
- c. (33) Yes, there is an IFI, but its independence is not set in law and its staffing and resources, including funding, are insufficient to carry out its tasks.
- d. (0) No, there is no IFI.
- e. Not applicable/other (please comment).

**Answer:** d.

**Sources:** Researcher is not aware of any "publicly funded, independent bodies under the statutory authority of the executive or the legislature which provide non-partisan oversight and analysis of, and in some cases advice on, fiscal policy and performance". However, it should be noted that The Treasury is itself viewed as being non-partisan in providing its policy advice and other services to the Government, Parliament and other stakeholders, including the public.

**Comments:** Researcher: As noted in the Peer Review comments for the 2015 OBS: In NZ'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 specialised budget research "unit", although the Library does produce some summaries or budget and fiscal issues from time to time, drawing on budget documents and other sources (e.g. <https://www.parliament.nz/en/pb/research-papers/document/OOP...> (<https://www.parliament.nz/en/pb/research-papers/document/OOPLEcoC5141/core-crown-debt>)) and a "Monthly Economic Review" report [published 11 times/year] that sets out [and examines] discusses some economic and fiscal indicators ([most recent sample being for September 2016] <https://www.parliament.nz/mi/pb/research-papers/document/OOP...> (<https://www.parliament.nz/mi/pb/research-papers/document/OOPLEcomer16091/monthly-economic-review-september-2016#RelatedAnchor>))." The content of the sample "Monthly Economic Review" shows that there do exist organisations with a routine practice of examining fiscal and economic trends and, in some cases, offering both alternative forecasts and providing inputs in the form of advice for and commentary on the Government's fiscal and economic forecasts. Examples of such organisations, cited in the "Monthly Economic Review" produced by the Parliamentary Library, include NZ Institute for Economic Research (NZIER), economic research units within the major banks and other sector-based organisations.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** New Zealand's constitutional and budget institution structure is more dependent on democratic means of accountability and norms than on independent institutions and formal legal rules than those of some other countries. In such a structure, the lack of a formal IFI is not necessarily a detriment -- if career civil servants at Treasury and in other executive departments are able to fulfill a similar role by providing free and frank, transparent and independent advice that is accessible to the public as well as the elected Executive. The researcher alludes to this by noting, "The Treasury is itself viewed as being non-partisan in providing its policy advice and other services to the Government, Parliament and other stakeholders, including the public." Such perceptions -- and the interactions between Treasury officials, elected officials, and the public that give rise to them -- take on increased importance in New Zealand's institutional structure where there is no formal IFI. Thus, in my view, practices such as the vagueness around whether various budget documents including the "Budget at a Glance" is the independent work product of Treasury (as opposed to political content determined by the Minister) takes on increased importance in New Zealand's structure in which an IFI is lacking, and in which political and official actors need to constantly demonstrate that in practice, departmental advice is independent and robust. This need extends to a raft of other relevant norms and practices across the Executive, such as the timeliness and robustness of responses to Official Information Act requests.

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** While there is no independent fiscal institution the Public Finance Act requires the Treasury to act independently in preparing its best estimates in the fiscal forecasts, and fairly presenting the actual financial results. Further the legislation requires both the forecast financial statements and actual financial statements to be prepared in accordance with financial reporting standards that are established by an independent standard setter.

Each forecast and annual financial statement is accompanied by a statement of responsibility for the integrity of the information and their compliance with the Public Finance Act setting out these requirements.

**Researcher response:** Valuable comments by both Peer Reviewer and Government Reviewer acknowledged, highlighting the critical importance and assumption/expectation that Treasury (and other govt departments) provide free and frank advice without partisan influence, given the absence of IFI and for other more fundamental institutional reasons. The connection made by the Peer Reviewer to what OBS has accepted as Citizens Budget documentation produced by the Minister's office instead of by Treasury is of particular interest..

#### 104: Does the Independent Fiscal Institution (IFI) publish macroeconomic and/or fiscal forecasts?

- a. (100) Yes, the IFI publishes its own macroeconomic and fiscal forecasts.
- b. (67) Yes, the IFI publishes its own macroeconomic or fiscal forecast.
- c. (33) No, the IFI does not publish its own macroeconomic or fiscal forecast, but it does publish an assessment of the official macroeconomic and/or fiscal forecasts produced by the executive.
- d. (0) No, there is no IFI; or the IFI neither publishes its own macroeconomic and/or fiscal forecasts, nor a commentary on the official forecasts produced by the executive.
- e. Not applicable/other (please comment).

**Answer:** d.

**Sources:** There is no IFI as defined according to OBS criteria.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** As outlined under Q103, the Treasury effectively operates as an independent organisation which leads the budget process and provides policy advice on initiatives submitted by individual agencies. The Treasury also releases economic and fiscal forecasts twice a year as required under the Public Finance Act. The "Half-year Economic and Fiscal Update" is released in December and the "Budget Economic and Fiscal Update" is released in May.

#### 105: Does the Independent Fiscal Institution (IFI) publish its own costings of new policy proposals, to assess their impact on the budget?

- a. (100) Yes, the IFI publishes its own costings of all new policy proposals.
- b. (67) Yes, the IFI publishes its own costings of major new policy proposals.
- c. (33) Yes, the IFI publishes its own costings of a limited number of new policy proposals.
- d. (0) No, there is no IFI; or the IFI does not publish its own costings of new policy proposals.
- e. Not applicable/other (please comment).

**Answer:** d.

**Sources:** There is no IFI as defined according to OBS criteria.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** The Treasury provides independent advice on Budget proposals to ministers, which involves analysing and checking the robustness of the costings presented as part of these proposals by individual departments.

#### 106: In the past 12 months, how frequently did the head or a senior staff member of the Independent Fiscal Institution (IFI) take part and testify in hearings of a committee of the legislature?

- a. (100) Frequently (i.e., five times or more).
- b. (67) Sometimes (i.e., three times or more, but less than five times).
- c. (33) Rarely (i.e., once or twice).
- d. (0) Never.
- e. Not applicable/other (please comment).

**Answer:** d.

**Sources:** There is no IFI as defined according to OBS criteria.

**Peer Reviewer****Opinion:** Agree**Government Reviewer****Opinion:** Agree**107: Does the full legislature and/or a legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal?**

- a. (100) Yes, the full legislature debates budget policy prior to the tabling of the Executive's Budget Proposal, and approves recommendations for the upcoming budget.
- b. (67) Yes, a legislative committee debates budget policy prior to the tabling of the Executive's Budget Proposal, and approves recommendations for the upcoming budget.
- c. (33) Yes, the full legislature and/or a legislative committee debates budget policy prior to the tabling of the Executive's Budget Proposal, but it does not approve recommendations for the upcoming budget.
- d. (0) No, neither the full legislature nor any legislative committee debate budget policy prior to the tabling of the Executive's Budget Proposal.
- e. (0) Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** Reference to NZ Parliament's "Standing Orders" (last revised in July 2014), noting Chapter 6 covering range of finance-related matters including submission and review of documentations at various stages of budget cycle. Standing Order 332 refers specifically to Parliament's review and debate of the PBS, which in NZ is known as the "Budget Policy Statement" prepared/released in December, roughly 6 months prior to submission of the EBP to Parliament (in May). Standing Orders: <https://www.parliament.nz/resource/en-NZ/00H0HPBReferenceStO...> (https://www.parliament.nz/resource/en-NZ/00H0HPBReferenceStOrders4/eb7c8b9e4a6c7aa88a47d14dc4100513b2557e60) FEC Select Committee report on hearings for Budget Policy Statement (2016 Budget) [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/...) (https://www.parliament.nz/resource/en-NZ/51DBSCH\_SCR68485\_1/1d7d4a15c333742fad4f16860c18fb48a83168c) Reference to full Parliament debate of 2016 Budget Policy Statement (March 9, 2016) <https://www.parliament.nz/en/get-involved/features/debate-on-...> (https://www.parliament.nz/en/get-involved/features/debate-on-the-budget-policy-statement/) Full record/transcript of NZ Parliamentary debate by the full House of Representative on 9 March 2016, including discussion of the Budget Policy Statement and report to Parliament by the FEC (Select Committee): <https://www.parliament.nz/en/pb/hansard-debates/rhr/document...> (https://www.parliament.nz/en/pb/hansard-debates/rhr/document/51HansD\_20160309/volume-711-week-40-wednesday-9-march-2016)

**Comments:** Researcher: Note: The FEC (Parliamentary Select Committee on Finance and Expenditure) conducts an annual review and hearing focusing on the Government's BPS, a process that includes receiving submissions from the public, extensive discussion with representatives of the Executive (principally the Minister of Finance), as well as preparation of a report to the full Parliament for consideration prior to a debate of the BPS in the full House. The content of the FEC report includes clear statements whereby members of the Committee express their concerns about the Government's official policies and positions, with members also articulating their own views and recommendations, with those being included in the text of the FEC report to the full House. So while there is no formal vote or expression of an FEC consolidated set of recommendations to the full Parliament (or to the Government directly) as concerns specific budget policies, the FEC report does clearly include expressions of alternative views on key policy issues. For sample of FEC report to Parliament on BPS, see the following covering hearings (in Mar.2016) on BPS for FY 2016. [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/...) (https://www.parliament.nz/resource/en-NZ/51DBSCH\_SCR68485\_1/1d7d4a15c333742fad4f16860c18fb48a83168c)

**Peer Reviewer****Opinion:** Disagree**Suggested answer:** c.

**Comments:** The process described by the researcher do not differ from those in the 2015 OBI, and in that survey, a rating of "c" was agreed to accurately reflect the Parliamentary Standing Orders and New Zealand's constitutional arrangements.

**Government Reviewer****Opinion:** Agree

**Researcher response:** Upon further review of the text of the FEC report to the full House, as well as a review of the transcript of the full House debate on the BPS, it is evident that which both forums included expressions of views about budget policies, no vote was taken that involved any specific policy recommendation to the Government about any of the budget policies. On that basis, the assessment is being revised from an "a" to a "c" in line with the Peer Reviewer's assessment, as well as with the assessment in the previous 2015 OBS round.

**108: How far in advance of the start of the budget year does the legislature receive the Executive's Budget Proposal?**

- a. (100) The legislature receives the Executive's Budget Proposal at least three months before the start of the budget year.
- b. (67) The legislature receives the Executive's Budget Proposal at least two months, but less than three months, before the start of the budget year.
- c. (33) The legislature receives the Executive's Budget Proposal at least one month, but less than two months, before the start of the budget year.
- d. (0) The legislature receives the Executive's Budget Proposal less than one month before the start of the budget year, or does not receive it all.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** For the EBP relevant to the 2017 OBS (FY 2016), the EBP was "tabled" in Parliament on 26 May 2016, which more than one month but less than two months before the start of FY 2016 on 1 July 2016. An interval of 1-2 months has been the case for 18 of 20 annual EBP submissions over the past 2 decades. <http://www.treasury.govt.nz/budget/archive> (<http://www.treasury.govt.nz/budget/archive>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**109: When does the legislature approve the Executive's Budget Proposal?**

- a. (100) The legislature approves the budget at least one month in advance of the start of the budget year.
- b. (67) 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. (33) The legislature approves the budget less than one month after the start of the budget year.
- d. (0) 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).

**Answer:** d.

**Sources:** The 2016 Estimates and accompanying EBP documentation was submitted to ("tabled" in) Parliament on 26 May 2016. The budget for FY 2016 (from 1 July 2016 through 30 June 2017) was formally enacted as the "Appropriation (2016/17 Estimates) Act 2016 on 17 August 2016, more than 1 month after the start of the budget year. <http://www.treasury.govt.nz/budget/2016> (<http://www.treasury.govt.nz/budget/2016>) <https://www.parliament.nz/en/pb/bills-and-laws/bills-propose...> ([https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/O0DBHOH\\_BILL69135\\_1/appropriation-201617-estimates-bill](https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/O0DBHOH_BILL69135_1/appropriation-201617-estimates-bill)) However, it should be noted that Parliament does provide legal authority to the Executive (Government) to carry out spending in accordance with "The Estimates" prior to the start of the new budget year through passage of an Imprest Supply Bill before the start of the new fiscal year. In the case of the current/ongoing budget year, Parliament approved the Imprest Supply Act 2016 on 29 June 2016, prior to the start of the fiscal year on 1 July 2017. <https://www.parliament.nz/en/pb/bills-and-laws/bills-propose...> ([https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/O0DBHOH\\_BILL69445\\_1/imprest-supply-first-for-201617-bill](https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/O0DBHOH_BILL69445_1/imprest-supply-first-for-201617-bill))

**Comments:** Researcher: Passage of the first Imprest Supply Bill (Imprest Supply (First for 2016/17) Act 2016) on 29 June, just before the start of FY 2016 on 1 July could well be viewed as approval of funding required for implementation of the EBP, with formal approval of specific appropriations then coming later in August. Note: This earlier approval of general budget funding (imprest supply) could be viewed supporting a response of "b" for this question.

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** As with the review comment for the 2015 OBI, I think it would be acceptable to change the score to "b" on the basis of the Imprest Supply bill. OBS staff advised in 2015 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.

**Government Reviewer**

**Opinion:** Agree

**110: Does the legislature have the authority in law to amend the Executive's Budget Proposal?**

- a. (100) Yes, the legislature has unlimited authority in law to amend the Executive's Budget Proposal.
- b. (67) Yes, the legislature has authority in law to amend the Executive's Budget Proposal, with some limitations.
- c. (33) Yes, the legislature has authority in law to amend the Executive's Budget Proposal, but its authority is very limited.
- d. (0) No, the legislature does not have any authority in law to amend the Executive's Budget Proposal.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Chapter 6 of the NZ Parliament's "Standing Orders" sets out the legislative process and rules for Parliament's consideration of financial bills submitted by the Government. While NZ law grants members of Parliament (and select committees) the power to propose amendments to the Government's proposed budget, NZ law also grants the Government the power to issue a "financial veto" on any proposed amendment that is viewed by the Government as having more than a minor impact on either fiscal aggregates (revenue or expense) or on the level/composition of any given vote (set of appropriations for outputs pertaining to a particular set of sectoral programs and administrative units). "Standing Orders of the House of Representatives" (New Zealand Parliament) <https://www.parliament.nz/resource/en-NZ/00HOHPBReferenceStO...> (<https://www.parliament.nz/resource/en-NZ/00HOHPBReferenceStOrders4/eb7c8b9e4a6c7aa88a47d14dc4100513b2557e60>)

**Comments:** Researcher: Together with the fact that Parliament's vote on the proposed budget (and other financial bills) is one of "confidence and supply", rejection of which potentially leading to dissolution of Parliament and call for a change of government, the Government's power to exercise financial veto is assessed as being both a formal and de facto constraint on Parliament's power/scope to amend the Government's proposed budget.

**Peer Reviewer**

**Opinion:** Disagree

**Suggested answer:** a.

**Comments:** The consequences of a rejection of the EBP that the researcher cites -- a loss of confidence and supply -- do not alter the legal fact that the legislature has the authority to alter or reject the EBP (and trigger those consequences). I do agree with the researcher that these consequences are a significant practical limitation, but the wording of the question focuses on the legal authority of the legislature. One could, for example, imagine unusual

circumstances where emergency, public outcry, or political changes (e.g. resignations or changing of party membership) led to the legislature voting on and adopting a budget that was somewhat different from the EBP first set out by the executive, without the Government losing supply or confidence. Such a circumstance would, again, be unusual, but not at all prohibited by law.

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Upon further consideration of the Peer Reviewer's comment and upon advice from IBP, the assessment has been revised from "b" to "a". In a strict sense, Parliament does have the legal authority to propose and pass amendments to the budget, which can (and are) vetoed by the Government under its legal authority to issue a "financial veto" to any Parliamentary amendment to the proposed budget.

**IBP comment:** IBP agrees that the focus of the question is on legal powers, rather than how those powers are used in practice (see Q111), and so an "a" response is appropriate.

**111: During the most recent budget approval process, did the legislature use its authority in law to amend the Executive's Budget Proposal?**

- a. (100) Yes, the legislature used its authority in law to amend the Executive's Budget Proposal, and (at least some of) its amendments were adopted.
- b. (67) Yes, the legislature used its authority in law to propose amendments to the Executive's Budget Proposal, but no amendments were adopted.
- c. (33) No, while the legislature has the authority in law to propose amendments to the Executive's Budget Proposal, no amendments were offered.
- d. (0) No, the legislature does not have any such authority.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** Comparison of the Appropriation (2016/17 Estimates) Bill submitted by the Government to Parliament on 26 May 2016 relative to the Appropriation (2016/17 Estimates) Act 2016 granted final approval by Parliament and given "Royal Assent" on 17 August 2016 shows that there were no amendments to the bill by Parliament. <http://www.legislation.govt.nz/act/public/2016/0037/9.0/vers...> (<http://www.legislation.govt.nz/act/public/2016/0037/9.0/versions.aspx>)

**Comments:** Researcher: As is normally the case from year to year, the absence of any amendments to the EBP reflects: (1) the Westminster style of NZ's unicameral Parliament in which the Government (inclusive of any coalition arrangements) maintains a majority control; (2) the Government's power of financial veto; and (3) Parliament's vote on Estimates Bill (EBP) being one of "confidence and supply", in which failure to pass the bill would constitute a statement of "no confidence" in the existing Government.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**112: During the last budget approval process, did a specialized budget or finance committee in the legislature examine the Executive's Budget Proposal?**

- a. (100) Yes, a specialized budget or finance committee had at least one month to examine the Executive's Budget Proposal, and it published a report with findings and recommendations prior to the budget being adopted.
- b. (67) Yes, a specialized budget or finance committee had less than one month to examine the Executive's Budget Proposal, and it published a report with findings and recommendations prior to the budget being adopted.
- c. (33) Yes, a specialized budget or finance committee examined the Executive's Budget Proposal, but it did not publish a report with findings and recommendations prior to the budget being adopted.
- d. (0) No, a specialized budget or finance committee did not examine the Executive's Budget Proposal.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** 2016/17 Estimates for Vote Finance, Fiscal Strategy Report 2016, and Budget Economic and Fiscal Update 2016 - Report of the Finance and Expenditure Committee [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69486\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69486_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69486\\_1/424e64498c48de8d5c6de548e6f9431b8e679849](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69486_1/424e64498c48de8d5c6de548e6f9431b8e679849))

**Comments:** Researcher: The Parliament's Finance and Expenditure Select Committee (FEC) convened twice in June 2016 to consider the the Government's submission of Budget 2016 documentation to Parliament in May 2016. Documentation under review included the Budget Estimates (with FEC attention focusing mostly on Vote Finance), the annual Fiscal Strategy Report and the Budget Economic and Fiscal Update (BEFU) containing fiscal and economic forecasts on which Budget Estimates are based. Testimony was heard from the Minister of Finance and senior Treasury officials, with advice also received from the Office of Auditor General (OAG).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**113:** During the last approval process, did legislative committees, responsible for particular sectors (e.g., health, education, defense, etc.), examine spending in the Executive's Budget Proposal related to the sector for which they are responsible?

- a. (100) Yes, sector committees had at least one month to examine the Executive's Budget Proposal, and they published reports with findings and recommendations prior to the budget being adopted.
- b. (67) Yes, sector committees had less than one month to examine the Executive's Budget Proposal, and they published reports with findings and recommendations prior to the budget being adopted.
- c. (33) Yes, sector committees examined the Executive's Budget Proposal, but they did not publish reports with findings and recommendations prior to the budget being adopted.
- d. (0) No, sector committees did not examine the Executive's Budget Proposal.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Education and Science Committee: 2016/17 Estimates for Vote Education and Vote Education Review Office (7 July 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69566\\_1/201617-estimates-for-vote-education-and-vote-education](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69566_1/201617-estimates-for-vote-education-and-vote-education)) 2016/17 Estimates for Vote Tertiary Education (7 July 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69567\\_1/201617-estimates-for-vote-tertiary-education](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69567_1/201617-estimates-for-vote-tertiary-education)) 2016/17 Estimates for Vote Business Science and Innovation (Science and Innovation appropriations only) (7 July 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69569\\_1/201617-estimates-for-vote-business-science-and-innovation](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69569_1/201617-estimates-for-vote-business-science-and-innovation)) Health Committee: 2016/17 Estimates for Vote Health (30 June 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69485\\_1/201617-estimates-for-vote-health](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69485_1/201617-estimates-for-vote-health)) Social Service Committee: 2016/17 Estimates for Vote Social Development (1 July 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69515\\_1/201617-estimates-for-vote-social-development](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69515_1/201617-estimates-for-vote-social-development)) Transport and Industrial Relations Committee: 2016/17 Estimates for Vote Transport (1 July 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69518\\_1/201617-estimates-for-vote-transport](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69518_1/201617-estimates-for-vote-transport))

**Comments:** Researcher: A sample of report from hearings on 2016 Budget estimates by a range of Parliament's select committees.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**114:** In the past 12 months, did a committee of the legislature examine in-year implementation of the Enacted Budget during the relevant budget execution period?

- a. (100) Yes, a committee examined in-year implementation on at least three occasions during a fiscal year, and it published reports with findings and recommendations.
- b. (67) Yes, a committee examined in-year implementation on one or more occasion (but less than three times), and it published a report with findings and recommendations.
- c. (33) Yes, a committee examined in-year implementation, but it did not publish any report with findings and recommendations.
- d. (0) No, a committee did not examine in-year implementation.
- e. Not applicable/other (please comment).

**Answer:** b. (67)

**Sources:** FEC Select Committee reviews in-year budget implementation for "whole-of-government" Hearings were held in March 2016 for both the Half-Year Economic Update for FY 2015 (MYR in OBS terminology) together with the Budget Policy Statement for 2016 Budget. The two documents are routinely released in December, with FEC hearings and reporting to Parliament taking place in March (of the following year). "Budget Policy Statement 2016 and Half Year Economic and Fiscal Update, 15 December 2015 Report of the Finance and Expenditure Committee (March 2016)" [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/1d7d4a15c333742fad4f16860c18fb48a83168c](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/1d7d4a15c333742fad4f16860c18fb48a83168c)) FEC also considers the Government's submission of the Supplementary Estimates near end of the financial year, reviewing adjustments to budget appropriations as a result of developments during the financial year. [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) ([https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_SCR69255\\_1/supplementary-estimates-of-appropriations-for-the-year](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_SCR69255_1/supplementary-estimates-of-appropriations-for-the-year))

**Comments:** Researcher: In addition to the hearings cited above, Parliamentary select committees (including FEC) also conduct occasional vote-specific hearings throughout the budget year to examine budget/program implementation for specific ministries, departments and/or other public entities. Both the Office of Auditor General (OAG) and Office of the Clerk (Parliament) have noted that OAG reports on specific ministries, departments or programs do give rise to select committee hearings at which officials from ministries and departments can be asked to attend and answer questions from committee members.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

Opinion: Agree

**115:** Does the executive seek approval 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. (100) The executive is required by law or regulation to obtain approval from the legislature prior to shifting funds between administrative units, and it does so in practice.
- b. (67) The executive obtains approval from the legislature prior to shifting funds between administrative units, but is not required to do so by law or regulation.
- c. (33) The executive is required by law or regulation to obtain approval from the legislature prior to shifting funds between administrative units, but in practice the executive shifts funds before obtaining approval from the legislature.
- d. (0) There is no law or regulation requiring the executive to obtain approval from the legislature prior to shifting funds between administrative units, and in practice the executive shifts funds between administrative units before obtaining approval from the legislature.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** The Public Finance Act 1989 (with amendments) <http://www.legislation.govt.nz/act/public/1989/0044/latest/D...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>) A Guide to the Public Finance Act (NZ Treasury publication from 2005) <http://www.treasury.govt.nz/publications/guidance/publicfina...> (<http://www.treasury.govt.nz/publications/guidance/publicfinance/pfaguide/>)

**Comments:** Researcher: Based on further consideration of the implications from relevant discussions with government, review of the laws and procedures and extensive discussion with IBP/OBS staff as part of the 2015 OBS round, a response of "a" is deemed to be appropriate (as it is consistent with the response given and accepted by OBS/IBP staff during 2015 OBS round for the related question concerning prior approval from Parliament for use of "excess revenues"). This change in assessment 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); and (2) the executive acts in accordance with the law, including the additional 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. The PFA is quite specific in defining the scope of Executive authorities for the use of public funds, as well as rules governing use of public funds differing in some way from approved appropriations. See Section.26 of PFA: 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 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. Broadly speaking, the NZ system of PFM relies extensively on a delegation of clearly defined PFM authorities to the Government officials (esp. Minister of Finance, other ministers and chief executives of government departments), combined with a rigorous legal framework and routine systems for ex post reporting and monitoring, with a particularly strong role for external audit. Within this particular set of institutional arrangements, the Government is legally authorised by Parliament to make certain changes to the set of appropriations originally approved by Parliament, subject to certain ex ante measures (i.e. Parliamentary approval of an Imprest Supply funding bill together with the Appropriations Act), as well as extensive ex post reporting requirements on any changes in the use of public funds relative to what Parliament had approved in the original Appropriations Act. More specifically, changes in the use of public funds relative to originally approved appropriations must be reported to and approved by Parliament (ex post) in a Supplementary Estimates bill submitted near the end of the budget year (typically tabled on the same day as the budget proposal for the next financial year), as well as a Financial Review bill to address specific types of changes in the use of funds that may have occurred over the course of the financial year.

**Peer Reviewer**

Opinion: Agree

**Government Reviewer**

Opinion: Agree

**116:** Does the executive seek approval 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. (100) The executive is required by law or regulation to obtain approval from the legislature prior to spending excess revenues, and it does so in practice.
- b. (67) The executive obtains approval from the legislature prior to spending excess revenue, but is not required to do so by law or regulation.
- c. (33) The executive is required by law or regulation to obtain approval from the legislature prior to spending excess revenues, but in practice the executive spends these funds before obtaining approval from the legislature.
- d. (0) There is no law or regulation requiring the executive to obtain approval from the legislature prior to spending excess revenues, and in practice the executive spends these funds before obtaining approval from the legislature.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Previous consultations with NZ Treasury and with Parliament's Office of the Clerk as part of 2015 OBS round. Public Finance Act (PFA) - Sections 4A, 21 and 22. <http://www.legislation.govt.nz/act/public/1989/0044/latest/D...>  
(<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>)

**Comments:** Researcher: Following discussions with government, review of the laws and procedures and extensive discussion with IBP/OBS staff as part of the 2015 OBS round, a response of "a" was deemed to be appropriate/correct 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 with the additional 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, including any deviations related to the use of "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).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**117: Does the executive seek approval from the legislature prior to reducing spending below the levels in the Enacted Budget in response to revenue shortfalls (that is, revenues lower than originally anticipated) or other reasons during the budget execution period, and is it legally required to do so?**

- a. (100) The executive is required by law or regulation to obtain approval from the legislature prior to reducing spending below the enacted levels in response to revenue shortfalls or other reasons, and it does so in practice.
- b. (67) The executive obtains approval from the legislature prior to reducing spending below enacted levels, but is not required to do so by law or regulation.
- c. (33) The executive is required by law or regulation to obtain approval from the legislature prior to reducing spending below enacted levels, but in practice the executive implements these cuts before seeking approval from the legislature.
- d. (0) There is no law or regulation requiring the executive to obtain approval from the legislature prior to reducing spending below enacted levels, and in practice the executive implements these spending cuts before seeking prior approval from the legislature.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** This specific question is, in some ways, a challenging one to consider in the context of New Zealand's PFM legal/institutional framework, as there is only a limited scope whereby the main legal instrument (the Public Finance Act 1989 with amendments) directly addresses the issue of revenue constraints. However, an "a" response is considered to be appropriate on the basis of two arguments: 1. For a specific scope of revenue-dependent appropriations (small in number and as a share of total spending), for which appropriations are funded (in part or in total) directly by revenues collected by a ministry/department for services provided, Section 21 of the PFA is understood to require that such expenditures be limited to the amount of revenue collected. If the actual revenue collected is below the amount originally forecast at the time of the budget, then it is understood that the amount actual expenditure must be also be reduced so as to not exceed actual amount of revenue; Section 21 - Expenses restricted by revenue Public Finance Act 1989 (Reprint as at 13 October 2016) <http://www.legislation.govt.nz/act/public/1989/0044/latest/D...>  
(<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>) 2. Beyond the specific context of revenue-dependent appropriations regulated by Section 21, the PFA does not appear to explicitly/directly address the situation whereby some major revenue shortfalls might lead to a broader fiscal contraction/consolidated or sequestering of spending across some range of appropriations, other than through the general requirement of full (ex post) reporting on the amount of actual expenditures across all outputs/appropriations as part of the Supplemental Estimates and end-of-year Financial Review, including deviations from approved funding. Based on consultations with both Treasury and Parliamentary staff, it is understood that a revenue shortfall will neither automatically or necessarily even be likely to lead to a reduction in approved annual appropriations. The impact would initially be felt in the recorded operating balance (surplus/deficit) and in the Government's balance sheet (financial position/level of debt). But approved annual appropriations are not necessarily reduced downward. Certainly, as the budget cycle heads into the next round of budget preparation and formulation of medium-term baseline estimates, planned spending for subsequent years may well be reduced on the basis of revised fiscal forecasts and the legal framework set out by the PFA mandating "prudent" and sustainable fiscal management. In a general sense, the law (PFA) does require that the legislature give its authorisation (prior approval) on a "general" level for executive to carry out any spending activities on the basis of legally approved appropriations (Appropriations Act). Furthermore, the executive acts in accordance with the law, including the 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. So while requirements pertaining to a revenue shortfall are explicitly/directly addressed in the PFA (Section 21) for what is only a relatively narrow and specific set of revenue-dependent appropriations, the legal framework does define the scope of executive authorities for the use of public funds, as well as rules governing use of public funds differing in any way from approved appropriations.

**Comments:** Researcher: It may also be worth noting a quotation from a Treasury document discussing budget processes: Understanding Appropriations and Votes "Appropriations are the basis on which Parliament authorises the executive government to incur expenses and capital expenditure. Without parliamentary authority, the government has no authorisation to spend public money....Appropriations are a constraint on the amount that can be spent rather than a promise to provide funding, or a requirement to spend it. As appropriations are a constraint or upper limit, they are also not necessarily a forecast of much will be spent. <http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b1...>  
(<http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**118: Did a committee of the legislature examine the Audit Report on the annual budget produced by the Supreme Audit Institution (SAI)?**

- a. (100) Yes, a committee examined the Audit Report on the annual budget within three months of its availability, and it published a report with findings and recommendations
- b. (67) Yes, a committee examined the Audit Report on the annual budget within six months (but more than three months) of its availability, and it published a report with findings and recommendations.
- c. (33) Yes, a committee examined the Audit Report on the annual budget, but it did so after the report had been available for more than six months or it did not publish any report with findings and recommendations.
- d. (0) No, a committee did not examine the Audit Report on the annual budget.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Routine annual processes include two Finance and Expenditure Committee (FEC) hearings to review the YER (Financial Statements of the Government of New Zealand). The Office of Auditor General (OAG) is responsible both for auditing the Government's YER (Financial Statements) and for producing a briefing report for FEC prior to the committee's first hearing. The most recently completed YER is the "Financial Statements of the Government of New Zealand for the year ended 30 June 2016". <http://www.treasury.govt.nz/government/financialstatements/y...> (<http://www.treasury.govt.nz/government/financialstatements/yearend/jun16/fsgnz-year-jun16.pdf>) The Government (Treasury) completed and released this YER on October 13, 2016. The Government's YER includes within it a section presenting the OAG audit report of the Government's year-end Financial Statements ("Independent Report of the Auditor-General", pp.25-31) OAG prepared, delivered and released its briefing report for FEC (the Parliamentary select committee) in November 2016. "Annual Review - Briefing to the Finance and Expenditure Committee 2015/16 Financial Year" [https://www.parliament.nz/resource/mi-NZ/51SCFE\\_ADV\\_00DBSCH\\_...](https://www.parliament.nz/resource/mi-NZ/51SCFE_ADV_00DBSCH_...) ([https://www.parliament.nz/resource/mi-NZ/51SCFE\\_ADV\\_00DBSCH\\_ANR\\_71297\\_1\\_A540634/cf44ee8cd1e9f367342a20091ebdcca06de7871a](https://www.parliament.nz/resource/mi-NZ/51SCFE_ADV_00DBSCH_ANR_71297_1_A540634/cf44ee8cd1e9f367342a20091ebdcca06de7871a)) The first FEC hearing was also held in November 2016, with both the Minister of Finance and Secretary of Treasury participating in the hearing. Following FEC's second meeting (in Feb.2017) to review the Government's Financial Statements (YER), FEC issued a report for submission to the full Parliament (and for public release). "2015/16 Annual review of the Treasury, and the Financial statements of the Government of New Zealand for the year ended 30 June 2016 - Report of the Finance and Expenditure Committee" [https://www.parliament.nz/resource/en-NZ/SCR\\_72376/521ef5011...](https://www.parliament.nz/resource/en-NZ/SCR_72376/521ef5011...) ([https://www.parliament.nz/resource/en-NZ/SCR\\_72376/521ef5011a5f6776445faa2eec78148ef17a3a6f](https://www.parliament.nz/resource/en-NZ/SCR_72376/521ef5011a5f6776445faa2eec78148ef17a3a6f)) The response of "a" is based on the timing of the first FEC hearing within the 3-month period from the timing of release of both the YER itself and the OAG's report on the YER.

**Comments:** Researcher: Researcher's initial response to this question was based on documentation pertaining to the 2014/15 financial year (2015 Budget). The response has now been updated to refer to Treasury, OAG and FEC documentation pertaining to the 2015/16 financial year (2016 Budget).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**119: Was the process of appointing (or re-appointing) the current head of the SAI carried out in a way that ensures his or her independence?**

- a. (100) Yes, the head of the SAI may only be appointed by the legislature or judiciary, or the legislature or judiciary must give final consent before the appointment takes effect.
- b. (0) No, the executive may appoint the head of the SAI without the final consent of the legislature or judiciary.
- c. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Public Audit Act 2001 <http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.p...> (<http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.pdf>) Part 2 of the Public Audit Act specifies that the office holder known as the Controller and Auditor-General is formally appointed by the Governor-General on the recommendation of the House of Representatives (Parliament). As the Auditor-General's 7-year term has recently come to an end, a new appointment process has been underway. Attached are 2 brief Parliamentary reports on this process (Nov. 2016). [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71704\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71704_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71704\\_1/5038224fb35c4593bc1fb6be0bf1c03f6cafafcc](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71704_1/5038224fb35c4593bc1fb6be0bf1c03f6cafafcc)) [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71635\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71635_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71635\\_1/155a517dc76192d53b10c2dd0730b8cb8e2984b3](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71635_1/155a517dc76192d53b10c2dd0730b8cb8e2984b3))

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**120:** 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. (100) 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. (0) 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).

**Answer:** a. (100)

**Sources:** Public Audit Act 2001 <http://www.legislation.govt.nz/act/public/2001/0010/latest/D...>  
(<http://www.legislation.govt.nz/act/public/2001/0010/latest/DLM88541.html>)

**Comments:** Researcher: 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).

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**121:** Who determines the budget of the Supreme Audit Institution (SAI)?

- a. (100) The SAI determines its own budget (i.e., submits it to the executive, which accepts it with little or no change, or directly to the legislature), or 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. (67) 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. (33) 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. (0) 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).

**Answer:** a. (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. Public Finance Act 1989 (with amendments; most recent reprint October 2016)  
<http://www.legislation.govt.nz/act/public/1989/0044/latest/D...> (<http://www.legislation.govt.nz/act/public/1989/0044/latest/DLM160809.html>)  
Public Audit Act 2001 <http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.p...> (<http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.pdf>) Comment from OAG: "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 fulfil its mandate."

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**122:** Does the Supreme Audit Institution (SAI) have the discretion in law to undertake those audits it may wish to?

- a. (100) The SAI has full discretion to decide which audits it wishes to undertake.
- b. (67) The SAI has significant discretion, but faces some limitations.
- c. (33) The SAI has some discretion, but faces considerable limitations.
- d. (0) The SAI has no discretion to decide which audits it wishes to undertake.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** 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. Public Audit Act 2001 <http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.p...> (<http://www.oag.govt.nz/about-us/docs/public-audit-act-2001.pdf>)

**Comments:** Researcher: 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.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 123: Are the audit processes of the Supreme Audit Institution (SAI) reviewed by an independent agency?

- a. (100) Yes, an independent agency conducts and publishes a review of the audit processes of the SAI on an annual basis.
- b. (67) Yes, an independent agency conducts and publishes a review of the audit processes of the SAI at least once in the past five years, but not annually.
- c. (33) No, but a unit within the SAI conducts a review of the audit processes of the SAI on a regular basis.
- d. (0) No, the audit processes of the SAI are reviewed neither by an independent agency nor by a unit within the SAI.
- e. Not applicable/other (please comment).

**Answer:** c. (33)

**Sources:** The New Zealand Financial Markets Authority (FMA) is an independent audit regulator agency for New Zealand. The FMA produces an annual audit quality monitoring report. The most recent 2016 report (attached) appears to be focused on assessing the quality of private sector audit firms which would include firms contracted by OAG and Audit New Zealand as Appointed Auditors to conduct public sector audits on behalf of OAG. The FMA annual report for 2016 has very limited direct reference to OAG/Audit New Zealand, with the following statement appearing in the "Future Focus" section of the report: "In July 2016, we entered into a Memorandum of Understanding (MOU) with the Auditor General. Under the MOU, the Auditor General has agreed that we can undertake audit quality reviews of FMC audits that private audit firms carry out on its behalf. The Auditor General has also invited us to undertake quality reviews of the FMC audits that Audit New Zealand carry out on its behalf." (p.15) (Note: Audit New Zealand is a subsidiary business unit within OAG that, according to OAG, performs roughly 85% of OAG's public sector audits. FMC refers to Financial Management Conduct Act 2013, with an FMC reporting entity being any entity, including public sector entities, engaging in activities that require compliance with and reporting in accordance with the FMC Act.) The statement above suggests an arrangement by which the FMA does engage in independent external reviews of the audit quality for both the private Appointed Auditors working on contract to OAG and/or Audit New Zealand, as well as those audits performed by Audit New Zealand itself. However, no further evidence or reporting on any such review processes has been located from a search of websites for FMA, Audit New Zealand and OAG. [http://fma.govt.nz/assets/Reports/\\_versions/9131/161128-Audi...](http://fma.govt.nz/assets/Reports/_versions/9131/161128-Audi...) ([http://fma.govt.nz/assets/Reports/\\_versions/9131/161128-Audit-Quality-Monitoring-report-2016.1.pdf](http://fma.govt.nz/assets/Reports/_versions/9131/161128-Audit-Quality-Monitoring-report-2016.1.pdf)) OAG has recently completed (Nov.2016) a self-assessment of its audit processes against a framework of international standards established by INTOSAI. The report (attached) includes a "Quality Assurance Review Statement" (p.20) by INTOSAI. "Assessing the performance of the Office of the Auditor General against International Standards" <http://www.oag.govt.nz/2016/sai-pmf/docs/sai-pmf.pdf> (<http://www.oag.govt.nz/2016/sai-pmf/docs/sai-pmf.pdf>) OAG's annual report (attached) includes an appendix with a statement by an independent review about OAG's processes for allocating audits to Audit New Zealand and to contracted (appointed) auditors. Office of Auditor General (OAG) Annual Report 2015-16 (September 2016) <http://www.oag.govt.nz/2016/annual-report/docs/annual-report...> (<http://www.oag.govt.nz/2016/annual-report/docs/annual-report.pdf>) See Appendix 2 - Report from the Independent Reviewer OAG's Annual Report also describes some of the OAG's quality assurance activities other than independent external reviews of audits, including: staff performance in New Zealand Institute of Chartered Accountants accreditation examinations, client survey feedback, quality assurance reviews for all appointed auditors (contracted audit firms) within a three-year period, and quality assurance reviews of a sample of audit reports. Finally, it can be noted that OAG has an internal "Quality Assurance Team" operating as part of the "Accounting and Auditing Policy Team", with the internal quality assurance process briefly described here: <http://www.oag.govt.nz/about-us/our-structure/accounting-and-...> (<http://www.oag.govt.nz/about-us/our-structure/accounting-and-auditing-policy#quality>) Additional input received from OAG: Another independent agency, Chartered Accountants Australia and New Zealand (CAANZ) has also recently completed a practice review of Audit NZ, but that report is not expected to be made public.

**Comments:** Researcher: Note: OAG's reference to the FMA independent external assessment could potentially support a "b" response, given that the FMA review process may not involve a routine annual procedure, but one performed periodically. However, further direct evidence is necessary to substantiate the scope of FMA's independent external review of OAG, Audit NZ and the firms contracted to either OAG or Audit NZ as Appointed Auditors. The current "c" response is given on the basis of OAG's internal self-assessment against a framework of international standards established by INTOSAI.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 124: In the past 12 months, how frequently did the head or a senior staff member of the Supreme Audit Institution (SAI) take part and testify in hearings of a committee of the legislature?

- a. (100) Frequently (i.e., five times or more).
- b. (67) Sometimes (i.e., three times or more, but less than five times).
- c. (33) Rarely (i.e., once or twice).
- d. (0) Never.
- e. Not applicable/other (please comment).

**Answer:** a. (100)

**Sources:** Based on consultation with OAG: "The AG, Deputy AG, and Assistant AGs have briefed select committees approximately 50 times during this period. In addition, sector managers have completed approximately 120 briefings to select committees on annual reviews and Estimates during this period." Sample of site references from select committee hearings found on Parliament website provided by OAG: Report of the Controller and Auditor-General, Department of Conservation: Prioritising and partnering to manage biodiversity—Progress in responding to the AuditorGeneral's recommendations [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71257\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71257_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR71257\\_1/d1f2e0589e6adbbdf6011cffa1323596067fa96e](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR71257_1/d1f2e0589e6adbbdf6011cffa1323596067fa96e)) 2016/17 Estimates for Vote Tertiary Education [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69567\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69567_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69567\\_1/47103fd41c78375366b02b65e1aa1ad21f3942f1](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69567_1/47103fd41c78375366b02b65e1aa1ad21f3942f1)) Report of the Controller and Auditor-General, Effectiveness and efficiency of arrangements to repair pipes and roads in Christchurch—follow-up audit [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69754\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69754_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR69754\\_1/c6f1ac00858e59eb47bab5c3a3bdc4eb6a055261](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR69754_1/c6f1ac00858e59eb47bab5c3a3bdc4eb6a055261))

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**125:** Does the executive use participation mechanisms through which the public can provide input during the formulation of the annual budget (prior to the budget being tabled in parliament)?

- a. (100) Yes, the executive uses open participation mechanisms through which members of the public and government officials exchange views on the budget.
- b. (67) Yes, the executive uses open participation mechanisms through which members of the public provide their inputs on the budget.
- c. (33) Yes, the executive uses participation mechanisms during the budget formulation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** c. (33)

**Sources:** According to consultations with Treasury and supporting evidence found on websites, consultative processes managed through Treasury (as central finance agency) and conducted in the specific context of annual budget formulation processes include (at least) two panels convened by invitation from Treasury/Government for discussion, formulation assessment and prioritisation of budget initiatives proposed by sector/line ministries/department. Recognising that OBS/IBP guidelines for this question require the selection of a single mechanism, the assessment here focuses on one of the two external advisory panels convened by Treasury, namely, the Social Investment Panel According to consultations with Treasury and other sources found on websites, the Social Investment panel: - meets at two stages of the policy formulation process, first in November as part of an initial "triage" process to determine which policy proposal are to be further developed and considered for inclusion in the next annual budget, with advice provided to respective ministry/departmental teams responsible for how to further develop specific policy proposals, and then again for 3-5 days in February to assess and prioritise proposals for inclusion in the annual budget based on a consensus among panel members as to whether they: (i) fully support a given proposal; (ii) support implementation subject to specific modifications or on a limited (trial or pilot) basis; (iii) recommend that a proposal be deferred for further development, providing additional feedback to respective ministry/departmental teams responsible for specific policy proposals; or (iv) do not support the proposal; - considers a selection of proposed budget initiatives across "social sectors", including health, education, social welfare, justice and other areas; - includes representatives of NGOs involved in the delivery of social services, university-based science advisors, a representative from Maori/iwi (tribal) community-based organisations and other external organisations, as well as senior officials from Treasury and selected ministries, departments and other public sector entities; and - produces a report to Treasury senior management and relevant ministers with their assessments of proposed policy initiatives. The panel's report(s) are made publicly available on the Treasury website as part of a "Budget pro-active release" (performed in July after the Budget has been tabled in Parliament) that includes a large number of internal Government/Treasury reports generated as part of the annual budget preparation process, starting from the broad strategic phase (in September/October), definition of policy objectives for individual sectors/votes, assessments of resource envelopes and cost pressures across individual sectors/votes and on through to the final Cabinet decision-making on inclusion of specific policy initiatives in the annual budget (April/May). Treasury Report with Terms of Reference for Social Investment Panel: <http://www.treasury.govt.nz/downloads/pdfs/oia/oia-20160070...> (<http://www.treasury.govt.nz/downloads/pdfs/oia/oia-20160070.pdf>) Social Investment Panel final report for 2016 Budget initiatives: <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396241.pdf>) Treasury Report to Ministers accompanying Panel's final report <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3401...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3401472.pdf>) Treasury website page for "Budget pro-active release" of internal documentation: <http://www.treasury.govt.nz/publications/informationreleases...> (<http://www.treasury.govt.nz/publications/informationreleases/budget/2016>)

**Comments:** Researcher: Following OBS/IBP guidelines, the above response to this question has focused on the existence and activities of a single public participation "mechanism" (the Social Investment Panel) that is: (i) operated/managed directly by Treasury as the executive's central finance agency; and (ii) part of a routine/regular annual process specifically oriented toward formulation of policies to be implemented in the annual budget. There is at least one other quite similar mechanism involving a panel with "external" (non-governmental) participation convened by Treasury on a regular/routine basis to contribute to the executive's assessment and prioritisation of policy initiatives proposed for inclusion in the annual budget. Based on consultation with Treasury and information available on the Treasury website, the (Capital) Investment Panel focuses on capital initiatives and meets four times during the year. The Panel consists of senior public (Treasury, ministry and SOE) and private sector officials. The panel reviews

and evaluates capital initiatives from a "whole of government" perspective with the goal of assessing their relative value. Recommendations are consolidated into a report to Government ministers and Cabinet. This panel has reportedly convened since 2013 and "played a key role in improving the quality and consistency of investment analysis and advice across the State sector". The panel does not make decisions, but it provides "valuable third-party perspective on proposed Government investments" and influential advice informing Treasury's budget process and Government ministers. Treasury website page describing the (Capital) Investment Panel <http://www.treasury.govt.nz/statesector/investmentmanagement/> (http://www.treasury.govt.nz/statesector/investmentmanagement/think/investmentpanel) Based on a separate citation found on the Government's recently created Budget website (separate from the Treasury website but still managed through Treasury), a "Guide to the Budget Process" for 2016 includes a discussion of "Specific Phases of the Budget". The subsection described the "Decision Phase" includes reference to both of the two panels cited above, as well as a third panel referred to as "the Business Growth Agenda Leadership Group". Budget 2016 website page with description of phases of budget process, including reference to 3 panels: <http://www.budget.govt.nz/budget/guide/process/index.htm> (http://www.budget.govt.nz/budget/guide/process/index.htm) However, although the website describes this third panel as also providing input from "external" groups, a Treasury document providing guidance to ministries about the "Budget Growth Agenda Process" points to a composition of the BGA Leadership Group that is comprised only of Government officials. <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3331...> (http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3331219.pdf) In addition to the aforementioned "panel" mechanisms for "public" participation, two of which clearly meet specific OBS/IBP criteria of being (i) operated/managed directly by the executive's central finance agency; and (ii) part of a routine/regular annual process, it is important to also bring attention to wide range of other mechanisms operating (to a significant degree) under Treasury's management or at least with Treasury having a central role, but which do NOT meet the specific OBS/IBP criteria of being a routine annual process and one specifically designed to feed into policy decisions for annual budget initiatives. Treasury is directly responsible for or closely involved in a number of other substantive mechanisms supporting for public participation and/or consultation in policy development which are: 1. processes surrounding major sector-wide or multi-sectoral policy reforms, in one recent case also involving restructuring of government structures (i.e. creation of a new ministry), which are neither regular annual events/processes nor contained/completed within a single annual budget cycle (e.g. formulation of a large package of policy initiatives and reforms for policies/services targeting "at-risk" children and families and including creation of the new Ministry for Vulnerable Children - Oranga Tamariki) 2. part of a routine continuous/ongoing policy formulation process that is not primarily targeted toward policy decisions being incorporated as new initiatives into the tabling on an annual budget (e.g. Treasury and Inland Revenue Department continuous/ongoing consultative processes, mainly for revenue policy reforms) 3. not routinely conducted on annual basis, but some of which are still required by law/PFA to be conducted on a routine basis of every 3 or 4 years (e.g. consultative processes for the Government's "Investment Statement" and for the "Statement on the Crown's Long-Term Fiscal Position") 4. annual processes intended to promote broader public engagement in policy discussions, debate and formulation, but which are not strongly tied to any specific process of senior Government officials (ministers and senior ministerial/departamental staff) making decisions on specific policy proposals (e.g. the University Challenge and Schools Challenge activities, Treasury's annual scholarship competitions targeting youth participation in fiscal/budget policy issues) Further descriptions and citations for each of these additional public participation mechanisms under Treasury's management or with its close involvement are provided below: 1. Consultative processes as part of a major policy reform package and restructuring that extend over a multi-year period and not regular annual events: A major consultative process for policy formulation stretching over the past 2-3 years with direct Treasury involvement has focused on an effort to improve policies and services targeting "at-risk" children. The process was initiated by Treasury's "Request for Information" (public submissions) in November 2014. Treasury issued its report on submissions in May 2015. Further consultative processes were undertaken by the Ministry for Social Development, with the final report from the Export Panel being issued in December 2015. The process led to both a major package of 2016 Budget policy initiatives targeting vulnerable children and families, as well as a decision to create the new Ministry for Vulnerable Children (Oranga Tamariki), operational from 1 April, 2017. While the process has extended over a period beyond a single annual budget cycle, given the scope of both policy formulation and organisational restructuring, it has incorporated a substantial public consultative process. Treasury Report on Request for Information (public submissions) <http://www.treasury.govt.nz/statesector/socialinvestment/dat...> (http://www.treasury.govt.nz/statesector/socialinvestment/data/rfi/rfi-socialinvestment-summary.pdf) Ministry of Social Development Expert Panel Final Report <https://www.msd.govt.nz/documents/about-msd-and-our-work/wor...> (https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/investing-in-children/investing-in-children-report.pdf) Budget 2016 Policy Initiatives <http://www.budget.govt.nz/budget/2016/releases/r5-english-65...> (http://www.budget.govt.nz/budget/2016/releases/r5-english-652-1m-social-investment-for-vulnerable-nzers.htm) <http://www.budget.govt.nz/budget/2016/releases/r25-tolley-34...> (http://www.budget.govt.nz/budget/2016/releases/r25-tolley-347-8m-for-care-and-protection-of-young-people.htm) New Ministry for Vulnerable Children (Oranga Tamariki) <https://www.mvcot.govt.nz/> (https://www.mvcot.govt.nz/) 2. Consultative processes as part of an ongoing/continuous basis not necessarily tied to preparation of annual budget policy initiatives: Both Inland Revenue Department (IRD) and Treasury maintain websites providing the opportunity for any member of general public to make submissions on policies under consideration by Government. Together with Treasury, IRD can also be viewed as responsible for a part of the "central finance agency" functions, given its lead role in tax policy, and the routine mechanisms IRD provides for public engagement through its websites (through consultations on its work plan and on specific proposed tax policy changes) constitute a substantive case for public engagement in policy formulation. Note, some policy measures may be timed for implementation at the start of a given budget year. i.) Inland Revenue Department (IRD) websites supporting public submissions on policy: Information about IRD's annual work plan in the area of tax policy <http://taxpolicy.ird.govt.nz/work-programme> (http://taxpolicy.ird.govt.nz/work-programme) A listing of specific policy items for which IRD/Government is seeking public submissions <http://taxpolicy.ird.govt.nz/consultation> (http://taxpolicy.ird.govt.nz/consultation) Progress reports on the status of policy changes under consideration by Parliament as they move through the required stages of Parliamentary review and voting <http://taxpolicy.ird.govt.nz/bills> (http://taxpolicy.ird.govt.nz/bills) ii.) NZ Treasury websites supporting public submissions on policy: <http://www.treasury.govt.nz/publications/reviews-consultatio...> (http://www.treasury.govt.nz/publications/reviews-consultation/taxissues) <http://www.treasury.govt.nz/publications/reviews-consultatio...> (http://www.treasury.govt.nz/publications/reviews-consultation) Recent/ongoing examples include the following: Overseas Investment Amendment Regulations: Implementing the Trans-Pacific Partnership Agreement <http://www.treasury.govt.nz/publications/reviews-consultatio...> (http://www.treasury.govt.nz/publications/reviews-consultation/overseas-investment-trans-pacific) Overseas Investment Amendment Regulations (No 2) 2016: Targeted Exemptions to Overseas Investment Act 2005 <http://www.treasury.govt.nz/publications/reviews-consultatio...> (http://www.treasury.govt.nz/publications/reviews-consultation/overseas-investment/) Government Inquiry into Foreign Trust Disclosure Rules <http://www.treasury.govt.nz/publications/reviews-consultatio...> (http://www.treasury.govt.nz/publications/reviews-consultation/foreign-trust-disclosure-rules) [Note: Treasury processes also include issuance of a report summarising all public submissions received and providing feedback on how public input has been received and used. See Q.132] 3. Consultative processes as part of a periodic Treasury policy review process (mandated by law/PFA to occur on a definite schedule, but not on an annual basis): i.) the Investment Statement (required every 4 years to examine the Crown's balance sheet and management of assets and liabilities) <http://www.treasury.govt.nz/government/investmentstatements/>... (http://www.treasury.govt.nz/government/investmentstatements/2014) ii.) the Statement on the Crown's Long-Term Fiscal Position (also required every 4 years and providing 40-year projections on the fiscal position, identifying challenges such as those arising from ageing population and providing evidence-based options for meeting those challenges) Statement on the Crown's Long-Term Fiscal Position (He Tirohanga Mokopuna) <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (http://www.treasury.govt.nz/government/longterm/fiscalposition/2016) Report on public consultative process for formulation of "Statement on the Crown's Long-Term Fiscal Position" <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/ltsf-16-bg-conv.pdf) 4. Consultative processes as part of an annual program to encourage broader public participation or engagement in discussion and debate of fiscal/budget policy issues without being directly tied to Government decision-making on a specific annual budget policy initiative: These

Treasury-run programs encourage university and high-school students to engage in fiscal/budget policy discussion and debate through competitions awarding substantial scholarships for the top submissions: University Challenge <http://www.treasury.govt.nz/abouttreasury/universitychalleng...> (http://www.treasury.govt.nz/abouttreasury/universitychallenge/winners) Schools Challenge <http://www.treasury.govt.nz/abouttreasury/schoolschallenge> (http://www.treasury.govt.nz/abouttreasury/schoolschallenge)

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I would note that the questions in this section seem to presuppose that formal mechanisms for feedback are necessary and can be stronger than more diffuse informal participation and feedback. Further, in a Westminster parliamentary system, much relevant feedback will be directly through elected representatives who are also members of the Executive, and the questions (and therefore responses) taken into account practices and mechanisms for feedback to elected representatives, which may in some cases be more relevant than other formal mechanisms asked about and listed in these responses.

**Government Reviewer**

**Opinion:** Agree

**126:** With regard to the mechanism identified in question 125, does the executive take concrete steps to include vulnerable and under-represented parts of the population in the formulation of the annual budget?

- a. (100) Yes, the executive takes concrete steps to include individuals and/or CSOs representing vulnerable and underrepresented parts of the population in the formulation of the annual budget.
- b. (0) The requirements for an "a" response are not met.
- c. Not applicable (please comment).

**Answer:** a. (100)

**Sources:** While there is clearly more that the executive could do to increase the scope and substance of public participation/consultation, both generally and certainly in the scope of consultations targeting "vulnerable and under-represented parts of the population", based on the stated criteria that the executive must actively seek out [either] individuals from vulnerable and underrepresented communities and/or civil society organisations representing vulnerable and underrepresented individuals and communities as part of its consultative process for formulation of the annual budget, the most appropriate response is assessed to be "a" Membership of the Social Investment Panel does indicate direct participation by representatives of NGOs involved in the delivery of social services to "at-risk"/vulnerable segments of the population, as well a representative from a Maori iwi (tribal) community-based organisations. In addition, although not appearing to be directly relevant to the assessment criteria for this question, the scope of social sector policies for which the Social Investment Panel provides what the Government (Treasury) considers to be extremely valuable input does include a range of budget initiatives targeting services and support for vulnerable/"at-risk" elements of the population: • Additional funding for emergency community housing • Temporary release and pre-release planning for prisoners coming out of corrections facilities • Funding for specialist sexual violence services • Extending the youth service to 18 and 19 year olds • Reducing long-term benefit dependence • Segmentation towards enabling pathways (STEP) for people with health conditions or disabilities • Supporting ex-offenders into employment • Children's action plan • Reducing teen pregnancy <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396...> (http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396241.pdf)

**Comments:** Researcher: Again considering the broader range of the executive's (and in particular, Treasury's) public consultative processes as cited in the "Comments" box for Q.125, it is worthwhile pointing out two specific cases for which consultative processes sought out contributions/input of both individuals from vulnerable and underrepresented communities and CSOs representing vulnerable and underrepresented individuals and communities 1. Consultative processes as part of a major policy reform package and restructuring stretching over the past 2-3 years focused on improving policies and services targeting "at-risk" children. The consultative process included Treasury's "Request for Information" (public submissions) in November 2014. Treasury issued its report on submissions in May 2015, with further consultative processes undertaken by the Ministry for Social Development and its Export Panel, which issued its report in December 2015. The process led to both a major package of 2016 Budget policy initiatives targeting vulnerable children and families, as well as a decision to create the new Ministry for Vulnerable Children (Oranga Tamariki), operational from 1 April, 2017. Given the scope of both policy formulation and organisational restructuring, this multi-year process has incorporated a substantial public consultative process, including extensive input/participation from both individuals and CSOs representing the targeted at-risk/vulnerable population. Treasury Report on Request for Information (public submissions) <http://www.treasury.govt.nz/statesector/socialinvestment/dat...> (http://www.treasury.govt.nz/statesector/socialinvestment/data/rfi/rfi-socialinvestment) Ministry of Social Development Expert Panel Final Report <https://www.msd.govt.nz/documents/about-msd-and-our-work/wor...> (https://www.msd.govt.nz/documents/about-msd-and-our-work/work-programmes/investing-in-children/investing-in-children-report.pdf) 2. Consultative processes surrounding Treasury's preparation of the "Statement on the Crown's Long-Term Fiscal Position" (as required by law/PFA every 4 years) also included a series of consultative workshops with external parties from a range of the New Zealand population, including youth and the Maori community. Statement on the Crown's Long-Term Fiscal Position (He Tirohanga Mokopuna) <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (http://www.treasury.govt.nz/government/longterm/fiscalposition/2016) Report on public consultative process for formulation of "Statement on the Crown's Long-Term Fiscal Position" <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/lfs-16-bg-conv.pdf)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** As well as representation from the social investment panel, individual agencies are also encouraged to take a client centric view when developing policy and, if required, engage with the target population to get a better understanding of their needs.

**127:**

During the budget formulation stage, which of the following key topics does the executive's engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Macroeconomic issues
2. Revenue forecasts, policies, and administration
3. Social spending policies
4. Deficit and debt levels
5. Public investment projects
6. Public services

- a. (100) The executive's engagement with citizens covers all six topics  
b. (67) The executive's engagement with citizens covers at least three (but less than six) of the above-mentioned topics  
c. (33) The executive's engagement with citizens cover at least one (but less than three) of the above-mentioned topics  
d. (0) The requirements for a "c" response or above are not met  
e. Not applicable (please comment)

**Answer:** b. (67)

**Sources:** Based on the scope of 2016 Budget policy initiatives reviewed by the Social Investment Panel convened by Treasury, topics (and budget policy actions) included: - Social spending - Public investment (a small amount of capital spending for Social Housing/Emergency Housing policy) - Public services See discussion/listing of specific 2016 Budget policy proposals/initiative assessed by Social Investment Panel as reported in Final Report: <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3396241.pdf>) Also note that the spending amounts for specific initiatives reviewed by the panel and ultimately approved by Cabinet for incorporation into the EBP can be found in the Government's "Summary of Initiatives in 2016 Budget". For example, looking at the 7 policy initiatives identified on p.3 of the panel's final report as receiving support can be found listed among the initiatives listed in "Table 6 – Initiatives agreed in Budget 2016" on pp.10-17 in the "Summary of Initiatives in 2016 Budget" document. <http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b1...> (<http://www.budget.govt.nz/budget/pdfs/summary-initiatives/b16-sum-initiatives.pdf>)

**Comments:** Researcher: Taking a broader view inclusive of the other public engagement mechanisms cited in the "Comments" section for Q.125, but NOT considered for assessment as part of Q.125, a broader scope of topics and budget activities would be included: 1. Capital Investment Panel: Public investment <http://www.treasury.govt.nz/statesector/investmentmanagement...> (<http://www.treasury.govt.nz/statesector/investmentmanagement/think/investmentpanel>) 2. IRD/Treasury consultative mechanisms for revenue/tax policies: Revenue forecasts, policies and administration <http://taxpolicy.ird.govt.nz/work-programme> (<http://taxpolicy.ird.govt.nz/work-programme>) <http://taxpolicy.ird.govt.nz/consultation> (<http://taxpolicy.ird.govt.nz/consultation>) <http://www.treasury.govt.nz/publications/reviews-consultatio...> (<http://www.treasury.govt.nz/publications/reviews-consultation/taxissues>) <http://www.treasury.govt.nz/publications/reviews-consultatio...> (<http://www.treasury.govt.nz/publications/reviews-consultation>) 3. Preparation (every 4 years) of "Investment Statement" Macroeconomic issues; Deficit and debt levels; Public investment projects [http://www.treasury.govt.nz/government/investmentstatements/...](http://www.treasury.govt.nz/government/investmentstatements/) (<http://www.treasury.govt.nz/government/investmentstatements/2014>) 4. Preparation (every 4 years) of "Statement on the Crown's Long-Term Fiscal Position" (He Tirohanga Mokopuna): All 6 topics - Macroeconomic issues; Revenue forecasts, policies and administration; Social spending policies; Deficit and debt levels; Public investment projects; Public services <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (<http://www.treasury.govt.nz/government/longterm/fiscalposition/2016>) <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (<http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/lfs-16-bg-conv.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Alongside the social investment panel, the Treasury also runs a capital investment panel to look at spending initiatives associated with capital investment and infrastructure. This includes members from outside of the Government including private companies and independent consultants on public private partnerships.

**128:** Does the executive use participation mechanisms through which the public can provide input in monitoring the implementation of the annual budget?

- a. (100) Yes, the executive uses open participation mechanisms through which members of the public and government officials exchange views on budget implementation.  
b. (67) Yes, the executive uses open participation mechanisms through which members of the public provide their inputs on budget implementation.  
c. (33) Yes, the executive uses participation mechanisms during the budget implementation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).  
d. (0) The requirements for a "c" response or above are not met.  
e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** The Kiwis Count survey has been developed and managed by the State Service Commission (SSC) as part of its multi-year research programme. The Kiwis Count survey mechanism measures citizens' satisfaction and identifies areas for improvement in public services, with the

intention of providing guidance to a wide range of Government agencies on how to improve service delivery in the public sector. The survey is conducted quarterly and results (as well as the questionnaire itself) are analyzed and made available to the public. <http://www.ssc.govt.nz/kiwis-count> (<http://www.ssc.govt.nz/kiwis-count>) Sample Kiwis Count survey questionnaire (July 2016) <http://www.ssc.govt.nz/sites/all/files/kiwis-count-questionnaire-2016-from-july.pdf>

**Peer Reviewer**

**Opinion:** Agree with Comments

**Comments:** I think this is at the margin of a "b" and a "c" given the survey is only one mechanism and is not open to those who are not in the survey sample. (However there are other mechanisms noted in answers to other questions not repeated by the researcher here.)

**Government Reviewer**

**Opinion:** Agree

**129:** With regard to the mechanism identified in question 128, does the executive take concrete steps to receive input from vulnerable and under-represented parts of the population on the implementation of the annual budget?

- a. (100) Yes, the executive takes concrete steps to receive input from individuals from and/or organizations representing vulnerable and underrepresented parts of the population on the implementation of the annual budget.
- b. (0) The requirements for an "a" response are not met.
- c. Not applicable (please comment).

**Answer:** b.

**Sources:** Although the Kiwis Count Survey does ask the participant to provide information related to income, age, ethnicity and disabilities, the selection process for participants (from voter registration rolls) does not specifically target "vulnerable and under-represented parts of the population".

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**130:**

During the implementation of the annual budget, which of the following topics does the executive's engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Changes in macroeconomic circumstances
2. Delivery of public services
3. Collection of revenue
4. Implementation of social spending
5. Changes in deficit and debt levels
6. Implementation of public investment projects

- a. (100) The executive's engagement with citizens covers all six topics
- b. (67) The executive's engagement with citizens covers at least three (but less than six) of the above-mentioned topics
- c. (33) The executive's engagement with citizens cover at least one (but less than three) of the above-mentioned topics
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** Topics covered by the Kiwis Count Survey cited in response to Q.128 include: 2. Delivery of public services 3. Collection of revenue 4. Implementation of social spending <http://www.ssc.govt.nz/kiwis-count> (<http://www.ssc.govt.nz/kiwis-count>) Sample Kiwis Count survey questionnaire (July 2016) <http://www.ssc.govt.nz/sites/all/files/kiwis-count-questionnaire-2016-from-july.pdf>

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**131:**

When the executive engages with the public, does it provide comprehensive prior information on the process of the engagement, so that the public can participate in an informed manner?

Comprehensive information must include at least three of the following elements:

1. Purpose
2. Scope
3. Constraints
4. Intended outcomes
5. Process and timeline

- a. (100) Comprehensive information is provided in a timely manner prior to citizens engagement in both budget formulation and implementation phases.  
 b. (67) Comprehensive information is provided in a timely manner prior to citizens engagement only prior to one of the two phases (formulation OR implementation).  
 c. (33) Information is provided in a timely manner in both or one of the two phases, but it is not comprehensive.  
 d. (0) The requirements for a "c" response or above are not met.  
 e. Not applicable (Please comment).

**Answer:** a. (100)

**Sources:** In relation to the public engagement mechanisms cited for Q.125 (budget/policy formulation) and Q.128 (budget/policy implementation), the researcher's review of relevant evidence, either from consultations with Treasury (for the two panels) or available documentation about each of the engagement mechanisms leads to the assessment that comprehensive information is provided in a timely manner prior to citizens (or invited participants) engaging in the consultative processes. 1. Investment Panel (policy formulation) 2. Social Investment Panel (policy formulation) It is understood that external panel participants are well informed. 3. Kiwis Count survey (policy implementation) <http://www.ssc.govt.nz/kiwis-count> (<http://www.ssc.govt.nz/kiwis-count>) Sample Kiwis Count survey questionnaire (July 2016) <http://www.ssc.govt.nz/sites/all/files/kiwis-count-questionn...> (<http://www.ssc.govt.nz/sites/all/files/kiwis-count-questionnaire-2016-from-july.pdf>) Summary: The researchers review of relevant reporting on these processing, including documentation describing the public engagement processes, supports the assessment that collectively, the engagement processes included comprehensive (prior) information about at least 4 of the 5 elements cited above: 1. Purpose 2. Scope 3. Constraints 4. Intended outcomes 5. Process and timeline

**Comments:** Researcher: Evidence for scope of information provided to the public for the other channels originally cited moved to the "Comments" box, although these are no longer part of the consultative processes or evidence being assessed: 1. Inland Revenue Department (IRD) consultations on tax policy changes (request for submissions) A listing of specific policy items for which IRD/Government is seeking public submissions <http://taxpolicy.ird.govt.nz/consultation> (<http://taxpolicy.ird.govt.nz/consultation>) 2. NZ Treasury consultations (request for submissions) for specific policy proposals (as well as for the periodic Statement of Long-Term Fiscal Position and for annual University and Schools Challenges) Requests for submissions on specific policies <http://www.treasury.govt.nz/publications/reviews-consultatio...> (<http://www.treasury.govt.nz/publications/reviews-consultation>) Sample request for public submissions: Overseas Investment Amendment Regulations: Implementing the Trans-Pacific Partnership Agreement <http://www.treasury.govt.nz/publications/reviews-consultatio...> (<http://www.treasury.govt.nz/publications/reviews-consultation/overseas-investment-trans-pacific>) Report on public consultative process for formulation of "Statement on the Crown's Long-Term Fiscal Position" <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (<http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/lfts-16-bg-conv.pdf>) University Challenge <http://www.treasury.govt.nz/abouttreasury/universitychalleng...> (<http://www.treasury.govt.nz/abouttreasury/universitychallenge/winners>) Schools Challenge <http://www.treasury.govt.nz/abouttreasury/schoolschallenge> (<http://www.treasury.govt.nz/abouttreasury/schoolschallenge>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**132:** With regard to the mechanism identified in question 125, does the executive provide the public with feedback on how citizens' inputs have been used in the formulation of the annual budget?

- a. (100) Yes, the executive provides a written record which includes both the list of the inputs received and a detailed report of how the inputs were used in the formulation of the annual budget.  
 b. (67) Yes, the executive provides a written record which includes both the list of inputs received and a summary of the how the inputs were used in the formulation of the annual budget.  
 c. (33) Yes, the executive provides a written record which includes either the list of the inputs received or a report or summary on how they were used.  
 d. (0) The requirements for a "c" response or above are not met.  
 e. Not applicable (please comment).

**Answer:** c. (33)

**Sources:** The example of a public engagement mechanism for budget policy formulation cited in response to Q.125 is the Social Investment Panel, convened by Treasury to review social sector budget policy proposals with membership comprised of NGOs representatives, Maori/iwi organisations, academic experts, scientists and other external organisations/participants. Following their review process in the months leading up to final Cabinet decisions on budget initiatives (in April), the Panel produces a report to be shared with relevant Treasury and other ministerial/departmental officials. The report indicates the Panel's collective assessment of each budget initiative that had been chosen for review and consultations with both Treasury and line ministry officials responsible for developing the proposal and for its possible implementation, should it be approved. While it is undetermined

whether Treasury or any other agency provides the Panel with a specific report informing them of exactly how any advice received from the Panel was used to make final policy decisions, a some information is made public about the impact (both direct and indirect) on Treasury's policy advice to Ministers and other senior officials on specific initiatives through the post-Budget release of internal Treasury reports and briefing notes on the Treasury website: <http://www.treasury.govt.nz/publications/informationreleases...> (<http://www.treasury.govt.nz/publications/informationreleases/budget/2016/key>) One item of relevance is a short Treasury note that accompanied Treasury's submission of the Social Investment Panel's final report to key ministers. In particular, on p.3 of the Treasury note to ministers, there is a discussion of the quality and value of the Social Investment Panel's advice to the Government. <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3401...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3401472.pdf>) Another item of relevance made public by Treasury is the report to ministers that provides background on the Social Investment Panel and its terms of reference. This document also gives some sense of how the Panel contributes to the budget process and Treasury/Government decision-making. Treasury Report: Social Investment Panel for Budget 2016 <http://www.treasury.govt.nz/downloads/pdfs/oia/oia-20160070....> (<http://www.treasury.govt.nz/downloads/pdfs/oia/oia-20160070.pdf>) Also, among the many policy-specific Treasury reports presented across specific votes, one can find reports specifically referring to the Social Investment Panel review process and the panel's policy assessment and recommendations as part of Treasury's advice to Ministers. Two examples are the following: Aide Memoire: Social Sector Budget Package: Social Investment and CYF modernisation <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3447...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3447605.pdf>) Annex to the report on Vote Social Development initiatives <http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3411...> (<http://www.treasury.govt.nz/downloads/pdfs/b16-info/b16-3411524.pdf>) More generally, the information contained within these Treasury documents provide the public (including members of both panels convened by Treasury - the Social Investment Panel cited in Q.125 and the similar Investment Panel focusing on proposed capital investment budget initiatives) with some indication of how advice provided had influenced or been used by Government to decide on specific budget policies.

**Comments:** Researcher: With respect to the broader scope of public consultation mechanisms cited in the "Comments" box for Q.125 but NOT considered as part of the assessment for Q.125, one can also see some examples of strong reporting back to the public on how inputs received through various consultative processes has been received, interpreted and in many cases used by Government to shape final policy decisions. Some specific examples include: 1. Consultative processes as part of a major social sector policy reform package targeting "at-risk" children Treasury Report on Request for Information (public submissions) <http://www.treasury.govt.nz/statesector/socialinvestment/dat...> (<http://www.treasury.govt.nz/statesector/socialinvestment/data/rfi/rfi-socialinvestment-summary.pdf>) 2. Treasury reporting on submissions received for specific policy items is comprehensive in its listing of submissions received and in how responses were assessed and used in considering specific policy options Sample of reporting by Treasury providing summary and feedback for public submissions: Overseas Investment Amendment Regulations (No 2) 2016: Targeted Exemptions to Overseas Investment Act 2005 <http://www.treasury.govt.nz/publications/reviews-consultatio...> (<http://www.treasury.govt.nz/publications/reviews-consultation/overseas-investment/pdfs/oia-summ-subm-dec16.pdf>) 3. Extensive Treasury reporting back to the public on consultative processes and inputs received for Statement of Long-Term Fiscal Position (a periodic process required by law/PFA but not annual ) Report on public consultative process for formulation of "Statement on the Crown's Long-Term Fiscal Position" <http://www.treasury.govt.nz/government/longterm/fiscalpositi...> (<http://www.treasury.govt.nz/government/longterm/fiscalposition/2016/lfs-16-bg-conv.pdf>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**133:** With regard to the mechanism identified in question 128, does the executive provide the public with information on how citizens' inputs have been used to assist in monitoring the implementation of the annual budget?

- a. (100) Yes, the executive provides a written record which includes both the list of the inputs received from the public and a detailed report of how the inputs were used to assist in monitoring the annual budget.
- b. (67) Yes, the executive provides a written record which includes both the list of inputs received and a summary of the how the inputs were used to assist in monitoring the annual budget.
- c. (33) Yes, the executive provides a written record which includes either the list of the inputs received or a report or summary on how they were used.
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** In relation to the public engagement mechanism cited in response to Q.128 regarding budget/policy implementation (Kiwis Count Survey), the researcher's assessment of reporting on use of the public inputs by the executive is assessed as meeting the criteria set out for an "b" response, providing detailed information about the inputs received (analysis of survey results) and some "case study" reports on how the inputs were utilized to effect changes in service delivery (budget implementation). Kiwis Count reports - website offers extensive reporting on results of quarterly surveys, along with some information relating to how the results were used to try to improve the quality of specific public services <http://www.ssc.govt.nz/kiwis-count> (<http://www.ssc.govt.nz/kiwis-count>) For examples of "case studies" whereby two executive agencies (NZ Police and Inland Revenue Dept) have used Kiwis Count data (public input) to try to improve the quality of services, see 2015 Kiwis Count Annual Report, pp.16-22 (attached). <http://www.ssc.govt.nz/sites/all/files/kiwis-count-june15-an...> (<http://www.ssc.govt.nz/sites/all/files/kiwis-count-june15-annual-report.pdf>)

**Comments:** Researcher: Have not been able to find 2016 Kiwis Count Annual Report, though the updated 2016 questionnaires and data sets are available on website. Of course it would be good to have more recent citation with reporting on other case studies and impacts.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 134: Are participation mechanisms incorporated into the timetable for formulating the Executive's Budget Proposal?

- a. (100) Yes, the executive incorporates participation into its timetable for formulating the Executive's Budget Proposal and the timetable is available to the public.  
b. (0) The requirements for an "a" response are not met.  
c. Not applicable (please comment).

**Answer:** b.

**Sources:** The timetable for budget formulation does not include a specific mechanism or phase within the timetable for public participation (engagement with the executive as defined for Q.125) to provide inputs to the budget formulation process. As indicated in response to Q.53, the detailed budget timetable produced by Treasury for dissemination to government agencies/stakeholders was (apparently) not made publicly available for the 2016 Budget.

**Comments:** Researcher: Waiting for follow up fro Treasury to verify that the 2016 Budget circular (or at least the timetable contained within the most recent annual budget circular) was not publicly available.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

### 135: Do one or more line ministries use participation mechanisms through which the public can provide input during the formulation or implementation of the annual budget?

- a. (100) Yes, at least one line ministry uses open participation mechanisms through which members of the public and government officials exchange views on the budget.  
b. (67) Yes, at least one line ministry uses open participation mechanisms through which members of the public provide their inputs on the budget.  
c. (33) Yes, at least one line ministry uses participation mechanisms during the budget formulation or implementation phase, but either these mechanisms capture only some ad-hoc views, or the executive invites specific individuals or groups for budget discussions (participation is not, in practice, open to everyone).  
d. (0) The requirements for a "c" response or above are not met.  
e. Not applicable (please comment).

**Answer:** a. (100)

**Sources:** Public input to (budget) policy formulation and implementation on the part of "line ministries" is evident in a variety of ways. 1. Consultations and invitations for public submissions to comment on policy proposals at various stages of developed and consideration by executive agency (or agencies) or by Cabinet (sometimes referred to as "green paper" or "white paper", but also possibly simply posted on website shown below (and possibly other agency-specific sites) as an announcement with a background report attached and instructions for relevant submissions. <https://www.govt.nz/browse/engaging-with-government/consulta...> (<https://www.govt.nz/browse/engaging-with-government/consultations-have-your-say/consultations-listing/>) 2. Mandatory public consultative processes required for transport planning and project implementation (NZTA) Recent samples of public engagement processes surrounding transport projects: Nelson Southern Link Investigation - Programme Business Case Public Engagement Summary Report <http://www.nzta.govt.nz/assets/projects/nelson-southern-link...> (<http://www.nzta.govt.nz/assets/projects/nelson-southern-link/NSLI-Public-Engagement-Summary-Report-Final.pdf>) Petone to Grenada Link Road - Community Engagement <http://www.nzta.govt.nz/projects/petone-to-grenada-link-road...> (<http://www.nzta.govt.nz/projects/petone-to-grenada-link-road/community-engagement/>) Western Ring Route - Auckland Northern Corridor - Public Consultation <http://www.nzta.govt.nz/projects/the-western-ring-route/auck...> (<http://www.nzta.govt.nz/projects/the-western-ring-route/auckland-northern-corridor/public-consultation/>) 3. Other line ministries use a wide range of public engagement processes to inform policy formulation and/or policy implementation. Such mechanisms include client surveys, focus groups and expert panels for consultation processes and/or preparation of in-depth reports producing recommendations to advise a ministry on policy initiatives. These activities cover a wide range of public services, including social services, health services, education, conservation and recreation services, etc. Some samples of recent/ongoing consultative/public engagement processes cited below: Ministry of Social Development - Establishing panel of community housing providers (CHPs) <https://www.msd.govt.nz/about-msd-and-our-work/work-programmes/housing/initiatives/panel-of-community-housing-providers-for-auckland-social-housing-services.html> Ministry of Health - Public consultation regarding regulation of electronic cigarettes <http://www.health.govt.nz/publication/policy-options-regulat...> (<http://www.health.govt.nz/publication/policy-options-regulation-electronic-cigarettes-consultation-document>) <http://www.health.govt.nz/search/results/public%20consultati...> (<http://www.health.govt.nz/search/results/public%20consultation%20>) Ministry of Education - Education funding system review <http://www.education.govt.nz/ministry-of-education/consultat...> (<http://www.education.govt.nz/ministry-of-education/consultations-and-reviews/education-funding-system-review/>) Department of Conservation - Annual survey - 2016 <http://www.doc.govt.nz/about-us/our-role/managing-conservati...> (<http://www.doc.govt.nz/about-us/our-role/managing-conservation/recreation-management/visitor-statistics-and-research/survey-of-new-zealanders/2016/>) 4. Whole-of-Government initiatives with activities directly involving line ministries: In addition to the ministry-specific references cited above, there is also the whole-of-government Better Public Services (BPS) program with overall program management by SSC and public engagement processes/activities involving either a specific line ministry or, quite often, multiple line ministries working in conjunction with one another. The SSC website page for BPS provides extensive reporting (in form of case studies, video and other materials) to demonstrate how public engagement contributed to policy implementation <http://www.ssc.govt.nz/better-public-services> (<http://www.ssc.govt.nz/better-public-services>) <https://www.ssc.govt.nz/bps-case-studies> (<https://www.ssc.govt.nz/bps-case-studies>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IBP comment:** IBP agrees with an "a" response. But it finds that only the consultations by Ministry of Health, cited in the third example, is consistent with an "a" response under OBS guidelines.

**136:** Does the legislature or the relevant legislative committee(s) hold public hearings and/or use other participation mechanisms through which the public can provide input during its public deliberations on the formulation of the annual budget (pre-budget and/or approval stages)?

- a. (100) Yes, public hearings are held, and members of the public/CSOs testify.
- b. (67) Yes, public hearings are held. No testimony from the public is provided during the public hearings, but contributions from the public are received through other means.
- c. (33) Yes, public hearings are held. No testimony from the public is provided during the public hearings, and there are no other mechanisms through which public contributions are received, but the legislature invites specific individuals or groups to testify or provide input (participation is not, in practice, open to everyone).
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** As noted below in the comments section, Parliamentary hearings during the budget/policy formulation phase for which members of the public provide written submissions and/or oral testimony include two areas: 1. Hearings for the Government's Budget Policy Statement (BPS) which is issued in December, but with Parliamentary hearings typically occurring in early March: Parliamentary Finance and Expenditure (Select) Committee hearings for 2016 Budget Policy Statement (BPS) FEC report on BPS hearings [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/...) (Public submissions for BPS hearings <https://www.parliament.nz/en/search?Criteria.Keyword=Budget+...> (Criteria.Keyword=Budget+Policy+Statement+submission&Criteria.TitleOnly=False&Criteria.DocumentType=Other+matter++SC+evidence&Criteria.Timeframe=365.00%3a00%3a00.000&Criteria.PageNumber=1) 2. Hearings to consider specific draft legislation (bills) under consideration by Parliament, for which any member of the public can make submissions: Website for any member of public to make a submission on any matter before Parliament <https://www.govt.nz/browse/engaging-with-government/consultations-have-your-say/give-feedback-on-a-bill-before-parliament/>) Some examples of recent legislative matters for which public submissions were received Financial Assistance for Live Organ Donors Bill (39-2) and Report of the Attorney-General under the New Zealand Bill of Rights Act 1990 on the Financial Assistance for Live Organ Donors Bill (21 September 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) (Education Legislation Bill (100-2) (30 June 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) (Keep Kiwibank Bill (57-1) (6 April 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) (Child Protection (Child Sex Offender Register) Bill (16-2) and the Report of the Attorney-General on the Child Protection (Child Sex Offender Register) Bill (14 March 2016) [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68596\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68596_1/...) (Taxation (Residential Land Withholding Tax, GST on Online Services, and Student Loans) Bill (93-2) (21 March 2016) [https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH\\_...](https://www.parliament.nz/en/pb/sc/reports/document/51DBSCH_...) (Taxation (Transformation: First Phase Simplification and Other Measures) Bill (41-2) (21 March 2016) [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68707\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68707_1/...) (

**Comments:** Researcher: Note: Parliamentary select committees also hold vote-specific hearings to assess the proposed (EBP) budget allocations (estimates) during the period between their submission to Parliament ("Budget Day") and approval of "the Estimates" by the whole-of-Parliament (in June-July each year), but the researcher's review of a sample of selected committee reporting across 8 vote-specific hearings related to the 2016 Estimates shows that in no case is any written submission or oral testimony from a member of the public cited. These hearings consistently involve written briefing papers by select committee staff, briefing materials provided to the select committee by the OAG, and both written submissions and oral testimony by Government officials including ministers responsible for the specific vote that is the subject of a given hearing and senior civil service officials from the relevant Government ministry, department or other agency involved.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**Researcher response:** Upon further review as part of checks for cross-country consistency in the assessments, for this question, IBP advises that the most appropriate response for this question is a "b". Noting the detailed explanation provided for what conditions satisfy an "a" and "b" response, the researcher agrees with this revision, as written submissions from the public are accepted without restrictions, while public testimony may not be readily accessible without restriction or invitation from the legislative committee(s) conducting the hearing. Assessment revised from "a" to "b".

**137:**

During the legislative deliberations on the annual budget (pre-budget or approval stages), which of the following key topics does the legislature's (or relevant legislative budget committee) engagement with citizens cover?

For the purpose of this question, key topics are considered to be:

1. Macroeconomic issues
2. Revenue forecasts, policies, and administration
3. Social spending policies
4. Deficit and debt levels
5. Public investment projects
6. Public services

- a. (100) The legislature seeks input on all six topics
- b. (67) The legislature seeks input on at least three (but less than six) of the above-mentioned topics
- c. (33) The legislature seeks input on at least one (but less than three) of the above-mentioned topics
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** There is no restriction on the scope of testimony or written submissions by the public to Parliamentary committees during legislative deliberations on the Budget Policy Statement or for vote-specific appropriations presented in the Estimates. Public testimony and submissions can address any/all of the 6 categories listed above. A review of submissions for Finance and Expenditure (Select) Committee hearings (held in March 2016) for the 2016 Budget Policy Statement indicates a large number of written submissions relative to other recent years. However, the very large majority of these submissions was focused on one particular policy issue, i.e. increasing taxation on sale of tobacco. There was at least one submission (from Caritas Aotearoa New Zealand, an organisation that routinely provides a written submission for the BPS on an annual basis) addressing a broader array of issues. Apparently absent in the collection of written submissions for the most recent 2016 BPS, but typical of most recent years, is a submission from one organisation (Federated Farmers of NZ) which would typically include broader commentary about macroeconomic issues. <https://www.parliament.nz/en/search?Criteria.Keyword=Budget+...> (<https://www.parliament.nz/en/search?Criteria.Keyword=Budget+Policy+Statement+submission&Criteria.TitleOnly=False&Criteria.DocumentType=Other+matter+-+SC+evidence&Criteria.Timeframe=range&Criteria.DateFrom=2016-01-09&Criteria.DateTo=2017-04-01&Criteria.ViewAll=1>) In practice, there no public submissions made (or reported) for any of the select committee hearings for examination of vote-specific estimates, though it is not evident that there is any prohibition or restriction on the scope of any written submissions from the public.

**Comments:** Researcher: If the question is indeed, as worded, about the scope of commentary that the legislature seeks, then that would not exclude any of the items listed for criteria and an answer of "a" would be appropriate. However, if the question and response are to reflect the actual scope of submissions/input from the public, then the range of actual commentary/input received is generally a bit narrow and a response of "b" would possibly be appropriate.

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**IBP comment:** For cross-country consistency, IBP finds that a "b" response (rather than an "a") is more appropriate, reflecting the actual scope of public inputs.

**138:** Does the legislature provide feedback to the public on how citizens' inputs have been used during legislative deliberations on the annual budget?

- a. (100) Yes, the legislature provides a written record which includes both the list of the inputs received from the public and a detailed report of how the inputs were used during legislative deliberations on the budget.
- b. (67) Yes, the legislature provides a written record which includes both the list of inputs received and a summary of the how the inputs were used.
- c. (33) Yes, the legislature provides a written record which includes either the list of the inputs received or a report or summary on how they were used.
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** b. (67)

**Sources:** The FEC (Select Committee) report to Parliament, with its advice and recommendation(s), includes a discussion of the submissions received for the 2016 BPS. Budget Policy Statement 2016 and Half Year Economic and Fiscal Update, 15 December 2015 "Report of the Finance and Expenditure Committee", pp.13-14 [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68485\\_1/1d7d4a15c333742fad4f16860c18fb48a83168c](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68485_1/1d7d4a15c333742fad4f16860c18fb48a83168c)) While the FEC report itself does not individually present or list the submissions from the public, that listing and off of the individual submissions are themselves published on NZ Parliamentary website. <https://www.parliament.nz/en/search?Criteria.Keyword=Budget+...> (<https://www.parliament.nz/en/search?Criteria.Keyword=Budget+Policy+Statement+submission&Criteria.TitleOnly=False&Criteria.DocumentType=Other+matter+-+SC+evidence&Criteria.Timeframe=range&Criteria.DateFrom=2016-01-09&Criteria.DateTo=2017-04-01&Criteria.ViewAll=1>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

**139: Does the legislature hold public hearings and/or use other participation mechanisms through which the public can provide input during its public deliberations on the Audit Report?**

- a. (100) Yes, public hearings on the Audit Report are held, and members of the public/CSOs testify.
- b. (67) Yes, public hearings on the Audit Report are held. No testimony from the public is provided during the hearings, but contributions from the public are received through other means.
- c. (33) Yes, public hearings on the Audit Report are held. No testimony from the public is provided during the hearings and there are no other mechanisms through which public contributions are received, but the legislature invites specific individuals or groups to testify or provide input (participation is not, in practice, open to everyone).
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** c. (33)

**Sources:** The Finance and Expenditure (Select) Committee did hold hearings for both the OAG's annual audit of central government agencies, as well as for the Government's audited, year-end financial statements, for which OAG, in addition to conducting and reporting its audit of the Government's financial statements, also provided FEC with a briefing paper to support the select committees conduct of the hearing(s) at which testimony was heard from the Minister of Finance and from Treasury officials. No public input is cited for FEC hearings involving either of these OAG annual reports. Report of the Finance and Expenditure (Select) Committee on hearings held for "Report of the Controller and Auditor-General, Central Government: Results of the 2014/15 audits" [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68840\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68840_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68840\\_1/9e38d543652cefee611a70de4e0cfb1520533f95](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68840_1/9e38d543652cefee611a70de4e0cfb1520533f95)) Report of the Finance and Expenditure (Select) Committee on hearings held for "Financial Statements of the Government of New Zealand for the year ended 30 June 2015 Most recent report of review/hearing by Parliamentary Finance and Expenditure Committee concerning audited year-end financial statements was for FY 2014 (FY year ending 30 June 2015), for which financial statements (YER) were produced in October 2015. Briefing report to FEC by OAG issued in November 2015. FEC parliamentary hearing on year-end financial statements and OAG report was held in March 2016. Report of the Finance and Expenditure Committee on Financial Statements of the Government of New Zealand for the year ended 30 June 2015 (March 2016) [https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68483\\_1/...](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68483_1/...) ([https://www.parliament.nz/resource/en-NZ/51DBSCH\\_SCR68483\\_1/0911b5c04238c829fc9e23768f96a40971467ae5](https://www.parliament.nz/resource/en-NZ/51DBSCH_SCR68483_1/0911b5c04238c829fc9e23768f96a40971467ae5)) Briefing to FEC (Parliamentary Select Committee) by the Office of Auditor General on Financial Statements of the Government of New Zealand for the year ended 30 June 2015 (November 2015) [https://www.parliament.nz/resource/en-nz/51SCFE\\_ADV\\_00DBSCH\\_...](https://www.parliament.nz/resource/en-nz/51SCFE_ADV_00DBSCH_...) ([https://www.parliament.nz/resource/en-nz/51SCFE\\_ADV\\_00DBSCH\\_ANR\\_66445\\_1\\_A456541/a840b70ed7f587c334a102d176151636f2b4bfcf](https://www.parliament.nz/resource/en-nz/51SCFE_ADV_00DBSCH_ANR_66445_1_A456541/a840b70ed7f587c334a102d176151636f2b4bfcf))

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree with Comments

**Comments:** Select Committee hearings are generally open to the media.

**140: Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can suggest issues/topics to include in the SAI's audit program (for example, by bringing ideas on agencies, programs, or projects that could be audited)?**

- a. (100) Yes, the SAI maintains formal mechanisms through which the public can suggest issues/topics to include in its audit program
- b. (0) The requirements for an "a" response are not met.
- c. Not applicable (please comment).

**Answer:** a. (100)

**Sources:** The combination of the OAG's routine process of making public its proposed/approved audit program, together with the clear instructions and channels for public inquiries and recommendations provided on the OAG website, constitute sufficiently "formal" mechanisms creating the opportunity for public participation in the formulation of OAG's audit program. The Office of Auditor-General makes public on its website its proposed work plan identifying specific audits that it intends to conduct. 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. According to consultations with Office of Auditor General, the OAG receives a substantial number of letters from the public with recommendations and advice of this nature. OAG Annual Plan 2016/17 <http://www.oag.govt.nz/2016/annual-plan> (<http://www.oag.govt.nz/2016/annual-plan>) The OAG website pages also show 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). How to ask for an inquiry <http://www.oag.govt.nz/our-work/inquiries/how-to-ask> (<http://www.oag.govt.nz/our-work/inquiries/how-to-ask>) Our inquiry process <http://www.oag.govt.nz/our-work/inquiries/process> (<http://www.oag.govt.nz/our-work/inquiries/process>) Exploring other avenues <http://www.oag.govt.nz/our-work/inquiries/other-avenues> (<http://www.oag.govt.nz/our-work/inquiries/other-avenues>) Finally, the OAG website refers to an online consultative process ("online forum") with the public <http://www.oag.govt.nz/2016/annual-plan/part2.htm> (<http://www.oag.govt.nz/2016/annual-plan/part2.htm>) "Our work under our previous Governance and accountability theme highlighted the importance of good information for strong governance, accountability, and transparency in the public sector. We also sought the views of citizens to help inform our work programme. Our two-day online forum and group discussion with members of the public highlighted their experiences in obtaining information from, or providing information to, the public sector. The experiences that worked well involved processes and interactions that were easy, convenient, and comprehensible. Citizens also highlighted the importance of accurate and secure information for users of public services." "As we carry out our 2016/17 work programme, we plan to use what we heard from citizens to stimulate conversation and debate among our various stakeholders, including public entities and the public, and encourage our staff to keep citizens' views in mind as we carry out our work. We expect this citizen-focused approach to enrich our reporting."

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Agree

**141: Does the Supreme Audit Institution (SAI) provide the public with feedback on how citizens' inputs have been used to determine its audit program?**

- a. (100) Yes, the SAI provides a written record which includes both the list of the inputs received and a detailed report of how the inputs were used to determine its audit program.
- b. (67) Yes, the SAI provides a written record which includes both the list of inputs received and a summary of the how the inputs were used to determine its audit program.
- c. (33) Yes, the SAI provides a written record which includes either the list of the inputs received or a report or summary on how they were used.
- d. (0) The requirements for a "c" response or above are not met.
- e. Not applicable (please comment).

**Answer:** d.

**Sources:** The research is not aware of any publicly available written report issued by OAG providing information to citizens on what public inputs were received and which ones were/are used to determine the Supreme Audit Institution's audit program. Based on previous consultations with OAG (as part of 2015 OBS), 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.

**Peer Reviewer**  
**Opinion:** Agree

**Government Reviewer**  
**Opinion:** Disagree  
**Suggested answer:** c.

**Comments:** Under section 36 of the Public Audit Act 2001, the Auditor General must consult the House of Representatives each year on a draft annual plan that describes the proposed annual work programme. This report is also circulated to other stakeholders (e.g. Alumni of the Audit Office) The final Annual Plan describes the results of this consultation. From the 2016/17 Annual Plan: "Consultation with Parliament helps me to ensure that my Office's work is relevant and useful to Parliament, public entities and the public. It is an important way in which I can ensure that the work of my Office remains responsive to the needs of our key stakeholders. I consulted the Speaker and select committees about my proposed work programme for 2016/17, and I thank them all for their consideration. The Finance and Expenditure Committee (FEC) formalised its feedback and that of other select committees in a report to the House. In its report, the FEC endorsed our Information theme for 2016/17 and asked us to consider an additional piece of work examining how the Overseas Investment Office collects and manages information relevant to decision-makers. I have decided to include work on the Overseas Investment Office in our 2016/17 work programme. I have also decided to defer the work on monitoring of tertiary education organisations (which had been proposed in my Draft Annual Plan) to 2017/18 after the Tertiary Education Reviews have been completed. This will mean that my Office has the capacity to carry out the requested work on the Overseas Investment Office. The FEC also conveyed to us comments from the Foreign Affairs, Defence and Trade Committee, the Government Administration Committee, the Health Committee, and the Transport and Industrial Relations Committee. These committees indicated their support for our 2016/17 Information theme and for various topics in the proposed work programme."

**Researcher response:** The Government Reviewer's comments about OAG reporting to Parliament about its work-plan are acknowledged. However, the question is asking about whether OAG provides the public with feedback on how citizen's inputs are used to help shape OAG's work-plan. Thus, the comments about OAG consultations with or reporting to Parliament are not directly relevant.

**142: Does the Supreme Audit Institution (SAI) maintain formal mechanisms through which the public can contribute to audit investigations (as respondents, witnesses, etc.)?**

- a. (100) Yes, SAI maintains formal mechanisms through which the public can contribute to audit investigations.
- b. (0) The requirements for an "a" response are not met.
- c. Not applicable (please comment).

**Answer:** a. (100)

**Sources:** 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. Based on consultations with Office of Auditor General, 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. In addition, routine processes for conducting performance audits often include consultations with members of the public who have some direct involvement with a given public service/program as beneficiaries, clients or in some other way.

**Comments:** Researcher: From 2015 OBS: The most substantive support for there being "formal" (routine) processes or mechanisms through which the public can participate in specific audit investigations undertaken (as distinct from mechanisms for public participation in the formulation of the audit program asked about in Question #130) is provided by a review of a sample of recent OAG performance audit reports. <http://www.oag.govt.nz/reports/most-recent/performance-audit...> (<http://www.oag.govt.nz/reports/most-recent/performance-audits>) That review indicates routine/consistent inclusion of a section entitled: "How we did our work" For a specific example, see the report on an OAG performance audit of government program for family health with a focus on Maori communities and whanau (which might be interpreted as "family" or "community

support network"). <http://www.oag.govt.nz/2015/whanau-ora/docs/whanau-ora.pdf> (<http://www.oag.govt.nz/2015/whanau-ora/docs/whanau-ora.pdf>) As in other similar OAG reports, the section describes the scope of stakeholder consultations as part of the performance audit. While the scope of this consultation process may be limited to what OAG holds to be relevant stakeholders (e.g. government agencies responsible for a given program, experts in a given field, service providers, NGOs and members of the public utilising a given service), the consultation processes are deemed sufficient to meet the OBS criteria for the answer choice, since there is a routine process (not necessarily used in the case of all audits/inquiries) for consultation with members of the public. As noted in the context of comments for Q.#130, the OAG website also provides clear guidance and mechanisms (e.g website links, contact number, address, etc.) through which any member of the public can, of their own initiative, submit comments or information (input) for any given audit, in addition to offering guidance to the public on what other channels are available for the public to raise/express specific concerns. <http://www.oag.govt.nz/our-work/inquiries/process> (<http://www.oag.govt.nz/our-work/inquiries/process>)

**Peer Reviewer**

**Opinion:** Agree

**Government Reviewer**

**Opinion:** Agree

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