

**SYSTEM OF GOVERNMENT: Parliamentary**

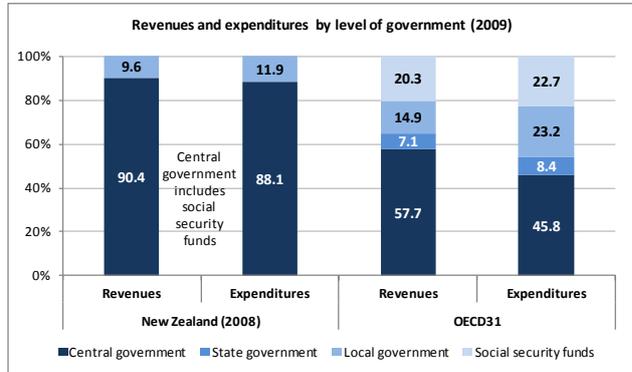
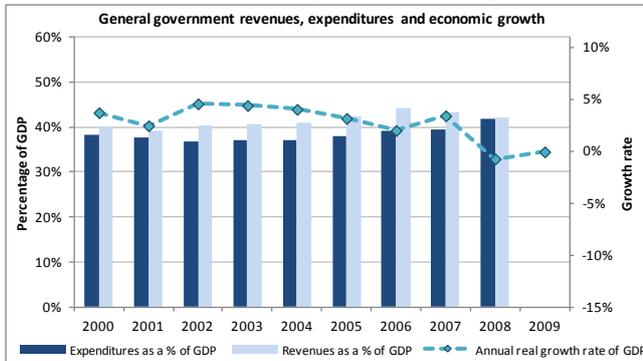
- No. of ministries: 32 (2011)
- No. of governments over last 20 years: 10
- No. of coalitions over last 20 years: 6

**STATE STRUCTURE: Unitary**

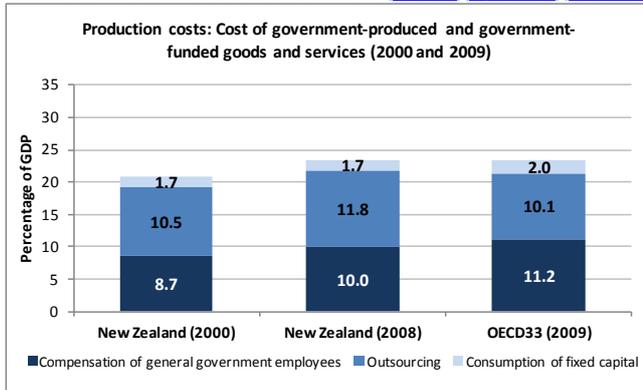
**LEGISLATURE: Unicameral**

- Single chamber: elected using Semi-Proportional Representation (Mixed-Member)

With expenditures of just over 40% of GDP in 2008, New Zealand is one of the smaller governments in the OECD area. The New Zealand economy experienced a recession through 2008, albeit not as severe as in many other OECD countries. Consistent fiscal surpluses, due in part to earlier reforms, swung to deficits in 2009 and 2010 due to the crisis. Compared to other OECD countries, the New Zealand government is very centralised. Despite having a minimal role compared to central government, most of local government expenditures are based on tax revenues that they collect themselves rather than transfers or grants from central government.

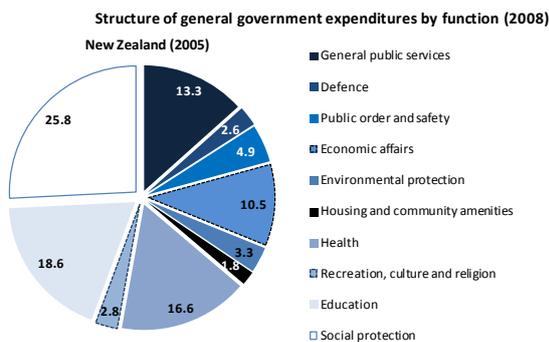


Source: OECD National Accounts and Economic Outlook 89. [Revenues] [Expenditures] [Revenues by level of government] [Expenditures by level of government]



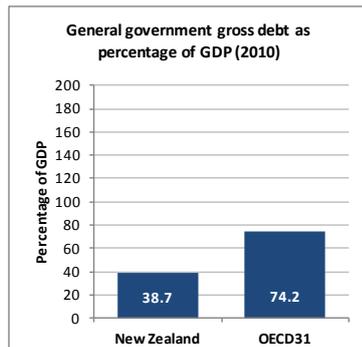
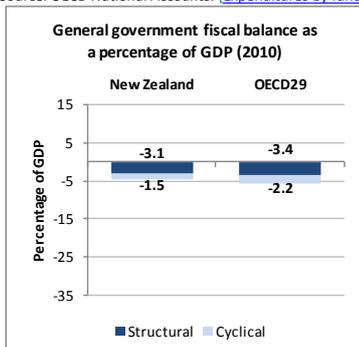
Source: OECD National Accounts. [Production costs]

About 23% of the economy was devoted to producing public goods and services in 2009, very close to the OECD average. Compared with other OECD countries, the New Zealand government relies slightly more on outsourcing in the production process—about 50% of public goods and services are produced or provided by non-profit or private actors, compared to 43% on average in the OECD.



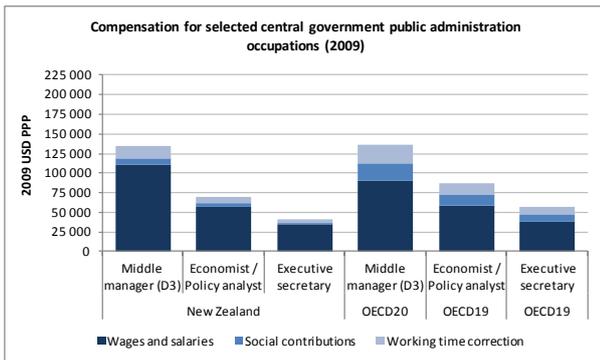
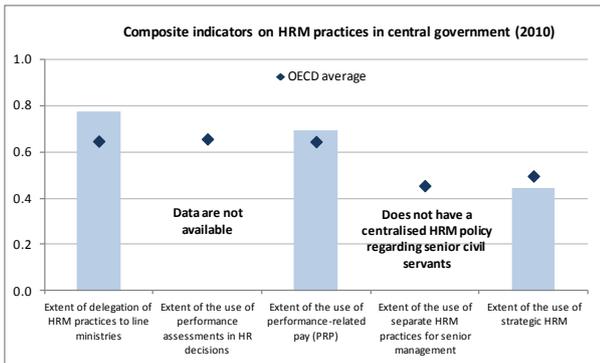
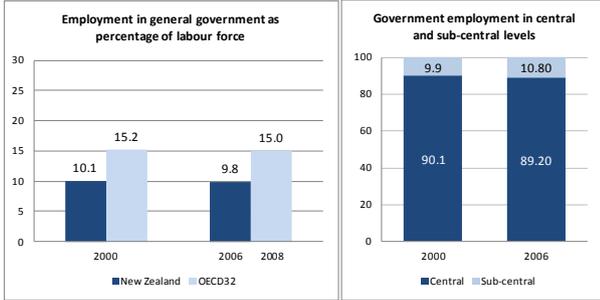
Source: OECD National Accounts. [Expenditures by function]

The New Zealand government devotes the largest proportion of resources to education and environmental protection among OECD countries, and devotes an above share of resources to health. This is balanced by relatively less resources devoted to social protection programmes.



Source: OECD Economic Outlook 89. OECD average refers to the unweighted average [Fiscal balance] [Debt]

The government operated at a deficit of 4.6% of GDP in 2010, better than the OECD average. As a result of the fiscal crisis, gross debt increased to 38.7% of GDP in 2010, but remains well below the OECD average. The government's fiscal consolidation strategy aims to return the operating balance to surplus as quickly as is practical by capping new spending.



Working time correction brings countries to the same basis of comparison in terms of annual working hours (accounting for weekly working hours and holidays).

### Transparency in public procurement, 2010

	Central proc. website	Contracting entity website	Domestic printed or electronic journal	Other website	Pct. OECD countries that publish info
Information for potential bidders	Yes	No	No	No	97%
Selection & evaluation criteria	Yes	No	No	No	97%
Tender documents	Yes	No	No	No	82%
Contract award	Yes	Yes	No	No	100%
Justification for award	No	No	No	No	59%
Tracking procurement spending	No	No	No	No	32%

Percentages refer to the share of OECD countries that reported publishing information "always" or "sometimes".

In New Zealand, general government employment made up only 9.8% of the labour force in 2006, slightly lower than the 2000 level of just over 10%. This is well below the OECD average of 15%, and at the lower end of the spectrum among OECD countries, which ranges from 6.7% to 29.3%. There are current plans to further reduce this rate through restructuring. Public employment is also highly centralised in New Zealand, and is at the upper end of the OECD spectrum with just over 89% of staff employed at the central level in 2006, reflecting the unitary structure of the country.

Source: International Labour Organisation. [\[General government employment\]](#) [\[Distribution by level\]](#)

In the New Zealand central government, all HRM functions are delegated to line departments and agencies, including decisions regarding the types and number of posts within organisations, recruitment, the management of pay systems, and working conditions. The central government also operates a position-based recruitment system where most positions are open to both internal and external candidates and applicants apply directly to a specific post. While information on the extent of the use of performance assessments is not available, performance-related pay is applied in 75% of departments, primarily in the form of performance-based pay increments for most employees, and in the form of bonuses for senior civil servants. New Zealand does not have a formally separated cadre of senior civil servants. Strategic HRM functions are also delegated to the line departments.

Source: OECD 2010 Strategic HRM Survey. [\[Delegation\]](#) [\[Performance assessment\]](#) [\[PRP\]](#) [\[Senior management\]](#) [\[Strategic HRM\]](#)

Middle managers in the New Zealand public service receive total compensation packages that are in line with the OECD average, while economists/policy analysts and executive secretaries receive somewhat below the average. A relatively large portion of total compensation (82%) is made up of wages and salaries, while only 6% consists of social contributions. Middle managers earn 1.9 times more than economists/policy analysts, and 3.3 times more than executive secretaries. Most public employees are required to work a 40-hour week, and work on average 230 days per year. Total working time is towards the upper end of the OECD range.

Source: OECD 2010 Compensation Survey. [\[Middle managers\]](#) [\[Economist/Policy Analyst\]](#) [\[Executive Secretary\]](#)

Achieving greater transparency in public procurement is important, especially given that the New Zealand spent on an estimated 15% of GDP on procurement in 2008. New Zealand publishes some public procurement information on its central procurement website: [www.gets.govt.nz](http://www.gets.govt.nz). GETS is essentially limited to advertising tendering opportunities and downloading tender documents. Potential bidders do not need to enrol in a national registry to participate in procurement opportunities; however, suppliers interested in opportunities advertised on GETS need to register to receive full information and tender documents. Only selection and evaluation criteria, tender documents, contract award details, procurement plans and procurement laws and policies are published on GETS. Some of this information is also published on the contracting entity website. An upgrade of GETS to improve its efficiency for users and its utility as a government procurement information database is under consideration. A cross-agency e-procurement system is being developed which will include e-catalogues, tracking records of outcomes of contracts, and electronic payment schemes. With a view to enhanced transparency, the general government procurement information and guidance material available to both agencies and potential bidders on the website of the Ministry of Economic Development, [www.procurement.govt.nz](http://www.procurement.govt.nz), has recently been expanded and continues to be developed. This website is separate from, but electronically linked to, GETS. Providing an adequate degree of transparency throughout the entire public procurement cycle is critical to minimise risk of fraud, corruption and mismanagement of public funds in order to ensure fairness and equitable treatment of potential suppliers. Additionally, it allows for effective oversight by concerned institutions and the general public.

Source: OECD 2010 Survey on Public Procurement. [\[Transparency in public procurement\]](#)

### REGULATORY GOVERNANCE

#### Regulatory governance mechanisms, 2008

Functions of the oversight body		Percentage of OECD countries responding "yes"	NEW ZEALAND
Consulted as part of process of developing new regulation	2005	 73%	Yes
	2008	 82%	Yes
Reports on progress made on reform by individual ministries	2005	 43%	No
	2008	 56%	No
Authority of reviewing and monitoring regulatory impacts conducted in individual ministries	2005	 43%	Yes
	2008	 50%	Yes
Conducts its own regulatory impact analysis	2005	 43%	No
	2008	 47%	No
<b>Anticipating compliance and enforcement</b>			
Regulatory policies require that issue of securing compliance and enforcement be anticipated when developing new legislation	2005	 57%	Yes
	2008	 70%	Yes
Guidance for regulators on compliance and enforcement	2005	 37%	No
	2008	 47%	Yes
Existence of policy on risk-based enforcement	2005	N.A.	N.A.
	2008	 30%	Yes

This table presents two elements drawn from the wide range of activities for managing regulatory quality.

#### Disclosure of public sector information, 2010

Types of information disclosed	Proactive disclosure		
	New Zealand	OECD32	Publication channels
Budget documents	●	94%	MA
Audit reports	○	72%	Not published
List of public servants and their salaries	○	28%	Not published*
<b>Sharing of administrative data</b>			
Administrative data sets	⊙	66%	CP
Requirements on publishing in open data formats	No	53%	–
<ul style="list-style-type: none"> <li>● Required to be proactively published by FOI laws</li> <li>⊙ Not required by FOI laws, but routinely proactively published</li> <li>○ Neither required nor routinely published</li> </ul> <p>CP= central portal; MA= ministry or agency website; OW=other website            OECD percentages refer to the percentage of the 32 responding OECD countries that either require that information be published by law or do not require it but routinely publish information.            * Published, but not online</p>			

#### E-Government building blocks and e-procurement, 2010

e-enabling laws and policies	New Zealand	OECD25
Recognition & use of digital signature	●	100%
Electronic filing within the public sector	●	88%
Administering PPPs for e-government projects	●	64%
<b>Services offered on single-entry procurement website</b>		
Tender searches	●	62%
Tracking of outcomes of contracts	○	32%
OECD percentages refer to percentage of responding countries answering in the affirmative. ● Yes ○ No .. Data unavailable		

The leading body for regulatory management in New Zealand is the Treasury, which supports the action of the Minister of Regulatory Reform.

The Treasury takes a leading role in promoting regulatory quality in all government departments. Its Regulatory Quality Team (RQT) provides advice to ministers, and assistance and training to officials across the government in producing quality regulation. It develops guidance material, e.g. on regulatory impact assessment (RIA) and the assessment of policy options. A team within RQT, the Regulatory Impact Analysis Team (RIAT) provides quality assurance for the Regulatory Impact Statement (RISs) supporting proposals that are likely to have a significant impact. RIAT states that it cannot block a proposal, but that the responsible minister may withdraw the paper as a result of the RIS quality assurance assessment. Another important body for regulatory management is the Legislation Advisory Committee in the Ministry of Justice, which provides advice to departments on the development of legislative proposals.

Among other things, compliance and enforcement are integral to the impact analysis, and specific guidance is contained in the Regulatory Impact Analysis handbook, along with material developed by the Ministry of Economic Development. New Zealand is also among the few OECD members that have developed a risk-based enforcement policy.

Source: OECD 2008 Survey on Regulatory Management. [www.med.govt.nz](http://www.med.govt.nz)  
[www2.justice.govt.nz/lac/who/index.html](http://www2.justice.govt.nz/lac/who/index.html)  
[\[Oversight bodies\]](#) [\[Compliance and enforcement\]](#)

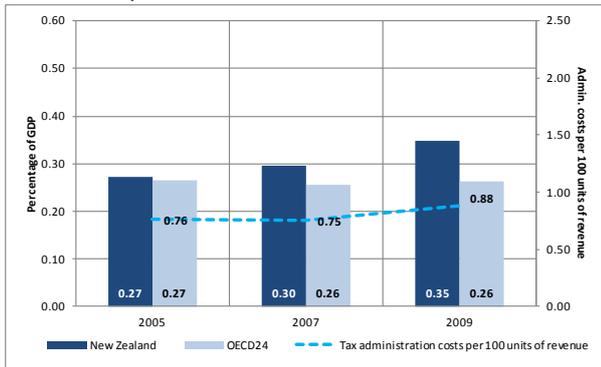
Similarly to most OECD countries, New Zealand proactively publishes budget documents- as stipulated by Freedom of Information legislation which includes the Official Information Act of 1982, among other provisions. Budget documents are published on the Treasury website while some departments and ministries also publish some budget or financial information on their websites. The government does not however publish audit reports or lists of public servants and their salaries. Contrary to the majority of OECD countries, New Zealand does not have requirements on publishing in open data formats. However, the New Zealand Government Open Access and Licensing Framework (NZGOAL), approved in 2010, provides guidance for most agencies to follow when releasing information for re-use. The most open Creative Commons Attribution 3.0 New Zealand license is the recommended default license unless a restriction is required. For example, details of Chief Executives' expense were released in 2011 under this license.

Source: OECD 2010 Survey on Access to Information. [\[Disclosure of information\]](#) [\[Publication channels\]](#)

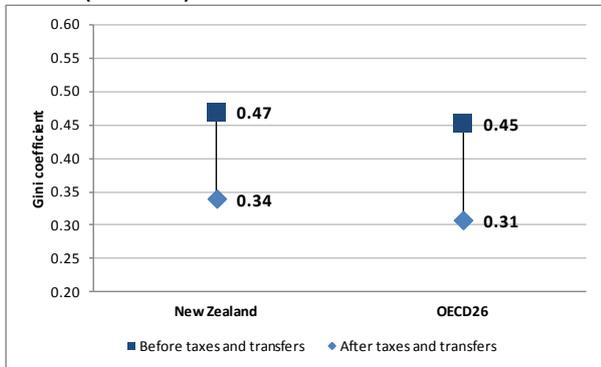
Similar to most OECD countries, New Zealand has put laws and/or policies in place to promote the use of digital signatures and electronic filing in the public sector. New Zealand also administers public private partnerships for e-government projects which can help increase innovation in public administrations through greater knowledge-transfers and exchange of best practices between the public and the private sectors. Like the majority of OECD countries with a single-entry public procurement website, it also allows users to perform tender searches, increasing efficiency in the procurement process. The New Zealand Government e-Marketplace (NZ GE-M) is available for agencies using one or more recently established all-of-government contracts for common use items, including office consumables, passenger vehicles, laptop and desktop computers, single and multi-function print devices, with others under development (for further information visit:

[www.procurement.govt.nz](http://www.procurement.govt.nz)). Source: OECD 2010 e-Government Survey and OECD 2010 Public Procurement Survey. [\[E-enabling laws\]](#) [\[E-procurement\]](#)

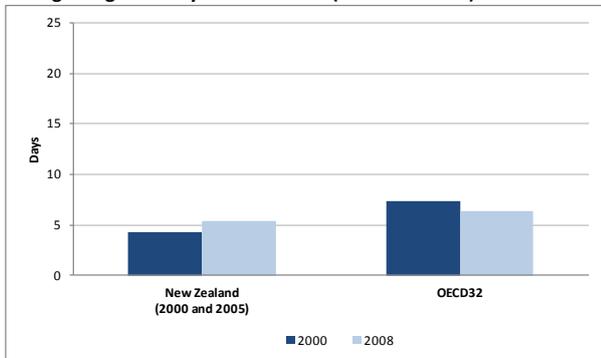
**Tax efficiency: Total revenue body expenditures as a percentage of GDP and tax administration costs per 100 units of revenue (2005, 2007 and 2009)**



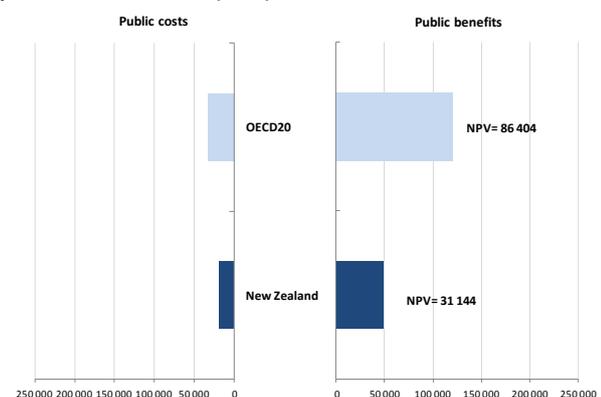
**Differences in income inequality pre- and post-tax and government transfers (mid-2000s)**



**Average length of stay for acute care (2000 and 2008)**



**Public net present value for male obtaining tertiary education as part of initial education (2006), USD PPP**



Growing fiscal constraints have led to increased attention on improving the efficiency of tax administrations. The “cost of collection ratio,” for instance, is one efficiency measure which compares the annual administration costs incurred by a revenue body with the total revenue collected over the course of a fiscal year. Over time, a decreasing trend could reflect greater efficiency in terms of lowered costs and/or improved tax compliance. In the New Zealand, the administration costs of collecting 100 units of revenue increased, most notably from 2007 to 2009. Total revenue body expenditure as a percentage of GDP also increased during this time, suggesting this change in the ratio could partly be explained by greater costs. A drop in revenues following the crisis could also play a role. New Zealand’s tax administration plans promoting electronic channels for interacting with businesses and citizens as a measure to improve efficiency while improving service delivery and compliance.

Source: OECD (2011), Tax Administration in OECD and Selected Non-OECD countries: 2010 Comparative Information Series, OECD Publishing, Paris. [Total revenue body expenditures] [Tax administration costs per 100 units of revenue]

One method of evaluating the effect of government tax and transfer policies on income inequality is by assessing a country’s Gini coefficient before and after taxes and transfers. The effect of government redistributive policies on income inequality is relatively similar in New Zealand compared to the OECD average. New Zealand achieves a 0.13 point reduction in the Gini coefficient following its tax and transfer policies, compared to an average 0.14 point reduction in OECD countries. On average, New Zealand’s households receive only 13% of their income from the government in the form of public benefits whereas in the average OECD country, it is 22%. However, New Zealand targets these benefits more tightly on low-income households than other countries. Indeed, one third of total cash benefits go to the poorest 20% of the population.

Source: OECD (2008), Growing Unequal? Income Distribution and Poverty in OECD Countries, OECD Publishing, Paris. [Differences in inequality]

The average length of stay (ALOS) for acute care indicates the average number of days that patients spend in the hospital for curative care. Over time, reductions in ALOS could reflect efficiency gains, as it could signal that hospitals are expanding early discharge programmes, shifting to day-case surgery for suitable procedures, utilising less invasive procedures, and/or improving pre-admission assessment, all of which can help reduce costs. Too short a length of stay however could cause an adverse effect on health outcomes. While in the majority of OECD countries the ALOS decreased by about one day between 2000 and 2008, the ALOS in New Zealand increased from 4.3 days in 2000 to 5.4 days in 2005, converging with that of the OECD average. Among the factors that, in some countries, have contributed to longer lengths of stay are increasing availability of hospital beds and financial incentives not to reduce stays.

Source: OECD Health Data 2010. [ALOS for acute care]

Both government and society gain economic benefits from increased schooling. Obtaining a tertiary education helps people enter the labour market and earn more, thereby increasing government tax revenues. A more educated and employed population can also reduce the government obligations for benefits and social assistance. At around USD 31 100, New Zealand’s public net present value (NPV) for a man obtaining tertiary education is lower than in other OECD countries. This measure represents the public economic returns to education after having accounted for the costs of this education. In the case of New Zealand, the NPV is over one and a half times the net public investment in tertiary education.

Source: OECD (2010), Education at a Glance 2010: OECD Indicators, OECD Publishing, Paris. [Public NPV of education]

**Production costs** are a subset of total government expenditures, excluding government investment (other than depreciation costs), interest paid on government debt and payments made to citizens and others not in exchange for the production of goods and services (such as subsidies or social benefits). Production costs include compensation costs of general government employees, outsourcing (intermediate consumption and social transfers in kind via market producers), and the consumption of fixed capital (indicating the level of depreciation of capital).

**Structure of government expenditures:** Data on expenditures are disaggregated according to the Classification of the Functions of Government (COFOG), which divides government spending into 10 functions. More information about the types of expenditures included in each function can be found in Annex B of *Government at a Glance 2011*.

**“Gross general government debt”** refers to general government gross financial liabilities that require payments of principal and interest. For the European Union countries, gross public debt according to the Maastricht criteria is not presented here (see Annex Table 62 of OECD Economic Outlook No. 89). These data are not always comparable across countries due to different definitions or treatment of debt components. Gross debt is used rather than net debt due to the difficulties in making cross-country comparisons of the value of government-held assets, and because it is more relevant in the context of debt interest payments.

**HRM Composites:** The indexes range between 0 (low level) and 1 (high level). Details about the theoretical framework, construction, variables and weighting for each composite are available in Annex E at: [www.oecd.org/gov/indicators/govataglance](http://www.oecd.org/gov/indicators/govataglance).

- The **delegation index** gathers data on the delegation of determining: the number and types of posts needed in an organisation, the allocation of the budget envelope, compensation levels, position classification, recruitment and dismissals, and conditions of employment. This index summarises the relative level of authority provided to line ministries to make HRM decisions. It does not evaluate how well line ministries are using this authority.
- The **performance assessment index** indicates the types of performance assessment tools and criteria used, and the extent to which assessments are used in career advancement, remuneration and contract renewal decisions, based on the views of survey respondents. This index provides information on the formal use of performance assessments in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **performance-related pay (PRP) index** looks at the range of employees to whom PRP applies and the maximum proportion of base pay that PRP may represent. This index provides information on the formal use of performance related pay in central government, but does not provide any information on its implementation or the quality of work performed by public servants.
- The **senior management index** looks at the extent to which separate management rules and practices (such as recruitment, performance management and PRP) are applied to senior civil servants, including the identification of potential senior civil servants early in their careers. The index is not an indicator of how well senior civil servants are managed or how they perform.
- The **strategic HRM index** looks at the extent to which centralised HRM bodies use performance assessments, capacity reviews and other tools to engage in and promote strategic workforce planning, including the use of HRM targets in the assessments of middle and top managers. The index does not reflect situations where strategic workforce planning has been delegated to the ministry/department/agency level.

**Compensation data:** Total compensation includes wages and salaries and employers’ social contributions (those to statutory social security schemes or privately funded social insurance schemes, as well as unfunded employee social benefits paid by the employer, including pension payments paid through the state budget rather than through employer social contributions (mostly for some pay-as-you-go systems)). In most cases data are for six central government ministries/departments only (interior, finance, justice, education, health and environment or their equivalents). Working time adjustment compensates for differences in time worked (both weekly working time and holidays). Compensation was converted to US dollars using purchasing power parities (PPPs) for GDP from the OECD National Accounts database. Differences in compensation policies can be the result of different bargaining powers; the state of the labour market (such as compensation in the private sector for similar positions); specific labour shortages; and the attractiveness of the government as an employer. While the survey uses the International Standard Classification of Occupations (ISCO) to standardise job categories, full comparability of responsibilities behind the occupational titles across countries presents difficulties in some cases. Annex D in *Government at a Glance 2011* fully details all limitations to data comparability, including those related to the measurement of employer’s social contributions (which were based on sources outside the survey for a number of countries, leading to potential inconsistencies).

**Regulatory governance:** The OECD average refers to the following number of countries:

- Functions of oversight bodies 2005: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.
- Functions of oversight bodies 2008: OECD34. Data for Chile, Estonia, Israel and Slovenia refer to 2009.
- Anticipating compliance and enforcement 2005 and 2008: OECD30. Data are not available for Chile, Estonia, Israel and Slovenia.

**Tax efficiency:** Tax administration efficiency ratios are influenced by differences in tax rates and the overall legislated tax burden; variations in the range and in the nature of taxes collected (including social contributions); macroeconomic conditions affecting tax receipts; and differences in the underlying cost structures resulting from institutional arrangements and/or the conduct of non-tax functions.

**Differences in income inequality pre- and post-tax and government transfers:** The values of the Gini coefficient range between 0 in the case of “perfect equality” (*i.e.* each share of the population gets the same share of income) and 1 in the case of “perfect inequality” (*i.e.* all income goes to the individual with the highest income). Redistribution is measured by comparing Gini coefficients for market income (*i.e.* gross of public cash transfers and household taxes) and for disposable income (*i.e.* net of transfers and taxes).

**Public net present value for male obtaining tertiary education:** Tertiary education refers to levels 5 and 6 in the International Standard Classification of Education (ISCED 97). Public costs include lost income tax receipts during the schooling years and public expenditures related to tertiary education. Public benefits include additional tax and social contribution receipts associated with higher earnings, and savings from transfers (housing benefits and social assistance) that the public sector does not have to pay above a certain level of earnings. The discount rate is set at 3%, which largely reflects the typical interest on an investment in long-term government bonds in an OECD country.