

Response to National Integrity Systems Report on New Zealand by Transparency International

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Background

In 2013 Transparency International New Zealand published the “Integrity Plus 2013 New Zealand National Integrity System Assessment”.

The Report concluded that:

New Zealand’s national integrity system remains fundamentally strong, and New Zealand is rated highly against a broad range of cross-country transparency and good governance indicators. Since the first NIS assessment of New Zealand in 2003, a welcome strengthening of transparency and accountability has occurred in some areas. The assessment found that the strongest pillars in the NIS are the Office of the Auditor General, the judiciary, the Electoral Commission, and the Ombudsman. The Canterbury earthquakes represented a severe test of governance systems in terms of compliance with building standards and integrity in reconstruction, and (with two tragic exceptions, the collapses of the CTV and Pyne Gould Corporation buildings), systems have generally held up well.

However, New Zealand’s national integrity system faces increasing challenges. In key areas, passivity and complacency continue. New Zealand has not ratified the UN Convention against Corruption more than 10 years after signing it, and is not fully compliant with the legal requirements of the OECD Anti-Bribery Convention more than 14 years after signing it. Areas of concern, weakness, and risk do exist; for example, the relative dominance of the political executive, shortfalls in transparency in many pillars, and inadequate efforts to build proactive strategies to enhance and protect integrity in New Zealand. The pillar that raises issues of most concern is the political parties pillar. The core message of this report, therefore, is that it is beyond time to take the protection and promotion of integrity in New Zealand more seriously.

In 2014 New Zealand submitted its first National Action Plan (NAP14) and joined the Open Government Partnership (OGP). One of the commitments it made in NAP14 was:

The third element of our Action Plan is the work we are embarking on with Transparency International New Zealand (TINZ), the civil society organisation that works to identify and address corruption. In 2013, TINZ produced a New Zealand National Integrity System Assessment which culminated in a detailed report that made a series of recommendations across 12 “pillars” of New Zealand’s integrity system. These pillars are the legislature, the executive, the judiciary, public sector, law enforcement, electoral management, ombudsman, audit institutions, political parties, media, civil society and business.

The work with TINZ over the next two years will involve engaging in ongoing dialogue on TINZ’s National Integrity System Assessment, and working with TINZ and other stakeholders to examine and respond to the recommendations (for details about the recommendations see Appendix B).

This report summarises actions taken by central government to date in pursuit of that commitment. In preparing it, the State Services Commission consulted the Ministry of Justice, the Treasury, the Department of Internal Affairs, the Ministry of Social Development, Te Puni Kokiri, the Ministry of Culture and Heritage, the Department of Corrections, the Ministry of Business, Innovation and Employment, the Serious Fraud Office, the Ombudsman and the Office of the Auditor General. The Department of Prime Minister and Cabinet was informed.

Recommendation 1:

Develop a comprehensive National Anti-Corruption Strategy (NACS), developed in partnership with civil society and the business community, combined with rapid ratification of the UN Convention against Corruption (UNCAC).

National Anti-Corruption Strategy

1. Cabinet approved work to develop a NACS in 2013 in the Report Back to Cabinet on the Organised Crime Strategy.
2. New Zealand's legislative framework on bribery and corruption has since been strengthened, and there is increasing awareness of corruption risks. Work on a NACS was deferred, pending development of an “*anti-corruption system standard*” by the International Standards Organisation (ISO). This ISO standard is expected to be completed by the end of 2016.
3. The strong backing of government (central and local) and the support of civil society and business is needed to adequately address the risks that corruption poses to core government business and priorities and the private sector. New Zealand's relatively corruption-free reputation is critical to business success, the kiwi way of life and standard of living. Implementing a timely and comprehensive NACS will address many of the risks and protect New Zealand's reputation.

UN Convention against Corruption

4. UNCAC was ratified in December 2015 following the passage of the Organised Crime and Anti-corruption Legislation Bill (OCAC). OCAC amended 13 different Acts to strengthen New Zealand's legislative framework to better combat organised crime and corruption.
5. Collectively, the legislative amendments improve New Zealand's ability to collaborate with international law enforcement agencies to disrupt organised crime and to respond quickly and effectively to new criminal activities as they emerge.
6. In addition to the passage of OCAC, the Government has advanced or contributed to a range of initiatives that will support and strengthen anti-corruption measures since the release of the 2013 NIS Report. These include:
 - measures to prevent overseas criminals from using New Zealand's registration system for companies and limited partnerships to, among other things, create shell companies;
 - allowing Inland Revenue to share information with the New Zealand Police to prevent, detect and investigate serious crime;
 - reviewing New Zealand's extradition and mutual legal assistance laws;
 - passing legislation to address match fixing risks presented by New Zealand's hosting of the Cricket World Cup and the FIFA Under 20 (football) World Cup; and
 - the establishment of a new interagency cyber crime plan.
7. Ratification of UNCAC means that New Zealand is now part of the “Implementation Review Mechanism” which enables States to assess their implementation of UNCAC. New Zealand is due to begin the self-assessment for Chapters III and IV of UNCAC from June 2016.
8. At the London Anti-Corruption Summit in May 2016 New Zealand agreed to consider establishing a central register of company beneficial ownership and a central database of companies with convictions for bribery and corruption. New Zealand also supported the establishment of an International Anti-Corruption Law Enforcement Coordination Centre.

Recommendation 2:

Initiate a cross-government programme of, wide public consultation to develop an ambitious New Zealand Action Plan for the OGP.

Open Government Partnership

9. New Zealand has joined the OGP and developed its first National Action Plan (NAP). The commitments identified in that plan were:
 - the Government's Better Public Service (BPS) Results programme
 - the Government ICT Strategy and Action Plan to 2017
 - the Government's response to the 2013 Transparency International New Zealand's National Integrity System Assessment Report, and
 - the Kia Tūtahi Relationship Accord.
10. The Plan has been criticised by some commentators as not particularly ambitious. New Zealand, like many other countries, elected to undertake a first Action Plan that was largely focussed on improving openness and transparency within existing projects.
11. Three parts of the Action Plan (Better Public Services, the Kia Tūtahi relationship accord, and the government ICT strategy) are related to existing work and are widely considered to be transformational.
12. The first Action Plan was drafted within time constraints due to the timing of New Zealand joining the OGP. An on-line forum to collect public feedback on the first Action Plan was established and several public meetings were held. In addition, in July 2015, a Stakeholder Advisory Group, with representatives from civil society, academia and local government, was established as a mechanism for multi-stakeholder feedback. It was appointed to June 2016 and has now been replaced by an Expert Advisory Panel.
13. New Zealand is engaging with stakeholders and communities to develop its next National Action Plan which is due by October 2016.

Recommendation 3:

Transparency and integrity need to be strengthened in a range of priority areas.

Parliament

- i. *Extend the coverage of the Official Information Act 1982 to the Parliamentary Counsel Office, officers of Parliament, the Speaker in the role of Responsible Minister for parliamentary agencies under the Public Finance Act 1989, the Office of the Clerk, and the Parliamentary Service.*
 - ii. *Strengthen parliamentary oversight of the executive, including through a review by Parliament of its select committee structure and consideration of establishing new cross-cutting specialist committees, for public accounts, for treaties, and for human rights; providing select committees with more independent analytical support.*
 - iii. *Enhance the quality of legislation by more pre-legislative public disclosure of draft bills and the adoption by select committees of tests for legislative quality.*
 - iv. *Introduce a code of conduct for members of Parliament.*
 - v. *Introduce measures that provide an adequate degree of transparency to ensure that public officials, citizens, and businesses can obtain sufficient information on, and scrutinise lobbying of members of Parliament and ministers.*
14. The Government decided not to extend coverage of the OIA as it considered Parliament makes considerable information available and supports the *status quo*. Recommendations (ii), (iii) and (iv) are issues for Parliament to consider.
 15. While there is usually an opportunity for external parties to comment on a Bill as part of the select committee process, there is a growing expectation that external consultation will occur in advance of introducing a Bill. The conventions recorded in the Cabinet Manual

invite Ministers to consult external organisations or undertake a wider process of public consultation with citizens or affected parties before policy decisions are finalised and a Bill is introduced. Several rounds of consultation may be needed on significant or complex legislation.

16. To aid consultation, practice around public disclosure has improved. Since July 2013, Departments must prepare legislative disclosure statements for Government Bills and substantive Supplementary Order Papers (SOPs), which are published when the Bills and SOPs are published. If the Legislation Amendment Bill, introduced to the House on 20 May 2014, is passed, the new practice requirements will become law and extended to disallowable instruments.
17. The new Legislative Design and Advisory Committee (the Committee) announced in June 2015, aims to improve the quality and effectiveness of legislation.
18. The final Report of the New Zealand Productivity Commission review of regulatory institutions and practices has been a catalyst to achieve change to secure improvements to regulation across key themes of stronger ownership and leadership; greater focus on improving the quality of legislation; raising the professionalism of the regulatory workforce; and review and evaluation.
19. In 2013 the Government Administration Committee recommended that the House develop guidelines for members of Parliament about handling communications relating to parliamentary business, and review the relevant Standing Orders to ensure consistency. The Committee also recommended that the Government:
 - require regulatory impact statements and explanatory notes of parliamentary bills to include details of non-departmental organisations consulted during the development of policy and legislation
 - encourage the proactive release of policy papers.

Political Executive

- i. *Commission an independent review of the respective responsibilities of Cabinet, ministers, and public servants with a view to clarifying the conventions concerning the duty of, and capacity for, free and frank advice between the political executive and the public sector, to mark the centenary of the introduction of the merit-based public service in New Zealand.*
 - ii. *Introduce a centralised approach to the systematic proactive release of official information, including Cabinet papers, by all public entities.*
 - iii. *Initiate discussions with civil society and the business community on a general government-wide framework for timely consultation on the development of new policy initiatives and encouragement of direct public participation in policy development and implementation.*
20. The 2013 amendments to the State Sector Act 1988 have codified the duties of officials to give Ministers free and frank advice and the responsibility of chief executives to provide stewardship for that capability. The Cabinet Office is currently reviewing the Cabinet Manual.
21. Public sector information is increasingly being made available proactively. A wide range of reports, policies, strategies and other documents are available on the websites of central and local government agencies.
22. Proactive disclosure of official information in the form of policy papers and Cabinet papers is encouraged and the trend is towards greater proactive release. On 19 November 2015 Cabinet issued its updated requirements on the proactive release of Cabinet material for example Treasury with Budget documents.
23. In 2011 the government approved principles for managing the data and information it holds. The principles provide that government data and information should be open,

readily available, well managed, reasonably priced and re-usable unless there are necessary reasons for its protection. Personal and classified information will remain protected. Government data and information should be trusted and authoritative.

24. The appointment of the Chief Executive of the Department of Prime Minister and Cabinet as the Head of the Policy Profession along with the response to the Productivity Commission Report on Regulatory Institutions and Practices will provide the opportunity to address concerns relating to consultation and engagement in the development of policy initiatives.
25. The importance of public participation is largely accepted and is evident in efforts by the Government to actively seek public input on policy matters in a number of ways and at more than one stage of the development process. Overcoming barriers and increasing business and citizen participation in government policy are recognised as important factors that will enable government to deliver on inclusive growth initiatives, such as the BPS Results, the Social Investment Approach and Population targeted Reviews.
26. The Social Investment Approach, in particular, has led to new ways of working to better leverage the involvement of the public and communities, including the not-for-profit and private sectors.

Local Government

- i. *Initiate a national conversation on the constitutional place of local government.*
 - ii. *Develop a central government/local government protocol on the design and implementation of regulations where regulation-making powers have been delegated to local authorities.*
27. As part of its Better Local Government Programme, the government has committed to developing a non-statutory allocation framework to guide decisions on which regulatory functions are best undertaken by local and central government.
28. The Government has agreed that there would be value in central and local government improving their collaboration in the development of regulations that have implications for the local government sector.
29. The Government is not convinced that a formal joint mechanism would be effective. Rather, that improvements to govern the development of regulations that will have implications for the local government sector can be achieved without a formal mechanism.
30. The Department of Internal Affairs provides guidance to local authorities on making regulations and improvements are currently being made to its *Policy Development Guidelines for Regulatory Functions Involving Local Government*.
31. In addition, improvements are also being made to the Cabinet Guide, and the Regulatory Impact Analysis Handbook. The Cabinet Office Manual is also being amended, to include the need to consult effectively with local government during policy development.

Recommendation 4:

The integrity of the permanent public sector, and its role in promoting integrity should be strengthened in a range of priority areas.

Strengthen transparency and accountability for public procurement

- i. *Extend proactive disclosure of project information, both upstream and downstream of tendering, including projects exempted from open tendering and without compromising commerciality.*
 - ii. *Incorporate explicit anti-corruption provisions in procurement procedures and documents.*
 - iii. *Build capacity, especially in smaller entities.*

- iv. *Improve requirements for record-keeping so that data on different types of procurement can be readily extracted, and also for complaint mechanisms.*
- v. *Publish principles, objective criteria, and a robust management framework for 'hybrid procurements'.*
- vi. *Conduct periodic reviews of transparency and integrity of spending and procurement in the Canterbury earthquake re-build in view of the scale of the procurements.*

Procurement Principles, Management, Reviews of spending and Proactive Disclosure

- 32. The Government Rules of Sourcing (Rules) came into effect on 1 October 2013 and reflect international best practice, including in relation to disclosure. The Rules are read together with the five Principles of Government Procurement and align to the World Trade Organisation Agreement on Government Procurement. The Rules have been refreshed several times and, in addition to the core public service, now also apply to 103 crown entities, the New Zealand Defence Force and the New Zealand Police.
- 33. The Treasury has accountability for developing and maintaining the rules and processes around investment management, including those relating to major projects and programmes and Public Private Partnerships. Most of the rules are contained in Cabinet Circular CO (15)5, which took effect from 1 July 2015. The Treasury's Investment Management and Asset Performance (IMAP) team runs the IMAP programme, including the review processes at both agency and programme/project level (these include an Investor Confidence Rating (ICR) for investment-intensive agencies, and Gateway reviews for programmes and projects assessed as high risk).
- 34. Consistent with Cabinet's decision in 2011 to commit to actively releasing high value public data, the IMAP team regularly publishes information on the government's pipeline of potential and existing investments, the Investor Confidence Rating results of investment-intensive agencies, and status and performance information on major projects/programmes monitored by the Treasury.

Capacity building, record keeping, and complaints

- 35. The Government established the Procurement Functional Leadership programme to improve procurement capability and practice in government agencies. New Zealand Government Procurement and Property, a branch of the Ministry of Business, Innovation and Employment (MBIE), implements procurement reform, with oversight by Cabinet's State Sector Reform and Expenditure Control Committee.
- 36. Key achievements include:
 - the launch of a New Zealand Procurement Academy
 - implementing the Procurement Capability Index to enable agencies to assess their procurement processes and capability
 - providing a guide on giving feedback or making a complaint and providing an easily accessible complaints process
 - establishing a commercial pool of procurement practitioners to give agencies strategic support for major procurement projects
 - compiling and making available online agencies' annual procurement plans
 - developing a range of best practice procurement tools, templates and guidance
 - establishing All-of-Government contracts to deliver cost savings to entities of all sizes over the terms of the contracts.

Anti-corruption provisions

- 37. In addition to the reform of State services procurement discussed above, New Zealand has agreed to actions under the Communiqué at the London Anti-Corruption Summit in May 2016 to intensify efforts to build capability and to safeguard process integrity. While New Zealand has implemented the Financial Action Taskforce (FATF) Recommendations on beneficial ownership, it will also explore: (1) how to incorporate the FATF standards on

preventing money-laundering in the non-financial professional services sector into domestic legislation; (2) establishing a public central register of company beneficial ownership information and (3) a central database of companies with final convictions for bribery and corruption offences; and (4) ways to share information on corrupt bidders across borders.

Strengthen integrity and accountability systems in public sector entity operations

- i. *Introduce greater transparency in the process for public appointments to boards of Crown entities and other public bodies, and strengthen the capacity of the public sector to nominate suitable candidates.*
- ii. *Strengthen the Protected Disclosures Act for both the public and private sectors.*
- iii. *Introduce central reporting and monitoring of all misconduct and breaches of integrity within public entities, when they involve issues going to honesty and integrity (for example, suspected fraud, corruption, conflicts of interest, favouritism, and abuse of position)*
- iv. *Institutionalise on-going regular integrity and conduct surveys across the public sector*
- v. *Introduce central reporting, monitoring and knowledge-sharing between agencies on 'best practice' options and initiatives in fulfilling Treaty of Waitangi obligations*
- vi. *Increase fiscal transparency and accountability by deepening the reporting of tax expenditures, publishing a Citizens' Budget, and investigating options for an independent body to advise Parliament on key fiscal strategy reports to deepen the public debate about fiscal policy*
- vii. *Require public entities to publish management letters from the Office of the Auditor-General, and report to Parliament their responses to issues of significance identified in these letters, for consideration in the annual select committee reviews*
- viii. *Actively promote the importance of ethics, transparency, accountability, and financial literacy among the public in New Zealand through civics education, including in the secondary and tertiary curricula.*
- ix. *Review the evidentiary status of Government Communications Security Bureau evidence provided to domestic law enforcement agencies*

Board Appointments

38. The Crown entity system relies on Ministers, entities and monitoring departments working well together. The incentives and the accountability mechanisms in the system provide good reason for all players to perform their role to the best of their ability.
39. Good guidance is available for Boards and Ministers, in the form of *It Takes Three: Operating Expectations Framework*, published in 2014. The guidance explains the respective roles and responsibilities of Ministers, Crown entities and monitoring departments to build a shared understanding of how legislative obligations are appropriately put into practice.
40. SSC's Board Appointment and Induction Guidelines were updated in 2015 and provide greater clarity about the roles and responsibilities of Ministers, Monitoring departments and Boards. The Commercial Operations Group (formerly COMU) of The Treasury also continues to do work in relation to appointments.

Protected Disclosures

41. SSC's 2013 Integrity and Conduct survey, found that there were a number of barriers to the effectiveness of the Protected Disclosures Act (PDA) operating in the State services, indicating limited use of the PDA.
42. PWC's 2016 Global Economic Crime Survey observed that, overall, corporate controls were not identifying financial crime risks. New Zealand organisations were heavily reliant on people reporting concerns, with 42% of fraud detected through a tip-off.

43. "Whistling While They Work 2", a three-year research project into whistleblowing, has just commenced, and will run from 2016-2018 in Australia and New Zealand. The project is funded in part by the Australian Research Council and is supported in New Zealand by SSC, VUW and the Ombudsman. The project's research team includes leading academics and researchers.
44. The research will compare the law and practice across jurisdictions in Australia and New Zealand and across the public and the private sectors to identify the policies and rules that encourage and empower managers in the public and private sectors to maximise the benefits and minimise the costs of employee-reporting of suspected wrong-doing. The research is expected to identify good practice and shed light on the nature of possible legislative changes to the PDA.

Integrity and Conduct Surveys & Centralised Reporting and Monitoring

45. The Integrity and Conduct survey collects information about perceptions of behaviours in the State services. The Integrity and Conduct Survey has been run by SSC on a triennial basis since 2007. The survey is to be replaced with common data collated across the state services, including integrity issues, to provide a whole-of-system assessment.
46. Chief executives are responsible for the integrity and accountability systems in their agency. Centralising the reporting and monitoring of misconduct and integrity breaches does not fit comfortably with New Zealand's decentralised agency model, and may not reflect best practice. In its leadership role, SSC has done work on strengthening integrity through a focus on building capability and skills by identifying needs and sharing best practice.

'Best Practice' Options and Initiatives in Fulfilling Treaty of Waitangi Obligations

47. The Ministry of Justice has developed a list of commitments from legislated settlements of historical Treaty of Waitangi claims and has commenced working with Crown agencies to carry out some checks on the list. The list aims to provide each agency with greater visibility of their commitments and responsibilities to better manage commitments. The list information will provide the data for any future IT solution in the form of a central register; work on developing a centralized register is continuing.

Fiscal Transparency and Accountability

48. New Zealand provides extensive financial information to the public, and has retained its number one ranking in the Open Budget Survey (OBS) in 2015.
49. The Government has been active in increasing data transparency across all public services. Steps taken include the 2011 Declaration on Open and Transparent Government, the expansion of the scope of the world-leading Integrated Data Infrastructure, and the establishment of the Data Futures Partnership. On 3 December 2015 the Treasury and Figure.NZ released over 90 categories of fiscal data. The format used in the release makes it easy to examine the details of public spending and revenue, from measures such as the OBEGAL surplus and net debt to more detailed information around different categories of spending.
50. The three recommendations made in the NIS are the same as those made in the latest OBS. Treasury is currently looking at the results of the OBS and considering the aspects that New Zealand can improve on for future Budgets.
51. The concerns giving rise to the recommendation relating to a citizen's budget concern usability, rather than availability, of fiscal information. The concerns include that: the information is fragmented, spread across eight documents; the terminology can be overly technical; and information is not available across all stages of the budget cycle.
52. The Treasury has made changes as part of Budget 2015 that address some of these concerns. It is considering what could be done to further improve access to, and usability

of, budget and other fiscal information that it holds to enhance public understanding of the budget process.

53. Criticism of the reporting of tax expenditures includes: the narrow scope and the lack of transparent objective criteria, and insufficient quantification and explanatory information for individual items. The Treasury considers the cost of doing this would exceed the value.
54. The recommendation relating to fiscal advice to Parliament is for Parliament to consider.

Publication of Management Letters

55. Once a draft management letter has been issued to an entity it is official information and may therefore be subject to a request for disclosure under the OIA. It is for the entity that holds the information to determine whether it is appropriate to release it. There is nothing to prevent public entities from publishing management letters, if they wish to, nor to prevent a Select Committee from requesting this information.

Civics Education to promote the importance of ethics, transparency, accountability, and financial literacy

56. Some promotional and educational work is being done by agencies and watchdog organisations. This is generally ancillary to their core functions.

Government Communications Security Bureau

57. The Government Communications Security Bureau Act 2003 was amended in 2013. The amendments included changes to the oversight regime of the New Zealand Intelligence Community, changes to the objective, functions, and limitation provisions to improve clarity about the legal basis for the GCSB's activities.
58. The Report of the First Independent Review of Intelligence and Security in New Zealand, *Intelligence and Security in a Free Society* has been tabled in the House. That review (inter alia) provided for consideration of whether the legislative frameworks of the intelligence and security agencies (GCSB and NZSIS) are well placed to protect New Zealand's current and future national security, while protecting individual rights.

Strengthen accountability in public policy processes

- i. *Develop and implement a new government strategy to promote 'evidence based policy making' including enhanced monitoring and evaluation of the impacts of government policies.*
- ii. *Introduce greater transparency about the anticipated effects of proposed departmental restructuring and institutional reform exercises in the public sector, and, ex post, their actual effects*
- iii. *Enhance reporting on the social, economic, and environmental impacts of government regulation and spending.*
- iv. *Commence regular, technically independent reporting on State of the Nation environmental indicators, and reintroduce regular publication of the Social Report.*

Evidence Based Policy Making

59. In the last three years, much has been done to strengthen policy capability in the State services. This strengthening is being achieved through the use of more robust evidence to inform policy advice; "free and frank" communication of policy advice to Ministers; and improvements to the legislative process and the quality of the legislation. The elements of strengthened policy-making include:
 - a shift towards the use of robust, high quality evidence in creating, and in reviewing the impact of, government policy advice
 - the appointment of a Chief Science Advisor (CSA) to the Prime Minister in 2009 and a number of Departmental Science Advisors (DSAs) to key social, economic, environmental and security agencies. The CSA and DSAs meet regularly with the

Chief Economist, Deputy State Services Commissioner and Deputy Secretary of Treasury. DSAs work across the sector as well as in departments

- a new Head of Profession for policy advice has been established. This role carries responsibility for driving improvement in the policy system (i.e. capabilities, systems, processes, and standards).
- a “Policy Project”, led by DPMC in collaboration with public service policy leaders, supports the new Head of Profession. Government agencies are monitoring and evaluating policy projects through new methods of scientific analysis. There is now a much greater focus on testing before implementation
- the Social Policy Evaluation and Research Unit (Superu) is championing the use of evidence in policy-making, particularly for complex social issues
- In 2013 amendments to the State Sector Act 1988 codified the obligation of officials to provide free and frank advice to Ministers and obliged chief executives to steward the capacity of their agencies to be able to continue to provide free and frank advice.

Restructuring and Institutional Reform

60. Workforce planning to ensure the right mix of skills in the right places over the long term is an essential part of long term success for the State services. This is being supported by improved workforce planning through ‘Four year plans’. These require detailed advance planning by agencies and sectors in relation to the skills and capabilities that will be required of the workforce as services and service delivery changes over time. Proper planning increases the likelihood that change is anticipated and planned for, reducing the need for restructuring.

Reporting on Social, Economic, and Environmental Impacts of Government Regulation

61. The Environmental Reporting Act (the Act) established a framework for environmental reporting, and aims to provide authoritative and independent information on the state of the environment and regular reporting. The Government Statistician and the Secretary for the Environment are responsible for environmental reporting. The Parliamentary Commissioner for the Environment can also comment on any aspect of reporting. The first report, Environment Aotearoa 2015, was published on 20 October 2015.
62. There is now greater transparency and enhanced stewardship of government regulation. In the last few years, stewardship expectations have been incorporated in the Performance Improvement Framework (PIF) agency model and in chief executive performance management. Stewardship expectations are also guiding the Treasury’s approach to its responsibility for oversight of the regulatory system as a whole.
63. Following the Productivity Commissions’ Report on Regulatory Institutions and Practices in 2015, the Government directed seven major regulatory agencies to be transparent about how they manage their regulatory regimes, the performance of those regimes, and plans for improvement. The regulatory management strategies and plans of all these agencies are shortly to be published, enabling stakeholders and departments to identify opportunities to improve regulation and reduce red tape and compliance costs.
64. The Treasury regularly analyses and reports on the economic impact of recent events and of potential shocks to the New Zealand economy. The Treasury also applies the Higher Living Standards framework in assessing the social and economic impact of policy.

Recommendation 5:

Support, reinforce and improve the roles of key independent integrity agencies and bodies.

Electoral management

- i. Review public funding of political parties, the allocation of broadcasting time to political parties and the restrictions on parties purchasing their own broadcast election advertising*

- ii. *Require greater transparency of the finances (including donations) of political parties.*
- iii. *Strengthen the Electoral Act 1993 to make the lines clearer between legal and illegal activities and investigate the options for strengthening enforcement in response to complaints*

65. These issues are addressed in the Electoral Commission's comprehensive 'Report on the Conduct of the 2014 General Election', tabled in Parliament on 2 April 2015. After each election, the Electoral Commission's Report is followed by a Justice and Electoral Committee Inquiry into that election which considers electoral law generally. The Electoral Commission's Report has informed the Committee's consideration. The Justice and Electoral Committee Inquiry into the 2014 election reported in April 2016. The Government will now consider and respond to the report, including deciding any new policy direction.

Judiciary

- i. *The judiciary should publish an annual report on its activities and performance*
Increase public access to information about the operation of the court system
- ii. *Enhance the transparency of the judicial appointment process*

66. The Ministry of Justice's website provides good information on the operation of the Court system and the judicial appointment process. The heads of bench for the District Court and High Court each publish an annual report.

The Ombudsman

- i. *Promote enhanced compliance with and understanding of the Official Information Act 1982, better processes for handling Official Information Act requests, and implementation of the Law Commission's recommendation for an Official Information Act oversight function as well as instituting a similar oversight function for the Ombudsmen Act 1975*
- ii. *Review in 2014/15 the adequacy of funding for the Office of the Ombudsman.*

67. Since the NIS Report was published, there has been greater focus on enhanced compliance with and understanding of the OIA, and better processes for handling OIA requests.

68. The Office of the Ombudsman provides regular training and education to agencies on the OIA and publishes information and guidance. The Office has recently been updating all its OIA guidance and case notes.

69. The Ministry of Justice, in consultation with the Ombudsman, is developing additional OIA guidance resources and promoting better practices. Since 2014 it has run a cross agency forum on OIA guidance developing practical guidance materials to address issues shared across government. Finalised guidance materials are currently being promoted across government.

70. The Law Commission (2012) recommended creation of a new oversight office. The government considered the oversight provided by the Ombudsman was effective, and that government departments and agencies should continue to look to the Office of the Ombudsman for guidance.

71. The Chief Ombudsman's own-motion, wide-ranging review of OIA practices in the public sector, announced in late 2014, was directed at improving OIA practices. The Ombudsman's Report, released on 8 December 2015, found the OIA had created greater openness and transparency about the activities of the government and also led to greater accountability in the conduct of public affairs.

72. The Ombudsman has announced robust measures to ensure that the New Zealand State services maintains its high standards of openness.

73. The funding for the Office of the Ombudsman has been increased in recent budgets to help manage its caseload, and the annual report for the 2013/14 year shows a reduction in the backlog of casework for the Office. The Officers of Parliament will continue to monitor the performance of the Office and the adequacy of its funding.

Recommendation 6:

The business community, the media, and non-government organisations should take a much more pro-active role in strengthening integrity systems and addressing the risks of corruption as ‘must-have’ features of good governance. Specific actions include the following.

Business community

- i. Raise awareness and understanding of the implications of the criminalisation of bribery of foreign public officials in the Crimes Act 1961 and the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions*
 - ii. Ensure adequate training on and awareness of corruption and integrity risks and their management and encourage the reporting of foreign and domestic bribery suspicions to the authorities.*
 - iii. Investigate and evaluate the costs and benefits to business from continual vigilance around maintaining and strengthening integrity systems*
 - iv. Work with the Institute of Directors to encourage the highest standards of governance.*
74. Recognising bribery and corruption, understanding how to deal with them, and complying with anti-bribery laws is increasingly important for New Zealand business and is receiving greater attention by them.
75. Following the passage of OCAC, the Ministry of Justice a comprehensive anti-bribery and corruption information pack to assist businesses to develop internal controls, ethics and compliance programmes to prevent and detect and respond to corruption.
76. In 2014 a free on-line anti-corruption training module was launched by Transparency International New Zealand and the SFO. This training module was supplemented by Chapman Tripp, Deloitte and Business NZ delivering corruption, bribery and fraud workshops throughout New Zealand. In addition:
- in conjunction with this, BusinessNZ, in partnership with Deloitte and Chapman Tripp released a free downloadable guide on bribery and corruption risks & strategies for NZ businesses and held training courses in various centres throughout New Zealand
 - government agencies have become more active in raising awareness and communicating bribery and corruption risks and responsibilities
 - government agencies are playing an active role in maintaining integrity around trade. The ongoing work of NZ Inc (collaborating agencies including MPI, NZTE, NZ Tourism, MFAT) in raising awareness and protecting integrity in business and trade, including NZ’s brand and through the promotion of the “NZ Story”.
77. Work to encourage the highest standards of governance is also being progressed. “The Future Directors” initiative, administered by the Institute of Directors, aims to strengthen standards of governance by developing the next generation of directors to support New Zealand’s economic growth.

Media

- i. Media industry self-regulatory and regulatory bodies should review and strengthen their integrity frameworks and promote adherence to them.*
- ii. The government should publish regular monitoring reports on the effectiveness and integrity of media industry regulation and self-regulation.*

78. There are sound self-regulatory bodies and a number of agencies in New Zealand with their own specific codes of conduct, including statutory standards, which set out principles and standards in their respective areas of broadcasting and journalism:
- The Press Council
 - The Broadcasting Standards Authority (BSA)
 - The Online Media Standards Authority (OMSA)
 - Advertising Standards Authority (ASA).
79. The government has considered advice from the Law Commission on media regulation and the impact of changing technology. The government favours inter-agency coordination over statutory and institutional change, and has opted to observe the further impact of technological convergence on the news media and the news media response to it.
80. In 2015, the Ministry of Culture and Heritage (MCH), in collaboration with MOJ, DIA and MBIE, worked on a number of options for the regulation and classification of media content in an environment where traditional boundaries between media are disappearing. The joint discussion document, *Content Regulation in a Converged World*, was published in August 2015, is part of the New Zealand Government convergence programme and outlines the Government's approach to supporting and regulating the production of media content.
81. In July 2015, new legislation relating to cyber bullies and internet harassment, the Harmful Digital Communications Bill, was passed. The new laws responds to the rapid advances in technology that have changed the way people communicate.

Civil society

- i. *Review the appropriateness of contractual and/or statutory restrictions on public advocacy by non-government organisations.*
 - ii. *Educate the public on what information they should expect from nongovernment organisations.*
 - iii. *Assess the need for capacity building of Māori organisations to enable them to contribute to local authority decision making in ways currently expected of them.*
82. The NIS Report recommendation is focussed on the ability of NGOs to speak out on policy matters which they may have expert knowledge about. No statutory restrictions have been identified. Any contractual provisions will be the subject of negotiations between the parties.

Recommendation 7:

Public sector agencies should conduct further assessments and research to strengthen integrity systems over time. Priority research is to investigate the actual incidence of corruption in New Zealand, why it is occurring, and how it might best be reduced to supplement existing surveys on how exporters and importers of goods and services are managing bribery and corruption risks.

83. Developing and implementing a comprehensive National Anti-Corruption Strategy (see recommendation 1) could provide for greater measurement and research to enable better understanding and protection against the risks to integrity in a fast changing, digitally dependent, global environment.

A review of possible causes of and responses to the role of structural discrimination in the over-representation of Māori in the criminal justice system

84. The Better Public Services programme- Results 7 and 8 – are focussed on reducing reoffending and reducing rates of crime.

85. Doing better for Maori to reduce over-representation was identified as a key challenge for the Youth Crime Action Plan 2013 (YCAP). YCAP is a 10 year strategy to reduce youth offending; the next stage of work under the plan will be considering what actions can be taken to reduce over-representation of Maori. Several communities are testing the effectiveness of stronger iwi involvement to address and reduce lower level offending by Maori. There have been three to four social sector trials regarding the role of iwi in reducing crime.
86. Extensive analysis shows that the over-representation of Māori in the corrections system is explained by three factors – gang affiliation, socio-economic deprivation and young age at first conviction.
87. There is now information about Māori social, cultural and economic well-being. In 2013, Statistics New Zealand carried out Te Kupenga, the first survey of Māori well-being. Te Kupenga collected information on a wide range of topics to give an overall picture of the social, cultural, and economic well-being of Māori in New Zealand. The survey also provided important information about the health of the Māori language and culture.
88. The Department of Corrections uses a range of interventions focussed on Māori culture, philosophy and values in an effort to reduce re-offending by Māori. The interventions are designed and carried out in collaboration with Māori service providers and communities. Interventions include the Kaiwhakamana Visitor Policy, where cultural and spiritual support is available to prisoners to help them engage with their iwi, hapū or whānau.

Important sectors and institutions not assessed in this study, notably the state-owned enterprise sector and the Reserve Bank of New Zealand, should be independently bench-marked in the next 12 months against relevant international standards of transparency, public participation, integrity, and accountability.

89. There is no plan to undertake such reviews.

Transparency and awareness relating to the Treaty of Waitangi should be increased by increasing the level of public education on the Treaty.

90. A number of agencies play a role directly and indirectly, in raising awareness of the Treaty of Waitangi through education. These include Ministry of Culture and Heritage, Ministry of Education, Human Rights Commission, Te Puni Kokiri and Education Review Office (ERO).
91. Other organisations also provide education on the Treaty. For example, the Waitangi National Trust Board maintains the Treaty House and its grounds and is also playing a role in making sure New Zealanders can learn about their history and understand the historical and contemporary role of the Treaty of Waitangi.
92. 2015 marked 175 years since the signing of the Treaty of Waitangi. The Ministry of Culture and Heritage and other government agencies formed the “Waitangi 175 working group” to plan initiatives across the Government to mark this event to increase awareness of the Treaty.