

Political executive – Cabinet (pillar 2)

Summary

“In New Zealand’s system of government, Parliament sets the rules and the courts decide disputes. But it is the Ministers of the Crown who make the decisions. Those decisions are often hard ones. But Cabinet is the place where the hardest decisions must be made.”²¹²

The executive is made up of the Prime Minister, Cabinet, and organisations that comprise the public service and the wider state sector. The executive conducts the government, deciding on policy and administering legislation.²¹³ This pillar report covers the Prime Minister and Cabinet in their collective interest role of leading and coordinating government, and the institutional and legal framework that supports this role. Interactions between portfolio ministers and the public sector and between the executive and Parliament are covered in the legislature and public sector pillar reports in Chapter 5.

The Cabinet has great power to make policy decisions, and the Prime Minister is powerful within it, having the ability to decide on, and to change, ministerial portfolios. (Statutory power to give legal effect to policy decisions rests with the Executive Council, which has no policy decision-making power.) The powers of the Prime Minister and ministers are defined in statutes, but how they work collectively is a matter of convention, custom, and the personal preference and management style of the Prime Minister. In practice, Cabinet members demonstrate high compliance with the statutory requirements for their areas of responsibility and with Cabinet conventions. This reflects the overall transparency of the executive’s activities and the exposed political environment of Cabinet. Cabinet ministers are also members of Parliament (MPs) owing allegiance to the House of Representatives, their political party, and their electorate every three years or more frequently.²¹⁴

The Cabinet system and the wider public sector governance system in which it is embedded generally provide high transparency of, and accountability for, decision making and implementation and promote ministerial integrity. This important outcome is attributable to a tradition of effective self-regulation through the *Cabinet Manual*,²¹⁵ comprehensive and coherent laws governing ministerial direction of the public sector and reporting of public sector activity to the legislature, the independent scrutiny of the officers of Parliament, the Official Information Act 1982, and Ombudsmen, and the use of parliamentary questions.

²¹² Marie Shroff, “How government works: Making the hard decisions”, *DecisionMaker* (excerpt from a speech by Shroff in 2002). www.decisionmaker.co.nz/guide2005/hgw%2005/harddecisions.html

²¹³ Cabinet Office, “Cabinet decision making”, in Cabinet Office, *Cabinet Manual 2008*, Chapter 5 (Wellington: Department of the Prime Minister and Cabinet, 2008). <http://cabinetmanual.cabinetoffice.govt.nz>

²¹⁴ Cabinet Office, “National-led administration: Consultation and operating arrangements”, Cabinet Office Circular CO (12) 03, 1 May 2012. www.dpmc.govt.nz/cabinet/circulars/co12/3

²¹⁵ Cabinet Office, *Cabinet Manual 2008* (Wellington: Department of the Prime Minister and Cabinet, 2008). <http://cabinetmanual.cabinetoffice.govt.nz>

A key challenge for Cabinet's governance of the public sector is striking the right balance between the whole-of-government interest and the policies and activities of individual portfolio ministers and their departments. The effectiveness of the self-regulatory nature of the existing public management design²¹⁶ was overestimated.²¹⁷ It has been found to set up political and administrative incentives that direct insufficient attention to less publicly observable interests such as public sector capacity, cross-departmental public service coordination, the quality of regulation, and the monitoring and evaluation of the longer-run impact of policies.²¹⁸ These deficiencies in the design and implementation of the public sector legal framework have undermined the Cabinet's collective policy-making effectiveness and weakened the corporate culture within which individual ministers and chief executives should operate.

Constitutionally, Parliament is sovereign and, as in the original Westminster system, its relationship with the political executive is described as "fused" rather than separate. However, in New Zealand the executive has levers of power at its sole disposal around which many other countries have constitutional or statutory protection. One such area is the power to select board members for most statutory bodies. These decisions are made in Cabinet. The nomination process addresses merit and conflicts of interest, but the final decision is open to other nominees, including nominees from the ruling parties' caucuses. A small but significant number of such decisions give the appearance of political patronage, and this has caused public concern. The problem is not political connections per se, but the need to maintain public confidence that the statutory "arm's length" independence of such bodies from government is being respected.

The government, supported by the three central agencies (State Services Commission, Treasury, and the Department of the Prime Minister and Cabinet), recently launched reforms and associated legislative changes to address the collective interest problem areas. This is an important endeavour. Resolution will be challenging because the reforms to be effective will require changing decision rights between Cabinet as a whole and individual ministers; as well as between central agencies and individual departments. Success will also require strengthening the quality of public service policy advice, which has been judged to be in decline.²¹⁹

Cabinet's power in making policy decisions is balanced by the accountability of ministers and the transparency of decision making, although transparency about lobbying needs improvement. In some other respects, Cabinet or ministerial power is not balanced so effectively, and concern about the relative dominance of the executive again emerges as a theme. As examples, in making appointments, Cabinet sometimes introduces candidates outside the normal assessment process, Cabinet ministers may resist the appropriate independence of the public sector by not encouraging or listening to free and frank advice, Cabinet has on occasion shifted local government roles to central government, and Cabinet may resist the spirit and intent of the Official

²¹⁶ Described in the public sector pillar report (pillar 4).

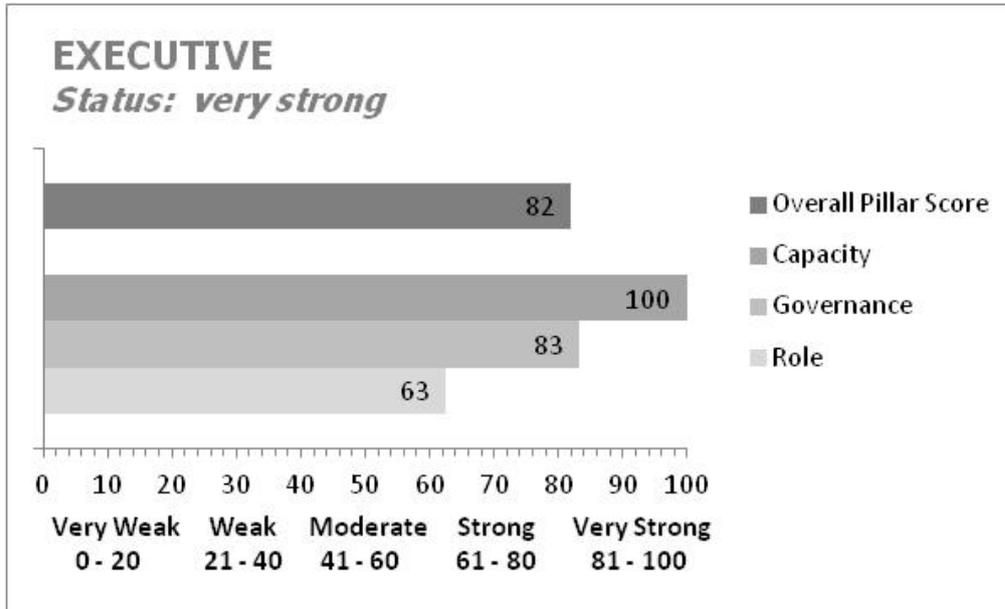
²¹⁷ Particularly in respect of the belief that output accountability would replace the need for process controls.

²¹⁸ Bill Ryan and Derek Gill, eds., *Future State: Directions for public management in New Zealand* (Wellington: Victoria University Press, 2011).

²¹⁹ Review of Expenditure on Policy Advice, *Improving the Quality and Value of Policy Advice: Findings of the committee appointed by the Government to review expenditure on policy advice* (Wellington: Treasury, 2010).

Information Act 1982 in dealing with requests for information. Accountability is relatively weak for the impact and effectiveness of policies. The recommendations in Chapter 6 relating to the executive pick up these areas of concern.

Figure 4: Political executive scores



Source: Transparency International New Zealand, 25 October 2013.

Structure and organisation

The executive branch of government is charged with executing laws and policies and administering public affairs. It consists of ministers both within and outside Cabinet and the public service. No legislation defines the Cabinet and its powers; these are matters of long-standing convention. This assessment also covers the legislative framework that governs how Cabinet and its ministers directly oversee and report on the public sector and the central agencies that support the Cabinet in these roles.

The Prime Minister and most ministers of the Crown serve as the members of Cabinet.²²⁰ All ministers of the Crown, whether they are inside or outside Cabinet, are members of the Executive Council, the highest formal instrument of government whose principal functions are to advise the Governor-General and make regulations and other orders in council (appointments and such like). The Governor-General presides over, but is not a member of, the Executive Council. When a new Cabinet is sworn in, ministers are first appointed as executive councillors and then receive warrants for their respective ministerial portfolios.

Each minister is responsible for exercising the statutory functions and powers under legislation within their portfolios, “within the collective Cabinet decision-making context”.²²¹ Within Cabinet, the Prime Minister has a dominant role, ultimately

²²⁰ Cabinet Office, “Executive Council and the Governor-General”, in *CabGuide: Guide to Cabinet and Cabinet committee processes* (Wellington: Department of the Prime Minister and Cabinet). <http://cabguide.cabinetoffice.govt.nz/procedures/executive-council-governor-general>

²²¹ *Cabinet Manual*, 2008: para. 2.2.1d.

constrained only by convention and the need for party and parliamentary support to remain in office.

The most important formal integrity instrument for the Cabinet is the *Cabinet Manual*, which defines the procedures of Cabinet and provides a code of conduct that is an authoritative guide to central government decision making for ministers, their offices, and those working within government.²²² It is periodically updated to reflect changes in cabinet procedures and constitutional developments. Over the years, it has become a primary source of information on New Zealand's constitutional arrangements and is explicitly endorsed by each prime minister at the first Cabinet meeting of a new government.²²³

2.1.1 Resources (practice)

To what extent does the Cabinet have adequate resources to effectively carry out its duties?

Score: 5

The Cabinet and the organisations that which support it are adequately resourced.

The remuneration of ministers is covered in the legislature pillar report and is assessed as adequate. This section focuses on the resourcing of the Cabinet system.

The Prime Minister is responsible for Vote Department of the Prime Minister and Cabinet (DPMC), for which NZ\$24.526 million (including a recent increase) is budgeted for 2013/14, covering outputs for:²²⁴

- policy coordination and the provision of policy advice for the Prime Minister, the Cabinet, and ministers
- support for secretarial services to the Cabinet and Cabinet committees and for the New Zealand Royal Honours system²²⁵
- intelligence coordination and national security priorities
- support for the role and facilities of the Governor-General.

The funds are appropriated by Parliament and accounted for by the Prime Minister as the Responsible Minister as required by the Public Finance Act 1989.

DPMC's "overall area of responsibility is in helping to provide, at an administrative level, the 'constitutional and institutional glue' that underlies [New Zealand's] system of

²²² *Cabinet Manual*, 2008.

²²³ It is indicative of the standing of the *Cabinet Manual* that its introduction by Sir Kenneth Keith is regarded as the most definitive account of New Zealand's constitutional arrangements, and that the manual is widely referred to by constitutionalists and public governance experts. (For example, Hon Dame Silvia Cartwright, Governor-General, "Our constitutional journey", speech at Government House, May 2006.)

²²⁴ *Budget 2013 Information Release* (Wellington: Treasury, July 2013).

²²⁵ Department of the Prime Minister and Cabinet, *Statement of Accountability*, 2012.

www.dPMC.govt.nz/dPMC/publications/ar-2012/0400-accountability. See also *Cabinet Manual*, 2008: 1.30–1.34 and 5.77–5.81.

parliamentary democracy”.²²⁶ Within DPMC is the Cabinet Office, which provides secretarial services for the Cabinet system and the Executive Council.²²⁷ The Prime Minister’s Office provides the Prime Minister with political advice. This office operates independently from the DPMC’s policy advisory role.

Funding for intelligence coordination and security priorities covers the Intelligence Coordination Group, which coordinates relations between the Prime Minister and the intelligence community. This group also supports the Officials Committee for Domestic and External Security Coordination, the National Assessments Bureau, and the Commissioner of Security Warrants. The other organisations comprising the intelligence community, the New Zealand Security Intelligence Service and the Government Communications Security Bureau are not funded through Vote DPMC.

A recent Performance Improvement Framework²²⁸ review of DPMC concluded that, while the department performs well and has capable staff, its infrastructure and systems are weak and underdeveloped and require new investment.²²⁹ This recommendation was addressed in the recent Budget Update for DPMC, which increased DPMC’s 2013/14 funding by NZ\$2.5 million.²³⁰ It appears, therefore, that the resources made available for the support of Cabinet and Executive Council systems are now adequate in financial terms.²³¹

2.1.2 Independence (law)

To what extent is the Cabinet independent by law?

Score: 5

The independence of the Prime Minister and Cabinet is embedded in law and constitutional convention. In exercising their powers, the Prime Minister and ministers are bound by the legal framework for the public sector, laws relating to particular portfolios, and the decisions of relevant statutory bodies and officers.

Under the Letters Patent Constituting the Office of Governor-General of New Zealand, the Governor-General appoints the Prime Minister and ministers. By dint of constitutional convention, the Queen and the Governor-General act only on the advice of the Prime Minister or ministers who have the support of the House of Representatives. Thus, as stated in Sir Kenneth Keith’s introduction to the *Cabinet*

²²⁶ www.dPMC.govt.nz

²²⁷ Department of the Prime Minister and Cabinet, “The department’s role”, 2012. www.dPMC.govt.nz/dPMC/publications/ar-2012/0200-role

²²⁸ The Performance Improvement Framework process is described in the public sector pillar report (pillar 4).

²²⁹ State Services Commission, Treasury, and Department of the Prime Minister and Cabinet, *Review of the Department of the Prime Minister and Cabinet (DPMC)* (Wellington: New Zealand Government, 2013).

²³⁰ Treasury, “Budget 2013 information release, 2013.

www.treasury.govt.nz/publications/informationreleases/budget/2013

²³¹ The New Zealand Security Intelligence Service and Government Communications Security Bureau are usually (law does not require it) in the Prime Minister’s portfolio. They are outside of the scope of this pillar, however, which focuses on the political executive’s collective decision-making role.

Manual, “The Queen reigns ... but the Government rules ... so long as it has the support of the House of Representatives”.²³²

Under the Constitution Act 1986, the Letters Patent constituting the Office of Governor-General, the New Zealand Bill of Rights 1990, and the Public Finance Act 1989, the Crown may not levy taxes, raise loans, or spend public money except by or under an Act of Parliament. The government, particularly through the Minister of Finance, is responsible for exercising the statutory public finance powers. The Queen and Governor-General have powers to appoint and dismiss ministers and other holders of important offices, to summon and dissolve Parliaments, to assent to bills passed through the House, and make regulations and Orders submitted to them by the Executive Council and ministers. By convention the Sovereign or Governor-General does so only on the advice of the Prime Minister or ministers who have the support of the House of Representatives.²³³ In rare cases the Governor-General may exercise a degree of personal discretion, under what are known as the “reserve powers”. According to the *Cabinet Manual*, even then, convention usually dictates what decision should be taken.²³⁴

The Prime Minister is the head of government and he or she alone, by constitutional convention, can advise the Governor-General to dissolve Parliament and call an election and can appoint, dismiss, or accept the resignation of ministers. Ministers constitute the executive arm of government. Their powers rise from legislation and common law, and they are supported in their portfolios by the public service. In exercising their powers the Prime Minister and ministers are bound by the legal framework for the overall governance of the public sector; including fiscal governance, the laws relating to particular portfolios, and the decisions of individuals and bodies under statutes that require them to act independently.^{235, 236, 237}

²³² Sir Kenneth Keith, “On the constitution of New Zealand: An introduction to the foundations of the current form of government”, in *Cabinet Manual* (Wellington: Department of the Prime Minister and Cabinet, 2008). <http://cabinetmanual.cabinetoffice.govt.nz/node/68>

²³³ This is subject to the Governor-General’s rarely used reserve powers. In 1984, the Governor-General did not grant Prime Minister Robert Muldoon’s advice to call a snap election until he had been assured that a majority of the House of Representatives supported the Prime Minister.

²³⁴ *Cabinet Manual*, 2008: para. 1.15.

²³⁵ Especially the Public Finance Act 1989, State Sector Act 1988, and Crown Entities Act 2004.

²³⁶ For example, the laws covering foreign affairs, defence, inland revenue, customs, resource management, and local government.

²³⁷ In addition to statutory bodies such as the Law Commission and Commerce Commission, some departmental chief executives exercise statutory powers for some functions; for example, the Commissioner of Inland Revenue, Secretary to the Treasury, State Services Commissioner, Commissioner for the Environment, Government Statistician, and Secretary for Transport. Also, some staff within departments have statutory powers such as the Director of Public Health, Registrar of Companies, and Surveyor-General: State Services Commission, *State Sector Management Bill: Supplementary Information*, submission to the Education and Science Committee, 6 October 2010.

2.1.3 Independence (practice)

To what extent is the Cabinet independent in practice?

Score: 5

The Cabinet is independent in practice. No other institution, public or private, interferes with its lawful activities and decisions.

While New Zealand does not have constitutionally autonomous branches of the state as exist in the United States and much of Europe, there is a separation of powers in the sense of having an independent judiciary and a set of three branches of the state with separate areas of competence and functionality.

Within DPMC, special organisational and staffing arrangements provide assurance that the Cabinet Office is independent and non-partisan in its support for the Cabinet and the Executive Council, and that the Prime Minister's non-political Policy Advisory Group operates independently. While the Chief Executive of DPMC supports the Prime Minister as head of government, the Cabinet Secretary supports the Prime Minister as the chair of Cabinet.²³⁸ These arrangements have given little cause for public or political concern.

There was public concern about the government's independence when the Prime Minister and his staff got involved in direct negotiations with SkyCity Entertainment Group Ltd concerning its proposal to build a convention centre in exchange for regulatory concessions. No evidence was found that the commercial actor was exerting undue influence on public policy. However, an Office of the Auditor-General inquiry found deficiencies in due procurement process, which contributed to a perception of favouritism.²³⁹ Also, as discussed in the public sector pillar report, the government's decision process did not comply with established principles of fiscal transparency.

2.2.1 Transparency (law)

To what extent are there regulations in place to ensure transparency in relevant activities of the Cabinet?

Score: 4

There is robust legal provision for the transparency of Cabinet and individual ministers including the Standing Orders of Parliament, Official Information Act 1982, Public Finance Act 1989, and Register of Pecuniary Interests. New Zealand, unlike similar countries, does not have legislation to ensure the lobbying of ministers is transparent.

Cabinet minutes: There is no blanket exemption for Cabinet material (or indeed any class of papers) from the obligation to release under the Official Information Act 1982 (OIA). Requests for Cabinet material must be considered on their merits against the criteria in the OIA. Information held by a minister in his or her capacity as a member of

²³⁸ Interview with Diane Morcom, former Secretary of Cabinet, 14 February 2012.

²³⁹ Office of the Auditor-General, *Inquiry into the Government's Decision to Negotiate with Sky City Entertainment Group Ltd for an International Convention Centre*, 2013.

a political party or as an MP (for example, caucus material), however, is not official information for the purposes of the OIA. Furthermore, the Attorney-General, when performing law officer functions, is not subject to the OIA. Where the minister decides that departmental information should not be released, the request may be transferred by the department to the minister (if the department considers the information to be more closely connected with that minister's functions), and the minister is then responsible for fulfilling his or her obligations under the OIA.

Cabinet minutes are distributed within two to three days of a Cabinet meeting. They cover the decisions made, but not the Cabinet discussion. Minutes are sent to portfolio ministers, with a copy for their department if the minister agrees. If not, the department may be sent a summary or excerpts.

Financial information: The provisions of the Public Finance Act 1989 apply to the resources provided for the Prime Minister and his or her department and the Votes for which individual ministers are responsible. The estimates, appropriations, and independently audited financial reports are available to the Parliament and the public and are scrutinised by the House and its committees. A fuller description of fiscal transparency is in the legislature and public sector pillar reports.²⁴⁰

Conflict of interest provisions: All ministers, as MPs, are required to disclose certain assets and interests in the annual Register of Pecuniary Interests of Members of Parliament. This register is designed to promote accountability and transparency by identifying personal financial interests that might influence MPs. Each year the Clerk of the House publishes these interests in summary form. The *Cabinet Manual* provides specifically for ministers further principles and guidance on avoiding the reality and perception of conflicts of interest. The government recently accepted a recommendation of the Chief Ombudsman for regular and proactive disclosure of information about the management of ministerial conflicts of interest.²⁴¹

In August 2013, a select committee rejected a private member's Lobbying Disclosure Bill,²⁴² which proposed a public register for lobbyists of MPs (which would include ministers) and requirements for them to follow a code of ethics drawn up by the Auditor-General and to file quarterly returns. The draft legislation proposed it be a criminal offence for unregistered corporate lobbyists, union members, or workers with non-government organisations to lobby MPs. The Attorney General opposed the draft legislation on the grounds that it would limit freedom of expression and that the bill went beyond what was necessary to limit the activities of lobbyists.

²⁴⁰ See also Murray Petrie, *Integrity Plus 2013: New Zealand National Integrity System Assessment – Fiscal transparency*, supplementary paper 3 (Wellington: Transparency International New Zealand, 2013).
www.transparency.org.nz/docs/2013/Supplementary-Paper-3-Fiscal-Transparency.pdf

²⁴¹ Office of the Ombudsman, "Chief Ombudsman recommends regular and proactive disclosure of information about ministerial conflicts of interest", 31 January 2013.

²⁴² "MPs decide law to restrict lobbyists unnecessary in 'village New Zealand' ", *New Zealand Herald*, 24 August 2013.

Some other Commonwealth countries have such laws.²⁴³ The smallness of New Zealand society is not a good argument against making the lobbying of ministers more transparent.²⁴⁴ The select committee in rejecting the bill nevertheless made the important recommendation that Parliament should change its own rules to provide more transparency about lobbying.

2.2.2 Transparency (practice)

To what extent is there transparency in relevant activities of the Cabinet in practice?

Score: 4

Cabinet is transparent in practice, except concerning appointments by ministers to state sector boards.

The provisions for transparency in the activities of the Cabinet are generally effective. Cabinet ministers operate in a publicly exposed environment in which the Prime Minister and political parties are under strong political incentives to deal with ministerial breaches of the rules. Transparency is reinforced by the high fiscal transparency of the public sector, the OIA, parliamentary questions, and the scrutiny of select committees. As covered in the accountability section of this report, several ministers have lost their posts when found in breach of *Cabinet Manual* provisions.

A matter for integrity concern is apparent party political bias in a few appointment decisions taken in the context of the Cabinet Appointments and Honours Committee. Despite improvements in recent years in the supporting bureaucratic process, the final political decision making is opaque²⁴⁵ and provides limited public assurance against the risk of political patronage.

Each year the Crown appoints members to some 400 bodies.²⁴⁶ The administrative process supporting such appointments is managed by the departments concerned and the State Services Commission or Treasury.²⁴⁷ These processes meet good standards,²⁴⁸ but the final ministerial decision is taken in the Cabinet Appointments and Honours Committee, meeting in camera and having also received advice from party

²⁴³ New Zealand Parliament, "Lobbying Disclosure Bill", July 2012. www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL11278_1/lobbying-disclosure-bill

²⁴⁴ Claims have been made that direct lobbying from farmers was a driving force in the legislation passed under urgency to suspend the powers of Environment Canterbury (covered in the public sector pillar report (pillar 4)). Farmers are an important interest group for decisions on water use, but these interests should be a transparent part of the statutory decision-making process.

²⁴⁵ The committee notes the decisions of portfolio ministers; it does not make the decisions: Cabinet Office, "Appointments", *CabGuide*. cabguide.cabinetoffice.govt.nz/procedures/appointments

²⁴⁶ *Cabinet Manual*, 2008.

²⁴⁷ The departments involved, or the State Services Commission, identify candidates for board positions for statutory Crown entities, statutory tribunals and regulatory bodies, and a variety of other bodies and agencies with boards in the state services. The Crown Ownership Monitoring Unit in Treasury advises ministers on candidates suitable for appointment to the boards of entities such as state-owned enterprises, the Crown financial institutions, other Crown entity companies, and statutory entities and for the boards of Crown research institutes. Ministers make 5–60 new Crown company appointments each year.

²⁴⁸ Such guidance is provided by the State Services Commission and *Cabinet Manual*, 2008.

caucuses. There is a perception²⁴⁹ and some research²⁵⁰ evidence that ministers sometimes put their “friends” on these boards. This perception is damaging to citizens’ confidence that the arm’s length principle that underpins the Crown entity system is being respected. This is a case where Cabinet should consider ways to reassure the public that it is using its powers in the public interest.²⁵¹

The appointment process is already replete with guidance and rules. The assurance of public confidence in this area would benefit from the application of a New Zealand equivalent to the “Nolan Rules” in the United Kingdom,²⁵² which reaffirm ministerial responsibility for appointments but have other trust promoting criteria.

In August 2013, a select committee rejected a private member’s Lobbying Disclosure Bill,²⁵³ which proposed a public register for lobbyists of MPs (which would include ministers) and a requirement for them to follow a code of ethics drawn up by the Auditor-General and to file quarterly returns. The draft legislation proposed it be a criminal offence for unregistered corporate lobbyists, union members, or workers with non-governmental organisations to lobby MPs. The Attorney-General opposed the draft legislation on the grounds that it would limit freedom of expression and that the bill went beyond what was necessary to limit the activities of lobbyists.

Some other Commonwealth countries have such laws.²⁵⁴ The smallness of New Zealand society is not a good argument against making the lobbying of ministers more transparent.²⁵⁵ The select committee, in rejecting the bill, nevertheless made the important recommendation that the Parliament should change its own rules to provide more transparency about lobbying.

²⁴⁹ This finding is drawn from media reports (referred to in the public sector pillar report (pillar 4)) and from interviews of former and current state sector board members.

²⁵⁰ Richard Norman, “How should state-owned enterprises be governed?”, *Public Sector* vol. 30(4), 2008.

²⁵¹ The United Kingdom created the position of Commissioner of Public Appointments.

²⁵² See the discussion of these rules in the Australian context in John Halligan, Bryan Horrigan, and Geoffrey Nicoll, “Appointments and boards”, in *Public Sector Governance in Australia*, Chapter 9 (Australian National University, 2012).

²⁵³ “MPs decide law to restrict lobbyists unnecessary in ‘village New Zealand’,” *New Zealand Herald*, 24 August 2013.

²⁵⁴ New Zealand Parliament, “Lobbying Disclosure Bill”, July 2012. www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL11278_1/lobbying-disclosure-bill

²⁵⁵ Claims have been made that direct lobbying from farmers was a driving force in the legislation passed under urgency to suspend the powers of Environment Canterbury (covered in the public sector pillar report (pillar 4)). Farmers are an important interest group for decisions on water use, but these interests should be a transparent part of the statutory decision-making process.

2.2.3 Accountability (law)²⁵⁶

To what extent are there provisions in place to ensure that members of the Cabinet have to report and be answerable for their actions?

Score: 5

The law and processes for ensuring the accountability of Cabinet and of individual ministers are comprehensive.

Ministerial accountability: All Cabinet members must be MPs, so face general elections every three years or more frequently. They are also accountable for their actions if they break the law. Under a constitutional convention, ministers are individually responsible and accountable for:

- their decisions within their portfolio responsibilities
- their own professional and personal conduct
- the decisions and actions of individuals and organisations for which they have ministerial responsibility.

On the advice of the Prime Minister, the Governor-General may dismiss a minister at any time so ministers are largely obliged to work within a Cabinet framework as determined by the Prime Minister. In this forum, ministers jointly discuss the policy that the government as a whole will pursue. Ministers who do not exercise their powers in a manner compatible with Cabinet's decision, risk losing those powers.

The *Cabinet Manual* says, "Ministers are accountable to the House for ensuring that the departments for which they are responsible carry out their functions properly and efficiently. On occasion, a minister may be required to account for the actions of a department when errors are made, even when the minister had no knowledge of or involvement in, those actions".²⁵⁷ Other forms of accountability include the obligation on a Responsible Minister to explain unappropriated expenditure when it is validated through a Financial Review Bill.²⁵⁸

There is an entrenched expectation that MPs, including ministers, will disclose and explain their actions. The Standing Orders of the House of Representatives list, "deliberately attempting to mislead the House or a committee" as representing contempt of the House, so it is dealt with by the Privileges Committee.²⁵⁹ The Speaker can, and often does, insist on a clear response from ministers in the House.

²⁵⁶ This section draws, in part, on an interview with Elizabeth McLeay, academic and author on New Zealand Cabinet governance.

²⁵⁷ *Cabinet Manual, 2008*: para. 3.5.

²⁵⁸ Public Finance Act 1989, section 26C.

²⁵⁹ *Standing Orders of the House of Representatives, 2011*, Standing Order 407. www.parliament.nz/en-nz/pb/rules/standing-orders

Collective responsibility: According to the *Cabinet Manual*, “The principle of collective responsibility underpins the system of Cabinet government. It reflects the democratic principle that the House expresses its confidence in the collective whole of government, rather than in individual Ministers”.²⁶⁰

Under the mixed-member proportional representation electoral system, however, the principle has been modified to allow for minority parties in coalition governments to “agree to disagree” with the majority party on specific issues. Over time, the *Cabinet Manual* has accepted the legitimacy of the agreement to differ.²⁶¹ The current National-led government has laid out its requirements for its coalition partners in a Cabinet circular that says, among other things, that “Collective responsibility applies differently in the case of support party Ministers. Support party Ministers are only bound by collective responsibility in relation to their own respective portfolios (including any specific delegated responsibilities). When support party Ministers speak about the issues in their portfolios, they speak for the government and as part of the government. When the government takes decisions within their portfolios, they must support those decisions, regardless of their personal views and whether or not they were at the meeting concerned. When support party Ministers speak about matters outside their portfolios, they may speak as political party leaders or members of Parliament rather than as Ministers, and do not necessarily support the government position”.²⁶²

As covered in the legislature pillar report, the Standing Orders require the government to articulate its policies and give account to the House in the State of the Nation address and in the debates during the examination of the Budget. MPs may ask oral and written questions of ministers and question ministers when they appear before select committees. Oral questions are a key part of the daily regime of the House. The Public Finance Act 1989 requires comprehensive information on the intentions and performance of departments and agencies under each ministerial portfolio, as well as for the government as a whole, and this contributes to their accountability both to Parliament and to the public. All government expenditure and regulation comes under the scrutiny of the Office of the Auditor-General and, in some areas, of other officers of Parliament.

Accountability is also enhanced by statutory bodies such as the Law Commission, which reviews the quality of law making, and the External Reporting Board, which sets standards for the financial reporting of government. Standing Orders also make provision for the public to witness Parliament, holding the government accountable through the public gallery, the press gallery, and the publication and broadcasting of House proceedings.

²⁶⁰ *Cabinet Manual*, 2008: para. 5.2.2.

²⁶¹ Vernon Bogador, *The Coalition and the Constitution* (UK: Hart Publishing, 2011).

²⁶² Cabinet Office, “National-led administration”, 2012.

2.2.4 Accountability (practice)

To what extent is there effective oversight of Cabinet in practice?

Score: 5

Cabinet accountability is reinforced by the incentives arising from political contestation within Parliament and by high public exposure. In practice, ministers are held to account at least for publicly visible mistakes or accidents involving organisations in their portfolios.

The decisions and actions of ministers and their departments are, in practice, reviewed by parliamentary select committees, questions in the House, royal commissions, commissions of inquiry, judicial reviews, and the offices of the Auditor-General, Ombudsmen, and Privacy Commissioner. In addition, public scrutiny of the executive is close. Where ministerial or department actions are controversial, ministers ultimately find it difficult to avoid explaining themselves to the media.

The Office of the Auditor-General has undertaken several politically sensitive inquiries. These include inquiries into negotiations with SkyCity Entertainment Group Ltd for an international convention centre, board-level governance of the Accident Compensation Corporation, and the Department of Internal Affairs management of spending that could give personal benefit to ministers. The government took such reports seriously, and there is no evidence of its trying to impede the investigations.

The consequences for ministers of errors or accidents in their department depend in practice on the risk to the government's reputation and perceptions of the minister's culpability compared with that of the chief executive. Any sanctions are determined by the Prime Minister. There is a view that if the matter is serious, the minister should resign forthwith, but in practice ministers sometimes stay on to "put things right".²⁶³ Resignation is more likely with a failure in the minister's personal integrity. Sometimes the minister resigns from Cabinet, and in other cases the minister loses the portfolio in question but retains others.²⁶⁴

The key finding is that ministers are held to account at least for publicly visible mistakes or accidents involving organisations in their portfolios. The main driver of accountability is the incentives created by political contestation within Parliament and by high public exposure. This means penalties also depend on politics.

²⁶³ The Responsible Minister at the time of the Cave Creek tragedy in 1995 stayed on as Minister for Conservation for seven months and remained in Cabinet.

²⁶⁴ A former Minister of Labour resigned from that portfolio following the release of the critical Royal Commission report on the Pike River Coal Mine tragedy, but remained as a minister in Cabinet with her other responsibilities.

2.2.5 Integrity (law)

To what extent are there mechanisms in place to ensure the integrity of Cabinet ministers?

Score: 4

The Cabinet Manual is a comprehensive “code of conduct” for ministers, and it commands high respect. However, Cabinet gives low priority to the further development of its integrity framework. Two unregulated areas of risk for the New Zealand executive are post-ministerial employment and the activities of lobbyists.

The most important formal instrument relating to the integrity of ministers is the *Cabinet Manual*. The manual has no legal status. In form it is descriptive and not prescriptive.²⁶⁵ However, in the context where the Cabinet is itself a creature of convention, the manual’s influence comes from the principles, laws, and conventions it draws together; the focus on the behaviour of ministers; and the fact each new government formally accepts its provisions. The manual has commanded the respect of successive governments and, increasingly, the wider community. As a former minister summed up, “The *Cabinet Manual* is now seen as an essential element of transparent governance”.²⁶⁶ Two decades ago the manual had very restricted distribution. It is now readily available on the internet.

The *Cabinet Manual* provides the code of conduct for ministers. It provides detailed guidance for ministers covering conduct; public duty and personal interests; gifts; fees, endorsements, and outside activities; government advertising guidelines; and ministerial travel. As MPs, ministers are required to make an annual declaration of interests, including employment business interests, shareholdings, real estate, mortgage debts, overseas travel (unless paid for personally), gifts worth over NZ\$500, and payments for outside services.

The Remuneration Authority independently determines the salaries and allowances for all MPs, including ministers.²⁶⁷ The House recently rejected, by a large cross-party majority, a bill proposing that the authority also determine MPs’ travel entitlements.²⁶⁸

The integrity of ministers is also reinforced by the Official Information Act 1982, Protected Disclosures Act 2000, and officers of Parliament.

Compared with the case in other similar developed countries, including Australia, it appears Cabinet is giving low priority to the further development of its own integrity framework. Two unregulated areas of risk for the New Zealand executive are post-ministerial employment and the activities of lobbyists. The possibility of a conflict of interest in the post-government employment of ministers can be high in small countries where business and political elites have close connections. Australia under the earlier

²⁶⁵ Interview with Diane Morcom, former Secretary of Cabinet, 14 February 2012.

²⁶⁶ Interview with Margaret Wilson, 22 January 2013.

²⁶⁷ The Remuneration Authority is a statutory body that sets pay for key office holders across the country.

²⁶⁸ Anthony Hubbard, “MPs unite to keep travel perk in-house”, *Stuff*, 10 August 2013. www.stuff.co.nz/dominion-post/news/9025221/MPs-unite-to-keep-travel-perk-in-house

Rudd government produced standards of ministerial ethics that require an 18-month moratorium before former ministers can “lobby, advocate or have business meetings with members of the government, parliament, public service or defence force on any matters on which they have had official dealings as minister in their last eighteen months in office”.²⁶⁹

2.2.6 Integrity (practice)

To what extent is the integrity of Cabinet ministers ensured in practice?

Score: 4

The Cabinet Manual’s integrity-related provisions are mainly effective in practice. There are risks in the opacity that sometimes exists in the relationship between ministers and their departments.

Periodically, breaches of the manual’s provisions attract a good deal of attention from parliamentarians and the public. Since 2000, 10 ministers have been sacked or resigned from Cabinet because of misconduct. The transgressions included conflicts of interest, misuse of public money, misleading statements to Parliament and the media, and personal misconduct.²⁷⁰ It is note-worthy that these sackings and resignations were not because of major instances of corruption. They arose mainly from cronyism, conflicts of interest, and the failure to observe administrative law and regulation in such cases. The transparency of the Cabinet context gives strong incentives to ministers to follow the *Cabinet Manual* and to resign when they fall short on judgement.

As covered in the public sector pillar report, a risk in the public management system is that individual portfolio ministers may override administrative law and convention in their role in directing the public sector. In these areas public scrutiny is not close, the formal protection of the OIA is not necessarily effective, and the Protected Disclosures Act 2000 has so far had little impact.²⁷¹ As discussed in the public sector pillar report, the Protected Disclosures Act does not meet good international standards and is another area where Cabinet integrity could be strengthened. The offence of misconduct in public office appears to be unknown in New Zealand.²⁷²

2.3.1 Legal system

To what extent does the Cabinet prioritise public accountability and the fight against corruption as a concern in the country?

Score: 4

Cabinet does not appear to assign priority to fighting corruption in New Zealand or abroad. This is a matter for concern despite the country’s international reputation for low corruption.

²⁶⁹ *Codes of Conduct in Australian and Selected Overseas Parliaments* (Canberra: Department of Parliamentary Services, 2012).

²⁷⁰ “List: Sacked or resigned ministers, *The Dominion Post*, 21 March 2012.

²⁷¹ See the public sector pillar report (pillar 4).

²⁷² See annex to public sector pillar report (pillar 4).

The legislature pillar report covers New Zealand legislation dealing with bribery, corruption, and related offences.²⁷³ A risk is that New Zealand's very good record on corruption may reduce alertness to emerging risks. The global financial crisis, regulatory failures, and the diversification of the economy and society have given rise to new risks and problems, including public safety, fraud, fiduciary failures, and tax evasion. Furthermore, New Zealand's business interests are increasingly global. The relative ease of company registration in New Zealand has been exploited for fraudulent purposes by international actors and New Zealanders.²⁷⁴

The Cabinet appears to be giving low priority to two important international treaties dealing with bribery and corruption. As covered in the legislature pillar report, despite becoming a party to the UN Convention against Corruption in 2009, the enabling legislation to meet the convention obligations has still not been passed. New Zealand signed and then ratified the OECD Anti-Bribery Convention in 2001, and the effectiveness of its implementation is being assessed by an OECD working group in 2013. One shortcoming has been the failure to substantially increase penalties for private sector bribery offences.

The low priority Cabinet assigns to fighting corruption in New Zealand or abroad is a matter for concern despite the country's high international reputation for low corruption.^{275,276} This National Integrity System assessment looks at the institutional underpinnings of integrity, as an indicator of future national performance. Traditionally, governance in New Zealand has been characterised by a low level of legal formality with the people closely engaged with the governmental process. As these characteristics change, and the globalisation of commerce is an important driver, the risks to national integrity increase.²⁷⁷

2.3.2 Public sector management (law and practice)

To what extent is the Cabinet committed to and engaged in developing a well-governed public sector?

Score: 3

The government is acting to redress a long-standing imbalance between the whole-of-government interest and the policies and activities of individual portfolio ministers and

²⁷³ The Crimes Act 1961 (which makes it an offence to bribe ministers and other high officials (and includes money laundering)), Secret Commissions Act 1910 (which criminalises the bribing of agents in the private sector), Serious Crimes Office Act 1990 and Serious Fraud Office Act 1990 (which cover fraud), and Securities Market Act 1978 (which covers insider trading and market manipulation).

²⁷⁴ The government is proposing to address this problem through the Companies and Limited Partnerships Amendment Bill, which is before the select committee on commerce.

²⁷⁵ "New Zealand tops our list of the best countries for business", *Forbes*, 14 November 2012. www.forbes.com/sites/kurtbadenhausen/2012/11/14/new-zealand-tops-list-of-the-best-countries-for-business. This list was determined by grading 141 nations on property rights, innovation, taxes, technology, corruption, freedom (personal, trade, and monetary), red tape, investor protection, and stock market performance.

²⁷⁶ Transparency International Perceived Corruption Index.

²⁷⁷ Two other small countries (Ireland and Iceland) tumbled down international Transparency International Perceived Corruption Index rankings, after the surfacing of scandals arising from underlying governance problems.

their departments. These reforms will require cross-public service policy advisory changes with new boundaries between ministers and public servants and between the Cabinet as a whole and portfolio ministers.

The laws through which Cabinet governs the public sector from a collective interest perspective are the Public Finance Act 1989, State Sector Act 1988, Crown Entities Act 2004, and State-Owned Enterprises Act 1986. Within that framework, ministers individually exercise powers over departments and agencies under portfolio-related legislation. The main characteristics of the governance of the public sector are covered in the public sector pillar report.

Cabinet is supported in its relations with the public sector by the three central agencies: DPMC, Treasury, and the State Services Commission (SSC). These agencies aim to work together as a “corporate centre” to support Cabinet decision making. DPMC supports policy leadership and coordination. Treasury advises on economic, financial, and regulatory policy for the Crown and administering the public sector in respect of the Public Finance Act and State-Owned Enterprises Act, and the use of financial powers under the Crown Entities Act. SSC appoints and employs public service chief executives, advises on public service management, administers Crown entity governance, promotes integrity across state services generally, and advises on chief executive employment in a variety of state sector agencies.²⁷⁸

The legal architecture and role of the central agencies gives ministers a framework for directing departments and holding them accountable for specified activities and the funds appropriated. Non-public service areas of the state (responsible for the bulk of public expenditure) are coherently structured with clear rules on decision rights and accountability.²⁷⁹ The budgeting, financial management, and accounting arrangements across the public sector have improved transparency and operational accountability.²⁸⁰

The key challenge for Cabinet’s governance of the public sector is striking the right balance between the whole-of-government interest and the policies and activities of individual portfolio ministers and their departments. The effectiveness of the self-regulatory nature of the original public management reform design was overestimated.²⁸¹ Over time it has been found that the political and administrative incentives that had been set up led to insufficient attention to less publicly observable collective interests such as public sector capacity, cross-departmental public service coordination, the quality of regulation, and the monitoring and evaluation of the longer-run impact of policies.²⁸²

Changing the political administrative policy interface is a central challenge if these problems are to be addressed. The Scott Report found that public service policy advice is “generally under-managed” and noted a growing unwillingness by some ministers to

²⁷⁸ Treasury website, www.treasury.govt.nz

²⁷⁹ OECD, *Distributed Governance* (Paris: OECD, 2004).

²⁸⁰ As elaborated in the public sector pillar report (pillar 4).

²⁸¹ Particularly in respect of the belief that output accountability would replace the need for process controls.

²⁸² Ryan and Gill, 2011.

seek public service advice and by some senior officials to provide it.²⁸³ The quality and coherence of policy advice is fundamental to the collective interest of government. Poor policy quality is not a single attribute, but an emergent property arising from the interaction of many factors. This matter is discussed in more detail in the public sector pillar report, but contributing factors are the lack of collective discipline around the policy process, an excessive output focus by departments, and a lack of attention to what it takes to develop and maintain key institutional competencies in policy-intensive departments.

An important step in addressing these problems is the legislation enacted in July 2013²⁸⁴ that strengthens (among other things) the legal obligation on chief executives to report on the strategic direction and capability of departments and the effectiveness of their activities. This provides specificity to the requirement on the public service for professional policy advice and independent reporting. A bill under parliamentary consideration aims to consolidate the structure of the public service, enhance coordination across state services, expand fiscal accountability (especially for the effects of policies), and provide a more focused and evidence-based outcome perspective on some critical national problems.²⁸⁵ The changes in the law will have to be accompanied by attitudinal and behavioural changes in the public service and in Cabinet. The intended emphasis on stewardship, in particular, will, to be successful, require cross-public service policy advisory changes with new boundaries between ministers and public servants and between the Cabinet as a whole and portfolio ministers.

2.4.1 Treaty of Waitangi

The Treaty of Waitangi can be understood to create obligations of partnership, respect and participation. What does the executive do to partner with Māori, to respect and affirm Māori rights to make decisions and to enhance Māori participation in its field of activity? In particular, where the executive has legal rights and obligations in this respect given to it by the Crown, how well does it honour them, including any Treaty obligations passed on by the Crown?

Cabinet complies with the Treaty-related legal rights and obligations passed to it by the Crown.

The statement on New Zealand's constitutional arrangements that prefaces the *Cabinet Manual* says those laws and convention that make up the constitution "increasingly reflect the fact that the Treaty of Waitangi is regarded as a founding document of government in New Zealand".²⁸⁶

Sir Kenneth Keith says the Treaty "may indicate limits in our polity on majority decision making. The law may sometimes accord a special recognition to Māori rights and interests such as those covered by Article 2 of the Treaty. And in many other cases the

²⁸³ Review of Expenditure on Policy Advice, 2010.

²⁸⁴ Public Finance Amendment Act 2013.

²⁸⁵ With amendments to the State Sector Act 1988, Public Finance Act 1989, and Crown Entities Act 2004.

²⁸⁶ Keith, 2008.

law and its processes should be determined by the general recognition in Article 3 of the Treaty that Māori belong, as citizens, to the whole community. In some situations, autonomous Māori institutions have a role within the wider constitutional and political system. In other circumstances, the model provided by the Treaty of Waitangi of two parties negotiating and agreeing with one another is appropriate. Policy and procedure in this area continues to evolve”.²⁸⁷

The Legal Advisory Committee advises: “The Treaty of Waitangi does not directly create rights or obligations in law except where it is given effect by legislation. It however has been judicially described as ‘part of the fabric of New Zealand society’ ... and has become a constitutional standard. Legislation is expected to comply with the principles of the Treaty ... The Government’s recognition of the need for legislation to comply with Treaty principles if possible is itself a recognition that, whatever the difficulties, the Treaty is constitutionally important and must (at the least) strongly influence the making of relevant legislation”.²⁸⁸

Cabinet Manual guidance on the development and approval of bills states, “Ministers must confirm that bills comply with certain legal principles or obligations when submitting bids for bills to be included in the legislation programme”. The first example given of such a principle or obligation is the Treaty of Waitangi.²⁸⁹

The Cabinet Committee on Treaty of Waitangi Negotiations, chaired by the Prime Minister, considers Treaty settlement negotiations and related policy issues. Cabinet and its ministers appear to accept the constitutional importance of the Treaty. A 1986 Cabinet directive is included in the current *Cabinet Manual*. Successive Cabinets have continued to be committed to the Treaty-claim settlement process.²⁹⁰

Ministers’ responsibilities on Treaty matters are as required under the legislation related to their portfolios. The legal arrangements for the management of state services do not require collective state services action related to the Treaty, although ministers have sometimes asked SSC to take Treaty-related actions.²⁹¹

Cabinet appears to be meeting its legal Treaty-related responsibilities. The public sector pillar report, in reflecting on the current efforts to strengthen the whole-of-government coherence of state services direction, suggests that reporting on public

²⁸⁷ Keith, 2008.

²⁸⁸ Legislation Advisory Committee, *Guidelines on Process and Content of Legislation* (Wellington: Ministry of Justice, updated 2012). www2.justice.govt.nz/lac/

²⁸⁹ *Cabinet Manual*, 2008: 7.19–7.76.

²⁹⁰ Cabinet, in a directive of 23 March 1986, agreed that “all future legislation referred to it at the policy approval stage should draw attention to any implications for recognition of the principles of the Treaty and Departments should consult with appropriate Māori people on significant matters affecting the application of the Treaty”. The Minister of Māori Affairs is to provide any necessary assistance in identifying those people. It also noted that “the financial and resource implications of recognising the Treaty could be considerable and should be assessed wherever possible in future reports”.

²⁹¹ For example, in November 2004, the government directed the State Services Commission to facilitate a series of discussions and produce a report on the place of the Treaty of Waitangi in contemporary New Zealand: State Services Commission, *A Report of the Treaty of Waitangi Community Discussions Initiative* (Wellington: State Services Commission, 2006).

sector progress in realising the goals and spirit of the Treaty might form part of an enhanced public service responsibility for policy stewardship.

References

- Bogador, Vernon, *The Coalition and the Constitution* (UK: Hart Publishing, 2011).
- Budget 2013 Information Release* (Wellington: Treasury, July 2013).
- Cabinet Office, "Appointments", *CabGuide*.
cabguide.cabinetoffice.govt.nz/procedures/appointments
- Cabinet Office, "Cabinet decision making", in Cabinet Office, *Cabinet Manual 2008*, Chapter 5 (Wellington: Department of the Prime Minister and Cabinet, 2008).
<http://cabinetmanual.cabinetoffice.govt.nz>
- Cabinet Office, "National-led administration: Consultation and operating arrangements", Cabinet Office Circular CO (12) 03, 1 May 2012. www.dPMC.govt.nz/cabinet/circulars/co12/3
- Cabinet Office, *Cabinet Manual 2008* (Wellington: Department of the Prime Minister and Cabinet, 2008). <http://cabinetmanual.cabinetoffice.govt.nz>
- Cartwright, Silvia, "Our constitutional journey", speech at Government House, May 2006.
- Codes of Conduct in Australian and Selected Overseas Parliaments* (Canberra: Department of Parliamentary Services, 2012).
- Controller and Auditor-General, *Inquiry into the Government's Decision to Negotiate with SkyCity Entertainment Group Limited for an International Convention Centre* (Wellington: Office of the Auditor-General, 2013).
- Department of the Prime Minister and Cabinet, *Statement of Accountability, 2012*.
www.dPMC.govt.nz/dPMC/publications/ar-2012/0400-accountability
- Cabinet Office, "Executive Council and the Governor-General", in *CabGuide: Guide to Cabinet and Cabinet committee processes* (Wellington: Department of the Prime Minister and Cabinet). <http://cabguide.cabinetoffice.govt.nz/procedures/executive-council-governor-general>
- Halligan, John, Bryan Horrigan, and Geoffrey Nicoll, "Appointments and boards", in *Public Sector Governance in Australia* Chapter 9 (Australian National University, 2012).
- House of Representatives, *Standing Orders of the House of Representatives*, 2011.
www.parliament.nz/en-nz/pb/rules/standing-orders
- Hubbard, Anthony, "MPs unite to keep travel perk in-house", *Stuff*, 10 August 2013.
www.stuff.co.nz/dominion-post/news/9025221/MPs-unite-to-keep-travel-perk-in-house
- Keith, Kenneth, "On the constitution of New Zealand: An introduction to the foundations of the current form of government", in *Cabinet Manual* (Wellington: Department of the Prime Minister and Cabinet, 2008). <http://cabinetmanual.cabinetoffice.govt.nz/node/68>
- Legislation Advisory Committee, *Guidelines on Process and Content of Legislation* (Wellington: Ministry of Justice, updated 2012). www2.justice.govt.nz/lac
- "MPs decide law to restrict lobbyists unnecessary in 'village New Zealand', " *New Zealand Herald*, 24 August 2013.
- New Zealand Parliament, "Lobbying Disclosure Bill", July 2012. www.parliament.nz/en-nz/pb/legislation/bills/00DBHOH_BILL11278_1/lobbying-disclosure-bill
- "New Zealand tops our list of the best countries for business", *Forbes*, 14 November 2012.
www.forbes.com/sites/kurtbadenhausen/2012/11/14/new-zealand-tops-list-of-the-best-countries-for-business
- Department of the Prime Minister and Cabinet, "The department's role", 2012. www.dPMC.govt.nz/dPMC/publications/ar-2012/0200-role
- Norman, Richard, "How should state-owned enterprises be governed?" *Public Sector* vol. 30(4), 2008.

New Zealand National Integrity System Assessment 2013
Chapter 5: Political executive - Cabinet (pillar 2)

OECD, *Distributed Governance* (Paris: OECD, 2004).

Office of the Ombudsman, "Chief Ombudsman recommends regular and proactive disclosure of information about ministerial conflicts of interest", 31 January 2013.

Review of Expenditure on Policy Advice, *Improving the Quality and Value of Policy Advice: – Findings of the committee appointed by the Government to review expenditure on policy advice* (Wellington: Treasury, 2010).

Ryan, Bill, and Derek Gill, eds., *Future State: Directions for public management in New Zealand* (Wellington: Victoria University Press, 2011).

Shroff, Marie, "How government works: Making the hard decisions", *DecisionMaker* (excerpt from a speech by Shroff in 2002).

www.decisionmaker.co.nz/guide2005/hgw%2005/harddecisions.html

State Services Commission, *State Sector Management Bill: Supplementary Information*, submission to the Education and Science Committee, 6 October 2010.

State Services Commission, Treasury, and Department of the Prime Minister and Cabinet, *Performance Improvement Framework: Review of the Department of the Prime Minister and Cabinet (DPMC)*, 2013.

Treasury, "Budget 2013 information release, 2013.

www.treasury.govt.nz/publications/informationreleases/budget/2013