

Building accountability

Summary of the National Integrity System
Assessment, 2018 update

Building accountability

Summary of the National Integrity System Assessment, 2018 update

Introduction

Transparency, democratic participation, and accountability clearly have important roles to play in ensuring integrity. They also play key roles in ensuring social cohesion and the rule of law. As Professor Jeremy Waldron has said:

... there is such a degree of substantive disagreement among us about the merits of particular proposals ... that any claim that law makes on our respect and our compliance is going to have to be rooted in the fairness and openness of the democratic process by which it was made.¹

An NIS assessment is an evaluation of whether the 'pillars' of a country's governance systems, and the underlying societal foundations, function well and in balance with each other to safeguard against the abuse of power. It is essentially a country risk-assessment. New Zealand's first NIS assessment was carried out in 2003. The 2013 NIS assessment focussed on developments over the intervening 10-year period. This 2018 report is an update of the 2013 NIS assessment. It selectively incorporates material on recent developments in New Zealand's integrity system up to 31 December 2018, as well as incorporating minor amendments. TINZ intends to carry out a full NIS assessment in 2023.

Overall Finding

Overall this 2018 update confirms the main findings of the 2013 NIS assessment. There have been

promising developments in the past five years, with pockets of greater focus on strengthening integrity systems. On the other hand, progress has been slow in many areas and close to non-existent in some, especially for political party funding, civil society and the business sector.

The core message of the 2013 NIS assessment therefore remains, that it is beyond time for serious and urgent action to protect and extend integrity in New Zealand. Whilst the message has begun to penetrate in the public sector, unless the tone at the top improves for business and community organisations, our country is vulnerable to overseas corruption and will continue to miss out on the resources necessary to preserve the trusted society of which we have been proud.

Suzanne Snively,
Chair, Transparency International

This report outlines:

- A summary of progress since 2018.
- 2018 recommendations.
- The NIS assessment and the methodology.
- Broad themes from the 2013 NIS assessment.
- A table showing in full the 2013 NIS assessment recommendations and the progress against these.

¹ Jeremy Waldron, "Parliamentary Recklessness: Why we need to legislate more carefully". Lecture given at the Maxim Institute, October 2008.

Taking integrity more seriously in New Zealand – Summary of progress

The main aim of this update is to identify and assess changes in New Zealand's National Integrity System since the publication of the 2013 NIS assessment.

A key conclusion from the 2013 assessment was that although New Zealand's national integrity system was fundamentally sound, it faced increasing challenges. The pillar of most concern was the political parties pillar. Other areas of concern, weakness, and risk existed: 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 core message of the report, therefore, was that it was beyond time to take the protection and promotion of integrity in New Zealand more seriously.

Five years on there has been good progress in some areas and less in others. Many of the 60 recommendations made in the 2013 assessment

have been implemented in whole or in part. A table showing the detail of implementation is provided later in this summary report.

Positive developments in the five years to 31 December 2018 include:

- The United Nations Convention against Corruption (UNCAC) has been ratified.
- New Zealand joined the Open Government Partnership in 2013 and has developed three National Action Plans.
- A suite of anti-corruption and organised crime legislation was passed in November 2015 and mostly implemented in 2016.
- There is some more transparency in the beneficial ownership of trusts. Transparency in the beneficial ownership of companies and other legal entities is a work in progress.
- A review of the Protected Disclosures Act 2000 is under way.



- Strong modern formal processes are now in place for public procurement, and compliance appears to be high.
- A national anti-corruption work programme has been developed by the Ministry of Justice, the Serious Fraud Office and other government agencies.
- The effectiveness of the Ombudsman has been enhanced by an increase in resources to build capacity.

On a less positive note

- There has been little progress towards more transparency in Parliament and its administration.
- The problem of political party funding has not

been addressed and has grown more acute.

- There is slow progress in raising awareness of corruption risks or taking action to address them in the business sector and in civil society.
- In most areas of policy formation, opportunities for public consultation could be better designed. It appears that government agencies are giving insufficient priority and funding to the development of expertise in, and technology capacity and other resources required for, public consultation that empowers people to speak up.
- The Treaty of Waitangi is still not formally recognised as New Zealand's founding document or formally incorporated into New Zealand law.

Recommendations

In view of the findings of this update, Transparency International New Zealand is making a further six recommendations.

Recommendation 1

The outstanding recommendations from the 2013 NIS now be implemented, with high priority given to:

- a. Strengthening the transparency, integrity and accountability systems of Parliament. Particular attention to be paid to extending the coverage of the Official Information Act, introducing a code of conduct for members of Parliament, requiring publication of all members' appointment diaries and providing greater transparency around

lobbying of members of Parliament and ministers.

- b. Achieving greater transparency in the appointment process for statutory boards.
- c. Reviewing public funding of political parties, including:
 - i. allocation of broadcasting time to political parties and the restrictions on parties purchasing their own broadcast election advertising; and
 - ii. requiring greater transparency of the finances of political parties, including donations.

Recommendation 2

A comprehensive national anti-corruption strategy be drawn up and implemented.

The main elements of a national anti-corruption strategy would be:

- a. Implementation of the policy and practices recommended by the national anti-corruption work programme produced by the Ministry of Justice and the Serious Fraud Office that are based on UNCAC and other relevant international agreements.
- b. Each public sector agency with responsibility for an NIS pillar to develop a risk mitigation strategy aimed at preventing domestic corruption and protecting against offshore corruption that could impact on the daily lives of New Zealanders.
- c. The integrity of the permanent public sector to be strengthened in a range of priority areas, and specifically by:
 - i. Corruption prevention training programmes as part of induction, and competency and staff development frameworks.
 - ii. Refresher opportunities on relevant national and international legislation and regulation on integrity and transparency.
 - iii. Policies and procedures, monitoring and greater stewardship where services are delivered by others on behalf of public sector agencies, with the specific goal of strengthening integrity and transparency through procurement chains and joint ventures.
 - iv. More extensive risk assessment, including assessment of bribery and corruption risk.
- d. Progress in these areas to be monitored, measured and publicly reported so that compliance can be demonstrated.
- e. Public sector agencies to build and release publicly an evidence base of what works best to prevent and protect against corruption through further assessments and research about ways to strengthen integrity systems over time.

Recommendation 3

The government to fully implement the third National Action Plan (NAP3) for the Open Government Partnership

The priority in planning and implementing NAP3 to be ensuring that government agencies fully and more deeply engage with the public and civil society organisations, including:

- a. Setting ambitious targets for growing public engagement in NAP3 and polling to measure feedback on its implementation.
- b. Securing civil society, local government and Māori organisation support as leaders or partners in parts of the consultation, public participation, and implementation of NAP3.
- c. Striving to reach the highest (empower) level of the International Association for Public Participation (IAP2) spectrum as a standard in giving high priority to the commitments on public consultation in the third National Action Plan.
- d. Taking steps to increase the capacity of organisations representing the diverse range of New Zealand society to respond effectively to consultation.

Recommendation 4

The public sector to take the opportunity offered by the reviews of the State Sector Act and the Protected Disclosures Act to implement in full the relevant recommendations of the 2013 NIS assessment.

It should also:

- a. Introduce policies to enhance and support tone at the top: governance leadership committed to integrity, including specific ethical leadership.
- b. Ensure that codes of conduct and guidelines are embedded, used and continuously improved, moving towards strong staff engagement replacing conduct prescription with codes of ethics focused on doing the right thing.

- c. Maintain speak up policies and procedures that include support for those who speak up, and positive and prompt organisational cultural and management engagement to support the reporting of wrongdoing.
- d. Ensure policies and procedures, monitoring and greater stewardship where services are delivered by others on behalf of public sector agencies, with the specific goal of strengthening integrity and transparency through procurement chains and joint ventures.
- b. Business and Civil Society to put in place robust anti-corruption prevention practices, taking a proactive role in
 - i. strengthening their codes of ethics;
 - ii. training;
 - iii. wider dissemination of knowledge about corruption and ways to protect against it to their staff, users, customers, investors, other interested parties; and
 - iv. addressing the risks of corruption in the sectors they work with.

Recommendation 5

Media organisations to recognise the benefits to them and to society that flow from operating in a high integrity society and to play their part in strengthening integrity systems.

The programme of the ministerial advisory group investigating the establishment of a Public Media Funding Commission to be progressed, aiming towards independent oversight of the media system and publication of reports on the efficacy of government interventions, including funding for public broadcasting.

- c. Businesses and Civil Society strive to better address the massive risks to New Zealand of overseas corrupt practice through engagement in the development of a public register of ownership for all legal entities.

Recommendation 6

Civil society (non-government organisations and other associations) and the business sector to recognise the benefits to them and to society that flow from operating in a high integrity society and to play their part in strengthening integrity systems.

- a. Business and Civil Society (including voluntary organisations, professional services providers, sporting organisations) to use the standards set by the Institute of Directors, including the Four Pillars of Governance, as benchmarks for governance best practice in setting the tone at the top.

What is the National Integrity System assessment and the methodology?

At the heart of Transparency International New Zealand's National Integrity Systems (NIS) assessment are reports on 12 'pillars' – branches of government, sectors, or agencies that constitute New Zealand's national integrity system.

The 2013 NIS assessment and this 2018 update use the Transparency International standard 'temple diagram' which shows the 'pillars' of the NIS that form an interlocking system. When properly governed, regulated, and managed, each pillar will both support good performance in other pillars and provide checks and balances across the system to reduce and limit inappropriate behaviour.

The NIS assessment methodology was originally developed by New Zealander, Jeremy Pope for Transparency International. For the New Zealand NIS assessment, the methodology has been adapted for our unique circumstances especially by incorporating the Treaty of Waitangi (New Zealand's founding document), environmental governance, and local government.

In the 2013 assessment, each of the individual pillars of the NIS was assessed and scored against a set of indicators that measure each pillar's capacity, governance, and role within the system. For this 2018 update, information and sources have been updated but scores have not been reassessed.

NIS assessment: Broad themes

The 2013 analysis of the 12 pillars and 6 societal foundations of the New Zealand NIS identified key broad cross-cutting themes (that is, themes that cut generally across the whole of the NIS).

These themes helped to frame the recommendations made in the 2013 report and also the further and amended recommendations made as a result of the

2018 update. With one exception, the 2018 update did not identify any change to these themes.

- A strong culture of integrity with a high ethical standard usually maintained but with increasing pressure on that culture. By 2018, it had become apparent that a key risk was complacency, lack of experience with corruption and little knowledge about the nature and magnitude of the proceeds, with their related financial flows, from international corruption.
- The relative structural dominance of the political executive branch of government.
- A lack of transparency in a number of areas.
- The degree of formality in the frameworks that regulate the pillars in New Zealand's national integrity system varies considerably. Informal conventions provide flexibility, but also create a risk of expediency and a need to ensure they are not being quietly eroded.
- Conflicts of interest are not always well managed.
- New Zealand would benefit from greater emphasis on the specific processes and actions that are effective in preventing fraud, bribery and corruption.

Developments between 2013 and 2018

Since 2013, there has been an increased awareness of integrity issues and increased attention to the importance of combating bribery, corruption, and other threats to New Zealand's reputation as a society with high integrity. This growing awareness had resulted in some important moves to strengthen New Zealand's integrity systems. These moves include, in particular the ratification of UNCAC, the decision to join the OGP and the creation of National Action Plans as required by the OGP.

Combating bribery, corruption and other integrity threats

Media activity around the Panama Papers research (released by the media in 2016) engaged the public

about the real size of the problem of proceeds from corruption flowing into countries with loose processes for recording beneficial ownership.

Progress in addressing identified corruption issues was initially slow but the pace has recently increased. For example, a national anti-corruption work programme has been drawn up, and work has begun although the programme was only made public early in 2019. Some action has been taken to bring more transparency to foreign-owned trusts, although consultation about increased information requirements for the beneficial owners of some legal entities is still ongoing. A review of the Protected Disclosures Act is at last under way.

There has been an increase in Serious Fraud Office activity including an increased willingness to prosecute. Convictions, including substantial fines and jail sentences, in the Auckland Transport case, were the subject of extensive publicity and legal analysis.

While there is increased awareness of integrity issues in the business sector, and robust policies in place for implementing anti-money laundering legislation, there needs to be greater recognition by business leaders of the importance of structures and processes that support integrity and greater adoption of recognised tools that help strengthen their integrity systems.

Strengthening transparency and integrity practices

Since 2018, officials working on the OGP National Action Plan (NAP) commitments have been actively supported by Cabinet and there has been increased collaboration between government agencies. This increased effort has led to greater originality, greater ambition and a greater number of NAP commitments. There are three times the number of commitments in NAP 3 compared with the high-level, first Action Plan. This offers much greater potential for more civil society and community participation.

Although there is clearly an increased willingness to consult, in most areas of policy formation, opportunities for public consultation could be better

designed. The aim should be to reach the highest level on the spectrum of the International Association for Public Participation (IAP2) scale. From the available evidence, it appears that government agencies are giving insufficient priority and funding to the development of expertise in and technology for public consultation. The debate over a new flag was an expensive lesson in consultation that was not based on a good understanding of the public at which it was directed and resulted in an outcome that probably reflected public disenchantment with the process.

The State Services Commission established an Integrity, Ethics and Standards Group, led by a Deputy Commissioner Integrity, Ethics & Standards. This supports the role of the State Services Commissioner in setting standards of integrity and conduct across most of the State Services. The group provides advice to support public servants to act with the highest levels of integrity, and to build New Zealanders' trust in public services. It has also provided visible leadership on integrity issues including Official Information Act practice.

Watchdog agencies such as the OAG and the Ombudsman remain strong, and in particular the increase of resources for the Ombudsman has the potential to greatly increase effectiveness. However there appears to be a reluctance to apply the same standards of integrity and transparency to Parliament as apply in other sectors. The 2018 decision to publish summaries of ministerial diaries is welcome, but there is still no code of conduct for MPs, the OIA has not been extended to the administration of Parliament, and, the funding of political parties needs urgent attention.

The Treaty of Waitangi is still not formally recognised as New Zealand's founding document or formally incorporated into New Zealand law. Settlements of historic injustices have continued to occur but there has been no obvious progress towards integration of the Treaty in many areas of government and public life.

The work on this update has identified one major omission in the 2013 NIS assessment. Although TINZ recognised the importance of environmental governance and in 2013 added it to the standard template for a NIS assessment, the 2013 NIS assessment did not consider the threats to integrity posed by climate change. There is no doubt that perceptions have changed and that the magnitude of the risks has become more apparent since 2013,

but it is an issue that has the potential to affect every aspect of our national integrity. The limited resources available for this 2018 update mean that it has not been possible to address the issue as it should be addressed, across every pillar of the system. Some limited material will be found in Chapter 2 (socio-environmental foundations), and it will feature prominently when a full NIS assessment is carried out in 2023.

Progress update on the 2013 NIS assessment recommendations

The 2013 recommendations covered seven areas, which were drawn from the analysis and findings of each of the pillar reports and identification of pillar interactions and cross cutting themes. Each recommendation addressed an area of concern and was directed to a particular institution or sector to implement.

The table below sets out the recommendations and the progress since 2013 against the recommendations.

Recommendation 1: Ministry of Justice to lead the development of a comprehensive National Anti-Corruption Strategy, developed in partnership with civil society and the business community, combined with rapid ratification of the UN Convention against Corruption (UNCAC).	
General Progress	
<ul style="list-style-type: none"> The necessary legislative changes have been made and Parliament unanimously ratified UNCAC in 2015. Hon Andrew Little has been appointed by the coalition government as Minister with specific responsibilities for leading their Anti-Corruption Strategy and progressing anti-corruption pledges. The Serious Fraud Office has led a cross-agency Anti-Corruption Work Programme to strengthen New Zealand's anti-corruption framework. The work programme has very recently been made public. Public officials have involved civil society and business experts in the formulation of some of the components of the work programme. 	
Specific recommended aspects of an anti-corruption strategy	Progress on recommended aspects
Updating and strengthening anti-bribery legislation, substantially increasing penalties for bribery and corruption, and considering the value of the offence of misconduct in public office.	<p>Anti-bribery legislation has been amended. The Secret Commissions Act now provides for a penalty of up to 7 years imprisonment. However apart from some minor updating it has not otherwise been amended. The Crimes Act has also been amended. It still specifically exempts facilitation payments, though it does narrow the definition of them. Penalties have been increased to a fine of up to \$5 million or up to 7 years imprisonment. There has been no apparent consideration of the offence of misconduct in public office.</p> <p>A national anti-corruption work programme has been drawn up and work began in 2018 although the programme was only made public early in 2019.</p>
Introducing public registers of trusts and of the beneficial owners of companies.	Foreign trusts are now required to be registered and to have at least one trustee resident in New Zealand. In addition, the Companies Act 1993 and Limited Partnerships Act 2008 now contain requirements for companies and limited partnerships to provide an identifiable and accessible point of contact and to disclose their ultimate holding company (if they have one) to identify relationships between companies. This information is not publicly available but can be disclosed by the Registrar of Companies to law enforcement agencies. Further measures are proposed to increase transparency of beneficial ownership of New Zealand companies and limited partnerships.
Where there are gaps, extending requirements for public office holders in all branches of government to register pecuniary interests, declare assets, face restrictions on post-public office employment, and declare acceptance of gifts and hospitality.	There has been no obvious progress in remedying the gaps in requirements to register pecuniary interests, declare assets, face restrictions on post-public office employment, and declare acceptance of gifts and hospitality.

Reviewing the regulation of political party and candidate campaign financing, and the enforcement of the regulations.	There been no review of the regulation of political party and candidate campaign financing, and the enforcement of the regulations.
Reviewing organisational and other options to improve the effectiveness of anti-corruption law enforcement and education.	Progress on this and the following two items is expected in the context of the Ministry of Justice/State Services Commission anti-corruption work programme and the State Services Commission's integrity work programme.
Promoting more actively the importance and role of ethics	See above.
Identifying priority areas for further research, monitoring, evaluation, and policy development with respect to identifying, measuring, preventing and reducing corruption.	See above.
Recommendation 2: The government should initiate an ambitious cross-government programme in support of wide public consultation under New Zealand Action Plan 3 for the Open Government Partnership.	
<p>General Progress: Three National Action Plans have been developed since the 2013 NIS. It is encouraging that one of the commitments in the first Action Plan was to provide a response to the recommendations made in the 2013 NIS assessment. However the Independent Reporting Mechanism progress report on the 2016-18 period found that civil society participation in the planning process was low and knowledge of the engagement was unknown beyond the usual participants. Stakeholders felt the consultation timeline limited their impact.</p> <p>In 2017, for the first time, a Minister for Open Government was appointed.</p>	
Recommendation 3: Transparency and integrity need to be strengthened in a range of priority areas. (Parliament, the political executive (Cabinet) and local government were named as priority areas).	
Parliament: Specific recommended priorities	Progress on recommended priorities
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.	There has been no extension of the OIA to Parliament.
Strengthen parliamentary oversight of the executive. Measures should include a review by Parliament of its select committee structure with consideration of establishing new cross-cutting specialist committees for public accounts treaties, and human rights. They should also include providing select committees with more independent analytical support.	The Government has indicated that it believes there are sufficient measures in place to ensure the openness of Parliament. Changes to the select committee structure have not included the establishment of cross-cutting specialist committees. Nor has there been an increase in resources for independent analysis.
Enhance the quality of legislation by more public disclosure of draft bills before the start of the legislative process and by the adoption by select committees of tests for legislative quality.	Departments are now required to prepare legislative disclosure statements for Government Bills and substantive Supplementary Order Papers (SOPs). A Legislation Design and Advisory select committee has been set up and has produced legislation guidelines.
Introduce a code of conduct for members of Parliament.	No code of conduct for MPs has been introduced.
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.	Ministers have agreed to open their diaries to the public. Other Parliamentarians have not yet followed suit.

Political executive: Specific recommended priorities	Progress on recommended priorities
Commission an independent review of the respective responsibilities of Cabinet, ministers, and public servants to clarify the conventions governing the duty of, and capacity for, free and frank advice between the political executive and the public sector. The review could mark the centenary of the introduction of the merit-based public service in New Zealand.	No independent review has been commissioned, but the State Sector Act is being reviewed.
Introduce a centralised approach to the systematic proactive release of official information, including Cabinet papers, by all public entities.	Steps have been taken towards a more pro-active approach to the release of official information but there is no centralised approach.
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 for encouragement of direct public participation in policy development and implementation.	There has been little progress on facilitating greater public participation in policy development and initiation.
Local Government: Specific recommended priorities	Progress on recommended priorities
Initiate a national conversation on the constitutional place of local government.	There has been little action on these recommendations apart from some updating of guidelines. In 2015, the SSC advised that the government had committed to developing a non-statutory allocation framework to guide decisions on which regulatory functions are best undertaken by local and central government.
Develop a central government/local government protocol on the design and implementation of regulations where regulation-making powers have been delegated to local authorities.	
Recommendation 4: The integrity of the permanent public sector, and its role in promoting integrity should be strengthened in a range of priority areas.	
General progress: In 2017 the SSC appointed a Deputy Commissioner Integrity, Ethics and Standards who has since led a team that provides advice to support integrity, and to build New Zealanders' trust in public services.	
Public Procurement: Specific recommended priorities	Progress on recommended priorities
Strengthen transparency and accountability for public procurement by: <ul style="list-style-type: none"> • Extending proactive disclosure of project information; • Incorporating explicit anti-corruption provisions in procurement procedures and documents; • Building capacity, especially in smaller entities; • Improving requirements for record-keeping, including complaint mechanisms; • Publishing principles, objective criteria, and a robust management framework for "hybrid procurements"; • Conducting periodic reviews of transparency and integrity of spending and procurement in the Canterbury earthquake re-build in view of the scale of the procurements. 	<p>There is now more clarity and structure to the framework and its application to all government agencies and entities.</p> <p>The new rules of sourcing have a strong focus on integrity, fairness, value and accountability. Transparency upstream has been enhanced and capacity issues are being addressed. However the publicly disclosed procurement appears to account for only about a quarter of the total value.</p> <p>Consolidated all-of-government contracts have resulted in the majority of spending being made through larger contracts which can provide good efficiency gains. On the other hand there are also signs that unbalanced risk-sharing between client and supplier may undermine key firms and ultimately the market itself.</p>
Public Sector Entity Operations: Specific recommended priorities	Progress on recommended priority
Greater transparency in the process for public appointments to boards of public bodies.	SSC advises that its Board Appointment and Induction Guidelines were updated in 2015 and provide greater clarity about the roles and responsibilities of Ministers, Monitoring departments and Boards when making appointments.
Strengthen the Protected Disclosures Act.	The Protected Disclosures Act has not been amended but is currently under review.

Central reporting and monitoring of all misconduct and breaches of integrity.	No progress.
Regular and ongoing integrity and conduct surveys across the public sector.	No progress.
Central reporting, monitoring and knowledge-sharing between agencies on 'best practice' options and initiatives in fulfilling Treaty of Waitangi obligations.	No progress.
Increased 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.	Some improvements have been made to the accessibility of budget information but they fall short of a Citizen's Budget. The government announced in Budget 2018 that public consultation would be launched in August on establishing an independent fiscal institution to provide the public with an assessment of government forecasts and to cost political parties' policies.
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.	No progress.
Promote the importance of ethics, transparency, accountability, and financial literacy among the public in New Zealand through civics education.	Some work has been done on financial literacy by the Commission for Financial Capability. The OGP National Action Plan 3 includes a commitment to provide young people with access to civics education and financial literacy education, and preparation of a School Leavers Kit is underway.
Review the status of Government Communications Security Bureau evidence provided to domestic law enforcement agencies.	There have been major changes to the GCSB, but apparently no consideration of the evidential status of information provided to domestic law enforcement agencies.
Public Policy Processes: Specific recommended priorities	Progress on recommended priority
Implement a government strategy to promote "evidence-based policy making", including enhanced monitoring and evaluation of the impacts of government policies.	There has been some progress in this area. 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.
Introduce greater transparency about the anticipated effects of proposed departmental restructuring and institutional reform exercises in the public sector.	There has been no progress on this recommendation, but there has also been a much lower level of restructuring.
Enhance reporting on the social, economic, and environmental impacts of government regulation and spending	The next Budget will be based on the Wellbeing index.
Commence regular, technically independent, reporting on State of the Nation environmental indicators, and reintroduce regular publication of the Social Report.	The Environmental Reporting Act 2015 provides for environmental reporting, Work is in progress to improve the environmental indicators and to resume regular publication of a report that is the equivalent of the social report.
Recommendation 5: Support, reinforce and improve the roles of key independent integrity agencies and bodies.	
Electoral Management: Specific recommended priorities	Progress on recommended priorities
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.	No progress.

Require greater transparency of the finances of political parties, including donations.	No progress.
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.	No progress.
Judiciary: Specific recommended priorities	Progress on recommended priorities
The judiciary should publish an annual report on its activities and performance.	No progress.
Increase public access to information about the operation of the court system.	The Senior Courts Act 2016 provides for some more access to information about the operation of the courts and for more transparency in the judicial appointment process.
Enhance the transparency of the judicial appointment process.	There have been some transparency enhancement measures in the Senior Courts Act
The Ombudsman: Specific recommended priorities	Progress on recommended priorities
Promote enhanced compliance with and understanding of the Official Information Act 1982, and better processes for handling Official Information Act requests, and implementation of the Law Commission's recommendation for an Official Information Act oversight function.	Internal reorganisation and increased resourcing for the Office of the Ombudsman has enabled it to undertake more education and training activity for agencies under its jurisdiction. However there has been no further implementation of the Law Commission's recommendations on oversight functions.
Review in 2014/15 the adequacy of funding for the Office of the Ombudsman.	Substantial further funding has been made available.
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 were recommended as below	
Business community: Specific recommended priorities	Progress on recommended priorities
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.	Panama Papers publication by the media in 2016 played a major role in raising awareness of the magnitude of bribery of foreign public officials and as such led to the development of wider understanding of the implications of criminalisation of bribery. This awareness provides political support for the recruitment of members of the police force to focus on white collar crime.
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.	Anti-money laundering legislation has resulted in more training on and awareness of corruption and integrity risks and their management. Even so, the ownership of some legal entities remains opaque and may hide bribery from the authorities.
Investigate and evaluate the costs and benefits to business from continual vigilance around maintaining and strengthening integrity systems.	To date there has been little appetite by business to better understand the cost of its vulnerability to corruption.
Work with the Institute of Directors to encourage the highest standards of governance.	In 2018, the IOD followed a strong theme of ethics in governance including presentations on the topic and articles in its Boardroom Magazine.
Media: Specific recommended priorities	Progress on recommended priority
Media industry self-regulatory and regulatory bodies should review and strengthen their integrity frameworks and promote adherence to them.	There have been changes in the self-regulatory/regulatory bodies to address issues raised by the rise of new media. Further change is likely to arise out of the work of the working party on proposals for a media commission.

Civil Society: Specific recommended priorities	Progress on recommended priorities
Review the appropriateness of contractual and/or statutory restrictions on public advocacy by non-government organisations.	No progress.
Educate the public on what information they should expect from non-government organisations.	No progress.
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.	No progress.
Recommendation 7: Public sector agencies should conduct further assessments and research to strengthen integrity systems over time.	
Research to investigate the actual incidence of corruption in New Zealand, why it is occurring, and how it might best be reduced. The research should supplement existing surveys on the management of bribery and corruption risks by exporters and importers of goods and services.	A national anti-corruption work programme has been drawn up and is being implemented.
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.	Although work has been done on this issue, there has been no review in the terms recommended. A Criminal Justice Summit was held in August 2018, and Justice Minister Andrew Little also announced a specialist advisory group to assist in shaping an overhaul of the criminal justice system. It is not clear whether this initiative will specifically address the over-representation of Māori in the system.
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.	SSC indicated in 2015 that there was no intention to implement this recommendation. However, the Reserve Bank and FMA have carried out a major conduct review of financial organisations. The TINZ Financial Integrity System Assessment, which includes questions for independently assessing the regulators of the financial system including RBNZ FMA, MBIE, DIA, has been discussed and workshopped with staff from the regulators.
Transparency and awareness relating to the Treaty of Waitangi.	As part of the third National Action Plan under the Open Government Partnership, the Ministry of Education and DIA have made commitments in regards to civics including the Treaty of Waitangi.

Researchers NIS update: Liz Brown, Project Manager, Bryce Edwards, Karen Lasthuizen, Marece Wenhold, Ann Webster, Professor John Hopkins, Michael Macaulay, Bill Paterson, Miraz Jordan, Rae Julian, Alex Matheson, James Jong, Suzanne Snively

External Reviewer: Keitha Booth

Project Directors: Liz Brown, Suzanne Snively

Project and Research Support: Julie Haggie

We thank the Office of the Auditor General's Reports and Communications team for advice and support