

Open Budget Survey COVID-19 Module

Questionnaire

New Zealand

May 2021



Country Questionnaire: New Zealand

General Question (a)

How many emergency fiscal policy packages were introduced by the government in your country in response to the COVID-19 crisis? When were they approved, and what form did they take?

GUIDELINES

The researcher should list the emergency fiscal policy packages that were introduced by the government between 1 March and 30 September 2020, and provide a link to documents and information about each package (if published online) as well as the date each package was introduced (i.e. adopted by the executive or approved by the legislature).

The researcher should indicate, for each package listed, whether it was introduced as a supplementary budget, other specific legislation, a government decree or executive action, or any other policy or regulatory instrument (indicate which).

The researcher should also indicate if specific fiscal policy measures were introduced as part of the regular annual budget process, in case a new annual budget was approved between 1 March and 30 September 2020.

Researchers should also provide some general details on background and content for each of them. Links to official government sources and media coverage should be provided as supporting evidence.

For example, in the period under consideration, Nigeria introduced a revised budget in June, while Indonesia introduced three Presidential Orders/Regulations between March and June, and included additional measures in the 2021 budget, approved at the end of September. For a general summary of government policy responses to COVID-19 across countries that can be used as reference, see the [IMF Policy Tracker](#) (scroll down or use letter links to look for individual countries, then look for "Key Policy Responses"—FISCAL).

Answer:

- **Emergency Package 1:**
 - Name of Package: the Economic Response Package
 - URL Link: <https://www.beehive.govt.nz/release/121-billion-support-new-zealanders-and-business>
 - Date introduced: 17 March 2020
 - Form: Supplementary budget
 - Details and background: NZ 12.1 billion with 2019/20 expenses funded under Imprest Supply. Mainly consisted of temporary wage subsidy and tax concessions.
- **Emergency Package 2:**
 - Name of Package: 2020 Budget
 - URL Link: <https://www.treasury.govt.nz/publications/budgets/budget-2020> <https://budget.govt.nz/> <https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020> 29 May release)
 - Date introduced: 14 May 2020
 - Form: Introduced as part of the regular annual budget process
 - Details and background: the COVID Response and Recovery Fund (CRRF) was included in 2020 Budget. The CRRF set up \$NZ 50 billion (18% of GDP) to manage the fiscal costs of COVID19 response, and recovery. The CRRF is a notional fund used as a planning envelope for budget management purposes.
- **Emergency Package 3:**
 - Name of Package: CRRF July Package
 - URL Link: <https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-july-package>
 - Date introduced: 14 August 2020
 - Form: Introduced as part of the regular annual budget process
 - Details and background: Announcement of third wave of decisions made by Cabinet on 6 July 2020 detailing new spending initiatives within the CRRF. Included a wide range of initiatives such as extending deferral of Welfare obligations on beneficiaries along with the COVID Income Relief Payment for those who lost their income as a result of the pandemic extension to the Small Business Cashflow Scheme
- **Emergency Package 5:**
 - Form: Other (please specify under Details and Background)

Comment:

New Zealand first reported case of COVID was on 28 February and the country went into a national wide Level 4 lockdown on 25 March, winding down in level 1 by 8 June with a brief resurgence from 12 August to 24 September largely limited to Auckland. A state of emergency was in force between 25 March 2020 and 13 May 2020.

There were three main fiscal packages –

1 an initial first wave package – the Economic Response Package of \$NZ 12.1 billion announced in a statement to Parliament on 17 March and initially authorised under Imprest Supply and

2 The main package - the COVID Response and Recovery Fund (CRRF) was included in 2020 Budget and was established by Cabinet on 6 April and announced on 14 May as part the main budget package. While the 11 May package was announced with the annual budget process, Parliamentary authority to spend was provided through a separate addition to the Supplementary Estimates. The CRRF set up \$NZ 50 billion (18% GDP) to manage the fiscal costs of COVID19 response, and recovery. The CRRF is a notional fund used as a planning envelope for budget management purposes, rather than an actual sum of money ring fenced in the Government's accounts.

3 A third wave package in July included a wide range of initiatives such as extending deferral of Welfare obligations on beneficiaries and the COVID Income Relief Payment for those who lost their income as a result of the pandemic at an estimated total cost of \$NZ 6.2 billion.,

General Question (b)

If more than one emergency fiscal policy package was adopted, which one did you use to answer this questionnaire and why?

GUIDELINES

The researcher should indicate which emergency fiscal policy package was used to answer the questions in parts 2, 3 and 4 below (on the design, implementation and oversight of the emergency fiscal policy package), and explain why. If more than one emergency fiscal policy package was adopted, researchers are encouraged to use the largest or most important package to answer this questionnaire.

Answer:

The 2020 Budget package was the most important as it subsumed the other packages by establishing the \$NZ 50 Billion COVID Response and Recovery Fund (CRRF) which is equivalent of 18% of GDP. The CRRF was used to finance subsequent COVID initiatives such as the July package. The Government was able to mainstream the fiscal costs of the COVID response in the 2020 Budget process. The Budget process was amended in March to provide the flexibility to take further COVID-19 related decisions. This included setting up a notional fund to meet COVID costs (CRRF) and use of Additional Supplementary Estimates to get Parliamentary approval 2019/20 spending, as was done in 2011 for Christchurch earthquake-related expenditure.

Reference:

There are two websites with information devoted to the FY2020 Budget maintained by NZ Treasury. One is a site (page) within the overall NZ Treasury website devoted to Budget documentation and data for FY2020 and previous years

<https://www.treasury.govt.nz/publications/budgets/budget-2020>

The other is a separate website dedicated specifically to presentation budget information, documentation and data and supporting information for the current year only <https://budget.govt.nz/>

Details of the establishment CRRF are in Cabinet Budget papers which have subsequently been released

<https://www.treasury.govt.nz/sites/default/files/2020-07/b20-budget-ministers-4-4251360.pdf>

General Question (c)

With respect to the emergency fiscal policy package identified in General Question (b), what were the key documents and information on the emergency fiscal policy package and its implementation, and when were they published (or updated)?

GUIDELINES

This question asks the researcher to identify the set of documents/data that were used as the basis for answering the questions in parts 2, 3, 4 below (on the design, implementation and oversight of the emergency fiscal policy package). The researcher should list the key documents and information related to the introduction and

implementation of the emergency fiscal policy package. For each document or information source listed, researchers should provide the title, weblink, date of publication, and a brief explanation of its nature and characteristics. Any document or information sources cited in Parts 2, 3, or 4 below should be listed in General Question (c).

While the emergency fiscal policy package needs to have been introduced by 30 September 2020 to be considered for this assessment, documents and information about the implementation of the package can be considered if they are published until 31 December 2020, to ensure adequate coverage of implementation reporting.

Answer:

- **Document 1:**
 - Title of document: The Budget Economic and Fiscal Update 2020
 - URL Link: <https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2020>
 - Date published: 14 May 2020
 - Brief explanation: This is the foundation technical document on the economic and fiscal outlook prepared independently by the Treasury. It was accompanied by a range of support material..
- **Document 2:**
 - Title of document: Summary of Initiatives in the COVID-19 Response and Recovery Fund (CRRF) Foundational Package
 - URL Link: <https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020>
 - Date published: 29 May 2020
 - Brief explanation: The other key foundation document summarised the COVID related initiatives.
- **Document 3:**
 - Title of document: Controller update on Government spending on Covid-19
 - URL Link: <https://oag.parliament.nz/media/2020/controller-september>
 - Date published: 17 September 2020
 - Brief explanation: The Auditor General, when undertaking the Controller function, paid special attention to COVID related spending .

Reference:

NA see above

General Question (d)

Did the government set up a dedicated website/portal or other platform to disseminate data and information on emergency fiscal policy packages and their implementation?

GUIDELINES

The researcher should indicate whether the government has set up any special arrangements for making data and information publicly available online on the emergency fiscal policy package(s). This would include a dedicated website, a dedicated section or page within the finance ministry website, and/or an existing or new online portal where relevant COVID-related documents and data are published separate from documents published as part of the regular annual budget process.

The researcher should provide a link to the website and indicate whether data and information are made available about both approved policies and their implementation, and whether data were published in [open formats](#).

Answer:

As the CRRF was mainstreamed in the 2020 Budget, COVID related material was released on the Treasury website. The fiscal implications of the COVID package was not included in a dedicated website. However, a dedicated section within the Treasury website provided COVID related information releases. The Government created a COVID data portal <https://www.stats.govt.nz/experimental/covid-19-data> which covered the impact of COVID on aspects of wellbeing generally but did not include fiscal data. There was also a new bespoke website created for all COVID related material [covid19.govt.nz](https://www.covid19.govt.nz) including for the release of Covid related decisions. This was not limited to the fiscal implications but also addressed the policy and implication details. NZ Government material is open sourced. "content... is licensed for re-use under a Creative Commons 4.0 Attribution Non-Commercial International Public Licence. This means you can re-use the content for non-commercial purposes but must make it clear it comes fromgovt.nz website and is owned by the Crown."

Reference:

The Treasury website provided COVID related information releases <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/information-releases>
The website created for all Covid related material covid19.govt.nz.
The section of the website for the release of Covid related decisions is <https://covid19.govt.nz/updates-and-resources/legislation-and-key-documents/proactive-release/>
The COVID data portal line is <https://www.stats.govt.nz/experimental/covid-19-data->

General Question (e)

Has any credible and documented evidence of misuse, waste or corruption in the management of emergency funds surfaced?

GUIDELINES

The researcher should indicate whether any cases of misuse, waste or corruption in the management of emergency funds have been reported, from reputable media outlets, in audit reports or other sources (please provide source and weblink).

The researcher should also explain what aspects of emergency fiscal policy packages the evidence relates to and provide a short summary.

Answer:

Concerns have been raised about employers acting unlawfully in regard to the wage subsidy schemes and the Leave Support Scheme. The Serious Fraud Office, in its briefing to the incoming Minister of November 2020 has signalled that it is preparing for a surge in fraud as people take advantage of Covid-19 relief. However, no reports of concerns have been identified about the misuse, waste or corruption in the management of emergency funds by public officials. For example, to date – January 2021 - the Office of the Auditor General (OAG) has not reported any misuse of earmarked COVID funding by public officials or private parties. This low level of misuse waste or corruption by public official is consistent with a range of data which show evidence of occasional fraud by public officials but little evidence of systematic corruption. New Zealand is regarded as having low levels of corruption in the world: Transparency International Corruption Perceptions Index has ranked the country first out of all countries surveyed since 2013. <https://www.transparency.org/en/countries/new-zealand>

Reference:

Telephone discussion with Assistant Controller OAG 11 /12 /2020.

SFO reference can be found at <https://www.sfo.govt.nz/briefing-to-incoming-minister>

Transparency International material can be found at <https://www.transparency.org/en/countries/new-zealand>

Question 1

Did the government publish, as part of published budget documents and information about emergency fiscal policy packages or elsewhere, updated macroeconomic projections, comparing them to the originally approved ones for the current fiscal year?

GUIDELINES

As the COVID-19 pandemic has had a strong impact on the macroeconomic environment in which government budgets were originally formulated, Question 1 asks whether the government published an update to the macroeconomic forecast that underlies the budget's revised revenue and expenditure estimates.

The types of information that should be a part of the government's updated macroeconomic forecast include: estimates of the nominal GDP; the inflation rate; the real GDP growth; interest rates; and the unemployment rate. Additionally, some governments may also provide updated information on: the price of oil and/or other commodities; the exchange rate; short and long-term interest rates; the GDP deflator; the current account; and the composition of GDP growth.

The question also asks whether the presentation includes a comparison between the revised macroeconomic projections and the originally approved ones for the current fiscal year, as well as a narrative explaining the revised macroeconomic projections, providing a discussion for instance of the differences between original and revised

projections, and how these are linked to the impact of the pandemic.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Nominal GDP level
- Inflation rate
- Real GDP growth
- Interest rates
- Unemployment rate
- Comparison between originally approved and updated projections
- Explanatory narrative
- Other: multiple variables including Terms of trade and trade weighted exchange rate, Current account balance, the components of real GDP, 90 Day Bank Interest rates.est rates
- None of the above

Comment:

Official Economic and Fiscal Forecast updates are provided every six months, As 2020 is an Election year and additional pre-election forecast was provided as well. The 2020 Budget included the standard Budget documentation routinely provided by the Treasury. This includes a detailed breakdown of its macroeconomic forecasting assumptions and projections underpinning the fiscal forecasts. For example Table 1.2 (page 20 in the 2020 Budget Economic and Fiscal Update (BEFU) along with the main macro aggregates, provided projections for the Terms of Trade, the Trade Weighted Exchange Rate, the Current Account Balance, the components of real GDP, and for three interest rates (see Table 2.15 for 90 day bills, 5 and 10 year Government Bonds).

Comparisons between the current and previous forecast are provided throughout the text. For example. Figure 1.8 in the BEFU compares Nominal GDP forecasts from the Half Year Update 2019, the Budget Update 2020, and with the Full CRRF. However these comparisons are not consolidated into one summary table. By contrast a comparison of the previous and current fiscal forecasts are provided in a summary table.

In the 2020 Budget the Treasury augmented this with a detailed forecast of the standard variables – nominal and real GDP, CPI Inflation, Unemployment, Current Account Balance for three different COVID recovery scenarios – a central V shape, a slower U shape and a moderate V shaped recovery (see Table 1.1 page 17 of the 2020 BEFU) The Treasury also provided a breakdown of the projected fiscal balance broken down into its structural, cyclical and Covid related components.

Reference:

<https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2020> pages 15-32 in particular.

Other links include the PREFU <https://www.treasury.govt.nz/publications/efu/pre-election-economic-and-fiscal-update-2020> and HYEPU <https://www.treasury.govt.nz/publications/efu/half-year-economic-and-fiscal-update-2020>

Furthermore, the Treasury publish a series of weekly economic updates on its website with information on the economic response to COVID-19 which may provide useful information <https://www.treasury.govt.nz/information-and-services/nz-economy/covid-19-economic-response>

Question 2

Did the government publish, as part of published budget documents and information about emergency fiscal policy packages or elsewhere, information on updated revenue, expenditure, deficit, and debt projections?

GUIDELINES

This question is asking about whether the government published information about the overall budget – revenues, expenditures, deficits, and debt – to show how it has been affected by the pandemic and the associated economic slowdown. Policy actions taken by government, such as expanded expenditures on health or income support, will have a direct effect on the budget. But the pandemic will also have indirect effects, such as lower revenues as the pandemic-induced recession results in people and businesses paying lower taxes. Only by presenting estimates of the budget as a whole is it possible to fully assess the impact of the pandemic on the budget.

Revenues are typically presented in two main categories: "tax" and "non-tax". The largest sources of tax revenue in some countries are taxes on personal and business

income and taxes on goods and services, such as sales or value-added taxes. The category of non-tax revenues is more diverse, ranging from grants from international institutions and foreign governments to funds raised through the sale of government-provided goods and services.

Expenditures are typically presented according to three main classification systems: administrative, functional, and economic. Each classification system has different advantages and answers a different question: who spends the money (administrative); for what purpose is the money spent (functional); and what is the money spent on (economic). Expenditures can also be shown by program, a more detailed presentation than the three main classifications. There is no standard definition for the term "program," however, for the purposes of answering the question, researchers should treat the term program as meaning any level of detail below an administrative unit – that is, any programmatic grouping that is below the ministry, department, or agency level.

For expenditures, the question also asks whether a specific "COVID tag" has been given – that is, an additional classification system that clearly identifies expenditures related to the emergency fiscal policy package. Such a tag would allow for monitoring and assessing COVID-related spending throughout the process, separate from other government policies.

The deficit reflects the net effect of the budget's revenues and expenditures, and is an approximation of the country's borrowing requirements for a fiscal year. The debt reflects the cumulative total of borrowing the government has undertaken and plans to undertake in the budget year. Thus, the debt estimate would reflect the projected total debt burden at the end of the budget year, including any additional borrowing required to cover the costs of the emergency package. (Note that specific questions about borrowing related to the emergency fiscal policy package are asked in the section "details of sources of financing.")

Finally, the question asks whether the presentation includes a comparison between the revised projections and the originally approved ones for the current fiscal year as well as a narrative explaining the revised revenue and expenditure projections, providing a discussion for instance of the differences between original and revised projections, and how these are linked to the impact of the pandemic. Given the complexity of the COVID crisis, which has both health and economic dimensions, such an explanatory narrative can help citizens understand better the various objectives and rationales of the government's policy response.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Total revenues
- Revenues by category (tax vs. non-tax)
- Individual sources of revenue
- Total expenditures
- Expenditures by administrative unit
- Expenditures by functional classification
- Expenditures by economic classification
- Expenditures by program
- "COVID tag" for expenditure
- Deficit
- Government debt (total at end of budget year)
- Comparison between originally approved and updated projections
- Explanatory narrative
- None of the above

Comment:

New Zealand has an output budgeting system based on accrual accounting. Data is provided for major macroeconomic and fiscal aggregates over 6 years – actual, current and four forecast years. This is a comprehensive set of information – it includes both projections for current income and expenses and operating balance as well as capital/balance sheet information on cash, net debt, net borrowing and net worth. The scope extends beyond the core of central government departments to include all arm's length central government public bodies. The projections are prepared independently by the Treasury: Section 26W of the Public Finance Act 1989 requires that they are prepared using "best professional judgement". Projections are provided at a granular level – expenses information is available by by function, economic classification and administrative unit including sector vote, minister and department. Similar breakdowns are provided for the different sources of tax and non-tax revenues. This mean that the direct effects of say tax relief measures and the indirect effect on revenue forgone with reduced GDP growth were both included. Ex ante information of expenses by economic classification is provided in the Forecast Statement of Financial Performance (p107 of the 2020 BEFU). The System of National Accounts provides an ex post analysis of Government fiscal aggregates by economic classification as part of the Government Financial Statistics. However this information is published with a lag after the end of the financial year so expenditure by economic function for 2020/21 will be available at the end of 2021.

In the 2020 Budget COVID related spending was specifically tagged where it was demonstrated it meet three criteria

1. funding is needed as a direct result of COVID-19;
2. funding is needed outside of the normal budget cycle to support the response and/or recovery from COVID-19; and
3. the additional costs cannot be managed from existing baselines.

Updated fiscal projections are published at least six monthly. The fiscal projections provide a comparison with the previous six months update including data and explanatory narrative on revenue expenses, operating balance, cash, net debt, borrowing and net worth. (see for example page 28-30 and page 39 in the BEFU).

Reference:

The 2002 Budget Economic and Fiscal Update can be found at <https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2020>

For more detail on the budget process see

<https://www.treasury.govt.nz/publications/guide/guide-budget-process>

For details on COVID related spending see the Summary of Initiatives document (<https://www.treasury.govt.nz/system/files/2020-05/b20-sum-initiatives-crff.pdf>)

Question 3

Do published documents and information about the emergency fiscal policy package under consideration include analysis and justification of the specific policy initiatives within the package to address the COVID-19 crisis?

GUIDELINES

This question is asking whether the government published information and data to provide an overall analysis and justification for the specific policy initiatives within the emergency fiscal policy package. This type of broad overview would discuss the key trends in health and economic aspects of the emergency, and how these led to the choice of specific policy initiatives that the government is introducing. It would also explain the policy rationale for each specific policy initiative and its objectives and anticipated effects, alongside an explanation of how its cost has been estimated. Given the complexity of the COVID crisis, which has both health and economic dimensions, such a discussion can help citizens understand better the rationales and objectives of the government's policy choices for responding to the crisis as well as the amount of resources necessary to fund them.

The circumstances around the crisis are exceptional, and government action will likely have occurred outside of the normal budget process. In these circumstances, the IMF finds that it is particularly important for governments to provide information that enable their citizens and businesses to understand the objective, size, and cost of the policy package and how it will affect them. Such actions will help build support for the overall policy package (and confidence that funds are not being misused) and give a clear sense of the risks the country faces. (see <https://www.imf.org/en/Publications/SPROLLS/covid19-special-notes#fiscal>)

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Background information on specific policy initiatives (e.g. data and analysis on health and economic problems)
- Policy rationale for specific policy initiatives
- Objectives or anticipated effects of specific policy initiatives
- Cost estimates of specific policy initiatives
- None of the above

Comment:

The response to COVID dominated the 2020 Budget. This was reflected in the budget documentation which provided extensive high-level analysis and commentary on the potential economic effects of COVID in the Budget Economic and Fiscal Update. The Cabinet paper securing the funding has also been released.

The Budget strategy/macro level information in the Budget documents was augmented by a document containing supplementary information at the programme level on the individual spending initiatives that were proposed in response. Initiatives that incurred a loss of revenue were included in the high-level analysis but not in this summary document. The Summary of Initiatives documents for the 11 May and 6 July CRRF Packages contained high-level rationales for most initiatives. These expense initiatives consisted of a brief (5 – 6) sentence summary of what programme was proposed to be delivered, at what cost, what was intended to achieve and who would be responsible for delivery. The programme information provided gave a briefing on what was proposed but the policy analysis was insufficiently granular to be used as the basis for a programme evaluation however as the theory of change/ intervention logic was generally not clearly articulated.

Significant volumes of budget-related documents are proactively released to the public following the end of the budget process. There is significant narrative around many of the larger or more significant COVID-19 related initiatives, such as the Business Finance Guarantee Scheme (<https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/asures/bfg>). While not necessarily collated in a single source, the policy rationale for most of the spending initiatives are in the public domain.

Reference:

The COVID related initiatives in the Budget Package were published summaries in a document released just after the budget (29 May) see

<https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020>

Updates are provided on the Treasury COVID page. <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/information-releases>

The Cabinet paper securing the funding has also been released <https://www.treasury.govt.nz/sites/default/files/2020-06/b20-cab-20-sub-0219-4283397.pdf>

Question 4

Do published documents and information on the emergency fiscal policy package under consideration include estimates of the package's spending measures?

GUIDELINES

This question asks about the availability of published information on the estimated expenditures stemming from the emergency fiscal policy package, including if expenditures are presented by administrative unit.

The question also asks whether funding is shown by individual program, a more detailed presentation, as addressed in the guidelines for Question 2 above.

Finally, the question asks whether the presentation includes a narrative explaining the spending measures, providing a discussion for instance of how the policy would be implemented and what it is expected to achieve.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Total expenditures
- Expenditures by administrative unit
- Expenditures by program
- Explanatory narrative
- None of the above

Comment:

There are 5 main types of appropriations: for output expenses, benefits or other unrequited expenses, borrowing expenses, other expenses and for capital contributions. Detailed explanations are provided at the output/programme level for COVID related output expenses. These include the source of funding and a narrative explaining what is covered and what is intended to be achieved is provided at the programme level for output expenses. Information of sources of funding and what is covered is provided for other types of appropriations.

Information on appropriations - including on COVID related initiatives - was provided in a range of different cuts – by Minister, by vote, by department, by sector. New Zealand executive arrangements are more complicated than comparable jurisdictions. Rather than a simple one for one relationship between a Minister and a department, there is a range of possible arrangements – one department many ministers, one department one minister and occasionally one Minister many departments. In the New Zealand budgeting system, the basic administrative unit is an appropriation of a Vote such as Vote Foreign Affairs. A vote is a relationship between a Minister and Parliament which enables public money to be spent. Each vote has an administering department. Departments which have multiple Ministers administer a number of appropriations on behalf on the relevant Ministers.

Reference:

Programme details are provided in the Estimates <https://www.treasury.govt.nz/publications/budgets/estimates-appropriations-government-new-zealand-year-ending-30-june-2021>

For additional information on the system of Appropriations see <https://www.treasury.govt.nz/publications/guide/guide-appropriations-html>

For details on COVID related spending see the Summary of Initiatives document (<https://www.treasury.govt.nz/system/files/2020-05/b20-sum-initiatives-crrf.pdf>)

Question 5

Do published documents or information on the emergency fiscal policy package under consideration include information on tax relief measures?

GUIDELINES

This question asks about the availability of published information related to tax relief measures in the emergency fiscal policy package. This question is about tax policies that result in revenue losses (policies related to raising revenue are reviewed in Q10 in the "Financing" section). These policies reduce revenue by providing exceptions to the regular tax code. Such exceptions are sometimes referred to as "tax expenditures," and can come in the form for instance of exemptions, credits, deductions, and preferential rates. They can also include the deferral of tax payments. Tax expenditures are typically provided for specified entities, individuals, or activities. Tax expenditures often have the same policy impact as providing direct subsidies, benefits, or goods and services. For example, in the pandemic, tax expenditures could be used to encourage businesses to purchase special equipment to protect their employees and customers from the virus.

The question asks whether an estimate of the total cost of all tax relief measures is provided, as well as cost estimates for each individual tax relief provision. It also asks whether information is provided that identifies the intended beneficiaries of these tax policies, such as whether they are designed to benefit individual taxpayers, small businesses, or large corporations. Finally, the question asks whether the presentation includes a narrative explaining these tax policies, such as a discussion of the social, economic, or other policy goals the tax relief is expected to achieve, eligibility criteria for accessing tax relief programs, etc.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Estimate of total revenue losses from tax relief measures
- Estimate of revenue losses for individual tax relief measures
- Policy rationale for individual tax relief measures
- Intended beneficiaries for individual tax relief measures
- Explanatory narrative for individual tax relief measures
- Not applicable (the EFPP does not include tax relief measures)
- None of the above

Comment:

The Government introduced a range of tax relief measures at an estimated total cost of \$NZ 3.7 billion in the COVID-19 Response (Taxation and other Regulatory Urgent Measures) Bill. Examples of the measure include:

- a tax loss "carry back" rule to allow refunds prior year taxes
- allowing carry forward of tax losses.
- accelerated depreciation deductions for commercial and industrial buildings
- bringing forward R&D refunds
- changes to provisional tax thresholds
- o remission of COVID-19 related penalties and interest
- o changes to filing and timeframes and procedural requirements
- o working from home tax exempt expenses
- o tax residency requirements due to COVID.

The tax department website provided detailed information on the tax initiatives including the intended beneficiaries (Small business, all businesses, working proprietors etc.). <https://www.ird.govt.nz/covid-19/latest-policy-initiatives>

The 2020 Budget Economic and Fiscal Update (Table 2.8 page 43) provided an analysis including a breakdown of the cost and a brief narrative for each tax relief measure together with the total direct cost of all tax relief policies. Separate estimates were produced of tax revenue losses due to COVID related reduction in GDP, so the indirect effects were identified as well.

Reference:

See <https://www.ird.govt.nz/covid-19/latest-policy-initiatives>

For additional information on the tax relief measures see

<https://www.ird.govt.nz/covid-19/latest-policy-initiatives>

<https://www.beehive.govt.nz/release/tax-changes-throw-cash-lifeline-smes>

For details of the costs of the tax relief measures see

Question 6

Do published documents or information on the emergency fiscal policy package under consideration include information on loans and loan guarantees and related liabilities?

GUIDELINES

This question asks about loans and loan guarantees or other types of programs (like insurance) that are designed to support specific individuals or types of businesses (e.g. small and medium enterprises) weather the economic crisis by providing credit and liquidity support, but that generate contingent liabilities for government. In some cases, the government will be making loans or guaranteeing loans directly, or it may authorize the national development bank or another state-owned enterprise to do so on its behalf. Both should be taken into account for this question.

Contingent liabilities only generate a cost for government when the contingent event occurs. For example, if government guarantees a bank loan, then it will only make a payment if the borrower defaults. For a direct loan, government disburses funds to the borrower upfront, but then expects a stream of repayments over time. If the borrower defaults, then the repayment is lost. Thus, a key issue for assessing the impact of these programs on the budget is determining the likelihood of the contingency (default) occurring. That may be particularly difficult to do, given the unique nature of the pandemic, increasing the risk that these liabilities may not be adequately captured in the budget's estimates of revenues, expenditures, and deficit estimates.

To assess these practices, this question asks about whether the documents published with the emergency fiscal policy package provide a description of and rationale for loan or loan guarantee policies (or other policies creating contingent liabilities), identifies the intended beneficiaries of these policies, the maximum size of a loan or loan guarantee for each beneficiary, the entry requirements and approval process to receive a loan or loan guarantee under the policy, and what reporting requirements the entity making the loan or guarantee must meet. It also asks about the estimated total cost for the program, or the maximum allowed exposure (i.e., the total amount of loans or guarantees that can be made).

Example: New Zealand's [Business Finance Guarantee Scheme](#); South Africa's [Economic Response Document](#) (see Annexure p2)

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Description and policy rationale
- Intended beneficiaries
- Maximum amounts allowed
- Entry requirements and approval processes
- Reporting requirements
- Total cost estimates (or maximum exposure)
- Not applicable (the EFPP does not include loans or loan guarantees)
- None of the above

Comment:

The bulk of the cost of the COVID response was driven by direct subsidies and tax relief rather than more contingent liabilities and advances. However New Zealand did introduce two temporary loan guarantee schemes in response to COVID: one for small business and some more for larger firms.

Under the Small Business Cashflow Loan Scheme, the Inland Revenue Department provides interest-free loans of up to \$100,000 for a year to small businesses (up to 50 employees) impacted by COVID-19. Loans are interest-free if they're paid back within a year. The interest rate is 3% for a maximum term of 5 years. Repayments are not required for the first 2 years.

The Business Finance Guarantee (BFG) Loans scheme was targeted at helping small and medium businesses access credit. The Government would take up to 80% of the default risk of lending by banks. Under this scheme, the Crown has indemnified approved banks against any shortfall that arises in relation to a supported loan in default by an amount equal to 80% of the shortfall. Borrowers are still liable and must pay back the debt, with interest, in the usual way. Exposure was estimated at \$NZ 200 million.

In addition, the Government has provided an indemnity to the Reserve Bank for interest losses associated with purchases of local government bonds as a part of the operation of monetary policy.

With accrual accounting the Government reports on actual and potential liabilities such as the BFG or the Reserve Bank guarantee using accepted accounting practice. Expenses arising that can be quantified are incorporated in the forecast expenses while contingent risks are reported under

Contingent Liabilities.

Reference:

Information is publicly available for the main loan guarantee schemes:

Business Finance Guarantee Scheme (<https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/measures/bfg>) and Small Business Cashflow Scheme (<https://www.ird.govt.nz/covid-19/business-and-organisations/small-business-cash-flow-loan>).

Data on the uptake of the scheme is also published, <https://www.treasury.govt.nz/sites/default/files/2020-12/bfg-dashboard-8dec2020.pdf>.

Expected credit exposure to the Crown from loans/guarantees is covered in Treasury's forecast financial statements in the Treasury's EFUs and actual exposure will be recorded in end of year financial reporting.

Question 7

Do published documents or information on the emergency fiscal policy package under consideration include information on intended beneficiaries of spending measures, in particular poor and vulnerable groups?

GUIDELINES

This question asks whether published documents or information on the emergency fiscal policy package include information on the intended beneficiaries of spending measures. This can include different categories of individuals (e.g. informal workers, female heads of households, etc.) and different categories of businesses (e.g. small, large, within specific sectors, etc.). It also puts a particular emphasis on whether policies are designed to reduce hardship a country's poor and vulnerable groups are facing as a result of the pandemic and its economic effects. Vulnerable beneficiaries can be defined on the basis of their low income, or by some other characteristic that makes them particularly exposed to the negative impacts of the pandemic (specific racial or ethnic groups, informal workers, slum dwellers, etc.) (Note that question 8 asks specifically about information by gender.)

In addition to identifying the intended beneficiaries of a spending measure, it asks whether information is provided explaining the eligibility criteria for different types of benefits.

Finally, the question asks whether the presentation includes a narrative discussion of how the policy is intended to assist intended beneficiaries, particularly the poor and vulnerable.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Individual beneficiaries
- Business beneficiaries
- Poor beneficiaries
- Other vulnerable beneficiaries (please specify in the comment box)
- Eligibility criteria
- Explanatory narrative
- None of the above

Comment:

There was no systematic evidence provided on the overall impact of COVID expenditure policies on intended beneficiaries, such as poor and vulnerable groups. The timeframe involved, with many COVID-19 decisions being taken very quickly, meant limited analysis was possible at the time. However, information was provided on how child poverty was changing, and the summaries of individual initiatives identified the intended beneficiaries.

The Public Finance Act was amended by the Child Poverty Reduction Act 2018 to require a supporting information report on Child Poverty to accompany the main Appropriation Bill (the Budget). The Child Poverty Report requires discussion of progress towards poverty reduction targets and the extent to which measures in the Budget will affect child poverty. The report included a listing of policies likely to impact on child poverty – such

as increasing main welfare benefits by \$25 per week. The 2020 report in the section on the Impact of Covid concluded “It is too soon to estimate precisely what COVID-19 will mean for all the child poverty measures and targets. An economic downturn can mean different things for different measures, and the results can sometimes be counter-intuitive. The three primary measures specified in the Act cover three different aspects of poverty, and together give a good high-level summary of what is happening in households with children.”
<https://budget.govt.nz/budget/2020/wellbeing/child-poverty-report/impact-of-covid-19.htm>

Summaries of individual spending initiatives were provided which generally identified the intended beneficiary and what were proposed. These summaries included what programme was proposed to deliver, at what cost, what was intended to achieve and who would be responsible for delivery. The COVID related initiatives in the Budget Package were published in a document released just after the budget (29 May) see <https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020> Updates are provided on the Treasury COVID page <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/information-releases>

Departments in their annual ex post reporting still need to provide non-financial information around output delivery.

Reference:

The inaugural child poverty report can be found at: <https://budget.govt.nz/budget/2020/wellbeing/child-poverty-report/index.htm>

For more information on intended impact and beneficiaries see

<https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020>

<https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/information-releases>

Question 8

Do published documents and information about the emergency fiscal policy package under consideration include, where relevant, disaggregated information by gender?

GUIDELINES

The COVID pandemic affects women and men differently. It is important for governments to consider and address this in their policy responses. This question asks whether the government published, as part of their emergency fiscal policy package, information on programs, policies, or resource allocations to foster gender equality and women's empowerment. This could be in the form of comprehensive gender impact assessments of key policy initiatives, or at least publication of disaggregated data by sex for key policy initiatives that may have a differential impact on women and men. It could also take the form of adopting policy initiatives specifically targeted at women, such as social protection measures for certain categories of women (i.e. women heads of households) or labor market measures for female-dominated sectors (i.e. domestic work).

See this UNDP/UN Women [Global Factsheet](#) on the COVID-19 Global Gender Response Tracker for examples of gender-targeted policy initiatives. Canada's [Economic and Fiscal Snapshot 2020](#) includes an Annex (pages 83-117) with a gender-based analysis of the Government's Covid-19 Economic Response Plan.

***Tick boxes:** Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Gender Impact Assessments of key policy initiatives
- Disaggregated data by sex for key policy initiatives
- Policy initiatives specifically targeted at women
- Other
- None of the above

Comment:

A NZ Treasury discussion paper indicates that “New Zealand has not introduced any formal gender budgeting initiatives” as part of its budget process (Morrisey 2018 Treasury WP 2-18). However all Cabinet papers are required to include a population implications section (which could reflect impacts on a broader range of population groups including but not limited to women): <https://dpmc.govt.nz/publications/cabinet-policy-paper-template>.

Policies targeted at specific groups were adopted as part of the COVID response. For example, Budget 2020 approved \$NZ1 million for a COVID-19

Community Fund and a further \$1 million was provided in July. The objective is to improve the “outcomes for women and girls and will address a need that has arisen as a result of COVID-19.” <https://women.govt.nz/news/covid-19-and-women/covid-19-community-fund/covid-19-community-fund-faqs>

Reference:

<https://www.treasury.govt.nz/publications/wp/wp-18-02>

<https://dpmc.govt.nz/publications/cabinet-policy-paper-template>

<https://women.govt.nz/news/covid-19-and-women/covid-19-community-fund/covid-19-community-fund-faqs>

Question 9

Do published documents or information on the emergency fiscal policy package under consideration include nonfinancial information on performance and impact for specific policy initiatives?

GUIDELINES

This question asks whether nonfinancial (performance) data for expenditure policies is included in published documents or information on the emergency fiscal policy package.

Nonfinancial data and performance targets associated with the emergency fiscal policy package are used to assess the success of a given policy. For example, even when allocated funds are spent according to plan, there remains the question of whether the policy delivered the results that it aimed to achieve.

Non-financial data can include information on:

- *Inputs: These are the resources assigned to achieve results. For example, with regard to education during COVID, nonfinancial data on inputs could include the number of laptops to be provided to pupils who are not permitted to attend school in-person.*
- *Outputs: These are products and services delivered as a result of inputs. For example, the number of additional people treated in intensive care units as a result of an increase in ventilators supplies; or the number of beneficiaries of a social security program.*
- *Outcomes: These are the intended impact or policy goals achieved. For example, a decrease in COVID-19 mortality rate.*
- *Targets: The actual figures associated with each indicator. For example, how many pupils are supposed to receive a laptop or how many additional hospital beds and ventilators will be provided?*

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Non-financial information on inputs
- Non-financial information on results (outputs or outcomes)
- Nonfinancial information on performance targets
- Explanatory narrative
- None of the above

Comment:

COVID related programmes, where they were material, were identified separately in the Budget. New Zealand uses an output budgeting system based on accrual accounting and these principles were applied to COVID related spending initiatives. For output class appropriations the Public

Finance Act requires that information is provided on what would be delivered (outputs) and what is intended be achieved (outcomes or impacts). Output measures are expected to cover QQLTC – quantity, quality, location, timeliness and cost (the later on a fully allocated basis). These requirements do not apply to other types of appropriations e.g. for benefits or for borrowing expenses. COVID related spending – which involved delivery of outputs – were subject to these requirements.

Non-financial performance information is provided at the micro level of individual Vote Estimates, under the “How Performance will be Assessed and End of Year Reporting Requirements” section. However there is no macro level overview of non-financial information on performance against targets.

Reference:

<https://www.treasury.govt.nz/publications/guide/guide-appropriations-html>

Question 10

Do published documents or information on the emergency fiscal policy package under consideration include information on domestic sources of financing (excluding borrowing) that will be used for specific policy initiatives?

GUIDELINES

As governments increased spending to face the pandemic, they also had to think about how to finance such additional expenditure.

This question looks at what information is available about how the interventions included in the emergency fiscal policy packages were financed.

While for many governments borrowing was the main source of financing (see next question), other available options include: (a) budget reprioritization—reallocating resources from lower priority programs and activities to emergency response; (b) using contingency reserves that were set aside in the original budget for emergency situations; (c) introducing new revenue measures to generate additional resources; (d) other possible financing such as proceeds from sale of assets, transfers from State-Owned Enterprises, etc.

Example: South Africa's [Economic Response Document](#) (see Table 3) and [Supplementary Budget Summary](#)

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Budget reallocations
- Contingency reserves
- Additional government revenues
- Explanatory narrative
- Other
- None of the above

Comment:

Not relevant to New Zealand as the response to COVID-19 was funded by increased public debt. New Zealand's strong fiscal opening position, with relatively low levels of public debt (all denominated in New Zealand dollars), and wide political support for a short but severe lock down, has meant there has been relatively little adverse public comment and push back about debt financing the response to COVID. For Interest.Co a respected web based news ran an item on the need for an adult conversation about government debt incorporating 21st-century perspectives rather than harking back to the deficit spending of the 1980s.

Reference:

Discussion on debt financing with Treasury Budget Analyst 14 /1 /2020.
<https://www.interest.co.nz/opinion/106984/opine-time-adult-conversation-about-government-debt-incorporating-21st-century>

Question 11

Do published documents or information on the emergency fiscal policy package under consideration include information on borrowing needs and plans?

GUIDELINES

In many cases, governments had to resort to large amounts of additional borrowing to finance their COVID-19 emergency response. Providing details about borrowing needs and plans is therefore important to guarantee that the government's overall fiscal position can be adequately monitored.

Information that governments should provide includes: (a) total (additional) borrowing needed for the rest of the fiscal year; (b) whether the government plans to raise additional borrowing domestically or externally; (c) what kinds of debt the government is planning to incur; (d) expected interest rates on these debt instruments; (e) other additional information such as maturity profile, etc.

Example: South Africa's [Supplementary Budget Summary](#) (Chapter 4)

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Total borrowing needs
- Domestic vs. external borrowing
- Types of borrowing instruments
- Interest rates
- Explanatory narrative
- Other
- None of the above

Comment:

New Zealand's output budgeting/accrual accounting system means that information is routinely provided on capital/balance sheet items such as cashflow, net debt, net borrowing and net worth. The Forecast Statement of Borrowings (BEFU page 113) provides a detailed forecast out to 2024 compared to 2019 actuals and 2020 as projected in the 2019 budget. This is updated in the Half Year Economic and Fiscal Update (HYEFU) see page 47.

The New Zealand does not undertake external debt financing.

The Treasury Debt Management office website <https://debtmanagement.treasury.govt.nz/> provides information on the overall public debt strategy as well as the updates on the tender programme for Nominal Bonds, Inflation Indexed Bonds and Treasury Bills. Projected interest rates are provided for 90 day Bills along with 5 and 10 year Bonds.

Reference:

<https://www.treasury.govt.nz/publications/efu/budget-economic-and-fiscal-update-2020>

<https://debtmanagement.treasury.govt.nz/>

Question 12

Do published documents or information on the emergency fiscal policy package under consideration include information on donor funding

GUIDELINES

For a number of low- and middle-income countries, a key source of financing for emergency response comes from international donor agencies in the form of foreign aid.

Governments should provide detailed information on such funding sources.

Information that governments should provide includes: (a) the total amount of financing made available by international donors; (b) a breakdown of financing by individual donor or international financing institution; (c) whether the aid comes as a grant or as a loan; (d) whether it is tied to a cancellation of government debt; (e) details of foreign aid provided in-kind, such as medical equipment, medical supplies, food aid, etc.; and (f) details of the purposes of and conditions linked to the donor funding.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Total donor funding
- Information by donor
- Information on whether aid is provided as a grants or loan
- Information on whether aid is tied to debt relief
- Information on in-kind aid
- Details on the purposes of and conditions linked to the donor funding
- Not applicable (the country does not receive donor funding)
- None of the above

Comment:

Not relevant to New Zealand.

Reference:

Not applicable

Question 13

Do published documents or information on the emergency fiscal policy package under consideration include information on extra-budgetary funds and other off-budget arrangements to be used for implementing policies and programs included in the emergency fiscal policy package?

GUIDELINES

For As part of their emergency response to the COVID-19 pandemic, many countries have created dedicated COVID-19 extrabudgetary funds (EBFs). Some of these countries routinely use EBFs during normal times, while others rarely use them. While there can be good reasons for relying on EBFs, they also raise the risk of weakening accountability, in the absence of strong governing rules and oversight.

The IMF defines an EBF as a set of accounts or a government entity engaged in "government transactions, often with separate banking and institutional arrangements, that are not included in the annual state budget law." ([Allen and Radev 2010](#)) Financing for EBFs can come from a variety of sources, such as transfers from existing budget allocations, including contingency reserves, or from governmental revenue. It can also come from private donations. Examples of EBFs include special purpose funds, development funds, savings funds, trading funds, and investment funds. (See [IMF Special Series on COVID-19](#), "COVID-19 Funds in Response to the Pandemic," August 26, 2020).

IMF finds that there are several reasons that countries would create an EBF, which can include centralizing control and management of funds, being able to more easily combine public funds with private donations, and streamlining certain steps in the budgeting and procurement processes. EBFs may facilitate the ability of governments to move quickly to address the pandemic and associated economic fallout. But relaxing processes that regulate government action during more normal times also come with certain risks, particularly if these EBFs operate outside of the regular financial management systems, are managed by officials who are unfamiliar with sound financial management practices, or are not subject to strong transparency and reporting requirements.

To foster transparency and accountability, governments should disclose the existence of EBFs on their website and describe the key characteristics of the funds, including their legal mandate, statement of purpose or policy rationale, governance arrangements, and rules and procedures for managing the EBF.

Data on EBFs should be published with a similar level of detail as other budgetary information. Governments should disclose revenue and expenditures on a gross basis, including sources of financing and details about the amount of expenditures, including a presentation of expenditures by program or activity.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Legal mandate
- Policy rationale
- Institutional arrangements
- Reporting and auditing requirements
- Estimates of total financing
- Estimates of income from revenue or budget transfers (public resources)
- Estimate of income from private donations and international donors
- Estimates of other sources of financing
- Estimates of total expenditure
- Estimates of expenditure by program or activity
- Sunset clause
- Explanatory narrative
- Not applicable (the country did not create or use an existing extra-budgetary fund to implement the EFPP)
- None of the above

Comment:

No extrabudgetary funds (EBFs) were created as a part of COVID. Indeed, it is arguable whether New Zealand has any extrabudgetary funds in the sense of "institutions that are funds not included in the annual state budget law". New Zealand, like other jurisdictions has a range of arm's length public bodies that are separate legal entities outside the core legal Crown. However, the ex ante Budget documents and ex post financial statement consolidate these wider public entities into the Crown financial statements, so the Public Accounts cover the entirety of central government. This would include any funds that are outside the legal Crown but are part of consolidated Crown budget and reporting entity. Previous OBS reviews have identified four funds that are part of Crown reporting entity: 1) Accident Compensation Corporation 2) New Zealand Superannuation Fund 3) Government Superannuation Fund 4) Earthquake Commission.

As part of the 2020 Budget process the Government created a notional fund the COVID Response and Recovery Fund (CRRF) a \$NZ 50 billion fund to manage the fiscal costs of COVID19 response and recovery. However, the CRRF is a fund in name only as it is basically a planning envelope for budget management purposes, rather than an actual sum of money ring fenced within the Government's accounts.

Reference:

Not applicable

Question 14

Do the published documents or information about the implementation of the emergency fiscal policy package under consideration include information on: (a) actual expenditures for spending measures; (b) actual revenue losses from tax relief measures; and (c) total exposure of loans and loan guarantees issued by the government, included in the package?

GUIDELINES

This question assesses whether information on actual expenditures, actual revenue losses and actual loans and loan guarantees issued, are included in the published documents and data related to the implementation of the emergency fiscal policy package.

The question asks whether actual expenditures are shown by administrative unit or individual program, a more detailed presentation, as addressed in the guidelines for Question 2 above.

The question also asks whether actual revenue losses from tax relief measures are presented in total and by individual measure, as discussed in the guidelines for Question 5 above.

This question also assesses whether published documents or information include information on the total exposure to loans and loan guarantees issued by the government, as addressed in the guidelines for Question 6 above.

Finally, the question asks whether the presentation includes a narrative explaining the implementation of specific policy initiatives, providing a discussion for instance of how the policies have been implemented and what has been achieved.

Example: COVID-related execution information is presented in a dedicated [portal](#) managed by the SAI. In Ukraine, the Ministry of Finance is reporting separately on the Acute Respiratory Disease Fund COVID-19 caused by SARS-CoV-2 coronavirus and its consequences: https://mof.gov.ua/uk/data_and_analytics-433

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Total expenditures
- Expenditures by administrative unit
- Expenditures by program
- Total revenue losses from tax relief measures
- Revenue losses for individual tax relief measures
- Total exposure to loans and loan guarantees issued
- Explanatory narrative
- Not applicable (the EFPP does not include tax relief measures or loans or loan guarantees)
- None of the above

Comment:

An output and accrual-based budgeting system means that information is provided on policy initiatives at the programme level. At the start of the year information is provided on expected output expenses along with a narrative explaining what is covered and what is intended to be achieved. Outputs are costed on a fully allocated cost basis. (See the answer to questions 3 and 9 in this section for more detail on the financial management system). At the end of the financial year every public entity produces an annual report which includes information on actual programme performance (including costs) and compares that with expected performance standards (or targets).

In year financial reporting (IYR and MYR) includes COVID related spending at a macro level rather than a programme level. For example, the Table 2 of the Half Year Economic and Fiscal Update (the MYR published on 16 December 2020) covers the fiscal impact of the Government's COVID-19 support measures on operating expenses and capital funding. Monthly in year Financial Statements (IYR) report at a macro level (Total Core Crown Expenses and Revenues) rather than at the programme level. As a result, they do not quantify the impact of COVID related spending directly.

However, the text commentary supporting the Financial Statement highlights qualitatively where COVID related spending is a source of significant variance. As discussed below this lack of disclosure of COVID specific spending as attracted criticism from the Controller and Auditor General. Corresponding information is not available for tax revenue losses although some information is provided on Tax expenditures.

When the Treasury publishes monthly financial statements for the government reporting entity this provide a summary information on the government's assets and liabilities, revenue and expenses and cash flows. This includes expenses associated with loan guarantees and contingent liabilities associated with total loan exposure. It does not cover programme/output level material or sources of programme level funding. The annual financial statements provide a more detailed breakdown of the Crown's financial performance.

Programme level information however does not necessarily reveal total expenditure. After the completion of this module, the Office of Auditor General, as part of its special review focused on Government spending in response to Covid-19, published on 10 February 2021 an "Update on the Government's Covid-19 expenditures." It suggested the "formal, statutory basis of accountability reporting is necessary but not enough to provide Parliament and the public with meaningful information about Covid-19 spending" and "proposed that public accountability would be better served through additional reporting on Covid-19 expenditure."

Reference:

Crown Financial Statements <https://www.treasury.govt.nz/publications/financial-statements-government>

OAG 2020 "Controller update on Government spending on Covid-19"

<https://oag.parliament.nz/media/2020/controller-september>

OAG 2021 "Update on the Government's Covid-19 expenditure" <https://oag.parliament.nz/media/2021/controller-february>

Question 15

Do published documents or information about the implementation of the emergency fiscal policy package under consideration include information on actual sources of financing used?

GUIDELINES

In reporting on the implementation of emergency fiscal response packages, governments should not only include details about the execution of planned spending, but also details of the degree to which different sources of financing have materialized.

Based on questions 10, 11 and 12 above, the information that should be made available includes details of: (a) additional government revenues raised to finance emergency response; (b) actual borrowing incurred and its composition; (c) foreign aid actually received and related details; (d) any other source of financing used; and (e) an explanatory narrative.

As disaggregating what government revenues or borrowing may be financing the relief package versus other spending needs may not be possible, more general information on actual government revenues and borrowing will be accepted for this question.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Government revenues
- Borrowing
- Donor funding
- Explanatory narrative
- Other
- None of the above

Comment:

As the fiscal impact of COVID related measures were largely mainstreamed in the 2020 Budget, and the package was financed from increased public debt then the actual financing costs can't be separately identified. The Financial Statements produced as part of regular financial reporting (IYR, MYR, YER) include as part of the Statement of Segments the total Interest Expenses and the Borrowing Liabilities.

Reference:

NZ Treasury website

General page for financial statements:

<https://treasury.govt.nz/publications/financial-statements-government/month-end-financial-statements>

<https://www.treasury.govt.nz/publications/year-end/financial-statements-2020>

<https://www.treasury.govt.nz/publications/efu/half-year-economic-and-fiscal-update-2020>

Question 16

Do published documents or information about the implementation of the emergency fiscal policy package under consideration include nonfinancial information performance, in particular looking at the impact on poor and vulnerable groups, including women?

GUIDELINES

This indicator asks whether the published documents or information that cover the implementation of the emergency fiscal policies include nonfinancial information on actual performance, including both inputs and results (outputs or outcomes) for the reporting period, and a comparison between actual performance and original targets set when the emergency fiscal package was introduced. Refer to question 9 for definitions of nonfinancial information.

This question also asks whether published documents or information about the implementation of emergency fiscal policy packages include nonfinancial information on the actual impact of emergency policies on a country's poor and vulnerable groups, including women.

Finally, the question asks whether these estimates are accompanied by a narrative discussion.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Actual performance for inputs
- Actual performance for results (outputs or outcomes)
- Impact on poor beneficiaries
- Impact on women and girls
- Impact on other vulnerable groups (please specify in comment box)
- Explanatory narrative
- None of the above

Comment:

In year reporting through monthly financial statements report at a macro level on financial performance (such as total Core Crown Expenses as well as Revenues) rather than programme level information on non-financial performance. Similarly, the coverage of the six monthly economic and fiscal updates is limited to overall macroeconomic and overall fiscal developments. There is no regular in year reporting of programme level non-financial performance information.

No systematic reporting was provided on the impact of COVID -19 or associated fiscal measures on women or other population groups at the time the decisions were taken, in part reflecting the speed of decision making and the limited time for detailed analysis. However, an explanatory narrative has been provided on the direct impacts of COVID on different populations in the December 2020 HYEPU (as opposed to the impact of COVID counter measures). This publication included information on the distributional impacts of COVID-19 on youth, women, and Māori and Pacific peoples on Page 17 (<https://www.treasury.govt.nz/system/files/2020-12/hyefu20.pdf>)

The annual Child Poverty Report will, in due course, review progress towards poverty reduction targets and the impact of COVID-19 but without breaking out the impact of COVID measures on child poverty. The 2020 report concluded that it was premature to estimate the impact of COVID-19 as different poverty measures could move in opposite directions. <https://budget.govt.nz/budget/2020/wellbeing/child-poverty-report/impact-of-covid-19.htm>

Reference:

<https://budget.govt.nz/budget/2020/wellbeing/child-poverty-report/impact-of-covid-19.htm>

Question 17

Do published documents or information on the emergency fiscal policy package under consideration include information on extra-budgetary funds and other off-budget arrangements used for implementing policies and programs included in the emergency fiscal policy package?

GUIDELINES

This question asks whether reporting on EBFs covers actual income and spending.

Refer to Question 13 for more information on EBFs.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Actual total financing
- Actual income from revenue or budget transfers (public resources)
- Actual income from private donations and international donors
- Actual income from other sources of financing
- Actual total expenditure
- Actual expenditure by program or activity
- Explanatory narrative
- Not applicable (the country did not create or use an existing extra-budgetary fund to implement the EFPP)
- None of the above

Comment:

Not applicable to New Zealand - see discussion above of Question 13.

Reference:

None required.

Question 18

Did the government publish specific guidance on the use of emergency procurement procedures, if any?

GUIDELINES

This question asks whether the government published clear and specific guidance on the use of emergency procurement procedures.

The pandemic has forced governments to authorize emergency procurement procedures, intended to circumvent normal rules, in order to buy fast. These emergency procedures must remain transparent. Specific guidance on these procedures includes, but is not limited to:

- *The policy rationale for enacting emergency procurement procedures;*
- *Clear criteria for determining which procurement processes can be included in emergency procedures; and*
- *A system of tagging to enable tracking contracts and spending related to the emergency. Tagging all contracting processes and budget lines with "COVID-19" will ensure high-quality, open and complete data, to analyze and share information to predict and manage critical supply chains.*

More information is available at <https://www.open-contracting.org/what-is-open-contracting/covid19/>.

***Tick boxes:** Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Policy rationale for emergency procedures
- Clear criteria for inclusion
- Tagging of emergency procurement
- Additional transparency requirements
- Other
- None of the above

Comment:

Like the rest of the legal framework, the policy framework for government procurement provided for flexibility in the event of an emergency such as a pandemic. Specifically Rule 14 9 A of the Government Procurement Rules already provided exemptions from open advertising for emergency procurements; The lead agency on procurement provided guidance on when to use exemption and the criteria that agencies were to weigh up in assessing if an exemption should apply as not all procurement was eligible for the exemption. <https://www.procurement.govt.nz/about-us/news/covid-19-emergency-procurement-guidance/>

In addition to providing guidance on the procurement policy framework, the government also fast tracked a number of 'shovel ready' projects and that sometime included funding. This support was not just restricted to central government procured projects but included local government and private initiatives as well.

The COVID-19 Recovery (Fast-track Consenting) Act (Parliamentary Counsel Office 2020), aimed to streamline the planning reviews for 17 targeted private and public projects by bypassing consultation requirements with local councils and community groups.

The Government's first wave of \$NZ 819 million of Central Government funding towards a range of projects totalling \$NZ 1.3 billion.

https://www.crowninfrastructure.govt.nz/wp-content/uploads/Government-announced-projects_9-October.pdf This was based on the advice of the Infrastructure Industry Reference Group (IRG) about what infrastructure projects/programmes were ready for construction and could be deployed as part of a stimulatory package. <https://www.crowninfrastructure.govt.nz/iirg>. The programme list includes a wide range of local government and

community service organisation but only a handful of central government projects.

One of the criticisms has been that "few of the projects published by the Infrastructure Industry Reference Group in August 2020 are truly "shovel-ready". Many still don't have fully confirmed funding, consents, or a sufficiently developed design. That puts them many months away from breaking ground. <https://www.nzherald.co.nz/business/infrastructure-report-what-matters-most-to-creating-new-infrastructure-in-nz/7E6K4RYCRO6TQM3UXEYL7FELVA/>

Reference:

<https://www.procurement.govt.nz/about-us/news/covid-19-emergency-procurement-guidance/>

<https://auditnz.parliament.nz/assurance-services/national-emergency-procurement>

<http://www.legislation.govt.nz/act/public/2020/0035/latest/LMS345621.html>

https://www.crowninfrastructure.govt.nz/wp-content/uploads/Government-announced-projects_9-October.pdf

<https://www.crowninfrastructure.govt.nz/iirg>

Question 19

Did the government publish information on actual procurement related to the implementation of the emergency fiscal policy package under consideration?

GUIDELINES

This question asks whether the government published information on actual procurement as part of the implementation of emergency fiscal policy packages.

Procurement to support the implementation of emergency fiscal policy packages should be open and transparent. This includes, but is not limited to, publishing information on:

- *Planning: The planning section can be used to describe the background to a contracting process. This can include details of the budget from which funds are drawn, or related projects for this contracting process. Background documents such as a needs assessment, feasibility study and project plan can also be included in this section.*
- *Tenders: The tender section includes details of the announcement that an organization intends to source some particular goods, works or services, and to establish one or more contract(s) for these. It can contain details of a forthcoming process to receive and evaluate proposals to supply these goods and services, and can also be used to record details of a completed tender process, including details of bids received.*
- *Awards: The award section is used to announce any awards issued for this tender. There can be multiple awards made.*
- *Contracts: The contract section is used to provide details of contracts that have been entered into.*
- *Implementation: Information related to the implementation of the contract in accordance with the obligations laid out therein. This can include information on delivery and payments.*

This [guide](#) provides more detail on the relevant fields that can be included in these sections.

This information should be made available in compliance to the Open Contracting Data Standard or in other open data formats, and should be published within 10 days.

***Tick boxes:** Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Planning
- Tenders
- Awards
- Contracts
- Suppliers
- Delivery or implementation
- Payments
- Open format
- Timely publication (<10 days)
- Other
- None of the above

Comment:

There is no systematic reporting on the use of the exemption from advertising for emergency procurement. Government Rules of Procurement rules (Rule 48) require that all procurement including emergency procurement should be reported on the Government Electronic Tenders Service website. However there has been only limited disclosure. This lack of transparency has been criticised by Transparency International in an open letter of 28 July 2020 to the lead agency on procurement <https://www.transparency.org.nz/blog/open-letter-to-mbe-regarding-covid-19-procurement>

Information of the award of funding to 'shovel ready' projects has been provided but no systematic reporting of actual capital spending is in place for those projects. Crown Infrastructure Partners, the lead delivery agency for this infrastructure investment programme, provide monitoring reports to the ministers on the progress of project delivery. The monitoring reports have not been proactively released. To date the information they have publicly provided has focused on the number and details of projects that have been awarded and the total amount of investment.

Departmental financial reporting will in due course include spending on capital drawdowns.

Reference:

<https://www.transparency.org.nz/open-letter-to-mbe-regarding-covid-19-procurement/>
https://www.crowninfrastructure.govt.nz/wp-content/uploads/Government-announced-projects_9-October.pdf

Question 20

What was the process for legislative discussion and approval of the emergency fiscal policy package under consideration?

GUIDELINES

While, by nature, emergency fiscal policy packages require swift action and decision making, this question aims at capturing the extent to which legislatures were able to discuss and vote on the packages before they were implemented.

In the comment box below, researchers should include details such as: (i) if multiple packages were introduced, whether different processes were followed depending on the package (e.g., a supplementary budget vs. presidential decree), and which ones; and (ii) if the legislature reviewed and discussed the package, how long did it have to do so?

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Legislature held a vote on the proposed package before the package was implemented
- Legislature debated the proposed package before voting on it
- Legislature established a special COVID-19 committee or granted additional powers to existing committees to discuss the proposed emergency fiscal policy package before its approval.
- Legislature had at least two weeks to review and discuss the proposed package before holding a vote on it.
- Not applicable (the legislature was not involved in the approval of the EFPP)

Comment:

New Zealand's first reported case of COVID was on 28 February 2020 and the country went into a nation-wide Level 4 lockdown on 25 March, winding down in level 1 by 8 June with a brief resurgence from 12 August to 24 September largely limited to Auckland. A state of emergency was in force between 25 March and 13 May 2020.

There were three main fiscal packages –

1 An initial first wave package – the Economic Response Package of \$NZ 12.1 billion announced in a statement to Parliament on 17 March and initially authorised under Imprest Supply and

2 The main package - the \$NZ 50 billion COVID Response and Recovery Fund (CRRF) was included in the 2020 Budget and announced on 14 May as part of the main budget package. The CRRF is a notional fund used as a planning envelope for budget management purposes, rather than an actual sum of money ring-fenced in the Government's accounts.

3 A third wave package was in July (estimated to cost \$NZ 3.2 billion) included a wide range of initiatives such as extending deferral of welfare obligations on beneficiaries along with a COVID Income Relief Payment for those who lost their income as a result of the pandemic extension. The initial package was announced just before the country entered a state of national emergency and associated lockdown. However, Parliament created a special COVID Epidemic Response Committee (ERC) which continued to deliberate remotely even though the House was not sitting. It was chaired by the Leader of the Opposition and met from 25 March to 26 May 2020 with 11 members from all five parties to review and report on the government's response to COVID-19 (New Zealand Parliament, 2020). The committee had broad powers to send for persons, papers and records including experts, and meetings were publicly broadcast on traditional media and online. Spending under Imprest Supply was approved by the legislature and consistent with established protocol this occurred without being referred to the select committee. However, the ERC had extraordinary powers to scrutinize the actions of the executive

For the main package the state of emergency was lifted and the House recommenced sitting in May in time to consider the 2020 Budget. The main package was received and debated in the House before being referred to Select Committees for scrutiny. Following Select Committee the House voted to approve the proposed spending appropriations. Consistent with standard budgetary procedure, spending incurred in the interim before the Estimates of Appropriation were approved, were met from Imprest Supply. Legislative approval for the main package was sought for 2020/21 as part of the main budget. For decisions unable to be incorporated in the Budget documents approval will be sought as part of the 2020/21 Supplementary Estimates introduced in early 2021. In the interim, these increases would be met from Imprest Supply. Changes in appropriations from the CRRF Foundational Package for the 2019/20 fiscal year were included in an Addition to the 2019/20 Supplementary Estimates which were presented to the House in June. Expenditure for the 2020/21 fiscal year that has not been included in the 2020/21 Main Estimates Bill will be put before Parliament for appropriation in the 2020/21 Supplementary Estimates Bill, which will be introduced to the House on Budget Day 2021

The third package will be debated as part of the forthcoming 2020/21 Supplementary Estimates process and met in the interim from Imprest Supply. In addition to the three main coordinated packages there were a number of ad hoc funding decisions made outside of a formal package or budget process. This is typical of New Zealand's public finance system and was done within the regular legislative framework.

During COVID, the Office of the Auditor General, as part of its controller function, provided an analysis of overall spending against approvals under Imprest Supply with \$NZ15.1 Billion spent on COVID related initiatives to the end of the financial year (30 June 20220).

<https://oag.parliament.nz/media/2020/controller-september>

COVID, like the Christchurch earthquake in 2011, demonstrated the level of flexibility afforded by New Zealand's public finance system: in March 2020, Parliament was able to act quickly to increase imprest supply by \$NZ 52 billion to authorise funding decisions ahead of the regular budget process. (in advance of authorisation under an Appropriation Act).

Reference:

Telecom with the Clerk Assistant, Office of the Clerk of the House of Representatives 17 December 2020

New Zealand Parliament (2020), COVID-19: What is the Epidemic Response Committee?, <https://www.parliament.nz/en/get-involved/features/covid-19-what-is-the-epidemic-response-committee/>.

<https://oag.parliament.nz/media/2020/controller-september>

The Bill providing for COVID spending authorisation can be found here:

<https://www.legislation.govt.nz/bill/government/2020/0235/latest/LMS326961.html>.

Question 21

Which of the following “fast track” procedures were used that limited legislative oversight during the crisis?

GUIDELINES

Countries around the world have followed very different procedures to introduce and implement emergency fiscal policy package. In some cases, existing procedures were used. In other circumstances, new procedures have been introduced, some of which may have reduced the legislature's capacity to effectively oversee executive action in emergency response. This question assesses the extent to which some of these “fast track” procedures were applied that limited legislative oversight.

For a summary and description of the procedures listed in the answer options, please refer to:

https://read.oecd-ilibrary.org/view/?ref=137_137068-ud1174u5hs&title=Legislative-budget-oversight-of-emergency-responses, specifically pp. 6-9.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- A State of emergency was declared.
- Cabinet or individual ministers were empowered with emergency expenditure and law-making authority.
- Fast-tracked parliamentary approval procedures were introduced
- The role of the Upper Chamber was limited
- The executive used extra-budgetary entities and other off-budget arrangements that bypassed regular legislative oversight
- Not applicable (the country did not use any 'fast track' procedures that limited legislative oversight)

Comment:

The fiscal response to COVID was mainstreamed through the legislature's budget process even though state of emergency was declared. While the legal framework exists for fast tracking fiscal measures, these powers were not used in this instance. The Minister of Finance – under Section 25 of the Public Finance Act – had the powers to approve emergency spending without the legislature approving Appropriations, and the conditions for this were met with the state of national emergency between March and May 2020. However, the authorities took the view that the financial management regime and wider constitutional arrangements was sufficiently flexible to be able to accommodate the emergency fiscal measures required and Section 25 was not used. Cabinet Ministers (CVD – Ad Hoc Cabinet Committee on COVID-19 Response) were delegated authority to make funding decisions. However, this was within the flexibility offered by the existing legislative framework (i.e. the legislative authority permitting public funds to be appropriated was not delegated and the usual requirements for Parliamentary authority remained). Delegation of this authority to Ministers can occur as part of the regular public finance system, as in Cabinet Office Circular CO 18 (2) (<https://dpmc.govt.nz/publications/co-18-2-proposals-financial-implications-and-financial-authorities>).

Moreover special measures were put in place – with the establishment of Epidemic Response Committee (discussed under question 20) – to provide for legislative scrutiny for immediate COVID related measures and spending. New Zealand has a unicameral system so there is no upper house.

The initial package was approved under Imprest Supply – following the precedent established with the 2011 Christchurch Earthquake. The initial package was announced in the Minister of Finance's 17 March statement to Parliament, Parliament authorised additional spending through Imprest supply of up to \$NZ52 billion – in addition to the \$NZ 129.5 billion already authorised for 2019/20. For spending that fell into 2019/20 approval was sought through Addition to the 2019/20 Supplementary Estimates.

The main package – the CRRF - was introduced as part of the 2020 Budget.

The third package is being met from Imprest Supply pending the forthcoming 2020/21 Supplementary Estimates.

Reference:

Telecom with the Clerk Assistant, Office of the Clerk of the House of Representatives 17 December 2020

Question 22

How was the legislature involved in monitoring the implementation of the emergency fiscal policy package under consideration?

GUIDELINES

While emergency measures had to be taken in haste and may not have followed the usual legislative approval procedures, legislatures can and should play a key role in ensuring accountability and oversight of the implementation of these measures.

They can do so by examining the implementation of the emergency measures during the budget execution period for which they were approved, as well as ex post oversight following the implementation of the emergency package. The review of these reports is most frequently done by a legislative committee and can be followed by the publication of an official report with findings and recommendations. In-year and ex-post monitoring by the legislature will be affected by the frequency that the executive publishes the emergency-related execution reports, and by how soon the SAI's emergency-related audit reports are released.

In addition, and in light of that fact that one quarter of parliaments in the OECD set up special COVID-19 committees or cross-party working groups to consider emergency responses as they were implemented, researchers should check on whether a similar committee was established in their own country. For example, the New Zealand Parliament created an opposition-chaired special committee from 25 March to 26 May 2020 with 11 members from all five parties to review and report on the government's response to COVID-19. The committee had broad powers to summon testimony and documents from ministers and experts and meetings were publicly broadcasted on

traditional media and online

Overseeing the emergency measures is no simple task, also in consideration of the magnitude and unprecedented set of measures that have been introduced and the restrictions that may be in place to actually perform the checks. This indicator is therefore also assessing whether the legislature hears testimony from members of the executive to get a better picture of the execution of emergency-related policy execution.

Tick boxes: Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.

Answer:

- Legislature receives and debates regular or special reports which include information on the execution of emergency fiscal policy packages.
- Legislature hears testimony from members of the executive to get a better picture of the emergency-related policies execution
- Legislature receives and debates regular or special audit reports which include information on audits of emergency fiscal policy packages.
- Legislature established a special COVID-19 committee to oversee emergency-related execution, or granted additional powers to an existing committee.
- None of the above

Comment:

During lock down special measures were put in place – with the establishment of the Epidemic Response Committee (discussed under question 20) – to provide for Executive and legislative scrutiny for immediate COVID related measures and spending.

Outside of lock down, Select Committee have the normal powers to scrutinise spending including COVID related expenses. Parliamentary oversight of the main COVID package followed normal procedures as the measures were mainstreamed into the standard budget process. However, Select Committees have modified their approach to accommodate programmes that cut across the boundaries of the committees. For example, management of COVID at the border involves officials from a range of departments, immigration, customs, defence, and health. Standing Orders already provided for multi-committee scrutiny, so these provisions were utilized to enable the scrutiny to occur.

Legislative approval for the main package was sought for 2020/21 as part of the main budget. For decisions unable to be incorporated in the Budget documents approval, will be sought as part of the 2020/21 Supplementary Estimates to be introduced in early 2021. In the interim, these increases would be met from Imprest Supply. Changes in appropriations from the CRRF Foundational Package for the 2019/20 fiscal year were included in an Addition to the 2019/20 Supplementary Estimates which were presented to the House in June.

Reference:

Telecom with the Clerk Assistant, Office of the Clerk of the House of Representatives 17 December 2020

Question 23

Did the SAI adapt its auditing approaches and practices for emergency response and deliver on its planned auditing of emergency fiscal policy packages?

GUIDELINES

WAs highlighted in the INTOSAI Development Initiative's (IDI's) recent note, 'Accountability in Times of Crisis,' experience from previous crises shows that the swift government action needed to respond to the crisis can bring increased levels of waste, mismanagement, and corruption. Supreme Audit Institutions (SAIs) have a vital role to play in helping deter the misuse of funds and providing advice on whether public funds are spent as intended and used efficiently and effectively to respond to the crisis.

SAIs will need to revise their audit plans in light of the COVID-19 crisis. This question assesses whether the SAI has adapted its audit workplan and if the SAI has delivered on its planned emergency response and auditing of emergency fiscal policy packages.

The SAI should publish information on its audit plans and schedules, detailing how it has adapted auditing processes to the emergency situation as well as on what audits it intends to carry out as part of its emergency response.

In addition to those audits that can be conducted after the crisis, SAIs may undertake real-time financial, compliance, and performance audits during the crisis. Real-time audits can have a deterrent effect and contribute to safeguarding public resources. Pages 17 – 18 of the IDI note cited above provides a summary of potential audit topics in the short, medium, and long term.

Timely publication of audit findings is critical to ensuring that audit findings are available during the crisis so that issues highlighted by the audit can be addressed

promptly.

The extent to which audits hold the government to account for its implementation of emergency fiscal policy packages depends on whether there is adequate and timely follow-up on the recommendations provided in the SAI's audit reports. Governments should report publicly on the steps it has taken address COVID-related audit findings.

Researchers should provide weblinks to audit plans, audit reports and published audit findings, and governments response to audit findings.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Publication of audit plans and schedules
- Adoption of real-time audits and concurrent monitoring, or other similar approaches
- Publication of findings from completed audits
- Government response to audit findings
- None of the above

Comment:

As COVID related spending was mainstream as part of the Budget process, only relatively small adjustments were required to the financial audit process. Some public agencies augmented their internal controls and internal audit regimes in response to the COVID initiatives. For example the Ministry of Social Development hired investigators to review applications for the Wages Subsidy.

The Auditor-General is the auditor of all public entities and, in that role, all public expenditure was audited as usual. Lockdown affected the timing of audits – as statutory reporting dates were extended - and the ability to access material. In addition, the uncertainty introduced by COVID required more detailed scrutiny of whether the value of assets and liabilities that which were contingent of future cash flows, and the calculation of revenue, should be attenuated. However, given the impact of COVID on some industries, in the schemes of things these were relatively minor adjustments to standard operating procedures.

The Auditor-General's mandate extends beyond the financial audit: In response to the Government's COVID expenditure, the Auditor-General undertook additional work in monitoring the authorisation of COVID expenditure and carried out some in-depth examinations ("performance audits"), for example, on the wage subsidy and the management of personal protective equipment (PPE). The results were included in regular reporting by the Controller and Auditor General.

Reference:

Telephone discussion with Assistant Controller OAG 11 /12 /2020

Controller update on Government spending on Covid-19
<https://oag.parliament.nz/media/2020/controller-september>

Question 24

Does the SAI have the mandate and resources necessary to audit emergency spending?

GUIDELINES

SAIs may not initially have the mandate to audit all funds mobilized in response to the crisis. The effectiveness of governments emergency response will in part depend on proper oversight of all funds, including spending that flows for example through military accounts. For SAIs to play a meaningful role, the government should publicly clarify and/or expand the SAI's emergency response role; the government's emergency laws or decrees should NOT restrict the SAI's mandate to audit emergency fiscal policy packages; and, it may be necessary for the SAI to receive additional funding to fulfill its mandate.

Researchers should provide weblinks to public announcements clarifying the SAI's role, relevant laws or emergency decrees, and evidence of additional funding provided to SAIs.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- SAI has a sufficiently broad mandate and full discretion to audit emergency fiscal policy packages
- The role of the SAI was clarified and/or expanded as part of the government's emergency response
- Additional funding was provided to the SAI as part of the government's emergency response
- None of the above

Comment:

The Auditor-General's mandate covers all public expenditure, including that related to the COVID response. As a result, no changes were required to the OAG mandate as it was already provides considerable discretion. The office had to adapt to working remotely in order to carry out its mandate. The Office took a particular interested in expenditure related to COVID. The Auditor General's Budget overall was not changed as a result of COVID.

Reference:

Telephone discussion with Assistant Controller OAG 11 /12 /2020

Question 25

Did citizens and CSOs have opportunities to participate during the formulation and approval of the emergency fiscal policy package under consideration?

GUIDELINES

Recognizing public participation as an essential component of open budgeting systems, the Open Budget Survey includes a separate section on public participation that assesses formal opportunities for the public to directly engage with the executive, legislature, and audit institutions during the budget process. The OBS participation indicators are based on the Global Initiative for Fiscal Transparency's (GIFT) [Principles of Public Participation in Fiscal Policies](#). As highlighted in the [recent post](#) by GIFT, public participation in the context of COVID-19 is even more important. Notwithstanding the need for swift and decisive action, the participation of CSOs and members of the public can help positively shape the government's COVID fiscal policy response and make sure it adequately addresses the needs of the most vulnerable communities.

Question 25 and 26 reflect the need for governments to design and implement fiscal measures through a process that is both transparent and inclusive. Question 25 assesses whether CSOs and/or citizens had the opportunity to participate in the formulation and approval of emergency fiscal policy packages and question 26 examines the extent to which citizens and/or civil society organizations had the opportunity to participate in monitoring the implementation of emergency fiscal policy measures.

This question asks whether the executive (the Ministry of Finance, lead budget agency, or central coordinating agency designated by the government to implement participation mechanisms) or legislature uses public participation mechanisms during the formulation and approval of emergency fiscal policy packages, and whether those mechanisms are meaningful. Executive mechanisms during the formulation of emergency fiscal policy packages are those that are open to all (where any CSO and/or individual member of the public can provide their input) or discretionary (where invited groups or individuals can provide their input). Legislative mechanisms during the approval of emergency fiscal policy packages are public hearings on emergency fiscal policy measures during which (i) citizens or CSOs are allowed to testify, including on a discretionary basis, or (ii) the legislature uses other means to receive and collect views from citizens and CSOs on the budget.

Participation mechanisms are meaningful if (i) the relevant government body makes an effort to include vulnerable and underrepresented groups; (ii) people can find out the purpose, scope, and intended outcomes for the public engagement; and, (iii) the relevant government body shares feedback they received and how it has been used.

Researchers should provide evidence to support the use participation mechanisms, including links to media articles, copies of invitations, or interviews with government official(s) or individuals who participated in relevant processes.

Researchers should also indicate in the comment box whether government bodies used existing or new participation mechanisms to engage the public during the formulation and approval of emergency fiscal policy packages.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Executive used participation mechanism during formulation
- Executive made effort to include vulnerable and underrepresented groups
- Executive provided comprehensive prior information on engagement
- Executive provided feedback
- Legislature used participation mechanism during approval

- Legislature made effort to include vulnerable and underrepresented groups
- Legislature provided comprehensive prior information on engagement
- Legislature provided feedback
- None of the above

Comment:

The normal budget process provides for public participation in the strategic phase of the Executive's budget when the overall parameters are set through debate on the Budget Policy Statement (typically between December and February). However, the parameters of the 2020 BPS was overtaken by the COVID epidemic.

The normal New Zealand practice during the decision-making phase – that Budget deliberations are protected as Budget sensitive – applied to the fast tracked COVID budget process – so there are limited opportunities for public participation in the formulation of the Executive's budget.

On occasions there is some public engagement on the policies that later form the substance of budget initiatives may take place during the earlier policy development stage (before the budget decision-making process begins), depending on the particular policy in question.

There was no opportunities for public participation in the formulation of the Executive's budget or the initial and third wave packages as the constrained timeframes reduced the scope for stakeholder engagement.

However, the normal scope for public participation in the legislative approval phase of the budget continued to apply for the COVID related fiscal measures. Parliamentary debates are broadcast, and Select Committee hearings are open to the public. Select Committees have the ability to call for submissions from the public as part of the scrutiny of Budget proposals, however it is rare for them to do so. No submissions were sought or received as part of the 2020 Budget hearings.

Reference:

Telecom with Treasury Budget Analyst 21 December 2020

Question 26

Did citizens and CSOs have opportunities to participate in the implementation and monitoring of the emergency fiscal policy package under consideration?

GUIDELINES

This question examines the extent to which citizens and/or civil society organizations had the opportunity to participate in monitoring the implementation of emergency fiscal policy measures. Executive mechanisms during the monitoring of implementation are those that are open to all (where any CSO and/or individual member of the public can provide their input) or discretionary (where invited groups or individuals can provide their input). Legislative mechanisms during the monitoring of implementation are public hearings on monitoring the implementation of emergency fiscal policy packages during which (i) citizens or CSOs are allowed to testify, including on a discretionary basis, or (ii) the legislature uses other means to receive and collect views from citizens and CSOs on the budget. SAI mechanisms are those through which the public can contribute to audit investigations

Participation mechanisms are meaningful if (i) the relevant government body makes an effort to include vulnerable and underrepresented groups; (ii) people can find out the purpose, scope, and intended outcomes for the public engagement; and, (iii) the relevant government body shares feedback they received and how it has been used.

Researchers should provide evidence to support the use participation mechanisms, including links to media articles, copies of invitations, or interviews with government official(s) or individuals who participated in relevant processes.

Researchers should also indicate in the comment box whether government bodies used existing or new participation mechanisms to engage the public during the implementation and monitoring of emergency fiscal policy packages.

Tick boxes: *Please check the boxes of the items that appear in the relevant documentation. If none of the items are presented, please check 'None of the Above'. In the comment box, please provide a detailed citation for each item selected below as described in the assessment directions as well as any additional details.*

Answer:

- Executive uses participation mechanism during implementation
- Executive makes effort to include vulnerable and underrepresented groups
- Executive provides comprehensive prior information on engagement
- Executive provides feedback
- Legislature uses participation mechanism during implementation
- Legislature makes effort to include vulnerable and underrepresented groups

- Legislature provides comprehensive prior information on engagement
- Legislature provides feedback
- SAI uses participation mechanism during implementation
- SAI makes effort to include vulnerable and underrepresented groups
- SAI provides comprehensive prior information on engagement
- SAI provides feedback
- None of the above

Comment:

As the majority of the information relating to the emergency fiscal policies employed by the Government has been made publicly available through budget documents, press releases and proactive releases, the general public and civil society are able to hold the Government to account over delivery and implementation of the initiatives. This holding to account occurs through a variety of mechanism including the General Election held in November 2020.

Another of these mechanism is that Select Committees are open to the public as part of the normal budget process for scrutiny of the implementation of government programmes. So long as Parliamentary time and resources allow, in principle the select committee process is open to any input from the public. In practice, it is not the usual process for Select Committees to invite submissions from the public as part of the scrutiny of budget proposals.

During the 3 months of lockdown, when normal Select Committee operations were suspended, the special Epidemic Response Committee was in operation. Radio New Zealand reports that the Epidemic Response Committee "heard from a range of people including business owners, landlords, tourism operators, iwi representatives, and charitable organisations." The legislation that passed through the was opened to targeted public submissions. After New Zealand exited lockdown with no community transmission, this ad hoc select committee was disestablished.

Reference:

Reference: Telecom with the Clerk Assistant, Office of the Clerk of the House of Representatives 17 December 2020.

Radio New Zealand Looking back at the Epidemic Response Committee <https://www.rnz.co.nz/national/programmes/the-house/audio/2018747680/looking-back-at-the-epidemic-response-committee>

Open Budget Survey COVID-19 Module

Government input into Section 1

New Zealand



GUIDE TO THE EXPEDITED ASSESSMENT OF THE TRANSPARENCY OF COVID-RELATED FISCAL MEASURES:

AN EXPLANATION OF THE INDICATORS AND THE RESPONSE OPTIONS

December 2020

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- I. Introduction to the Expedited Assessment (COVID Module)**

Following the onset of the COVID-19 pandemic in 2020, governments around the world have had to adopt extraordinary fiscal measures to respond to the health emergency and the ensuing economic crisis. This has upended the regular working of budget processes, including around issues of transparency and accountability.

The International Budget Partnership's Open Budget Survey (OBS) is an international comparative assessment of central governments' compliance with fiscal transparency standards and is an important tool for assessing how much information governments make available throughout their annual budget cycle. Work on the next round of the OBS is commencing amidst the disruption caused by the pandemic. While the OBS 2021 will provide important insights on whether governments are able to sustain regular transparency and accountability practices in times of crisis, IBP is mindful that current international standards on open budgeting are designed for normal times, not for periods of crisis. As a result, the OBS does not comprehensively cover such issues as supplementary budgets, extra-budgetary funds, loan guarantees and many other aspects of fiscal management that gained prominence in government responses to the COVID-19 crisis.

In this context, IBP will supplement the regular OBS with a rapid assessment of the transparency of emergency fiscal policy packages introduced by governments between 1 March and 30 September 2020 (COVID Module).

The objectives of this rapid assessment are:

1. To document the transparency and accountability of relevant aspects of fiscal management during the COVID-19 crisis across countries;
2. To inform policy dialogue with country governments on transparency and accountability practices during times of crisis; and
3. To contribute to ongoing and future international discussions on emerging global norms around fiscal management during times of crisis.

II. Research Process and Timeline

The COVID Module will be conducted in December 2020 and January 2021, in all 120 countries covered by the Open Budget Survey 2021. Research will be done by the same country researchers that will work on the OBS 2021. Findings of this rapid assessment will be published in April 2021, one year before the release of the OBS 2021.

- *What additional research is required for the COVID Module?*

The research for the COVID-19 rapid assessment will be carried out through a set of 26 new indicators designed based on emerging norms and standards being developed by various international bodies, such as the IMF, INTOSAI, the Global Initiative for Fiscal Transparency, and the Open Contracting Partnership, among others. These indicators are structured into four sections: a narrative overview of the key facts about governments' emergency fiscal policy packages and three sets of indicators on aspects of the design, implementation, and oversight of such packages.

- *What is being assessed in the COVID Module?*

The COVID Module will assess the transparency, participation, and oversight of emergency fiscal policy packages introduced by the government in response to the COVID-19 pandemic. The expression "emergency fiscal policy packages" refers to any comprehensive set of fiscal measures – including revenue, spending

and financing, and related institutional arrangements – adopted by central governments to respond to various aspects of the COVID-19 crisis. In many cases, such measures cover direct fiscal support (e.g. spending measures like cash transfers), tax relief measures (e.g. tax deferrals or temporary tax reductions), and credit and liquidity support (e.g. emergency loans and loan guarantees). The assessment will not cover policy responses using monetary policy, and policy responses by subnational governments.

Emergency fiscal policy packages can take different forms, including supplementary budgets, other specific legislation, emergency decrees, etc. Researchers will have to determine which of these options is relevant in their country. In some countries, COVID response policies may have been approved as part of the regular annual budget process, for example in countries that use a July to June fiscal year. **If more than one emergency fiscal policy package has been introduced, then the researcher should select the largest package as the basis for the assessment, or the one that is generally considered to be the most important for pandemic response.** In any case, researchers should reach out to their IBP contact to consult on which package to consider, and with any questions on which government action qualifies for assessment.

- *What documents and sources will be examined?*

The COVID Module will look at emergency fiscal policy packages adopted by central governments between 1 March and 30 September 2020, to focus the research on the period when the first and most comprehensive sets of government responses were introduced.

Researchers will need to consult publicly available documents and information such as supplementary budgets, emergency decrees, other relevant legislation, online portals, budget execution reports, audit documents, and other relevant governmental publications. These may be published by the Ministry of Finance and other executive bodies (e.g. the President's Office), the legislature, the supreme audit institution, and other government institutions responsible for emergency response, including managing procurement. Some of the documents and information may be published as part of normal budgetary procedures, while others may be part of separate, emergency processes and procedures introduced as part of the government's pandemic response. Researchers should reach out to their IBP contact with any questions on which documents to use in this assessment.

- *How will the COVID Module indicators be structured?*

The questionnaire is structured in four parts. In Part 1, researchers will be asked a series of questions about the emergency fiscal policy packages introduced by their government. Researchers will be expected to provide a clear, narrative response in the answer box. Additional links and evidence can be entered in the reference box.

In Parts 2, 3, and 4, each indicator will have a series of answer options that cover specific types of data or information that governments should publish. These answer options will be presented as a series of “tick boxes,” and researchers will assess which of these are included in published documents and information. Researchers will then select all options that apply. If none of the options have been published, the researcher should select “none of the above.”

Researchers will be asked to provide all necessary details to explain and justify their answers. This includes providing in the reference box a complete citation for each piece of information that is published (including the source of information, document name, weblink, page numbers, tables, etc.), as well as add any additional information or details that support the answer selection(s) to the comment box.

- *Will the COVID Module indicators be reviewed by peer reviewers?*

No, as an expedited assessment the COVID Module will not be reviewed by peer reviewers. All responses will be reviewed by IBP to ensure compliance with the methodology and cross-country comparability.

- *How will the COVID Module differ from the Open Budget Survey?*

In addition to differences noted above, the rapid and simplified nature of the COVID Module inevitably means that the level of coverage and detail will be somewhat more superficial compared to the full OBS, and that the policy recommendations will likely be more general. Additionally, the methodology will imply a higher level of subjectivity and interpretation compared to the full OBS. Nevertheless, we hope that the COVID Module will generate urgent and timely information that can help inform and shape governments' approaches to fiscal openness during crises, and provide an opportunity for citizens and civil society to better understand and influence budget policies and processes in these extraordinary times.

III. Questionnaire and Guidelines for the COVID Module

The following sections provide detailed guidance on the indicators and response options for the indicators included in the COVID Module.

Part 1. Narrative overview of COVID-19 emergency fiscal policy package(s)

In this first section, researchers will provide a short narrative account of the emergency fiscal policy packages introduced by their government, answering the following questions:

General Question (a)

How many emergency fiscal policy packages were introduced by the government in your country in response to the COVID-19 crisis? When were they approved, and what form did they take?

GUIDELINES

The researcher should list the emergency fiscal policy packages that were introduced by the government between 1 March and 30 September 2020, and provide a link to documents and information about each package (if published online) as well as the date each package was introduced (i.e. adopted by the executive or approved by the legislature).

The researcher should indicate, for each package listed, whether it was introduced as a supplementary budget, other specific legislation, a government decree or executive action, or any other policy or regulatory instrument (indicate which).

The researcher should also indicate if specific fiscal policy measures were introduced as part of the regular annual budget process, in case a new annual budget was approved between 1 March and 30 September 2020.

Researchers should also provide some general details on background and content for each of them. Links to official government sources and media coverage should be provided as supporting evidence.

For example, in the period under consideration, Nigeria introduced a revised budget in June, while Indonesia introduced three Presidential Orders/Regulations between March and June, and included additional measures in the 2021 budget, approved at the end of September. For a general summary of government policy responses to COVID-19 across countries that can be used as reference, see the [IMF Policy Tracker](#) (scroll down or use letter links to look for individual countries, then look for “Key Policy Responses”—FISCAL).

	Name of package	URL Link	Date introduced	Form (choose one)	Details and Background
1	The Economic Response Package	https://www.beehive.govt.nz/release/121-billion-support-new-zealanders-and-business	17 March 2020	<input checked="" type="checkbox"/> Supplementary budget <input type="checkbox"/> Emergency decree <input type="checkbox"/> Introduced as part of the regular annual budget process <input type="checkbox"/> Other (please specify under Details and Background)	<p>Package announced 17 March 2020</p> <p>Spending to be incurred prior to June 20 was initially authorised under imprest supply. Additional imprest supply legislation was introduced and passed in March 2020 to increase imprest supply by \$52 billion.</p> <p>Expenditure announced in this package was then incorporated in to standard Budget documentation – ie it was included in the Appropriation Bills (link is to the Supps where most of the expenditure went) introduced on Budget Day (14 May 2020) and in the associated Estimates of Appropriations and Supporting Information.</p>
2	Budget 2020	https://www.treasury.govt.nz/publications/budgets/budget-2020 https://budget.govt.nz/ https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020 CRRF Foundational Package	14 May 2020	<input checked="" type="checkbox"/> Supplementary budget <input type="checkbox"/> Emergency decree <input checked="" type="checkbox"/> Introduced as part of the regular annual budget process <input type="checkbox"/> Other (please specify under Details and Background)	<p>Budget 2020 included previously announced 17 March 2020 package.</p> <p>The COVID-19 Response and Recovery Fund (CRRF) was included in 2020 Budget. The CRRF set up \$NZ 50 billion (18% of GDP) to manage the fiscal costs</p>

					<p>of COVID-19 response and recovery. The CRRF is a notional fund used as a planning envelope for budget management purposes.</p> <p>As at Budget Day 2020 (14 May) \$29.8 billion of the CRRF had been committed. This included the \$15.9 Billion CRRF Foundational Package.</p> <p>Any CRRF spending decisions made pre 6 April 2020 were reflected in the Appropriation legislation and supporting documents introduced on Budget Day.</p> <p>CRRF spending decisions, made after 6 April 2020 (including the CRRF Foundational Package), impacting the 2019/20 year were incorporated into the Appropriation legislation and supporting documents via the Addition to the Supplementary Estimates process in June 2020.</p> <p>CRRF spending decisions made after 6 April 2020 impacting 2020/21 will not receive final authorisation by Parliament until the passing of the Appropriations (Supplementary Estimates) legislation for 2020/21. Until then the spending is authorised under Imprest Supply.</p> <p>The process of allocating CRRF funding was a supplementary</p>
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					Budget process run alongside the standard annual Budget process.
3	CRRF July Package	https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-july-package	14 August 2020	<input checked="" type="checkbox"/> Supplementary budget <input type="checkbox"/> Emergency decree <input type="checkbox"/> Introduced as part of the regular annual budget process <input type="checkbox"/> Other (please specify under Details and Background)	<p>Announcement of a third wave of decisions made by Cabinet on 6 July 2020 detailing new spending initiatives within the CRRF.</p> <p>Expenditure included in this package relating to the 2020/21 year will initially be authorised under Imprest Supply and will be considered by Parliament via the Supplementary Estimates process for 2020/21 as part of Budget 2021.</p> <p>Expenditure relating to 2021/22 onwards will be reflected in the Main Appropriation legislation and supporting information presented as part of Budget 2021.</p>

Comment: As in any other year, there have been a series of ad hoc funding decisions made outside of the annual Budget process, including CRRF and COVID-19-related funding decisions. This is typical of New Zealand's public finance system and was done within the regular legislative framework.

Useful definitions:

Appropriation Acts are introduced on Budget Day and provide Parliamentary authority to incur expenses and capital expenditure.

Imprest Supply provides the Government with authority to incur expenses and capital expenditure in advance of appropriation under an Appropriation Act (https://www.parliament.nz/en/pb/bills-and-laws/bills-proposed-laws/document/BILL_99229/imprest-supply-first-for-202021-bill).

Estimates provide Members of Parliament with details of all appropriations to enable Parliament to exercise an appropriate level of scrutiny and control over the government's operating and investing activities (<https://www.treasury.govt.nz/sites/default/files/2021-01/techguide-est-21.pdf>).

Supplementary Estimates outline the additional expenses, capital expenditure and capital injections to departments required for the financial year about to end.

General Question (b)

If more than one emergency fiscal policy package was adopted, which one did you use to answer this questionnaire and why?

GUIDELINES

The researcher should indicate which emergency fiscal policy package was used to answer the questions in parts 2, 3 and 4 below (on the design, implementation and oversight of the emergency fiscal policy package), and explain why. If more than one emergency fiscal policy package was adopted, researchers are encouraged to use the largest or most important package to answer this questionnaire.

Answer: New Zealand's response comprised a variety of packages, discussed below, which could be used to complete the questionnaire. We understand the researcher developed responses primarily focusing on the largest individual package (see below):

- In some cases the policy responses funded through these packages build on one another (for example the Wage Subsidy Scheme was initially announced in the 17 March package and subsequent extensions to the scheme were managed against the CRRF).
- The announcement with the greatest significance to the fiscal forecasts was the establishment of the \$50 billion CRRF through Budget 2020. However, not all of that funding had been allocated at that time (we note that \$10.3 billion remained unallocated at the time the Half Year Economic and Fiscal Update was finalised – 30 November 2020).
- The largest individual package to be announced was the CRRF Foundational Package of \$15.9 billion.

Reference:

<https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-budget2020>

<https://www.beehive.govt.nz/release/121-billion-support-new-zealanders-and-business>

<https://www.treasury.govt.nz/publications/summary-initiatives/summary-initiatives-crrf-july-package>

General Question (c)

With respect to the emergency fiscal policy package identified in General Question (b), what were the key documents and information on the emergency fiscal policy package and its implementation, and when were they published (or updated)?

GUIDELINES

This question asks the researcher to identify the set of documents/data that were used as the basis for answering the questions in parts 2, 3, 4 below (on the design, implementation and oversight of the emergency fiscal policy package). The researcher should list the key documents and information related to the introduction and implementation of the emergency fiscal policy package. For each document or information source listed, researchers should provide the title, weblink, date of publication, and a brief explanation of its nature and characteristics. Any document or information sources cited in Parts 2, 3, or 4 below should be listed in General Question (c).

While the emergency fiscal policy package needs to have been introduced by 30 September 2020 to be considered for this assessment, documents and information about the implementation of the package can be considered if they are published until 31 December 2020, to ensure adequate coverage of implementation reporting.

As we have not completed Parts 2,3, or 4 the following list is not what has been used but instead is a list of suggested resources

	Title of document	URL Link	Date published	Brief explanation
1	Budget 2020 – Suite of Documents (includes information on both CRRF packages published after Budget Day)	https://www.treasury.govt.nz/publications/budgets/budget-2020 Similar information can also be found here - https://www.budget.govt.nz/index.htm	14 May 2020 (Budget Day 2020) for most documents. Notable exceptions – Summary of Initiatives in the COVID-19 Response and Recovery Fund (CRRF) Foundational Package – published 29 May 2020 Summary of Initiatives in the COVID-19 Response and Recovery Fund (CRRF) July Package – Published 14 August 2020 Addition to the Supplementary Estimates of Appropriations for the Government of New	Summary of Initiatives documents provide information on the individual initiatives which form the package. The Supplementary Estimates provide information on details of changes to existing appropriations and of new appropriations proposed since the Estimates for the previous year were finalized. Economic and Fiscal Updates provide information on the economic and fiscal outlook.

			Zealand for the Year Ending 30 June 2020 – Published 16 June 2020	
2	The Office of the Auditor General	https://oag.parliament.nz/reports/covid-19	Ongoing	Regular Controller Updates on COVID-19 expenditure and any special reports related to the COVID-19 response.
3	NZ Government COVID-19 website	https://covid19.govt.nz/updates-and-resources/legislation-and-key-documents/proactive-release/	Ongoing	Information relating to policy development and advice used to inform decisions has been proactively released here (subject to certain redactions)
4	Financial Statements of the Government (FSG)	https://www.treasury.govt.nz/publications/financial-statements-government/year-end-financial-statements	FSG for the Year ended 20 June 2020 was released on 24 November 2020	Note 3 – Impacts of the COVID-19 Pandemic (beginning page 62) may be of particular interest

Reference: Listed above.

General Question (d)

Did the government set up a dedicated website/portal or other platform to disseminate data and information on emergency fiscal policy packages and their implementation?

GUIDELINES

The researcher should indicate whether the government has set up any special arrangements for making data and information publicly available online on the emergency fiscal policy package(s). This would include a dedicated website, a dedicated section or page within the finance ministry website, and/or an existing or new online portal where relevant COVID-related documents and data are published separate from documents published as part of the regular annual budget process.

The researcher should provide a link to the website and indicate whether data and information are made available about both approved policies and their implementation, and whether data were published in [open formats](#).

Answer: Information related to COVID-19 measures is provided through a range of different avenues listed below. These include dedicated websites for COVID-19 related information, the Treasury's website, and the Budget 2020 website.

Some data on the most significant income support measures (e.g. the wage subsidy) is publicly available, with weekly updates published on the Ministry of Social Development's website. Compiled data on each individual COVID-19 related initiative is not make publicly available, other than through the documents listed in the response to General Question (c).

Reference:

NZ Govt Website for COVID-19 information (including proactive release of information supporting decisions) - <https://covid19.govt.nz/updates-and-resources/legislation-and-key-documents/>

Regular economic bulletins - <https://www.treasury.govt.nz/information-and-services/new-zealand-economy/covid-19-economic-response/commentary>

Budget 2020 information (including the two CRRF packages) <https://www.treasury.govt.nz/publications/budgets/budget-2020>

Economic & Fiscal Updates - https://www.treasury.govt.nz/publications/search?f%5B0%5D=field_resource_type%3A2594

<https://www.msds.govt.nz/about-msd-and-our-work/publications-resources/statistics/weekly-reporting/>.

General Question (e)

Has any credible and documented evidence of misuse, waste or corruption in the management of emergency funds surfaced?

GUIDELINES

The researcher should indicate whether any cases of misuse, waste or corruption in the management of emergency funds have been reported, from reputable media outlets, in audit reports or other sources (please provide source and weblink).

The researcher should also explain what aspects of emergency fiscal policy packages the evidence relates to and provide a short summary.

Answer: No comment. The Office of the Auditor-General is best placed to respond.

Reference: <https://oag.parliament.nz/>