

Policy Costings Unit

The Green Party will establish an independent unit within the Treasury to cost political party policies.

Why?

New Zealanders deserve more transparency from politicians, so they can be better engaged in the political system. Elections should be a contest of ideas, not political spin.

Independent analysis of how much party policies will cost will give the public access to the neutral information they need to judge policies. The public will be better equipped to compare parties, helping to make the election process more transparent.

This is about levelling the playing field so every party in parliament, including the Government of the day, has access to the same resources, giving the public consistent and independent information. It will also help to encourage more realistic, stable, long-term policies, because parties won't be able to promise the Earth without being able to follow through.

What already happens in NZ?

The Treasury already has a role in costing political party policies, but requests must be made through the Minister of Finance. The costings then go back to the Finance Minister, not the political party itself.

Ministerial oversight of this process does not fit with the realities of politics. We need a neutral, widely-used umpire to cost policies so the public can access the information they need to make informed decisions.

How will the Policy Costings Unit work?

This independent unit within the Treasury will be established with the specific role of costing political party policies. Political parties can voluntarily submit their policies to the unit for costing. The independent unit will then produce a standardised report with information on both the fiscal and wider economic implications of the policy, so that the public can see the expected costs of different policies.

The unit will use the [existing comprehensive Treasury processes and guidelines](#) for this work, but the current layer of Ministerial involvement will be removed. Changes to the State Sector Act will be necessary to protect this unit from the usual oversight and access by the Minister, meaning it can be truly neutral and work for all parties.

What will happen with the information?

Political parties will be able to decide when to launch a policy, as is currently the case, and can choose whether to release the costings at that time. Once a policy has been released, the costings will be available on the Treasury website. This means that the work of the unit will be easily available in one place for the public to compare what different parties are putting forward based on consistent and independent information.

The work of the unit will be subject to the Official Information Act (OIA), but with the understanding that the current provision for a request to be refused on the basis that the information is or will soon be publicly available (section 18d of the OIA) will be used. This is to ensure there is balance between the political parties' right to decide when and how to release a policy, and the public's right to information. If a political party chooses not to release a policy, the costings advice will be available for request under the OIA.

What will it cost?

We estimate the costs of this unit to be minimal — \$1-2 million per year, increasing to approximately \$2-3 million in an election year when staffing costs would need to increase. This is based on an office similar in size to the Parliamentary Commissioner for the Environment (22 staff during an election year). There would be some initial set-up costs but, as the unit would be within the Treasury, this would be limited.

Parties often announce policies throughout the electoral cycle, not just in election year, so the unit will be permanent, but will scale up during election year when more policies are announced. Initially, access to the unit would be limited to parties already represented in Parliament, but we would explore expanding it to parties outside of Parliament over time.

What happens overseas?

It's becoming more common overseas for parliaments to have parliamentary budget offices, in addition to government departments, to provide MPs and the public with independent analysis of fiscal and economic issues. Many of these offices also provide policy costings. This policy is more modest, as we are proposing an independent unit within the Treasury, rather than creating a new Office of Parliament. This is more like the models used in the Netherlands and Ireland.

Since 2012, Australia has had the Parliamentary Budget Office (PBO) to prepare policy costings at the request of Senators and Members of the House of Representatives. Under PBO guidelines, costings should be completed within five business days. The PBO also provides wider support to Parliament, including independent and non-partisan analysis of the budget cycle and fiscal policy, as well as advice to Parliamentary committees.

Canada and the United Kingdom also have similar offices to Australia, which provide wideranging independent advice to their parliaments on public finances.

In the Netherlands, the Bureau for Economic Policy Analysis, an independent part of the Ministry of Economic Affairs, provides economic analysis of the policy proposals from parties in the lead up to an election. The Department of Finance in the Republic of Ireland also provides political parties with costings of their policies.

