

The Treasury

Embedding Wellbeing in the Public Finance Act 1989: Final Policy Proposals Information Release

September 2019

This document has been proactively released by **Hon Grant Robertson, Minister of Finance**, on the Treasury website at

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Cabinet Document Details

Title: **Cabinet Paper CBC-19-MIN-0018: Embedding Wellbeing in the Public Finance Act 1989: Final Policy Proposals**

Date: **13 May 2019**

Creator: Cabinet Office

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Cabinet Business Committee

Minute of Decision

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Embedding Wellbeing in the Public Finance Act 1989: Final Policy Proposals

Portfolio **Finance**

On 13 May 2019, the Cabinet Business Committee:

Background

- 1 **noted** that on 12 September 2018, the Cabinet Economic Development Committee approved the release of the discussion document, Embedding Wellbeing in the Public Finance Act 1989, for a four-week public consultation period [DEV-18-MIN-0196];
- 2 **noted** that the final policy proposals outlined below provide a modified approach that will embed a focus on wellbeing, while mitigating some of the risks raised by submitters around the Treasury reporting on wellbeing indicators in the documents presented on Budget Day;

Final policy recommendations

Requirement for the government to report on its wellbeing objectives

- 3 **agreed** that the government be required to:
 - 3.1 in each Budget Policy Statement:
 - 3.1.1 state its wellbeing objectives;
 - 3.1.2 explain how its wellbeing objectives relate to the range of factors that it considers matters to the long-term wellbeing of New Zealand, including (but not necessarily limited to) consideration of social, economic, environmental, and cultural factors;
 - 3.1.3 explain how those objectives will guide its Budget;
 - 3.2 in each Fiscal Strategy Report:
 - 3.2.1 explain how its wellbeing objectives have guided its Budget;
 - 3.2.2 where those wellbeing objectives have changed since the most recent Budget Policy Statement, indicate any differences;
- 4 **noted** that it is intended that each government have the flexibility to articulate how it thinks about wellbeing, and what it considers matters to the long-term wellbeing of New Zealand (its wellbeing objectives);

Requirement for the Treasury to report on wellbeing indicators

- 5 **agreed** that the Treasury be required to report periodically on wellbeing, at least every four years, covering the following matters:
- 5.1 the state of wellbeing in New Zealand, using an appropriate set of wellbeing indicators that are selected by the Treasury;
 - 5.2 discuss how those wellbeing indicators have changed over time;
 - 5.3 comment on the sustainability of, and risks to, the state of wellbeing in New Zealand based on the wellbeing indicators selected by the Treasury;
- 6 **noted** that it is not intended that the amendments will prescribe a specific view of what matters for wellbeing, or how it should be measured, as wellbeing measurement is expected to evolve over time as theory, evidence, and data availability improves;
- 7 **agreed** that:
- 7.1 the Treasury be responsible for identifying and reporting on an appropriate set of wellbeing indicators using its best professional judgment;
 - 7.2 the existing power of the Secretary to the Treasury to obtain information under section 26Z of the Public Finance Act 1989 be extended to enable the Treasury to appropriately report on wellbeing indicators;
- 8 **agreed** that the Minister of Finance be responsible for presenting the Treasury's reporting on wellbeing indicators to the House of Representatives;
- 9 **agreed** that the first statutory reporting on wellbeing indicators be due before the end of 2022, and at intervals not exceeding four years thereafter;
- 10 **agreed** that the amendments provide flexibility for the Treasury to align the new wellbeing reporting requirement with its existing statutory requirements to produce a Long-term Fiscal Statement and an Investment Statement;

Further work to embed wellbeing

- 11 **noted** that in addition to the legislative proposals in the paper under CBC-19-SUB-0018, a work programme is being developed to embed wellbeing in the public finance and planning system;

Legislative implications

- 12 **noted** that legislation is required to take forward the proposed changes to the Public Finance Act, and that the Public Finance (Wellbeing) Amendment Bill has a ^[33] on the 2019 Legislation Programme;
- 13 **invited** the Minister of Finance to issue drafting instructions to the Parliamentary Counsel Office to give effect to the above paragraphs;

- 14 **noted** that the Minister of Finance intends to report to the Cabinet Legislation Committee in August 2019, seeking approval for the Bill's introduction.

Vivien Meek
Committee Secretary

Present:

Rt Hon Winston Peters (Chair)
Hon Grant Robertson
Hon Phil Twyford
Hon Dr Megan Woods
Hon Carmel Sepuloni
Hon Dr David Clark
Hon David Parker
Hon Nanaia Mahuta
Hon Stuart Nash
Hon Tracey Martin

Officials present from:

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Hard-copy distribution:

Minister of Finance