

The Treasury

Embedding Wellbeing in the Public Finance Act 1989: Public Finance (Well-being) Amendment Bill: Approval for Introduction Information Release

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Cabinet Document Details

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[34] 9(2)(g)(i) - to maintain the effective conduct of public affairs through the free and frank expression of opinions

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Public Finance (Well-being) Amendment Bill: Approval for Introduction

Proposal

1. This paper seeks Cabinet's approval to introduce a Bill to amend the Public Finance Act (1989) to embed a focus on wellbeing¹.

Policy

2. As part of the Government's work to apply a wellbeing approach within the public service, Cabinet agreed on 20 May 2019 [CAB-19-MIN-0225 refers] to amend the Public Finance Act 1989 (the Act) to introduce new requirements for the Government and the Treasury to report on wellbeing.
3. These amendments to the Act will require:
 - a) the Government to report annually on its wellbeing objectives in the Budget; and
 - b) the Treasury to report periodically on the state of wellbeing in New Zealand.
4. Further work is occurring to embed wellbeing across the public service. This includes departments taking an intergenerational wellbeing approach in their strategic planning and performance reporting, a greater focus wellbeing through the Budget process and modernising accountability settings to emphasise collaboration, long-term resilience and innovation. This could lead to further legislative change in the coming years [CAB-19-MIN-0214 refers].
5. There may be elements of contention with the introduction of the Bill. [34]
6. The Act guides and prescribes the content of the documents that the Government and the Treasury produce as part of the annual Budget reporting cycle. Changes to the reporting requirements detailed in the Act are required to implement the policy, to embed a focus on wellbeing.

¹ For consistency with existing statutes, wellbeing is hyphenated in the Public Finance (Well-being) Amendment Bill. *Wellbeing* and *well-being* are interchangeable.

7. There are no outstanding policy issues.

Impact analysis

8. A regulatory impact assessment was not submitted at the time that Cabinet committee approval of policy relating to the Bill was sought [CAB-19-MIN-0018 refers]. The Regulatory Quality Team at the Treasury determined that the regulatory decisions that were sought were exempt from this requirement as they are likely to have minor impacts on businesses, individuals, and not-for-profit entities.

Compliance

9. The Bill complies with the following:
 - 9.1. the principles of the Treaty of Waitangi;
 - 9.2. the rights and freedoms contained in the New Zealand Bill of Rights Act 1990, and the Human Rights Act 1993;
 - 9.3. the disclosure statement requirements (a disclosure statement has been prepared by the Treasury and is attached to this paper);
 - 9.4. all principles and guidelines set out in the Privacy Act 1993;
 - 9.5. all relevant international standards and obligations; and
 - 9.6. the Legislation Guidelines (2018 edition), which are maintained by the Legislation Design and Advisory Committee.

Consultation

10. Public consultation was primarily undertaken through the release of a discussion document.
11. 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 public consultation [DEV-18-MIN-0196 refers]. The Treasury received 16 submissions on the discussion document. These were from private individuals, academics, economic consultancies, health sector associations, and public sector agencies. The Treasury also consulted with a group of public finance experts comprising Graham Scott (former Treasury Secretary), Iain Rennie (former State Services Commissioner), the Hon. Sir Michael Cullen (former Minister of Finance), and Professor Jonathan Boston, and with the State Sector Leadership Team (Chief Executives).
12. The State Services Commission, Statistics New Zealand, and the Office of the Auditor-General were consulted on the policy proposals prior to the release of the discussion document, and ahead of seeking final Cabinet decisions. The Department of the Prime Minister and Cabinet was informed of the policy proposals. The policy in the Bill has taken into consideration submitters' views from the public consultation process, and feedback received through consultation with departments and Ministers.

13. Feedback received was generally supportive of the proposal to embed a focus on wellbeing in the Act, but raised concerns around the proposal for the Treasury to report annually on wellbeing indicators as part of Budget day documents. In response, the new requirement on the Treasury has changed from annual reporting on wellbeing indicators, to periodic (four-yearly) reporting outside the Budget process. This change reduces risks around officials publishing data that the Government of the day may have limited ability to influence in the short-term, and the perception that officials are deciding how the Government will be held accountable for its own wellbeing objectives.
14. The new requirement on the Government is unchanged from what was proposed in the discussion document, as it was well supported by submitters and aligns with the objective to broaden the framework that the government uses to develop and assess its Budget.

Binding on the Crown

15. The Act is already binding on the Crown.

Creating new agencies or amending law relating to existing agencies.

16. The legislation will not create a new agency.
17. The legislation will not amend existing coverage of the Ombudsmen Act 1975, the Official Information Act 1982, or the Local Government Official Information and Meetings Act 1987.

Allocation of decision making powers

18. The Bill does not involve the allocation of decision-making powers between the executive, the courts, and tribunals.

Associated regulations

19. Regulations will not be needed to bring the Bill into operation.

Other instruments

20. The Bill does not include any provision empowering the making of other legislative instruments or disallowable instruments.

Definition of Minister/department

21. The Bill does not contain a definition of Minister, department (or equivalent government agency), or chief executive of a department (or equivalent position).

Commencement of legislation

22. The Bill will come into force on the day after the date of Royal assent.

Parliamentary stages

23. The Bill should be introduced on the first available date after Cabinet approval, and enacted in early 2020 (prior to Budget day).
24. It is proposed to refer the Bill to the Finance and Expenditure select committee.

Proactive Release

25. I will align the proactive release of this paper with the introduction of the Bill to the House of Representatives.

Recommendations

The Minister of Finance recommends that the Committee:

1. **note** that the Public Finance (Well-being) Amendment Bill holds a^[33] priority on the 2019 Legislation Programme, and should be passed prior to Budget day 2020;
2. **note** that the Public Finance (Well-being) Amendment Bill will broaden the framework that the Government uses to develop and assess its Budget, and measure New Zealand's progress;
3. **approve** the Public Finance (Well-being) Amendment Bill for introduction, subject to the final approval of the government caucus and sufficient support in the House of Representatives;
4. **delegate** to the Minister of Finance the authority to make any minor or technical changes to the Public Finance (Well-being) Amendment Bill before it is introduced into the House;
5. **agree** that the Public Finance (Well-being) Bill be introduced into the House on the first available date after Cabinet approval; and
6. **agree** that the government propose that the Public Finance (Well-being) Bill be:
 - 6.1. referred to the finance and expenditure committee for consideration; and
 - 6.2. enacted by early 2020.

Authorised for lodgement
Hon Grant Robertson
Minister of Finance