

# The Treasury

## Public Finance System Modernisation – Proposed Work Programme Information Release

October 2019

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

<https://treasury.govt.nz/publications/information-release/finance-portfolio-cabinet-material>

### Cabinet Document Details

Title: **Cabinet Minute CAB-19-MIN-0214: Public Finance System Modernisation – Proposed Work Programme**

Date: **13 May 2019**

Creator: Cabinet Office

### Information Withheld

No Information has been withheld.

### Copyright and Licensing

Cabinet material and advice to Ministers from the Treasury and other public service departments are © **Crown copyright** but are licensed for re-use under **Creative Commons Attribution 4.0 International (CC BY 4.0)** [<https://creativecommons.org/licenses/by/4.0/>].

For material created by other parties, copyright is held by them and they must be consulted on the licensing terms that they apply to their material.

### Accessibility

The Treasury can provide an alternate HTML version of this material if requested. Please cite this document's title or PDF file name when you email a request to [information@treasury.govt.nz](mailto:information@treasury.govt.nz).



# Cabinet

## Minute of Decision

*This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.*

### Public Finance System Modernisation: Proposed Work Programme

**Portfolio**                      **Finance**

On 13 May 2019, following reference from the Cabinet Economic Development Committee, Cabinet:

- 1        **noted** that on 15 May 2018, the Cabinet Government Administration and Expenditure Review Committee (GOV) invited the Minister of Finance to report back by April 2019 seeking approval to formally initiate a review of the Public Finance Act 1989 (PFA) [GOV-18-MIN-0012.01];
- 2        **noted** that the public finance system is made up of a mix of legislative and non-legislative requirements, frameworks, processes and rules;
- 3        **agreed** that the public finance system should be modernised;
- 4        **noted** that New Zealand's public finance system has a high level of transparency and accountability by international standards that needs to be maintained;
- 5        **agreed** that the public finance system should actively support a wider range of outcomes to improve intergenerational wellbeing, including a focus on:
  - 5.1      value creation: considering the creation and safeguarding of value, while maintaining a focus on fiscal responsibility;
  - 5.2      collaboration: supporting better system collaboration where appropriate;
  - 5.3      smart regulation: fit-for-purpose system settings, including those relating to strategic planning and reporting (appreciating the underlying tensions in the incentives between accountability, transparency, and performance improvement);
  - 5.4      long-term resilience: greater emphasis on the long-term to support innovation, management of assets, understanding of the risks at a system level, and capability-building;
  - 5.5      innovation: less risk aversion and more rapid responses by the public sector to issues and challenges;

#### Tranche 1: priority work able to be implemented in 2020

- 6        **noted** that work already underway to embed wellbeing in the PFA will help to broaden the basis for decision-making in the public finance system;

- 7 **noted** that the Minister of Finance, together with the relevant appropriation Ministers, will commission another baseline review, and that the outcomes of that review will be available for Budget 2020;
- 8 **invited** the Minister of Finance to report to GOV by August 2019, with initial proposals for:
- 8.1 piloting a fundamentally different approach to strategic planning and reporting;
  - 8.2 potential changes to increase financial flexibility and reduce compliance costs for agencies reporting to the Treasury;
  - 8.3 options to support innovation and collaboration;

## **Tranche 2: priority work able to be implemented in 2021 and 2022**

- 9 **invited** the Minister of Finance to report to GOV by April 2020 with recommended changes to the fiscal management approach (including the Budget process) and financial management and accountability settings;
- 10 **noted** that if legislative change is recommended, the Minister of Finance will submit a public discussion document to GOV by April 2020;
- 11 **noted** that any final policy decisions for legislative change would be sought in the next term of government;
- 12 **noted** that the Minister of Finance will include comments about reviewing the public finance system as part of Budget Day announcements.

Michael Webster  
Secretary of the Cabinet

---

### **Hard-copy distribution:**

Prime Minister  
Deputy Prime Minister  
Minister of Finance