

The Treasury

Legislative Amendments to Reporting Timeframes due to COVID-19 Information Release

August 2020

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Treasury Report: Draft Cabinet paper to extend reporting deadlines

Date:	8 June 2020	Report No:	T2020/1742
		File Number:	LA-8-1-1 (Public Finance Act)

Action Sought

	Action Sought	Deadline
Minister of Finance (Hon Grant Robertson)	<p>Provide comments on the attached draft Cabinet paper.</p> <p>Agree to lodge this Cabinet paper, subject to any amendments in response to your comments.</p> <p>Refer a copy of this briefing to the Minister for State Owned Enterprises.</p>	9 June 2020

Contact for Telephone Discussion (if required)

Name	Position	Telephone		1st Contact
Andrew Squires	Senior Advisor, Strategic Performance Improvement	[39]	n/a	✓
Megan Taylor	Manager, Strategic Performance Improvement	[39]	n/a	

Actions for the Minister's Office Staff (if required)

<p>Return the signed report to Treasury.</p> <p>Refer a copy of this briefing to the Minister for State Owned Enterprises.</p>
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Note any feedback on the quality of the report

Enclosure: Yes

Treasury Report: Draft Cabinet paper to extend reporting deadlines

Purpose of Report

1. We are seeking your feedback on a draft Cabinet paper for you to take to the Cabinet Economic Development Committee (DEV) on 17 June 2020. The Cabinet paper seeks agreement to legislation being developed to provide extensions to reporting timeframes due to the impact of COVID-19. The extensions are for annual reporting timeframes and the deadline for publishing the statement on the long-term fiscal position.
2. This report provides an update on the legislative considerations of those proposals and follows up on your interest in non-legislative approaches to these issues.

Background

3. On 28 May 2020 we advised you and the Minister for State Owned Enterprises of issues relating to the delivery of agencies' 2019/2020 annual reports and the provision of the statement on the long-term fiscal position as an impact of COVID-19 [TR2020/1636 refers].

Legislative considerations and approaches

4. The ability to progress the proposals for extensions is dependent on having an appropriate legislative vehicle. Your office has informed us that you have had discussions with the Leader of the House on the feasibility of progressing the legislative work before the House rises for the Election. We understand that it may be possible to include an Omnibus Bill in the legislative programme. Based on this information we have focused on seeking an Omnibus Bill in the draft Cabinet paper.
5. For completeness, we have considered other legislative vehicles that might be leveraged without the need for a separate Bill. One option tested with the Parliamentary Counsel Office (PCO) and the Clerk of the House was the possibility of including the sought amendments by way of Supplementary Order Paper (SOP) to either the Public Finance (Wellness) Amendment Bill or the Public Service Legislation Bill.
6. Due to the sought amendments likely being out of scope of those Bills, the advice from the Clerk of the House was that an Omnibus Bill would be the most transparent and procedurally correct method of passing the amendments.

Non-legislative approaches

7. Your office has indicated that you are interested in non-legislative approaches to addressing these issues. A non-legislative approach for annual reports could involve:
 - Sending letters to agencies outlining the need for agencies to prioritise the Financial Statements of Government in accounting and auditing work. These letters could be from you or from a Treasury senior manager.
 - Working with the Office of the Auditor-General on prioritisation and sequencing of audit work, including making agencies aware of it and of the implications for them.
 - Ongoing communication with agencies on the expectations around ensuring quality reporting despite the circumstances.

8. Even with these actions, a non-legislative option would involve acceptance of a number of risks; including:
 - An acceptance that the Office of the Auditor-General will have difficulties prioritising and sequencing the audit work that we consider most important to the Financial Statements of Government
 - An acceptance that some agencies will not meet their statutory timeframes, most likely through no fault of their own
 - A need to communicate with agencies that quality is important (we cannot condone not adhering to legislative requirements), and
 - An acceptance that we could receive lower quality financial and non-financial reporting; and potentially some qualified annual accounts; as ultimately individual agencies will decide whether they put higher emphasis on quality or meeting statutory timeframes.
9. We will continue to work on these elements, including working with the Office of the Auditor-General, to reduce key risks if legislative changes are not able to be achieved.
10. For the statement on the long-term fiscal position (the Statement) non-legislative approaches are very limited; either the Statement is produced by the legislated deadline, or it is not. If a new Statement is needed by November 2020 it would necessitate a very light touch, and so we would expect a lower standard of end product compared to previous years. This could have more implications than in previous years as the significant fiscal implications of the COVID-19 response are likely to result in heightened interest in long-term fiscal forecasts.

Content of the draft Cabinet paper

11. A draft Cabinet paper seeking these legislative timeframe extensions is provided for your review. The paper is based on our previous report.
12. We have also included a recommendation that Ministers are given delegated authority from Cabinet to approve the inclusion of extensions of other statutory timeframes contained in legislation they are responsible for (outside of those identified in the PFA and CEA), for the 2019/20 financial year, within the Omnibus Bill.

Next Steps

13. We are seeking any comments on the draft Cabinet paper no later than Tuesday 9 June 2020, so that the final Cabinet paper can be lodged by 10 am Thursday 11 June 2020, for the DEV Cabinet Committee on 17 June 2020.
14. Given the need to progress this legislation urgently we are proposing that no ministerial consultation be undertaken. This proposal should be uncontroversial as it is strongly backed by the Auditor-General.

Recommended Action

We recommend that you:

- a **provide** comments on the attached draft Cabinet paper seeking legislative amendments to extend reporting timeframes due to the impact of COVID-19
- b **agree** to your office lodging the finalised Cabinet paper by 10 am Thursday 11 June 2020, for discussion at the Cabinet Economic Development Committee meeting on 17 June 2020, following any revisions to the draft Cabinet paper to reflect your feedback and comments, and

Agree/disagree.

- c **refer** a copy of this briefing to the Minister for State Owned Enterprises.

Refer/not referred.

Megan Taylor
Manager, Strategic Performance Improvement

Hon Grant Robertson
Minister of Finance

Please refer to the final version of the Cabinet paper, at
<https://treasury.govt.nz/publications/cabinet-paper/gov-20-sub-0016-legislative-amendments-reporting-timeframes-due-covid-19>