

The Treasury

CAB-19-MIN-0215 Establishing an Independent Fiscal Institution

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Cabinet

Minute of Decision

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Establishing an Independent Fiscal Institution

Portfolio Finance / Associate Finance (Hon James Shaw)

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

- 1 **agreed** to establish an independent fiscal institution (IFI), with the following purpose and functions:

Purpose	
To enhance fiscal responsibility, accountability and transparency, promote better-informed public debate, and strengthen Parliamentary scrutiny.	
Fiscal council functions	Policy costing functions
<ul style="list-style-type: none"> Assess compliance with the government's fiscal strategy. Comment on the Treasury's economic and fiscal forecasts. Comment on long-term fiscal sustainability and key fiscal risks. Produce research and information relating to its fiscal council functions. 	<ul style="list-style-type: none"> Provide financial costings of political party policies, including election manifestos and any costings requested during negotiations to form a government. Produce research and information relating to its policy costing function.

- 2 **agreed** that access to the IFI's policy costings function be provided to all political parties represented in Parliament and any registered political party not represented in Parliament that has received more than 3 percent of the party vote in the preceding general election;
- 3 **agreed** to pursue the establishment of a new Officer of Parliament to undertake the functions of the IFI;
- 4 **invited** the Minister of Finance to consult the Speaker and Members of the Opposition on the establishment of an IFI;
- 5 **agreed** to introduce legislation in late 2019 to establish the IFI, with a view to the IFI commencing operations from 1 July 2021;
- 6 **agreed** to establish an interim policy costing unit within the Treasury to provide costings for the 2020 general election;

- 7 **invited** the Minister of Finance and the Associate Minister of Finance (Hon James Shaw) to report back to Cabinet in July 2019 with detailed designs for the establishment of the permanent IFI, including:
- 7.1 what threshold any emergent parties, e.g. newly registered political parties, will need to meet to have access to the policy costing service;
 - 7.2 options on when the policy costing service should be available (either throughout the parliamentary term or for a shorter period in advance of a general election);
- 8 **invited** the Minister of Finance and the Associate Minister of Finance (Hon James Shaw) to report back to Cabinet at a later date with detailed designs for the establishment of the interim arrangements, including options to help safeguard the political neutrality of the Public Service when undertaking the interim policy costing function in advance of the 2020 general election.

Michael Webster
Secretary of the Cabinet

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