

# Departmental Disclosure Statement

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Public Finance (Well-being) Amendment Bill
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The departmental disclosure statement for a government Bill seeks to bring together in one place a range of information to support and enhance the Parliamentary and public scrutiny of that Bill.

It identifies:

- the general policy intent of the Bill and other background policy material;
- some of the key quality assurance products and processes used to develop and test the content of the Bill; and
- the presence of certain significant powers or features in the Bill that might be of particular Parliamentary or public interest and warrant an explanation.

This disclosure statement was prepared by the Treasury.

The Treasury certifies that, to the best of its knowledge and understanding, the information provided is complete and accurate at the date of finalisation below.

31 July 2019.

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## Part One: General Policy Statement

The Public Finance (Well-being) Amendment Bill will introduce new requirements for —

- the Government to report annually on its well-being objectives in the Budget; and
- the Treasury to report periodically on the state of well-being in New Zealand.

Macroeconomic and fiscal indicators are at the core of New Zealand's public finance system and the Budget. However, these indicators provide limited information on New Zealand's progress in improving well-being and limited support for decision-making that considers the broader effects of spending decisions on well-being.

The Bill amends the Public Finance Act 1989 (the PFA) to broaden the framework that the Government uses to develop and assess its Budget and will augment the Treasury's existing reporting on macroeconomic and fiscal indicators. The amendments will contribute to the delivery of this Government's priority of embedding a well-being approach within the Public Service.

### Well-being objectives

*Part 1* of the Bill requires the Government to state the well-being objectives that will guide the Government's Budget decisions, to explain how those objectives relate to or are intended to support long-term well-being, and (when delivering the Budget) to explain how those objectives have guided Budget decisions.

Each government will have the flexibility to articulate how it thinks about well-being, and what it considers matters to the long-term well-being of New Zealand. This will allow each government to adapt its approach to well-being over time, for example, in response to new information or changing circumstances. Each government will retain flexibility over how to present the various Budget documents that are required under the PFA.

### Well-being report

*Part 2* of the Bill requires the Treasury to periodically report on the state of well-being in New Zealand. The Treasury will be responsible for preparing the report, including selecting indicators using its best professional judgments. The intent is that the report will provide a comprehensive, balanced, and accessible view of the state of well-being in New Zealand, consistent with current theory and evidence.

The first report will be due by the end of 2022, and then at least once every 4 years. The intent is that the well-being report may be combined with 1 or more other documents that the Treasury is required to produce under Part 2 of the PFA, such as the statement on the long-term fiscal position and the investment statement. This will help to reduce duplication and, where appropriate, to reinforce the connections between documents that are required under the PFA.

## Part Two: Background Material and Policy Information

### Published reviews or evaluations

<b>2.1. Are there any publicly available inquiry, review or evaluation reports that have informed, or are relevant to, the policy to be given effect by this Bill?</b>	NO
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### Relevant international treaties

<b>2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?</b>	NO
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### Regulatory impact analysis

<b>2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?</b>	NO
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### Extent of impact analysis available

<b>2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?</b>	NO
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<b>2.5. For the policy to be given effect by this Bill, is there analysis available on:</b>	
<b>(a) the size of the potential costs and benefits?</b>	NO
<b>(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?</b>	NO

<b>2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be impacted by:</b>	
<b>(a) the level of effective compliance or non-compliance with applicable obligations or standards?</b>	NO
<b>(b) the nature and level of regulator effort put into encouraging or securing compliance?</b>	NO

## Part Three: Testing of Legislative Content

### Consistency with New Zealand's international obligations

**3.1. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with New Zealand's international obligations?**

No international obligations have been identified or raised through the policy process as being relevant to the Bill.

### Consistency with the government's Treaty of Waitangi obligations

**3.2. What steps have been taken to determine whether the policy to be given effect by this Bill is consistent with the principles of the Treaty of Waitangi?**

No issues were identified in the policy process that may have implications for the rights and interests of Māori protected by the Treaty of Waitangi.

### Consistency with the New Zealand Bill of Rights Act 1990

**3.3. Has advice been provided to the Attorney-General on whether any provisions of this Bill appear to limit any of the rights and freedoms affirmed in the New Zealand Bill of Rights Act 1990?**

NO

The Bill was provided to the Ministry of Justice on 16 July 2019 for vetting under the Bill of Rights Act (1990).

### Offences, penalties and court jurisdictions

**3.4. Does this Bill create, amend, or remove:**

**(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?**

NO

**(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?**

NO

### Privacy issues

**3.5. Does this Bill create, amend or remove any provisions relating to the collection, storage, access to, correction of, use or disclosure of personal information?**

NO

## External consultation

<b>3.6. Has there been any external consultation on the policy to be given effect by this Bill, or on a draft of this Bill?</b>	YES
<p data-bbox="225 421 1366 600">On 12 September 2018, the Cabinet Economic Development Committee approved the release of the discussion document, <i>Embedding well-being in the Public Finance Act 1989</i>, for a four-week public consultation [DEV-18-MIN-0196]. That document proposed changes to the Public Finance Act (the Act) to broaden the framework that the Government uses to develop its Budget and augment the Treasury's reporting on macroeconomic and fiscal indicators. Submissions closed on 12 October 2019.</p> <p data-bbox="225 651 1347 678"><a href="https://treasury.govt.nz/publications/consultation/embedding-wellbeing-public-finance-act-1989">https://treasury.govt.nz/publications/consultation/embedding-wellbeing-public-finance-act-1989</a></p> <p data-bbox="225 730 1337 909">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 discussed the proposal 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).</p> <p data-bbox="225 960 1358 1229">Submitters were generally supportive of the proposal to embed a focus on well-being in the Act, but raised concerns around the proposal for the Treasury to report annually on well-being indicators in the Budget. Submitters were particularly concerned about potential confusion between the respective roles of the Treasury, others departments, Ministers, and Parliament. In response, the new requirement on the Treasury has changed from annual reporting on well-being 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 well-being objectives.</p> <p data-bbox="225 1281 1318 1368">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.</p> <p data-bbox="225 1420 1342 1630">A number of submissions, even when supportive of the focus on well-being, cautioned against legislating until well-being measurement and reporting is further developed. The Bill does not seek to prescribe a specific view of what matters for well-being, what the well-being indicators should be, or how it should be measured. This flexibility will allow well-being reporting, by the Government and the Treasury, to evolve in line with best practice. The Government's delivery of the Well-being Budget 2019 and the Treasury's development of its Living Standards Framework Dashboard have also informed the development of the policy in the Bill.</p>	

## Other testing of proposals

<b>3.7. Have the policy details to be given effect by this Bill been otherwise tested or assessed in any way to ensure the Bill's provisions are workable and complete?</b>	YES
<p>The delivery of the Government's Well-being Budget 2019 provided an opportunity to test the new requirements in Part 1 of the Bill. The Government voluntarily set five well-being objectives to guide its Budget decisions. Those objectives were set out in the Budget Policy Statement 2019 (presented in December 2018), and then in the Well-being Budget 2019 document (presented on Budget Day). The Well-being Budget 2019 provides an example of how this new requirement could be given effect in practice. Future governments will have the flexibility to meet this statutory requirement in a way that aligns with how they think about well-being and their wider Budget objectives.</p> <p><a href="https://treasury.govt.nz/publications/budget-policy-statement/budget-policy-statement-2019">https://treasury.govt.nz/publications/budget-policy-statement/budget-policy-statement-2019</a> <a href="https://treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2019">https://treasury.govt.nz/publications/wellbeing-budget/wellbeing-budget-2019</a></p> <p>The development of the Treasury's Living Standards Framework Dashboard (the Dashboard), first published in December 2018, helped inform the policy in Part 2 of the Bill and the decision to focus on periodic reporting on well-being. Many of the Dashboard indicators are based on non-annual data collections (such as the General Social Survey), or are not expected to change much year-on-year. Periodic reporting should allow for a strategic, forward-looking document with a focus on the medium-term data trends.</p> <p><a href="https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework">https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework</a> <a href="https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework/measuring-wellbeing-lsf-dashboard">https://treasury.govt.nz/information-and-services/nz-economy/living-standards/our-living-standards-framework/measuring-wellbeing-lsf-dashboard</a></p>	

## Part Four: Significant Legislative Features

### Compulsory acquisition of private property

4.1. Does this Bill contain any provisions that could result in the compulsory acquisition of private property?	NO
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### Charges in the nature of a tax

4.2. Does this Bill create or amend a power to impose a fee, levy or charge in the nature of a tax?	NO
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### Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO
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### Strict liability or reversal of the usual burden of proof for offences

4.4. Does this Bill:	
(a) create or amend a strict or absolute liability offence?	NO
(b) reverse or modify the usual burden of proof for an offence or a civil pecuniary penalty proceeding?	NO

### Civil or criminal immunity

4.5. Does this Bill create or amend a civil or criminal immunity for any person?	NO
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### Significant decision-making powers

4.6. Does this Bill create or amend a decision-making power to make a determination about a person's rights, obligations, or interests protected or recognised by law, and that could have a significant impact on those rights, obligations, or interests?	NO
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### Powers to make delegated legislation

4.7. Does this Bill create or amend a power to make delegated legislation that could amend an Act, define the meaning of a term in an Act, or grant an exemption from an Act or delegated legislation?	NO
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4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO
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### Any other unusual provisions or features

4.9. Does this Bill contain any provisions (other than those noted above) that are unusual or call for special comment?	NO
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