

Departmental Disclosure Statement

Public Finance Amendment Bill

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 in amended form.

It highlights:

- 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;
- 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.

8 May 2025

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Part One: General Policy Statement

The Public Finance Amendment Bill (the Bill) amends the Public Finance Act 1989 (the PFA).

The objectives of the Bill are to support fiscal transparency, strengthen fiscal responsibility, and improve the practical operations of the PFA. The Bill complements ongoing activities of the Government, such as performance plans, to support long-term fiscal sustainability.

Supporting fiscal transparency

To support fiscal transparency, the Bill makes the following changes:

- introducing more specific disclosure requirements for the statement of significant fiscal risks that is included in each economic and fiscal update, such as providing an estimate of the fiscal impact of each specific fiscal risk, and meaningful categorisation of risks;
- introducing a requirement to publish a tax expenditure statement, which includes descriptions of each tax expenditure and quantification of them where reasonably feasible, to provide transparency of where governments choose to forego tax revenue from certain individuals, groups, or activities;
- enabling the Government to express its fiscal strategy using alternative fiscal variables, as long as it explains how the choice of variables is consistent with the principles of responsible fiscal management and how they relate to the existing variables specified in the PFA;
- increasing the minimum forecasting period for the economic and fiscal forecasts to align with current practices.

Strengthening fiscal responsibility

To strengthen fiscal responsibility, the Bill makes the following changes:

- repealing the requirement to articulate in the Budget Policy Statement wellbeing objectives that will guide the Government's Budget decision-making and to explain in the Fiscal Strategy Report how they have guided Budget decision-making, to reduce prescription and to reflect the deliberately flexible nature of the other required statements of broad strategic priorities in the PFA;
- repealing the requirement to prepare a wellbeing report, to streamline the number of stewardship reports the Treasury must prepare.

Improving practical operation of the PFA

To improve the practical operation of the PFA, the Bill makes the following changes:

- extending the exemption period for a half-year economic and fiscal update (a HYEPU) in an election year, to recognise that there is often insufficient time to produce a HYEPU that reflects a new government's decisions;
- amending the publication window for the pre-election economic and fiscal update (PREPU) to increase the time commentators and the public have to engage with the information provided in the PREPU before the public make their voting decisions;
- other minor and technical amendments to clarify the interpretation of ambiguous provisions, remove out-of-date references, and reflect improvements in government processes.

Part Two: Background Material and Policy Information

Published reviews or evaluations

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?	NO

Relevant international treaties

2.2. Does this Bill seek to give effect to New Zealand action in relation to an international treaty?	NO

2.2.1. If so, was a National Interest Analysis report prepared to inform a Parliamentary examination of the proposed New Zealand action in relation to the treaty?	N/A

Regulatory impact analysis

2.3. Were any regulatory impact statements provided to inform the policy decisions that led to this Bill?	YES
The Treasury completed a regulatory impact statement on 30 January 2025, titled <i>Regulatory Impact Statement: Public Finance Amendment Bill – Strengthening Fiscal Responsibility</i> . This will be publicly available on the Treasury's and the Ministry of Regulation's websites following the Bill's introduction.	

2.3.1. If so, did the RIA Team in the Treasury provide an independent opinion on the quality of any of these regulatory impact statements?	YES
<p>The Treasury QA Panel reviewed the Regulatory Impact Statement (RIS) prepared by the Treasury and associated supporting material on 4 February 2025 and provided the following assessment:</p> <ul style="list-style-type: none">• The Panel consider that the information and analysis summarised in the RIS partially meets the Quality Assurance criteria. The RIS presents clear and succinct analysis of the options for a range of technical policy settings to support fiscal responsibility in our public finance system. The analysis is effective in explaining the competing elements of flexibility and prescription.• The Panel noted that the consultation on the options was limited to the public service, the Office of the Auditor-General and Parliament's Office of the Clerk. While there are some mitigating measures (particularly the previous public consultation on wellbeing reporting) the Panel consider, on balance, the quality assurance criterion for consultation has not been met. Ultimately PFA reporting is to provide accountability to the public. Broader public consultation is therefore desirable to support the objectives of this work.• The limitations and constraints are clearly signalled in the RIS. Within these constraints (including regarding consultation), Ministers can rely on the RIS in their decision-making.	

2.3.2. Are there aspects of the policy to be given effect by this Bill that were not addressed by, or that now vary materially from, the policy options analysed in these regulatory impact statements?	NO
The Bill includes minor and technical amendments to clarify the interpretation of ambiguous provisions, remove out-of-date references, and reflect improvements in government processes. Due to the minor and technical nature of these proposals, they were exempt from the regulatory impact assessment process and have not been addressed in the above mentioned RIS.	

Extent of impact analysis available

2.4. Has further impact analysis become available for any aspects of the policy to be given effect by this Bill?	NO
2.5. For the policy to be given effect by this Bill, is there analysis available on:	
(a) the size of the potential costs and benefits?	YES
(b) the potential for any group of persons to suffer a substantial unavoidable loss of income or wealth?	NO
The costs and benefits of the Bill are difficult to articulate and quantify. However, some qualitative estimates of the potential costs and benefits of each proposal can be found in the RIS.	

2.6. For the policy to be given effect by this Bill, are the potential costs or benefits likely to be affected by:	
(a) the level of effective compliance or non-compliance with applicable obligations or standards?	NO
(b) the nature and level of regulator effort put into encouraging or securing compliance?	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?
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No specific issues relevant to New Zealand's international obligations were identified during the development of the policy proposals in this 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 inconsistencies with the principles of the Treaty of Waitangi were identified during the development of the policy proposals in this Bill.

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?	YES
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The Treasury does not consider that the proposals in this Bill create any significant implications to the rights and freedoms under the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.
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The Ministry of Justice is currently undertaking its vetting of the Bill with respect to its consistency with the rights and freedoms contained in the New Zealand Bill of Rights Act 1993. The Ministry's advice to the Attorney-General will be publicly available following the Bill's introduction to the House (https://www.justice.govt.nz/justice-sector-policy/constitutional-issues-and-human-rights/the-bill-of-rights-act/advice/)

Offences, penalties and court jurisdictions

3.4. Does this Bill create, amend, or remove:	
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(a) offences or penalties (including infringement offences or penalties and civil pecuniary penalty regimes)?	NO
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(b) the jurisdiction of a court or tribunal (including rights to judicial review or rights of appeal)?	NO
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3.4.1. Was the Ministry of Justice consulted about these provisions?	N/A
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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
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3.5.1. Was the Privacy Commissioner consulted about these provisions?	N/A

External consultation

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?	YES
The Office of the Controller and Auditor-General and the Office of the Clerk were consulted during the development of the policy proposals in this Bill.	

Other testing of proposals

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?	NO
There has been no specific testing of the policy proposals in this Bill. However, some of the proposals reflect current practice.	

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

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

Retrospective effect

4.3. Does this Bill affect rights, freedoms, or impose obligations, retrospectively?	NO

Strict liability or reversal of the 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

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

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

4.8. Does this Bill create or amend any other powers to make delegated legislation?	NO

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