

Public Finance (Wellbeing) Amendment Bill

Government Bill

As reported from the Finance and Expenditure Committee

Commentary

Recommendation

The Finance and Expenditure Committee has examined the Public Finance (Wellbeing) Amendment Bill and recommends by majority that it be passed with the amendments shown.

Introduction

The bill would introduce new reporting requirements for both the Government and the Treasury. The Government, in delivering the Budget, would be required to report annually on its wellbeing objectives. The Treasury would be required to report at least every four years on the state of wellbeing in New Zealand.

The bill would do this by amending the Public Finance Act 1989. The Act sets out the framework for the macroeconomic and fiscal reporting that is currently a part of the Budget process. This bill would help broaden the framework that the Government uses to develop and assess its Budget. It is intended to help embed a wellbeing approach within the Public Service.

Proposed amendment

This commentary covers the main amendment we recommend to the bill as introduced. We do not discuss minor or technical amendments.

“Appropriate” indicators of wellbeing

The bill as introduced would require the Treasury, in developing its wellbeing report, to use “appropriate” indicators of wellbeing (clause 8, new section 26NB(2)).

This provision would require the Treasury to produce a description of the state of wellbeing in New Zealand. It is intended that the Treasury would use its best profes-

sional judgement in determining the best indicators to describe wellbeing. The bill does not prescribe what those indicators are.

We believe the word “appropriate” is open to wide interpretation, and its use in this provision could limit the Treasury’s ability to use its best professional judgement in determining the wellbeing indicators.

We therefore recommend amending new section 26NB(2) by removing the word “appropriate”.

Appendix

Committee process

The Public Finance (Wellbeing) Amendment Bill was referred to the committee on 17 September 2019. The closing date for submissions was 30 October 2019. We received and considered 24 written submissions from interested groups and individuals. We heard oral evidence from 7 submitters in Wellington.

We received advice from the Treasury.

Committee membership

Dr Deborah Russell (Chairperson)

Kiritapu Allan

Andrew Bayly

Rt Hon David Carter

Tamati Coffey

Hon Judith Collins

Hon Paul Goldsmith

Ian McKelvie

Greg O'Connor

Willow-Jean Prime (until 11 December 2019)

David Seymour

Jamie Strange (from 11 December 2019)

Fletcher Tabuteau

Dr Duncan Webb

Key to symbols used in reprinted bill

As reported from a select committee

text inserted by a majority

~~text deleted by a majority~~

Hon Grant Robertson

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The Parliament of New Zealand enacts as follows:**1 Title**

This Act is the Public Finance (Wellbeing) Amendment Act **2019**.

2 Commencement

This Act comes into force on the day after the date on which it receives the Royal assent. 5

3 Principal Act

This Act amends the Public Finance Act 1989 (the **principal Act**).

Part 1
Wellbeing objectives

10

4 Part 2 heading amended

In the Part 2 heading, after “**Fiscal responsibility**”, insert “**and wellbeing**”.

5 New section 26KB inserted (Contents of fiscal strategy report: wellbeing objectives)

After section 26KA, insert:

15

26KB Contents of fiscal strategy report: wellbeing objectives

The fiscal strategy report must—

- (a) explain how wellbeing objectives have guided the Government’s Budget decisions; and
- (b) if the wellbeing objectives that guided the Government’s Budget decisions differ from those indicated in the budget policy statement most recently prepared under section 26M, indicate the differences. 20

6 Section 26M amended (Budget policy statement)

(1) After ~~section 26M(2)(b)~~ section 26M(2)(a), insert:

~~(b)~~(aa) the wellbeing objectives that will guide the Government’s Budget decisions; and 25

(2) After section 26M(3), insert:

(4) The wellbeing objectives referred to in ~~subsection (2)(b)~~ **subsection (2)(aa)** must relate to social, economic, environmental, and cultural wellbeing and to any other matters that the Government considers support long-term wellbeing in New Zealand. 30

(5) The budget policy statement must explain how the wellbeing objectives are intended to support long-term wellbeing in New Zealand.

Part 2 Wellbeing report

7 Section 26NA amended (Investment statement)

After section 26NA(2), insert:

- (3) The investment statement must be accompanied by a statement of responsibility signed by the Secretary. 5
- (4) The statement of responsibility must state that the investment statement has been prepared by the Treasury using its best professional judgements.

8 New section 26NB and cross-heading inserted

After section 26NA, insert: 10

Wellbeing report

26NB Wellbeing report

- (1) The Minister must, before the end of 2022 and then at intervals not exceeding 4 years, present to the House of Representatives a report on wellbeing prepared by the Treasury. 15
- (2) Using ~~appropriate~~ indicators, the report must describe—
 - (a) the state of wellbeing in New Zealand; and
 - (b) how the state of wellbeing in New Zealand has changed over time; and
 - (c) the sustainability of, and any risk to, the state of wellbeing in New Zealand. 20
- (3) The report must be accompanied by a statement of responsibility signed by the Secretary.
- (4) The statement of responsibility must state that the indicators have been selected, and the report prepared, by the Treasury using its best professional judgements. 25

9 Section 26X amended (Certain statements and updates may be published in advance of presentation to House of Representatives)

Replace section 26X(aa) with:

- (aa) a statement on the long-term fiscal position under section 26N(1):
- (ab) an investment statement under section 26NA(1): 30
- (ac) a wellbeing report under **section 26NB(1)**:

10 Section 26Y amended (Publication and availability of reports, statements, or updates)

After ~~section 26Y(4)(g)~~ section 26Y(4)(d), insert:

- ~~(h)~~(da) a wellbeing report (*see* **section 26NB(1)**). 35

Public Finance (Wellbeing) Amendment Bill

Legislative history

11 September 2019

17 September 2019

Introduction (Bill 173–1)

First reading and referral to Finance and Expenditure Committee

Wellington, New Zealand:

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