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# Business

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## Growing secrecy in fiscal accounts

An accountant is convinced the Government is using creative accounting to come up with its forecast surplus. **Rob Stock** reports.



CAMERON PRESTON



BILL ENGLISH

GROWING SECRECY is creeping into the economic and fiscal updates that tell the public about the state of Government finances.

After an Official Information Act (OIA) request from Christchurch accountant Cameron Preston, Finance Minister Bill English admitted he has invoked secrecy provisions in the Public Finance Act to leave information out of the Treasury's periodic updates seven times over the past three years.

But English would not tell Preston whether he would be exercising the power to keep anything out of the 2014 pre-election economic and fiscal update (known as the "Prefu"), due on August 19, to give the public a view of the state of the nation's finance. English also refused comment to the *Sunday Star-Times*.

Unhappy with the way the Government is accounting for the Christchurch rebuild in its financial statements, Preston

started working his way through the Government's books.

It has left him, at least, convinced the forecast budget surplus the Government is promising has been partly created using clever accounting.

In response to Preston's OIA request, English detailed his use of the secrecy provisions. He first held something back in the Half Year Economic and Fiscal Update released in December 2012. Then the next year he used the provisions to leave something out of the 2013 Budget Economic and Fiscal Update released in May 2013 and then to omit information twice in the Half Year Economic and Fiscal Update 2013, released in December 2013. And this year he has used the provisions to leave three things out of the 2014 Budget Economic and Fiscal Update released in May.

Section 26V of the act allows the

minister to remove information from economic and fiscal updates. The updates are required under the Public Finance Act, which was brought in to encourage a greater level of prudence to governments' management of the economy.

The secrecy powers can be used in these three sets of circumstances:

- ▶ If it is likely that incorporating something into an update would "prejudice the substantial economic interests of New Zealand";
- ▶ To avoid prejudice to the country's security or defence, or international relations.
- ▶ And to avoid compromising the Government in a material way in negotiation, litigation, or commercial activity, or result in a loss of value to the Government.

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