



New South Wales

# Charter of Budget Honesty (Election Promises Costing) Bill 2006

## Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

## Overview of Bill

The object of this Bill is to enable the Government and the Opposition to obtain and release independent assessments by the Treasury of the cost of election promises before a State general election.

## Outline of provisions

### Part 1 Preliminary

**Clause 1** sets out the name (also called the short title) of the proposed Act.

**Clause 2** provides for the commencement of the proposed Act on the date of assent to the proposed Act.

**Clause 3** defines certain words and expressions used in the proposed Act.

**Clause 4** provides that notes in the proposed Act do not form part of it.

## **Part 2 Requests for Treasury costing of election promises**

**Clause 5** provides that the Premier or the Leader of the Opposition (*the requesting party*) may request the Secretary of the Treasury (*the Secretary*) to prepare costings of publicly announced or proposed policies. Such requests may relate to proposed changes in expenditure or revenue.

**Clause 6** allows costing requests to be made during the 60 days before a State election.

**Clause 7** sets out formal requirements relating to the making of a costing request. A costing request must be in writing, outline the policy to be costed and state the purpose or intention of the policy.

**Clause 8** provides that a requesting party may, by notice in writing, withdraw any costing request at any time before the costing is provided by the Treasury. Under clause 12, a costed policy may also be withdrawn from the policies listed in the Government's or Opposition's budget impact statement for the election.

## **Part 3 Treasury costing of election promises**

**Clause 9** requires the Secretary to provide a costing of a policy to the requesting party as soon as possible after receiving the request. If further information is required to cost the policy, the Secretary may request that information from the requesting party. The Secretary is to inform the requesting party of any requested costing that the Secretary is unable to provide and the reason it cannot be provided. The requesting party is required to notify the Secretary of the public announcement of policies that have been costed by the Treasury.

**Clause 10** enables the Premier or the Leader of the Opposition to publicly release a Treasury costing that they requested. The clause also provides that the Secretary may issue a public statement correcting any misrepresentation of the Treasury costing.

**Clause 11** requires the Secretary to publicly release a costing request and the Treasury costing:

- (a) when the Secretary has been notified of the public announcement of the policy, or
- (b) when the Secretary releases a budget impact statement that includes the costed policy.

**Clause 12** provides for the preparation and release during the pre-election period of separate budget impact statements for all Treasury costed Government policies and Opposition policies. A budget impact statement is to show a summary of the assessed financial impact of each costed policy, and the total net financial impact of all the costed policies, on the current year's State budget and on the forward estimates for the following 3 financial years (together with the impact on the State's net financial liabilities). Two weeks before the State election, the Secretary is to provide a draft budget impact statement to the Premier and the Leader of the Opposition in relation

to their respective policies. Within 48 hours of being provided with a draft budget impact statement, the Premier and the Leader of the Opposition may notify the Secretary of their final list of Treasury costing policies for inclusion in the budget impact statement. The Secretary is to revise the statements in accordance with any such notification and publicly release those final statements 5 days before the State election.

## **Part 4    Miscellaneous**

**Clause 13** provides that the Secretary is to publicly release, on the release of the half-yearly budget review, a statement of the amount of uncommitted funds that are available to meet any future expenditure commitments for the General Government Sector during the current year's State budget and during the following 3 financial years.

**Clause 14** makes it an offence for the Secretary or other member of staff of the Treasury to disclose any information or document provided by a requesting party (or on their behalf) for the purposes of a Treasury costing, or a document prepared by the Treasury for the purposes of any such costing, except to the requesting party, a person authorised by the requesting party or a member of the staff of the Treasury. The clause provides exceptions to that obligation (for example, any information or document that the Secretary is authorised or required to publicly release under the proposed Act or that has already been lawfully published).

**Clause 15** allows the Secretary to issue guidelines relating to the making of costing requests and the preparation of Treasury costings and budget impact statements.

**Clause 16** allows the Secretary to revise a Treasury costing or budget impact statement to correct any error at any time after it is made or publicly released, and to provide or release a revised costing or statement.

**Clause 17** is a general regulation-making power.

**Clause 18** omits from the *Public Finance and Audit Act 1983* a secrecy provision that is transferred to clause 14 of this Bill.





New South Wales

# Charter of Budget Honesty (Election Promises Costing) Bill 2006

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New South Wales

# Charter of Budget Honesty (Election Promises Costing) Bill 2006

No , 2006

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## A Bill for

An Act to enable the Government and the Opposition to obtain and release an independent assessment by the Treasury of the cost of election promises before a State general election.

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The Legislature of New South Wales enacts:

## Part 1 Preliminary

### 1 Name of Act

This Act is the *Charter of Budget Honesty (Election Promises Costing) Act 2006*.

### 2 Commencement

This Act commences on the date of assent to this Act.

### 3 Definitions

(1) In this Act:

**costing request** means a request made under Part 2 to the Secretary of the Treasury for the preparation of a costing of a publicly announced or proposed policy.

**State election** means the day for taking the poll at a general election of members of the Legislative Assembly.

**the pre-election half-yearly budget review** means the last half-yearly review publicly released by the Treasurer before a State election under section 8 (3) of the *Public Finance and Audit Act 1983*.

**the pre-election period**—see section 6.

**Treasury costing** means a costing, under Part 3 by the Secretary of the Treasury, of a publicly announced or proposed policy.

(2) A reference in this Act to the Premier or Leader of the Opposition includes a reference to his or her nominee for the purposes of this Act, being a person nominated by the Premier or Leader of the Opposition (as the case requires) by notice in writing to the Secretary of the Treasury.

### 4 Notes

Notes included in this Act do not form part of this Act.



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## Part 2 Requests for Treasury costing of election promises

### 5 Request for costing by Premier or Leader of the Opposition

- (1) The Premier may, in accordance with this Act, request the Secretary of the Treasury to prepare costings of publicly announced or proposed policies.
- (2) The Leader of the Opposition may, in accordance with this Act, request the Secretary of the Treasury to prepare costings of publicly announced or proposed policies.
- (3) A costing request may relate to proposed changes in expenditure or revenue.

### 6 Period during which costings may be requested

A costing request may be made at any time during the period of 60 days before a State election (*the pre-election period*).

**Note.** For the purposes of the general election due to be held on 24 March 2007, the pre-election period will commence on 23 January 2007.

### 7 Requirements relating to the making of costing requests

A costing request must:

- (a) be in writing, and
- (b) outline fully each policy to be costed, giving all relevant details for the purpose of costing the policy, and
- (c) state the purpose or intention of the policy.

### 8 Withdrawal of costing request

- (1) The Premier or Leader of the Opposition may, by notice in writing given to the Secretary of the Treasury, withdraw any costing request that he or she has made.
  - (2) A costing request may be withdrawn at any time before the Treasury costing is provided to the Premier or Leader of the Opposition.
- Note.** Section 12 (4) also provides that after a Treasury costing of a policy is provided, the Premier or Leader of the Opposition may withdraw the policy from the list of Treasury costed policies included in the budget impact statement prepared and released by the Secretary under that section.

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## **Part 3 Treasury costing of election promises**

### **9 Treasury costing of individual policies**

- (1) As soon as possible after receiving a costing request, the Secretary of the Treasury is to:
  - (a) prepare a costing of the policy or policies concerned, and
  - (b) provide the costing to the Premier (if the request was made by the Premier) or to the Leader of the Opposition (if the request was made by the Leader of the Opposition).
- (2) The Secretary of the Treasury is to inform the Premier or the Leader of the Opposition (as the case requires) of any costing that the Secretary is unable to provide and of the reason that the costing cannot be provided.
- (3) If the Secretary of the Treasury needs more information for the purpose of costing a policy, the Secretary may ask the Premier or Leader of the Opposition (as the case requires) to provide that information in writing.
- (4) The Premier and the Leader of the Opposition are required to notify the Secretary of the Treasury of the public announcement of policies that have been costed by the Secretary.

### **10 Public release of Treasury costings by Premier or Leader of the Opposition**

- (1) The Premier or the Leader of the Opposition may publicly release a Treasury costing provided by the Secretary of the Treasury.
- (2) If the Secretary of the Treasury considers that a Treasury costing provided by the Secretary has been publicly misrepresented, the Secretary may issue a public statement to correct the misrepresentation.

### **11 Public release of Treasury costings by Secretary of the Treasury**

- (1) The Secretary of the Treasury is required to publicly release a costing request and the Treasury costing for the policy when the Premier or Leader of the Opposition (as the case requires) notifies the Secretary that the policy has been publicly announced.
- (2) When the Secretary of the Treasury releases a budget impact statement under section 12, the Secretary is also required to publicly release costing requests and the Treasury costings for all policies listed in the budget impact statement.

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**12 Budget impact statements for all costed policies**

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| (1) The Secretary of the Treasury is to prepare, during the pre-election         | 2  |
| period, a budget impact statement for all Treasury costed Government             | 3  |
| policies and a budget impact statement for all Treasury costed                   | 4  |
| Opposition policies.   | 5  |
| (2) A budget impact statement is to list the relevant Treasury costed            | 6  |
| policies and show:   | 7  |
| (a) a summary of the assessed financial impact of each costed policy,            | 8  |
| and  | 9  |
| (b) the total net financial impact of all the costed policies,                   | 10 |
| on the current year's State budget and on the forward estimates for the          | 11 |
| period to which the pre-election half-yearly budget review relates. The          | 12 |
| budget impact statement is also to show the impact of all the costed             | 13 |
| policies on the State's net financial liabilities.                               | 14 |
| (3) The Secretary of the Treasury is to provide, on the day that is the          | 15 |
| fifteenth last day before the State election, a draft budget impact              | 16 |
| statement to the Premier and to the Leader of the Opposition in relation         | 17 |
| to their respective policies.  | 18 |
| <b>Note.</b> For the purposes of the general election due to be held on 24 March | 19 |
| 2007, the draft statements are to be provided on 9 March 2007.                   | 20 |
| (4) The Premier and the Leader of the Opposition may, within 48 hours            | 21 |
| after being provided with a draft budget impact statement, notify the            | 22 |
| Secretary of the Treasury in writing of their final list of Treasury costed      | 23 |
| policies for inclusion in the budget impact statement.                           | 24 |
| (5) The Secretary of the Treasury is to:   | 25 |
| (a) revise the draft budget impact statements in accordance with any             | 26 |
| such notification, and   | 27 |
| (b) publicly release both of the final budget impact statements on the           | 28 |
| day that is the fifth last day before the State election.                        | 29 |
| <b>Note.</b> For the purposes of the general election due to be held on 24 March | 30 |
| 2007, the final statements are to be released on 19 March 2007.                  | 31 |

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## Part 4 Miscellaneous

### 13 Pre-election statement of uncommitted State funds

The Secretary of the Treasury is to publicly release, at the same time as the public release of the pre-election half-yearly budget review, a statement of the amount of uncommitted funds that are available (within the revised estimates of recurrent and capital expenditures) to meet any future expenditure commitments for the General Government Sector for the period to which the review relates.

### 14 Confidentiality of information or documents relating to Treasury costing of election promises

- (1) This section applies to any of the following information and documents:
  - (a) information or documents provided to the Secretary of the Treasury by the Premier or the Leader of the Opposition (or on their behalf) for the purposes of a Treasury costing under this Act,
  - (b) information or documents prepared by the Treasury for the purposes of any such costing.
- (2) The Secretary of the Treasury or other member of staff of the Treasury must not disclose any such information or document except:
  - (a) in the case of a costing request by the Premier—to the Premier or to a person authorised by the Premier, or
  - (b) in the case of a costing request by the Leader of the Opposition—to the Leader of the Opposition or to a person authorised by the Leader of the Opposition, or
  - (c) in any case—to a member of staff of the Treasury.Maximum penalty: 50 penalty units.
- (3) This section does not apply to any information or document:
  - (a) if the information or document relates to a Treasury costing or costing request that the Secretary of the Treasury is authorised or required to publicly release by this Act, or
  - (b) if the information or document has already been lawfully published, or
  - (c) if the person disclosing the information or document became aware of the information or obtained the document otherwise than in the course of a Treasury costing under this Act.

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