



## Public Finance And Audit Amendment (Costing Of Election Promises) Bill

Second Reading

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### PUBLIC FINANCE AND AUDIT AMENDMENT (COSTING OF ELECTION PROMISES) BILL

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**Bill introduced and read a first time.**

#### Second Reading

**Mr WHELAN** (Strathfield—Parliamentary Secretary), on behalf of Mr Aquilina [9.19 p.m.]: I move:

That this bill be now read a second time.

For many years the New South Wales Treasury has undertaken the costing of Government and Opposition election promises following requests by the government of the day. At various times different conditions for this exercise have been negotiated between Treasury and the government of the day. These covered the scope and approach to be taken. The previous ad hoc arrangements for costing election promises can lead to conflict between the public service's duty to support the government of the day in implementing its policies and priorities, and its responsibility to avoid undertaking work predominantly directed towards achieving electoral advantage for the party in government.

This situation has led to protocols being developed in a number of jurisdictions to make the process of Treasury costing election promises transparent to political parties and the electorate. A protocol for costing election promises in New South Wales has been endorsed by the Government. It establishes the basis for a clear understanding on the part of the Government and the Opposition for the conditions under which the New South Wales Treasury will undertake an independent costing of election promises. The protocol is contained in an agreement which the Opposition has been invited to enter with the Government. The agreement sets out a formal process under which the policies of both the Government and the Opposition can be costed independently by the New South Wales Treasury, free of any political interference.

The agreement has been signed by the Premier and the Treasurer, and the Leader of the Opposition and his Treasury spokesman have been asked to sign as well. Although the Leader of the Opposition on 6 June 2002 called for "independent costings of policies by the Treasury during an election campaign free from political interference", he now displays reluctance to have Opposition promises subjected to this scrutiny. The alternative, mooted by the Opposition Leader, of having an accounting firm undertake this function, will not bring to the exercise the same level of scrutiny. It is the New South Wales Treasury that compiles the State's budget and the forward estimates. Only the New South Wales Treasury has the intimate knowledge necessary to accurately cost public sector budget proposals and assess the impact these proposals are likely to have on the State's fiscal position.

The bill now before the House will effect amendments to the Public Finance and Audit Act 1983 to ensure that information that Treasury obtains for the purpose of costing election promises and the actual costings cannot be accessed by anyone other than the person requesting the costing. Neither the Government nor the Opposition will be able to access information provided by the other to the Treasury for the purpose of having an election promise costed. For the election costing agreement to work as intended it needs to be accepted by both the Government and the

Opposition. In so doing each party would be giving a commitment to provide all necessary information to enable the Treasury to undertake the most accurate costing possible.

Only through this process can the people of New South Wales go to the polls knowing that the programs outlined by the major parties have been subjected to an identical process of independent costing by the Treasury. Only then can they have confidence that they know how much the programs of each major party will cost and how they will impact on the State's budget and its balance sheet. On behalf of the Treasurer I again call on the Leader of the Opposition and his Treasury spokesman to enter this important agreement with the Government. However, even without the Opposition's commitment to this independent costing process, it is essential for there to be an endorsed protocol which is transparent publicly for the costing of election promises made by the major parties. The Government will, therefore, adopt the protocol contained in the proposed agreement as the basis for Treasury costing of the Government's election promises and the publicly announced promises of the Opposition.

The protocol, which is now a public document, outlines the scope and approach to the costing of election promises, and includes a detailed costing methodology to be observed by the Treasury. It also specifies the form in which Treasury will provide costings. The bill now before the House will ensure the integrity of this process by prohibiting the release of costings to anyone other than the party requesting the costing. Once this safeguard is in place there is no basis for the Opposition's concerns that the Government could obtain access to information provided to the Treasury or influence the costing process. I commend the bill to the House.

**Debate adjourned on motion by Mr Fraser.**

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