



New South Wales

Fiscal Responsibility Amendment (Wellbeing Budget) Bill 2023

Explanatory note

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

Overview of Bill

This Bill amends the *Fiscal Responsibility Act 2012* to make further provision about the principles of sound financial management in the conduct of fiscal policy and reporting requirements in relation to those principles.

Outline of provisions

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.

Schedule 1 **Amendment of Fiscal Responsibility Act 2012 No 58**

Schedule 1[2] inserts new objects into the *Fiscal Responsibility Act 2012* (*the Act*) to provide that, in addition to maintaining the AAA credit rating of the State of New South Wales, the objects of the Act are to—

- (a) establish principles for sound financial management in the conduct of fiscal policy, and
- (b) establish reporting requirements on the extent to which the Government's fiscal policy is consistent with those principles.

Schedule 1[1] and [3] make minor amendments consequent on Schedule 1[2].

Schedule 1[4] provides that, in addition to the existing purposes, the purposes of the objects of the Act are to—

- (a) enable the State to meet the needs of current and future generations without reliance on the private sector by maintaining essential public assets and services under public ownership and control, and
- (b) increase the long-term economic, social, environmental and cultural wellbeing of the State.

Schedule 1[5] amends 1 of the principles of sound financial management in the Act, section 7 to provide that intergenerational equity is to be achieved by ensuring the current generation not only funds the cost of the generation's services but also the cost of repairing the social, environmental and cultural damage caused by the current generation and previous generations.

Schedule 1[6] requires the Treasurer to include a report in the budget papers on the measures taken, and the effectiveness of those measures, to ensure the long-term economic, social, environmental and cultural wellbeing of the State, and sets out the matters that must be considered.



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Fiscal Responsibility Amendment (Wellbeing Budget) Bill 2023

No. , 2023

A Bill for

An Act to amend the *Fiscal Responsibility Act 2012* to make further provision about the principles of sound financial management in the conduct of fiscal policy and reporting requirements in relation to those principles; and for related purposes.

The Legislature of New South Wales enacts—

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1 Name of Act

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This Act is the *Fiscal Responsibility Amendment (Wellbeing Budget) Act 2023*.

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2 Commencement

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

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Schedule 1	Amendment of Fiscal Responsibility Act 2012 No 58	1
		2
[1] Section 3, heading		3
	Omit “ Object ”. Insert instead “ Objects ”.	4
[2] Section 3(1)		5
	Omit the subsection. Insert instead—	6
	(1) The objects of this Act are to—	7
	(a) maintain the AAA credit rating of the State of New South Wales, and	8
	(b) establish principles for sound financial management in the conduct of fiscal policy, and	9
	(c) establish reporting requirements on the extent to which the Government’s fiscal policy is consistent with the principles referred to in paragraph (b).	10
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		13
[3] Section 3(2)		14
	Omit “purpose of that object is”. Insert instead “purposes of the objects are”.	15
[4] Section 3(2)(d) and (e)		16
	Insert at the end of paragraph (c)—	17
	, and	18
	(d) to maintain essential public assets and services under public ownership and control, enabling the State to meet the needs of current and future generations without reliance on the private sector, and	19
	(e) to increase the long-term economic, social, environmental and cultural wellbeing of the State.	20
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		23
[5] Section 7 Principles of sound financial management		24
	Omit “funds the cost of its services.” from section 7(4)(b). Insert instead—	25
	funds—	26
	(i) the cost of the current generation’s services, and	27
	(ii) the cost of repairing the social, environmental and cultural damage caused by the current generation and previous generations.	28
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		30
[6] Section 8 Budget reporting in relation to fiscal targets and principles		31
	Insert after section 8(e)—	32
	(f) a report on the measures taken, and the effectiveness of the measures, to ensure the long-term economic, social, environmental and cultural wellbeing of the State, including in relation to the following—	33
	(i) the cost of living,	34
	(ii) housing affordability,	35
	(iii) access to essential transport, health and education services, particularly in regional and rural communities,	36
	(iv) biodiversity and habitat loss or gain, including changes in the number of extinct or threatened species,	37
	(v) levels of greenhouse gas emission,	38
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(vi)	ability to participate in cultural activities and events,	1
(vii)	the difference in levels of wealth and income among the State's residents, including comparisons between lowest and highest percentile ranges, and by age, location and level of education,	2 3 4
(viii)	average life expectancy,	5
(ix)	changes in population numbers across the State,	6
(x)	rates of educational attainment,	7
(xi)	the difference in life outcomes for First Nations peoples in the State as compared to non-First Nations peoples,	8 9
(xii)	gender gaps, including in relation to remuneration, feelings of safety and representation in senior political and employment roles,	10 11 12
(xiii)	employment rates,	13
(xiv)	other matters prescribed by the regulations.	14