

Second Reading

The Hon. MICHAEL VEITCH (Parliamentary Secretary) [3.30 p.m.], on behalf of the Hon. Eric Roozendaal: I move:

That this bill be now read a second time.

I seek leave to have the second reading speech incorporated in *Hansard*.

Leave granted.

The Charter of Budget Honesty (Election Promises Costing) Act 2006 provided an impartial framework for costing election promises in the lead up to the New South Wales election.

This bill enhances that framework by providing for independent oversight by the Auditor-General of the costing of election promises made by the Government and Opposition.

The Secretary of Treasury will be authorised to seek a review by the Auditor-General of the cost of a publicly announced or proposed election promise and the aggregate budget impact statement for all publicly announced election promises.

The Auditor-General will be authorised to conduct such a review.

The bill further requires that a Treasury costing of an election promise be undertaken in conjunction with a recognised independent financial consultant. This independent consultant is to be nominated by the Auditor-General.

The secrecy provisions of the current Act will be modified to allow disclosure of election costing information to the Auditor-General, the independent consultant and their staff.

The bill honours the commitment made by the Premier in March to request the Auditor-General to cost election promises of both the Government and the opposition.

The bill will ensure that there is a high quality and independent election costing process in place.

Treasury has substantial expertise, built over many years, in costing of public sector activities. Treasury's involvement will ensure that the costings are conducted with the utmost rigour.

The Auditor-General has substantial expertise, built over many years, in reviewing public sector activities. The Auditor-General will provide an independent opinion on the methodology, assumptions and reasonableness of the costings prepared by Treasury.

The bill does not propose that costings be undertaken by the Auditor-General in the absence of assistance by Treasury. The expertise of the Auditor-General does not extend to undertaking costings of election promises.

The Government is also of the view that independent third party costings of election promises overseen by the Auditor-General would not be in the public interest. Only Treasury has access to sufficient information and expertise to provide reliable and robust costings.

However, the Government proposes that an independent financial consultant, who will be nominated by the Auditor-General, work alongside Treasury in the costing process. This will provide further assurance that the costing methodologies employed by Treasury are robust and consistently applied.

All of the key features of the Charter of Budget Honesty (Election Promises Costing) Act 2006 will be retained.

At the time of the last Half Yearly Budget Review, the Secretary of the Treasury is required to publicly identify the amount of money available to meet future spending commitments for the current Budget year and the forward estimates. In other words, the financial envelope available to the next Government to fund its policies.

The Premier or the Leader of the Opposition can request the Secretary of the Treasury to prepare costings of publicly announced or proposed policies commencing 60 days before an election. A request for a costing can be withdrawn at any time prior to its completion.

A party that requested a costing may publicly release the costing at any time. Once the policy is released, Treasury must release the costing and the original request.

If the Secretary of the Treasury considers that the costing has been misrepresented in public, the Secretary may issue a public statement to correct any misrepresentation.

The Secretary of the Treasury will provide the Premier and the Leader of the Opposition with a draft Budget Impact Statement 15 days before the election

The Budget Impact Statement includes a summary of the financial impact of each costed policy and the net financial impact of all the costed policies.

The Premier and the Leader of the Opposition then have 48 hours to confirm their list of policies. The Secretary of the Treasury will publicly release the budget impact statements five working days before the election.

This bill represents a significant enhancement to an already effective election costing process.

I commend the bill to the House.