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PARLIAMENTARY BUDGET OFFICER AMENDMENT BILL 2013

Second Reading

The Hon. DUNCAN GAY (Minister for Roads and Ports) [9.43 p.m.], on behalf of the Hon. Greg Pearce: 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 objective of the Parliamentary Budget Officer Amendment Bill 2013 is to reform the role of the Parliamentary Budget Office and improve its effectiveness in costing election commitments.

A joint select committee was appointed in June 2011 to inquire into the purpose and the role of the Parliamentary Budget Office and whether the terms of the current Act, the Parliamentary Budget Officer Act 2010, are appropriate. The committee identified a number of areas for reform. The Government has accepted most of the inquiry's recommendations and this bill implements those changes and makes some additional amendments.

The inquiry recommended mandatory costing of election commitments. This bill mandates that the Leader of the Government and the Leader of the Opposition submit all election policies that are likely to impact on the current and relevant forward budget estimates for costing by the Parliamentary Budget Office. The mandatory submission is to ensure that the electorate has accurate, timely and independent information on the cost of election commitments prior to voting. As part of this process, the parliamentary leaders will be required to confirm in writing that all their policies that have a budget impact have been submitted to the Parliamentary Budget Office.

The inquiry recommended that the sole function of the Parliamentary Budget Officer be to prepare election policy costings.

The bill provides for the appointment of a Parliamentary Budget Officer every four years, as recommended by the inquiry. The officer's appointment will commence on 1 September in the year prior to a State election and end within three months following the election. This period of appointment will allow the Parliamentary Budget Officer sufficient time to discharge his or her duties regarding election costings, to subsequently table the officer's report in Parliament and to appear before the Public Accounts Committee to answer questions on the report.

This Government is committed to improving the operation and accountability of the Parliamentary Budget Office and the bill contains a number of amendments to facilitate this. As recommended by the inquiry, the Parliamentary Budget Officer will be required to develop an operational plan as soon as practicable after the establishment of the office. The scope of the operational plan includes the objectives of the Parliamentary Budget Office, strategies to achieve those objectives and a schedule of the proposed activities.

Also, as recommended by the inquiry, the Parliamentary Budget Officer will be required to furnish a report on the activities of the Parliamentary Budget Office rather than an annual report for the period that it operated. As a minimum requirement the report is expected to include the following information: The operational and resourcing cost of the Parliamentary Budget Office; the number of costings and budget impact statements completed; issues encountered in undertaking the costings process; and recommendations on operational arrangements and activities of the Parliamentary Budget Officer in respect of future general elections.

Currently the Act requires two separate committees to review the Parliamentary Budget Officer's report. The inquiry recommended a single joint committee be appointed to perform this role. To streamline the review of the Parliamentary Budget Officer's report and activities, under this bill the Parliamentary Budget Officer will be accountable to the Public Accounts Committee of the Legislative Assembly. It is considered that this Committee has the necessary expertise to effectively monitor and review the officer's activities and ensure the independence and integrity of the costing process. At the beginning of each Parliament the committee will consider and review the report on the activities of the Parliamentary Budget Office during the previous election period.

The inquiry also recommended that the Parliamentary Budget Officer should be permitted to release more than one budget impact statement during the pre-election period. Currently, under section 23 (5) (b) of the Act, the Parliamentary Budget Officer is required to release a budget impact statement for each political party five days before the election. The current Act includes no arrangements for the Parliamentary Budget Officer to respond to late policy announcements. To address this shortcoming, section 23 (7) of the bill allows the Parliamentary Budget Officer the

discretion to release revised budget impact statements in response to any late policy announcements.

The inquiry recommended amending the Act to provide greater clarity regarding the content of budget impact statements. The bill specifies a core set of indicators of budget impact for inclusion in the Parliamentary Budget Office budget impact statement. These indicators are consistent with how the budget is monitored and presented currently by New South Wales Treasury. The bill leaves in place existing arrangements that ensure the confidentiality of material submitted to the Parliamentary Budget Office for costing.

This Government supports a more effective, efficient and accountable Parliamentary Budget Office. I am proud that this is the strongest independent election costings unit in the country. We believe it needs to be there, we argued for it in opposition and today we are very proud to deliver it. That is why I am proud to introduce this bill. The bill addresses the issues that were identified by the joint select committee and it provides a robust way forward.

I commend the bill to the House.