



New South Wales

# General Government Debt Elimination Act 1995 No 83

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New South Wales

# **General Government Debt Elimination Act 1995 No 83**

Act No 83, 1995

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An Act with respect to fiscal targets, principles and reporting; to make provisions about the coverage, presentation and contents of the budget; and for other purposes. [Assented to 19 December 1995]

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**The Legislature of New South Wales enacts:**

## **Part 1      Preliminary**

### **1    Name of Act**

This Act is the *General Government Debt Elimination Act 1995*.

### **2    Commencement**

This Act commences on a day or days to be appointed by proclamation.

### **3    Objects and application of Act**

- (1) The objects of this Act are:
  - (a) to set out fiscal targets and fiscal principles for the State,
  - (b) to make it a goal for the Government to pursue its policy objectives in accordance with those fiscal targets and fiscal principles, and
  - (c) to provide for reports on departures from those fiscal principles to be prepared by the Treasurer, and
  - (d) to deal with the budget coverage, presentation and contents, and
  - (e) to provide for various financial statements to be released publicly by the Treasurer during each financial year.
- (2) This Act applies to and in respect of the State budget.

### **4    Definitions and other general provisions**

- (1) In this Act:

*budget papers* means the budget papers of the Government tabled in Parliament in connection with annual Appropriation Bills.

*capital outlay* means a capital outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that a capital outlay is an expenditure on the acquisition of fixed assets or stock, a loan for policy purposes (whether or not of a capital nature) or a grant used for the acquisition of capital assets, but deducting any amount received from repayments (in the case of a loan), the sale of fixed assets or stock or reimbursement for capital expenditure.

**current outlay** means a current outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that a current outlay is an outlay that is not a capital outlay.

**financial asset** means an asset that is in the form of cash or an asset that can be readily converted to cash.

**general government sector** means New South Wales agencies or activities listed or described as part of the general government sector by the Australian Bureau of Statistics (which are listed or described in accordance with international statistics conventions).

**government finance statistics principles** means Australian Bureau of Statistics principles for the presentation of government finances (which are based on international statistics conventions).

**net cost of services** means the total cost of services less any revenue retained by agencies involved in the provision of the services.

**net debt** means gross debt, valued on a current capital basis, less financial assets.

**net worth** means net assets as indicated in the audited financial statements tabled annually in Parliament for agencies or activities comprised in the general government sector (which are determined on the basis of total assets less total liabilities).

**outlay** means an outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that an outlay is an expenditure on goods, services, fixed assets or stock, a grant, a subsidy or a loan for policy purposes, but deducting any amount received from repayments (in the case of a loan), sales or reimbursements.

**public trading enterprise sector** means New South Wales agencies or activities listed or described as part of the public trading enterprise sector by the Australian Bureau of Statistics (which are listed or described in accordance with international statistics conventions).

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- (2) A reference in the definitions of *general government sector* and *public trading enterprise sector* in subsection (1) to agencies or activities listed or described by the Australian Bureau of Statistics is a reference to agencies or activities listed or described by the Bureau for the purposes of the preparation of government finance statistics.
- (3) Notes included in this Act do not form part of this Act.

## **Part 2      Fiscal targets**

### **5      Fiscal targets**

- (1) For the purposes of this Act, the fiscal targets are as set out in this Part.
- (2) The fiscal targets comprise:
  - (a) the short term fiscal target, and
  - (b) the medium term fiscal target, and
  - (c) the long term fiscal target.
- (3) The fiscal targets are to be achieved in the context of maintaining prudent, commercially sound debt levels for the agencies or activities comprising the public trading enterprise sector.

### **6      Short term fiscal target**

The short term fiscal target is to achieve a sustainable surplus budget, defined in accordance with government finance statistics principles, for the general government sector within 3 years after the end of the financial year in which this Act commences.

### **7      Medium term fiscal target**

The medium term fiscal target is to reduce, by 30 June 2005, the level of general government sector net debt to a sustainable level (that is, a level at which the budget can absorb the full impact of an economic cycle without the need for significant corrective action on the revenue or expenditure side) having regard to the following:

- (a) the structure of expenditure and revenue of the budget,
- (b) the outlook for the State's credit rating, keeping as an objective the achievement of the highest rating possible as judged by internationally recognised rating authorities,
- (c) exposure to budget risks,
- (d) demographic and social trends that will impact on the budget.

### **8      Long term fiscal target**

The long term fiscal target is to eliminate net debt for the general government sector by 30 June 2020.

## **Part 3      Fiscal principles**

### **9      Fiscal principles**

For the purposes of this Act, the fiscal principles are as set out in this Part.

### **10     Application of fiscal principles**

- (1)    The fiscal principles relate to sound financial management, and accordingly the Government should aim to pursue its policy objectives in accordance with those principles.
- (2)    Those principles may be departed from in the presentation and implementation of the budget, but any departure should be temporary.
- (3)    The Treasurer is to include in the budget papers a statement containing the following:
  - (a)    the reasons for the departure,
  - (b)    the approach to be taken to enable a return to the principles,
  - (c)    the time frame within which a return to the principles should occur.
- (4)    Within 3 months of the commencement of this section, the Treasurer is to table in each House of Parliament a comprehensive financial management framework for the State's finances prepared in accordance with international public sector best practice.

### **11     Fiscal principle No 1—adherence to fiscal targets**

Fiscal principle No 1 is that the budget should be framed so as to achieve a fiscal result for the general government sector consistent with the fiscal targets.

### **12     Fiscal principle No 2—maintaining or increasing general government sector net worth**

Fiscal principle No 2 is that general government sector net worth should at least be maintained in real terms.



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**13 Fiscal principle No 3—funding employer superannuation liabilities**

- (1) Fiscal principle No 3 is that:
  - (a) accruing employer superannuation liabilities of both the general government sector and the public trading enterprise sector should be fully funded, and
  - (b) the funding of any accrued unfunded employer superannuation liabilities for those sectors should be phased in so as eventually to eliminate any unfunded liabilities.
- (2) The Treasurer is to identify in the budget papers for the 1996–1997 financial year:
  - (a) the period during which the funding of any accrued unfunded employer superannuation liabilities is to be phased in as referred to in subsection (1) (b), and
  - (b) the year by which it is intended that all employer superannuation liabilities of the general government and public trading enterprise sectors will be fully funded.
- (3) In this section, *accruing employer superannuation liabilities* means employer superannuation liabilities relating to services after the commencement of the financial year to which the relevant budget papers relate.

**14 Fiscal principle No 4—asset maintenance**

- (1) Fiscal principle No 4 is that the long-lived physical assets of general government sector agencies should be properly maintained.
- (2) Each general government sector agency is to produce, and keep up to date, in accordance with the directions of the Treasurer an asset maintenance plan that:
  - (a) identifies all its long-lived physical assets, and
  - (b) sets out a program for the maintenance of each long-lived physical asset or grouping of long-lived physical assets, and
  - (c) identifies any deferred maintenance requirements, and

- (d) establishes a funding program for the maintenance of those assets, and
  - (e) is in accordance with the Government's approved technical standards.
- (3) The Treasurer's directions may also classify what assets are to be treated as long-lived physical assets for the purposes of this section.

**15 Fiscal principle No 5—constrained growth in net cost of services and outlays**

Fiscal principle No 5 is that growth in net cost of services and in budget outlays (both current and capital) should be kept at or below the growth in inflation and population, but within a 3 to 5 year time frame for capital outlays so as to allow for the potential impact from year to year of large capital projects.

**16 Fiscal principle No 6—prudent risk management**

- (1) Fiscal principle No 6 is that management of net debt should be on the basis of sound risk management principles and a prudent limit should be placed on the level of financial risk for overall financial assets and liabilities.
- (2) Each general government sector agency is to produce, and keep up to date, in accordance with the directions of the Treasurer a risk management plan that identifies all significant financial and other risks and develops strategies for dealing with them.

**17 Fiscal principle No 7—tax restraint**

Fiscal principle No 7 is that the level of taxes should be restrained to the maximum possible extent and policies should be pursued that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years.

## **Part 4      Budget coverage, presentation and contents**

### **18 Budget coverage**

The budget is to be presented on a basis that covers the general government sector.

### **19 Budget presentation standards**

- (1) The budget is to be presented in each of the following ways:
  - (a) a presentation that accords with government finance statistics principles,
  - (b) an accrual presentation that accords with generally accepted accounting principles and Australian accounting standards.
- (2) The Treasurer may determine that the principles or standards referred to in subsection (1) should be departed from if the Treasurer is of the opinion that the departure is necessary in a particular case to present a true and fair view of the financial position of the budget.
- (3) The Treasurer is to prepare a report on any such departure containing details of, and reasons for, the departure and the report is to be tabled in each House of Parliament with the budget papers.
- (4) If there has been a departure from generally accepted accounting principles or Australian accounting standards, the report referred to in subsection (3) is to be accompanied by a report on the departure by the Treasurer's Accounting Advisory Panel, consisting of senior members of the accounting profession and the Auditor-General.

### **20 Time at which budget is to be presented to Parliament**

- (1) The budget papers for the 1996-1997 financial year, and each later financial year, are to be tabled in the Legislative Assembly before the end of the previous financial year.

- (2) If subsection (1) cannot be complied with because the Legislative Assembly is not sitting during the last 2 months of the financial year in which the budget papers are to be tabled, the budget papers are to be tabled in the Legislative Assembly as soon as possible after the end of that financial year.

## **21 Budget policy statement**

The Treasurer is to include a budget policy statement in the budget papers for each financial year that includes information on the following matters:

- (a) assessment of progress achieved against the fiscal targets and fiscal principles,
- (b) projection of ability to achieve fiscal targets in the future and to progress the achievement of fiscal principles,
- (c) 3-year projections of all relevant economic and financial variables.

## **22 Content of budget papers**

- (1) The budget papers are to include the following matters:
- (a) subject to any departure in accordance with section 19, a presentation for the general government sector for a rolling 3-year period comprising the budget year and the following 2 years, prepared according to government finance statistics principles,
  - (b) projected accrual financial statements for the budget year, namely, a projected statement of financial position, operating statement, cash flow statement and reconciliation of the cash and accrual presentations,
  - (c) outputs, outcomes and resource cost for each program for the budget year and each of the 3 years preceding the budget year,
  - (d) outlays and revenue information on a basis that accords with Australian Bureau of Statistics standards for the general government sector, public trading enterprise sector and total State sector for the budget year and the previous year.
- (2) The budget papers may include additional matters.

## **Part 5      Within-year reporting requirements**

### **23    Monthly financial statements**

The Treasurer is to release publicly a statement for each month setting out the budget result, on the basis of government finance statistics principles, from the beginning of the current financial year to the end of the relevant month.

### **24    Half-yearly statements**

- (1) The Treasurer is to release publicly a statement in February of each year from and including 1996 containing:
  - (a) the latest economic projections for the current financial year and an explanation of any significant variation from the budget time projections contained in the budget papers, and
  - (b) budget projections for the current financial year and an explanation of any significant variation in major aggregates from those budget time projections.
- (2) The statement is to be effective as at the end of the previous December.

### **25    Consolidated financial statements**

- (1) The Treasurer is to release publicly a consolidated financial statement presented on an accrual basis for the first 6 months and the last 6 months of each financial year.
- (2) Each statement is to be released within 3 months of the end of the period to which it relates.

## **Part 6 Miscellaneous**

### **26 Transitional arrangements**

- (1) The Treasurer may determine the first budget for a financial year in relation to which a requirement of Part 4 is to take effect and the date from which a requirement of Part 5 is to take effect.
- (2) Those requirements do not take effect until the Treasurer has made such a determination.
- (3) This section does not apply to a requirement of section 20 or 24.

### **27 Effect of Act**

- (1) Nothing in this Act places on any person any obligation enforceable in a court of law or administrative review body.
- (2) Without limiting subsection (1), a failure to comply with a provision of this Act:
  - (a) does not prevent the introduction of any Bill in, or the passage of a Bill through, a House of Parliament or prevent assent being given to any Bill, and
  - (b) does not affect the validity of any legislation, and
  - (c) does not affect the validity of any action taken by any public official or agency, and
  - (d) does not expose any person to civil or criminal liability.
- (3) Accordingly, no court or administrative review body has jurisdiction or power to consider any question involving compliance or non-compliance with this Act.

### **28 Public Finance and Audit Act 1983 not affected**

This Act does not affect the provisions of the *Public Finance and Audit Act 1983*.

### **29 Review of Act**

- (1) The Treasurer is to review this Act to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives.

- (2) The review is to be undertaken as soon as possible after the period of 5 years from the date of assent to this Act.
- (3) A report of the outcome of the review is to be tabled in each House of Parliament within 12 months after the end of the period of 5 years.

[Minister's second reading speech made in—  
Legislative Assembly on 10 October 1995  
Legislative Council on 5 December 1995]







New South Wales

# General Government Debt Elimination Bill 1995

## Explanatory note

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

This Bill is cognate with the *Appropriation Bill 1995*.

## Overview of Bill

The objects of this Bill are:

- (a) to set out fiscal targets and fiscal principles for the State,
  - (b) to make it a goal for the Government to pursue its policy objectives in accordance with those fiscal targets and fiscal principles, and
  - (c) to provide for reports on departures from those fiscal principles to be prepared by the Treasurer, and
  - (d) to deal with the budget coverage, presentation and contents, and
  - (e) to provide for various financial statements to be released publicly by the Treasurer during each financial year.
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## Outline of provisions

### **Part 1 Preliminary**

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

**Clause 2** provides that the proposed Act will commence on a day or days to be proclaimed.

**Clause 3** states the objects of the proposed Act set out above and that the proposed Act applies in respect of the State budget.

**Clause 4** defines certain terms used in the proposed Act. In particular, **general government sector** means those New South Wales agencies or activities listed or described as part of the general government sector by the Australian Bureau of Statistics in accordance with international statistics conventions. The agencies or activities comprising the **public trading enterprise sector** are determined in a similar way. The Treasurer may determine from time to time that an agency or activity is to be treated or not treated as part of the general government sector or public trading enterprise sector for any or all of the purposes of the proposed Act and is to table in Parliament any such determination, together with an explanation as to the reasons why it was made.

### **Part 2 Fiscal targets**

**Clause 5** states that, for the purposes of the proposed Act, the fiscal targets are those set out in the proposed Part. The fiscal targets are to be achieved in the context of maintaining prudent, commercially sound debt levels for the agencies or activities comprising the public trading enterprise sector.

**Clause 6** sets out the short term fiscal target, which is to achieve a sustainable surplus budget within 3 years after the end of the financial year in which the proposed Act commences.

**Clause 7** sets out the medium term fiscal target, which is to reduce, by 30 June 2005, the level of general government sector net debt to a sustainable level, that is, a level at which the budget can absorb the full impact of an economic cycle without the need for significant corrective action on the revenue or expenditure side.

**Clause 8** sets out the long term fiscal target, which is to eliminate net debt for the general government sector by 30 June 2020.

### **Part 3 Fiscal principles**

**Clause 9** states that, for the purposes of the proposed Act, the fiscal principles are as set out in the proposed Part.

**Clause 10** states that the Government should aim to follow its policy objectives in accordance with the fiscal principles. Those principles may be departed from in the presentation and implementation of the budget, but the departure is to be temporary and the Treasurer is to report on the departure in the budget papers.

**Clause 11** sets out fiscal principle No 1—that the budget should be framed so as to achieve a fiscal result consistent with the fiscal targets.

**Clause 12** sets out fiscal principle No 2—that the general government sector net worth should at least be maintained in real terms.

**Clause 13** sets out fiscal principle No 3—that accruing employer superannuation liabilities for the general government sector and the public trading enterprise sector should be fully funded and the funding of accrued unfunded employer superannuation liabilities for those sectors should be phased in so as eventually to eliminate any unfunded liabilities.

**Clause 14** sets out fiscal principle No 4—that the long-lived physical assets of general government sector agencies should be properly maintained. Each general government sector agency is to produce and keep up to date an asset maintenance plan for those assets in accordance with the directions of the Treasurer.

**Clause 15** sets out fiscal principle No 5—that growth in net cost of services and in budget outlays (both current and capital) should be kept at or below the growth in inflation and population, but within a 3 to 5 year time frame for capital outlays so as to allow for the potential impact from year to year of large capital projects.

**Clause 16** sets out fiscal principle No 6—that management of net debt should be on the basis of sound risk management principles and a prudent limit should be placed on the level of financial risk for overall financial assets and liabilities. Each general government sector agency is to produce and keep up to date a risk management plan in accordance with the directions of the Treasurer.

**Clause 17** sets out fiscal principle No 7—that the level of taxes should be restrained to the maximum possible extent and policies should be pursued that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years.

#### **Part 4 Budget coverage, presentation and contents**

**Clause 18** provides that the budget is to be presented on a basis that covers the general government sector.

**Clause 19** requires the budget to be presented according to government finance statistics principles and on an accrual basis according to specified standards and principles. The Treasurer is to include a report of any departures from those standards and principles in the budget papers.

**Clause 20** requires the budget papers for a financial year to be tabled in the Legislative Assembly before the end of the previous financial year (or as soon as possible afterwards if the Legislative Assembly is not sitting at that time). This requirement operates in relation to the budget papers for the 1996-1997 financial year and financial years after that.

**Clause 21** requires the Treasurer to include in the budget papers a budget policy statement containing specified matters.

**Clause 22** requires the budget papers to include certain information.

#### **Part 5 Within-year reporting requirements**

**Clause 23** requires the Treasurer to release publicly a monthly statement setting out the budget result, on the basis of government finance statistics principles, from the beginning of the financial year to the end of the relevant month.

**Clause 24** requires the Treasurer to release publicly a statement in February of each year from and including 1996 containing certain information on economic and budget projections.

**Clause 25** requires the Treasurer to release publicly a consolidated financial statement for the first 6 months and the last 6 months of each financial year.

#### **Part 6 Miscellaneous**

**Clause 26** enables the Treasurer to determine when requirements of proposed Parts 4 and 5 take effect. The clause does not apply to the requirements of clauses 20 and 24, which contain their own provisions as to timing.

General Government Debt Elimination Bill 1995

Explanatory note

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**Clause 27** provides that the proposed Act does not place on any person any obligation enforceable in a court of law or administrative review body.

**Clause 28** states that the proposed Act does not affect any of the provisions of the *Public Finance and Audit Act 1983*.

**Clause 29** requires the Treasurer to review the Act as soon as possible after 5 years from the date of assent and to table a report of the review in Parliament.





New South Wales

# General Government Debt Elimination Bill 1995

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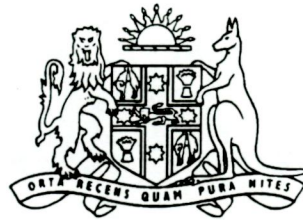
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New South Wales

# General Government Debt Elimination Bill 1995

No. , 1995

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## **A Bill for**

An Act with respect to fiscal targets, principles and reporting; to make provisions about the coverage, presentation and contents of the budget; and for other purposes.

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**The Legislature of New South Wales enacts:**

**Part 1      Preliminary**

**1    Name of Act**

This Act is the *General Government Debt Elimination Act 1995*.

**2    Commencement**

5

This Act commences on a day or days to be appointed by proclamation.

**3    Objects and application of Act**

(1) The objects of this Act are:

- (a) to set out fiscal targets and fiscal principles for the State, 10
- (b) to make it a goal for the Government to pursue its policy objectives in accordance with those fiscal targets and fiscal principles, and
- (c) to provide for reports on departures from those fiscal principles to be prepared by the Treasurer, and 15
- (d) to deal with the budget coverage, presentation and contents, and
- (e) to provide for various financial statements to be released publicly by the Treasurer during each financial year.

(2) This Act applies to and in respect of the State budget. 20

**4    Definitions and other general provisions**

(1) In this Act:

*budget papers* means the budget papers of the Government tabled in Parliament in connection with annual Appropriation Bills. 25

*capital outlay* means a capital outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that a capital outlay is an expenditure on the acquisition of fixed assets or stock, a loan for policy purposes (whether or not of a capital nature) or a grant used for the acquisition of capital assets, but deducting any amount received from repayments (in the case of a loan), the sale of fixed assets or stock or reimbursement for capital expenditure. 30

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**current outlay** means a current outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that a current outlay is an outlay that is not a capital outlay.

**financial asset** means an asset that is in the form of cash or an asset that can be readily converted to cash. 5

**general government sector** means New South Wales agencies or activities listed or described as part of the general government sector by the Australian Bureau of Statistics (which are listed or described in accordance with international statistics conventions). 10

**government finance statistics principles** means Australian Bureau of Statistics principles for the presentation of government finances (which are based on international statistics conventions).

**net cost of services** means the total cost of services less any revenue retained by agencies involved in the provision of the services. 15

**net debt** means gross debt, valued on a current capital basis, less financial assets.

**net worth** means net assets as indicated in the audited financial statements tabled annually in Parliament for agencies or activities comprised in the general government sector (which are determined on the basis of total assets less total liabilities). 20

**outlay** means an outlay determined in accordance with government finance statistics principles.

**Note.** Government finance statistics principles generally provide that an outlay is an expenditure on goods, services, fixed assets or stock, a grant, a subsidy or a loan for policy purposes, but deducting any amount received from repayments (in the case of a loan), sales or reimbursements. 25

**public trading enterprise sector** means New South Wales agencies or activities listed or described as part of the public trading enterprise sector by the Australian Bureau of Statistics (which are listed or described in accordance with international statistics conventions). 30

- (2) The Treasurer may determine that a particular agency or activity:
- (a) that is listed or described as referred to in the definition of general government sector in subsection (1) is not to be treated as part of the general government sector for any or all of the purposes of this Act, or 5
  - (b) that is not listed or described as referred to in the definition of general government sector in subsection (1) is to be treated as part of the general government sector for any or all of the purposes of this Act, or
  - (c) that is listed or described as referred to in the definition of public trading enterprise sector in subsection (1) is not to be treated as part of the public trading enterprise sector for any or all of the purposes of this Act, or 10
  - (d) that is not listed or described as referred to in the definition of public trading enterprise sector in subsection (1) is to be treated as part of the public trading enterprise sector for any or all of the purposes of this Act. 15

Any such determination is to be tabled in each House of Parliament with an explanation of the reasons for the determination. 20

- (3) Notes included in this Act do not form part of this Act.

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## Part 2 Fiscal targets

### 5 Fiscal targets

- (1) For the purposes of this Act, the fiscal targets are as set out in this Part.
- (2) The fiscal targets comprise: 5
- (a) the short term fiscal target, and
  - (b) the medium term fiscal target, and
  - (c) the long term fiscal target.
- (3) The fiscal targets are to be achieved in the context of maintaining prudent, commercially sound debt levels for the agencies or activities comprising the public trading enterprise sector. 10

### 6 Short term fiscal target

The short term fiscal target is to achieve a sustainable surplus budget, defined in accordance with government finance statistics principles, for the general government sector within 3 years after the end of the financial year in which this Act commences. 15

### 7 Medium term fiscal target

The medium term fiscal target is to reduce, by 30 June 2005, the level of general government sector net debt to a sustainable level (that is, a level at which the budget can absorb the full impact of an economic cycle without the need for significant corrective action on the revenue or expenditure side) having regard to the following: 20

- (a) the structure of expenditure and revenue of the budget,
- (b) the outlook for the State's credit rating, keeping as an objective the achievement of the highest rating possible as judged by internationally recognised rating authorities, 25
- (c) exposure to budget risks,
- (d) demographic and social trends that will impact on the budget. 30

### 8 Long term fiscal target

The long term fiscal target is to eliminate net debt for the general government sector by 30 June 2020.

## **Part 3      Fiscal principles**

### **9      Fiscal principles**

For the purposes of this Act, the fiscal principles are as set out in this Part.

### **10      Application of fiscal principles** 5

- (1) The fiscal principles relate to sound financial management, and accordingly the Government should aim to pursue its policy objectives in accordance with those principles.
- (2) Those principles may be departed from in the presentation and implementation of the budget, but any departure should be temporary. 10
- (3) The Treasurer is to include in the budget papers a statement containing the following:
  - (a) the reasons for the departure,
  - (b) the approach to be taken to enable a return to the principles, 15
  - (c) the time frame within which a return to the principles should occur.

### **11      Fiscal principle No 1—adherence to fiscal targets**

Fiscal principle No 1 is that the budget should be framed so as to achieve a fiscal result for the general government sector consistent with the fiscal targets. 20

### **12      Fiscal principle No 2—maintaining or increasing general government sector net worth**

Fiscal principle No 2 is that general government sector net worth should at least be maintained in real terms. 25

### **13      Fiscal principle No 3—funding employer superannuation liabilities**

- (1) Fiscal principle No 3 is that:
  - (a) accruing employer superannuation liabilities of both the general government sector and the public trading enterprise sector should be fully funded, and 30

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(b) the funding of any accrued unfunded employer superannuation liabilities for those sectors should be phased in so as eventually to eliminate any unfunded liabilities.

- (2) In this section, *accruing employer superannuation liabilities* means employer superannuation liabilities relating to services after the commencement of the financial year to which the relevant budget papers relate. 5

#### 14 Fiscal principle No 4—asset maintenance

- (1) Fiscal principle No 4 is that the long-lived physical assets of general government sector agencies should be properly maintained. 10
- (2) Each general government sector agency is to produce, and keep up to date, in accordance with the directions of the Treasurer an asset maintenance plan that: 15
- (a) identifies all its long-lived physical assets, and
  - (b) sets out a program for the maintenance of each long-lived physical asset or grouping of long-lived physical assets, and
  - (c) identifies any deferred maintenance requirements, and 20
  - (d) establishes a funding program for the maintenance of those assets, and
  - (e) is in accordance with the Government's approved technical standards.
- (3) The Treasurer's directions may also classify what assets are to be treated as long-lived physical assets for the purposes of this section. 25

#### 15 Fiscal principle No 5—constrained growth in net cost of services and outlays

Fiscal principle No 5 is that growth in net cost of services and in budget outlays (both current and capital) should be kept at or below the growth in inflation and population, but within a 3 to 5 year time frame for capital outlays so as to allow for the potential impact from year to year of large capital projects. 30

**16    Fiscal principle No 6—prudent risk management**

- (1)    Fiscal principle No 6 is that management of net debt should be on the basis of sound risk management principles and a prudent limit should be placed on the level of financial risk for overall financial assets and liabilities. 5
  
- (2)    Each general government sector agency is to produce, and keep up to date, in accordance with the directions of the Treasurer a risk management plan that identifies all significant financial and other risks and develops strategies for dealing with them.

**17    Fiscal principle No 7—tax restraint** 10

Fiscal principle No 7 is that the level of taxes should be restrained to the maximum possible extent and policies should be pursued that are consistent with a reasonable degree of predictability about the level and stability of tax rates for future years. 15



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## **Part 4      Budget coverage, presentation and contents**

### **18    Budget coverage**

The budget is to be presented on a basis that covers the general government sector, taking into account any determinations made from time to time by the Treasurer under section 4 (2) (a) or (b). 5

### **19    Budget presentation standards**

- (1) The budget is to be presented in each of the following ways:
  - (a) a presentation that accords with government finance statistics principles, 10
  - (b) an accrual presentation that accords with generally accepted accounting principles and Australian accounting standards.
- (2) The Treasurer may determine that the principles or standards referred to in subsection (1) should be departed from if the Treasurer is of the opinion that the departure is necessary in a particular case to present a true and fair view of the financial position of the budget. 15
- (3) The Treasurer is to prepare a report on any such departure containing details of, and reasons for, the departure and the report is to be tabled in each House of Parliament with the budget papers. 20
- (4) If there has been a departure from generally accepted accounting principles or Australian accounting standards, the report referred to in subsection (3) is to be accompanied by a report on the departure by the Treasurer's Accounting Advisory Panel, consisting of senior members of the accounting profession and the Auditor-General. 25

### **20    Time at which budget is to be presented to Parliament**

- (1) The budget papers for the 1996-1997 financial year, and each later financial year, are to be tabled in the Legislative Assembly before the end of the previous financial year. 30

- (2) If subsection (1) cannot be complied with because the Legislative Assembly is not sitting during the last 2 months of the financial year in which the budget papers are to be tabled, the budget papers are to be tabled in the Legislative Assembly as soon as possible after the end of that financial year. 5

## 21 Budget policy statement

The Treasurer is to include a budget policy statement in the budget papers for each financial year that includes information on the following matters:

- (a) assessment of progress achieved against the fiscal targets and fiscal principles, 10
- (b) projection of ability to achieve fiscal targets in the future and to progress the achievement of fiscal principles,
- (c) 3-year projections of all relevant economic and financial variables. 15

## 22 Content of budget papers

- (1) The budget papers are to include the following matters:
- (a) subject to any departure in accordance with section 19, a presentation for the general government sector for a rolling 3-year period comprising the budget year and the following 2 years, prepared according to government finance statistics principles, 20
- (b) projected accrual financial statements for the budget year, namely, a projected statement of financial position, operating statement, cash flow statement and reconciliation of the cash and accrual presentations, 25
- (c) outputs, outcomes and resource cost for each program for the budget year and each of the 3 years preceding the budget year,
- (d) outlays and revenue information on a basis that accords with Australian Bureau of Statistics standards for the general government sector, public trading enterprise sector and total State sector for the budget year and the previous year. 30
- (2) The budget papers may include additional matters. 35

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## Part 5 Within-year reporting requirements

### 23 Monthly financial statements

The Treasurer is to release publicly a statement for each month setting out the budget result, on the basis of government finance statistics principles, from the beginning of the current financial year to the end of the relevant month. 5

### 24 Half-yearly statements

- (1) The Treasurer is to release publicly a statement in February of each year from and including 1996 containing:
  - (a) the latest economic projections for the current financial year and an explanation of any significant variation from the budget time projections contained in the budget papers, and 10
  - (b) budget projections for the current financial year and an explanation of any significant variation in major aggregates from those budget time projections. 15
- (2) The statement is to be effective as at the end of the previous December.

### 25 Consolidated financial statements

- (1) The Treasurer is to release publicly a consolidated financial statement presented on an accrual basis for the first 6 months and the last 6 months of each financial year. 20
- (2) Each statement is to be released within 3 months of the end of the period to which it relates.

## **Part 6        Miscellaneous**

### **26    Transitional arrangements**

- (1)    The Treasurer may determine the first budget for a financial year in relation to which a requirement of Part 4 is to take effect and the date from which a requirement of Part 5 is to take effect.    5
- (2)    Those requirements do not take effect until the Treasurer has made such a determination.
- (3)    This section does not apply to a requirement of section 20 or 24.

### **27    Effect of Act**

- (1)    Nothing in this Act places on any person any obligation enforceable in a court of law or administrative review body.    10
- (2)    Without limiting subsection (1), a failure to comply with a provision of this Act:
  - (a)    does not prevent the introduction of any Bill in, or the passage of a Bill through, a House of Parliament or prevent assent being given to any Bill, and    15
  - (b)    does not affect the validity of any legislation, and
  - (c)    does not affect the validity of any action taken by any public official or agency, and
  - (d)    does not expose any person to civil or criminal liability.    20
- (3)    Accordingly, no court or administrative review body has jurisdiction or power to consider any question involving compliance or non-compliance with this Act.

### **28    Public Finance and Audit Act 1983 not affected**

This Act does not affect the provisions of the *Public Finance and Audit Act 1983*.    25

### **29    Review of Act**

- (1)    The Treasurer is to review this Act to determine whether the policy objectives of the Act remain valid and whether the terms of the Act remain appropriate for securing those objectives.    30

- (2) The review is to be undertaken as soon as possible after the period of 5 years from the date of assent to this Act.
- (3) A report of the outcome of the review is to be tabled in each House of Parliament within 12 months after the end of the period of 5 years.

