



**DEPARTMENT OF PARLIAMENTARY SERVICES**  
**FINANCIAL AND IT SERVICES BRANCH**

# **FINANCE – A TREASURY MODEL**

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# PRESENTATION COVERAGE

- Introductory Comments
- Background for NSW
- Progress towards Financial Independence
- Preferred Model for Parliament of NSW
- Discussion and Questions



# INTRODUCTORY COMMENTS

- Didn't choose the title but let's stick with it
- The title does represent the budget process the Parliament of NSW has had to follow
- Towards financial independence would have been better
- I am referring to reports that have been made public but 'Chatham House Rules' apply to commentary



## BACKGROUND FOR NSW

- Separate appropriation bill achieved for the Parliament in 1993
- Appropriation has been determined by NSW Treasury/Expenditure Review Committee of Cabinet since then
- Probably weaker than any other NSW government agency - no Ministerial representation at Cabinet.
- Parliament's priorities do not fit with Executive Government priorities and election commitments



# PROGRESS TOWARDS FINANCIAL INDEPENDENCE

## NSW Legislative Council

- Opposition and Minor Parties dominance in the Legislative Council since 2019 election
- NSW Legislative Council Public Accountability Committee Inquiry on Budget Process for Independent Oversight Bodies and the Parliament of NSW
  - Submissions on behalf Parliament of NSW [First Submission](#) and [Second submission update](#)
  - Committee Report [First Report](#)



# PROGRESS TOWARDS FINANCIAL INDEPENDENCE CON'T

## Summary of Recommendations Relevant to the Parliament from LC PAC Committee Report

- The NSW Government work with the Legislature in adopting the UK or Canadian model of funding for the Parliament of NSW
  - Consultation by the President with the Speaker and the Premier to establish joint committee with the Legislative Assembly or separate committees working together to choose model
- The LC Public Accountability Committee review the LC's annual budget submission and the DPS annual budget submission in conjunction a similar committee appointed by the Legislative Assembly



# PROGRESS TOWARDS FINANCIAL INDEPENDENCE

## NSW Auditor-General Report

*The Effectiveness of Financial Arrangements and Management Practices in Four Integrity Agencies - [The Report](#)*

- Relevant recommendations
  - Implement a funding model for integrity agencies that addresses potential threats to their independence while ensuring their accountability based on the following principles
    - The integrity agencies are required to demonstrate their accountability as prudent managers of their financial resources
    - Parliament's role in the budget process should be expanded to ensure Cabinet is provided with more independent advice on the funding requirements for the integrity agencies
    - There should be transparency to Parliament and the relevant agency for decisions made about funding for the integrity agencies
    - There should be structured oversight by Parliament of the performance and financial management of the integrity agencies
  - Reassess the process used to apply efficiency dividends to the integrity agencies



# PROGRESS TOWARDS FINANCIAL INDEPENDENCE - CON'T

## NSW Treasury/Legislature Budget Review

### Scope included:

1. Understand of the role and purpose of the NSW Parliament and its strategic objectives
2. Map the Parliament's activities and programs and identify the controllable and uncontrollable costs of each
3. Review opportunities to enhance efficiency and effectiveness of the delivery programs including areas where previous cuts created unacceptable risks to the operation of Parliament
4. Assess the adequacy of current and forecast funding levels for the Parliament given controllable and uncontrollable costs
5. Develop an updated Budget statement for the NSW Parliament that defines its purpose, including KPIs, to assess performance against the strategic objectives





# **PROGRESS TOWARDS FINANCIAL INDEPENDENCE - CON'T**

## **NSW Treasury/Legislature Budget Review Outcomes**

- Report in draft form and being considered by NSW Treasury and won't be made public
- Has resulted in approval of significant additional capital funding to improve Parliament's audiovisual and IT systems
- Also additional recurrent funding to meet its uncontrollable costs and removal of efficiency dividends and other savings levied
- Draft recommendations include preferred Budget model for the Parliament
- Parliament to report on performance measures against its own strategic framework via annual reports of each Department



# PROGRESS TOWARDS FINANCIAL INDEPENDENCE - CON'T

## Where are we now?

- The Government is weighing up all three reports
- If the integrity agencies are recommended to have independence built into their budget processes via Parliament, surely the Parliament should have it
- Have achieved some outcomes and driving momentum
- Watch this space



# PREFERRED MODEL FOR PARLIAMENT OF NSW

## Option 1 Fully funded model

- No Executive Government savings measures – Parliament provides a transparent view of its internal efficiency initiatives and how these are utilised to self-fund new recurrent budget measures
- PTAs funded to support the effective functioning of Parliament to be supported
- Set capital funding approximating depreciation expense
- Parliament submits major capital works projects for funding assessment
- A Protected Item in the Legislature's Budget for parliamentary additional non-discretionary costs with the committee/s concerned to make a recommendation to the Treasurer for utilisation of the additional funding
- Ability to roll over unspent funds from year to year to meet priorities and long term projects
- Separate governance framework to determine outcomes and value for money (efficiency and effectiveness measures)
- Sustainable budget until the next election



# PREFERRED MODEL FOR PARLIAMENT OF NSW

## Option 2 – Hybrid budget model

- All the above features of Option 1
- Committees of both Houses with independent chairs that review the respective budgets of both Houses with both committees sitting jointly under an independent chair to assess the budget of the Department of Parliamentary Services
- All committees have set compositions
- Treasury provides report on the fiscal position of the State to each committee leading into the annual budget cycle
- Treasury staff provide their own assessment of budget proposals to each committee
- Both House committees report their budget recommendations for the Budget year to their respective Houses and the joint committee to both Houses with the Presiding Officers forwarding a copy to the Treasurer
- The Treasurer tables the Legislature's Appropriation with an explanatory statement of any variations to the Committee report for each House to vote on



# DISCUSSION AND QUESTIONS