

Charter of Budget Honesty Bill 2009

Explanatory Notes

General Outline

Policy Objectives

The *Charter of Budget Honesty Bill* provides a framework for the conduct of Government fiscal policy. The purpose of the Charter is to improve fiscal policy outcomes, by requiring fiscal strategy to be based on principles of sound fiscal management and by facilitating public scrutiny of fiscal policy and performance.

Reasons for the Bill

The Bill addresses two objectives, to:

- provide a framework for the conduct of Government fiscal policy; and
- improve fiscal policy outcomes by facilitating public scrutiny of fiscal policy and performance.

Achievement of the Objectives

- The Bill requires the release by the Under Treasurer of the pre-election fiscal and economic outlook update report within 15 days after the issuance of the writ for a general election.
- The Bill provides for costing of policy proposals of both the Government and the Opposition during an election period.

Alternatives to the Bill

Non legislative means would not allow the objectives to be met. By legislating Treasury's precise role and actions in an election context, the Bill protects Treasury's independence.

Estimated Cost for Government Implementation

There are no financial implications for implementing the requirements of the Bill.

Consistency with Fundamental Legislative Principles

The proposed legislation is consistent with fundamental legislative principles.

Consultation

The Department of the Premier and Cabinet was consulted in preparing the legislation.

The legislation is substantially uniform with relevant sections of the Commonwealth *Charter of Budget Honesty Act 1998*.

Notes on Provisions

Clause 1 states the short title of the Bill.

Clause 2 identifies the Charter of Budget Honesty in a schedule to the Bill and states that nothing in the Charter creates rights or duties that are enforceable in judicial or other proceedings.

Schedule

Part 1 Purpose and overview

Section 1 provides the purpose of the Bill and of the Charter.

Section 2 provides definitions of terms used in this Bill.

Part 2 Pre-election economic and fiscal outlook report

Section 3 requires the Under Treasurer to release publicly a pre-election economic and financial outlook report within 15 days after the issue of a writ for a general election.

Section 4 provides the purpose of the report.

Section 5 requires for the report to involve a full fiscal update of the current financial year and the following three years for the General Government sector including, to the fullest extent possible, all Government decisions since the last update of the forward estimates that would have a material fiscal effect and that were made or were in existence before the issue of the writ for the election. The report will also include a short commentary on the fiscal position including changes since the last update and the sensitivity of the fiscal estimates to changes in the economic and other assumptions.

Section 6 requires the Treasurer to disclose to the Under Treasurer details of any Government decision or any other circumstance that may have material implications for the fiscal or economic outlook and that the Under Treasurer could not reasonably be expected to be aware.

Section 7 requires statements by the Treasurer - that the disclosure requirements referred to above in section 6 have been complied with - and from the Under Treasurer. The statement from the Under Treasurer must state that, to the fullest extent possible, the information in the report reflects the best professional judgement of officers of the Treasury, takes into account all economic and financial information available, including Government decisions or other information disclosed by the Treasurer.

Section 8 requires State Government agencies to provide information in a timely manner to the Under Treasurer, to help prepare the report, unless it is not practicable to do so or if doing so would contravene Australian or a State law.

Part 3 Costing of election commitments

Section 9 provides that, during the caretaker period for a general election, the Premier or the Leader of the Opposition may request the Under Treasurer to prepare costings of publicly announced policies. A request for costing of policies is to be in writing, should state the intention of the policy and should outline fully the policy to be costed, giving details including the assumptions to be used.

A request for policy costing is to be given to the Under Treasurer. The Premier may not request costing of Opposition policies. The Leader of the Opposition may not request costings of Government policies.

The Under Treasurer is not obliged or authorised to make any comment on the rationale or efficacy of policies provided for costing.

Section 10 provides that, the Premier and the Leader of the Opposition may at any time withdraw a request for costing of a policy, by writing to the Under Treasurer.

Section 11 provides that the Under Treasurer may issue guidelines recommending approaches or methods to be used in preparing policy costings. If the Under Treasurer needs more information to cost aspects of a policy, the Under Treasurer must write to the Premier or the Opposition Leader, as the case requires, for more information.

Section 12 requires the public release of policy costings no less than two days before polling day for the election, unless the request for costing has been withdrawn. All information including assumptions provided with the policy must be released with the costing. If insufficient information has been provided to allow costing within the appropriate time period, the Under Treasurer must release a statement to that effect no less than two days before polling day for the election. The role of the Under Treasurer is strictly limited to costing in the time period specified in this legislation. The Under Treasurer is not obliged or authorised to take any further action in relation to a policy costing beyond that specified in this legislation.

Section 13 requires State Government agencies to provide information in a timely manner to the Under Treasurer, to help prepare policy costings, unless it is not practicable to do so or if doing so would contravene Australian or a State law.

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