

TASMANIA

**CHARTER OF BUDGET RESPONSIBILITY BILL
2007**

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**CHARTER OF BUDGET RESPONSIBILITY BILL
2007**

*(Brought in by the Premier, the Honourable Paul Anthony
Lennon)*

A BILL FOR

An Act to provide for a Charter of Budget Responsibility

Be it enacted by His Excellency the Governor of Tasmania, by and with the advice and consent of the Legislative Council and House of Assembly, in Parliament assembled, as follows:

1. Short title

This Act may be cited as the *Charter of Budget Responsibility Act 2007*.

2. Commencement

This Act commences on the day on which this Act receives the Royal Assent.

3. The Charter of Budget Responsibility

- (1) The Charter of Budget Responsibility is set out in Schedule 1.
- (2) Nothing in the Charter of Budget Responsibility creates rights or duties that are enforceable in judicial or other proceedings.

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4. Administration of Act

Until provision is made in relation to this Act by order under section 4 of the *Administrative Arrangements Act 1990* –

- (a) the administration of this Act is assigned to the Treasurer; and
- (b) the department responsible to the Treasurer in relation to the administration of this Act is the Department of Treasury and Finance.

5. Consequential Amendments

The legislation specified in Schedule 2 is amended as specified in that Schedule.

**SCHEDULE 1 – CHARTER OF BUDGET
RESPONSIBILITY**

Section 3

PART 1 – PURPOSE OF CHARTER

1. Purpose of Charter

The Charter of Budget Responsibility provides a framework to improve fiscal policy outcomes by requiring –

- (a) a fiscal strategy statement based on principles of sound fiscal management; and
- (b) regular reports to provide for the assessment of the Government’s fiscal performance; and
- (c) the publication of a pre-election financial outlook report; and
- (d) a process for costing the election policies of parties represented in the House of Assembly.

PART 2 – INTERPRETATION

2. Interpretation

- (1) In this Schedule, unless the contrary intention appears –

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“budget” means an annual State budget;

“budget papers” means the papers tabled in Parliament in connection with the Bill for the annual appropriation of money out of the Consolidated Fund for the service of a financial year;

“budget year” means the financial year to which a budget relates;

“caretaker period” means, in relation to an election for the House of Assembly, the period starting with the issue of the writ for the election and ending at the close of the poll on the polling day for the election;

“fiscal strategy statement” means a statement that complies with clauses 7 and 8;

“general government sector body” means –

- (a) a Government department within the meaning of the *State Service Act 2000*; and
- (b) any other State authority classified as an entity within the general government sector in the Treasurer’s annual report;

“GFS Australia” means the publication of the Australian Bureau of Statistics known as Government Finance Statistics

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Australia: Concepts, Sources and
Methods, as updated from time to time;

Note. This updating takes 2 forms:

- (a) from time to time, a new version of the publication is produced; and
- (b) from time to time, material in the current version of the publication is updated by other publications of the Australian Bureau of Statistics.

“Government” means the Government of this State;

“Government Business Enterprise” means a statutory authority specified in Schedule 1 to the *Government Business Enterprises Act 1995*;

“Leader of an Opposition party” means the Leader of an Opposition party in the House of Assembly;

“principles of sound fiscal management” means the principles set out in clause 3;

“publicly release” includes publishing on the website of the Department;

“report” means a pre-election financial outlook report;

“Secretary” means Secretary of the Department;

“State authority” means a body or authority, whether incorporated or not, that is

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established or constituted under a written law or under the royal prerogative, being a body or authority which, or of which the governing authority, wholly or partly comprises a person or persons appointed by the Governor, a Minister or another State authority, but does not include a Government department within the meaning of the *State Service Act 2000*;

“State-owned company” means a company incorporated under the Corporations Act which is controlled by –

- (a) the Crown; or
- (b) a State authority; or
- (c) another company which is itself controlled by the Crown or a State authority;

“table” means table in each House of Parliament;

“Treasurer’s annual report” means the annual report prepared by the Treasurer under section 26A of the *Financial Management and Audit Act 1990*;

“Treasurer’s half-yearly report” means the report published by the Treasurer under section 26 of the *Financial Management and Audit Act 1990*.

- (2) Other expressions used in this Act that are given a meaning by GFS Australia have the meanings so given.

**PART 3 – PRINCIPLES OF SOUND FISCAL
MANAGEMENT**

3. The principles of sound fiscal management

- (1) The principles of sound fiscal management are to –
- (a) ensure transparency and accountability in developing, implementing and reporting on fiscal objectives; and
 - (b) ensure the efficient and effective allocation and sustainable use of resources in achieving objectives; and
 - (c) ensure that policy decisions have regard to their financial effects on future generations; and
 - (d) formulate spending and taxation policies that ensure a reasonable degree of equity, stability and predictability; and
 - (e) manage financial risks prudently.
- (2) The financial risks referred to in subclause (1)(e) include risks such as –

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- (a) commercial risks arising from ownership of Government Business Enterprises and State-owned companies; and
- (b) risks arising from erosion of the tax base; and
- (c) risks arising from the management of assets and liabilities.

PART 4 – FISCAL STRATEGY STATEMENT

4. Purpose of fiscal strategy statement

The purpose of a fiscal strategy statement is to –

- (a) establish a benchmark for evaluating the Government’s fiscal performance; and
- (b) increase public awareness of the fiscal policies of the Government and Opposition parties.

5. Public announcement and tabling of Government’s fiscal strategy statement

- (1) The Treasurer is to publicly announce and table the first fiscal strategy statement for a particular Government at or before the time of the Government’s first budget.
- (2) If the Government wants to change its fiscal strategy statement, it may do so at any time by

the Treasurer publicly announcing and tabling a new fiscal strategy statement.

- (3) If a House of Parliament is not sitting when a fiscal strategy statement is publicly announced –
- (a) the statement still takes effect from its public announcement; and
 - (b) the Treasurer is to table the statement in that House of Parliament as soon as practicable after it next sits.

6. Public announcement of Opposition party's fiscal strategy statement

The Leader of an Opposition party is to publicly announce a fiscal strategy statement, and provide a copy of the statement to the Secretary, within 15 days of the issue of a writ for an election for the House of Assembly.

7. Fiscal strategy statement to be based on principles of sound fiscal management

A fiscal strategy statement is to be based on the principles of sound fiscal management.

8. Contents of a fiscal strategy statement

- (1) A fiscal strategy statement is to –

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- (a) specify the long-term objectives within which budgets will be framed; and
 - (b) specify the key fiscal measures against which fiscal policy will be set and assessed; and
 - (c) specify the fiscal objectives and targets for the budget year and the following 3 financial years; and
 - (d) identify how the fiscal objectives and strategic priorities relate to the principles of sound fiscal management.
- (2) If particular information required to be included in the statement is unchanged from information set out in full in an earlier fiscal strategy statement, the statement may instead summarise the information and state that it is unchanged from what was set out in the earlier statement.

**PART 5 – PRE-ELECTION FINANCIAL OUTLOOK
REPORT**

9. Purpose of pre-election financial outlook report

The purpose of a report is to provide updated information on the estimates disclosed in the budget papers for the current budget year and the following 3 financial years.

10. Assessment of the need for, and public release of, a report

- (1) Within 5 days of the issue of a writ for an election for the House of Assembly, the Secretary is to review the estimates referred to in clause 9.
- (2) If the estimates do not vary materially from the information presented in either the Treasurer's half-yearly report or budget papers, whichever is the more recent, the Secretary must inform the Premier and publicly release a notice that no report will be issued.
- (3) If the estimates do vary materially from the information presented in either the Treasurer's half-yearly report or budget papers, whichever is the more recent, the Secretary must prepare a report within 10 days of the issue of the writ for the election for the House of Assembly.
- (4) The Secretary must submit the report to the Premier and publicly release the report.
- (5) The Secretary is to determine the format of the report.

11. Treasurer to provide information to help prepare report

- (1) The Treasurer is to disclose to the Secretary details of any Government decision, or any other circumstance, that was in existence before the

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issue of a writ for an election for the House of Assembly –

- (a) that has, or could have, material financial implications for the estimates referred to in clause 9; and
 - (b) that the Secretary could not reasonably be expected to know about.
- (2) The Treasurer is to disclose the details within 2 days of the issue of the writ for an election for the House of Assembly.

PART 6 – COSTING OF ELECTION POLICIES

12. Requests for costing of election policies

- (1) During the caretaker period for an election of the House of Assembly –
- (a) the Premier may request the Secretary to prepare costings of publicly announced Government policies; and
 - (b) the Leader of an Opposition party may request the Secretary to prepare costings of the party's publicly announced policies.
- (2) A request is to –
- (a) be in writing; and
 - (b) outline fully the policy to be costed, giving relevant details; and

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- (c) state the purpose or intention of the policy.
- (3) A request by the Premier is to be given to the Secretary.
 - (4) A request by the Leader of an Opposition party is to be given to the Premier, who may then agree to refer it to the Secretary.
 - (5) The Secretary is not obliged or authorised to take any action in relation to a request unless the Premier has referred the request to the Secretary.
 - (6) The Premier or the Leader of an Opposition party may, at any time, withdraw a request that he or she has made.
 - (7) A withdrawal by the Premier is to be by notice in writing given to the Secretary.
 - (8) A withdrawal by the Leader of an Opposition party is to be by notice in writing given to the Premier, who is to notify the Secretary in writing of the withdrawal.

13. How policy costings are to be prepared

- (1) The Secretary is to issue written guidelines for preparing costings of publicly announced policies.
- (2) The Secretary may, in writing, request the Premier or the Leader of the relevant Opposition party for additional information in relation to a costing of a publicly announced policy.

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14. Public release of policy costings

- (1) As soon as practicable after a request in relation to the costing of a publicly announced policy has been made and before polling day for the election, the Secretary is to publicly release a costing of the policy.
- (2) If the Secretary does not have sufficient information, or has not had sufficient time, to prepare and publicly release a costing of a publicly announced policy before polling day for the election, the Secretary is to publicly release a statement to that effect before that day.
- (3) The Secretary is not obliged or authorised to take any further action, in relation to a request for the costing of a publicly announced policy, on or after polling day for the election.

PART 7 – MISCELLANEOUS

15. General government sector bodies to provide information to help prepare report and policy costings

- (1) To help the Secretary to prepare a report or a costing in response to a request referred to in clause 12, the Secretary may request a general government sector body to provide information.
- (2) A general government sector body must comply with a request from the Secretary within the time specified by the Secretary unless it is not practicable for the body to do so.

- (3) If it is not practicable for a general government sector body to provide information within the specified time, the head of that body must inform the Secretary in writing within 2 days of receiving the request from the Secretary.
- (4) The general government sector body need not provide information if doing so would contravene another law, but must inform the Secretary in writing in such a case.

16. Reporting progress against the fiscal strategy statement

The Treasurer is to provide information within the budget, the Treasurer's half-yearly report and the Treasurer's annual report to allow assessment of the Government's fiscal performance against the fiscal strategy set out in its current fiscal strategy statement.

17. Timing of first fiscal strategy statement

The Treasurer must submit a fiscal strategy statement in accordance with this Act prior to, or on the day of the first budget after, this Act commences.

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SCHEDULE 2 – CONSEQUENTIAL AMENDMENTS

Section 5

Financial Management and Audit Act 1990

1. Section 26 is amended by inserting after subsection (4) the following subsection:
 - (4A) The half-yearly report is to contain an assessment of the Government's fiscal performance against its current fiscal strategy statement, within the meaning of the *Charter of Budget Responsibility Act 2007*.

2. Section 26A(2) is amended by inserting after paragraph (d) the following paragraph:
 - (da) an assessment of the Government's fiscal performance against its current fiscal strategy statement, within the meaning of the *Charter of Budget Responsibility Act 2007*; and