Fiscal Responsibility Act 2012 No 58

[2012-58]

New South Wales

Status Information

Currency of version

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Provisions in force

The provisions displayed in this version of the legislation have all commenced.

Notes—

- **Does not include amendments by**
  Government Sector Finance Legislation (Repeal and Amendment) Act 2018 No 70 (not commenced)

Authorisation

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Fiscal Responsibility Act 2012 No 58

New South Wales

An Act relating to fiscal responsibility in the management of government finances; to repeal the *Fiscal Responsibility Act 2005*; and to make consequential amendments to the *Public Finance and Audit Act 1983*.

Part 1 Preliminary

1 Name of Act

This Act is the *Fiscal Responsibility Act 2012*.

2 Commencement

This Act commences on the date of assent to this Act.

3 Object of Act

(1) The object of this Act is to maintain the AAA credit rating of the State of New South Wales.

(2) The purpose of that object is:

(a) to limit the cost of government borrowing, and

(b) to enable access to the broadest possible investor base for government borrowing, and

(c) to maintain business and consumer confidence, thereby sustaining economic activity and employment in the State.

4 Application of Act

This Act applies to and in respect of the State budget.

5 Definitions

(1) In this Act:

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

long-term average general government revenue growth of the State means the average annual growth rate of general government revenue over a sufficiently long previous period to smooth out the influence of transient factors. The regulations may prescribe the relevant rate.

long-term fiscal gap means the change in the primary balance of the general government sector as a share of gross state product, calculated on the basis of no policy changes:

(a) from 2009–10 to 2050–51, or

(b) after a re-assessment under section 8—over a similar sufficiently long period to assess fiscal pressures associated with the ageing population and other long-term trends. The regulations may prescribe the relevant period.

For the purpose of this definition, the ***primary balance*** is revenue less expenditure, including net capital expenditure but not including interest transactions.

the State's unfunded superannuation liability means the total net employer liabilities of the State under defined benefit superannuation schemes for the total state sector.

(2) Expressions used in this Act (to the extent they are not otherwise defined in this Act) have the same meaning as similar expressions used by the Australian Bureau of Statistics in the preparation of government finance statistics.

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

Part 2 Fiscal targets and principles

6 Fiscal targets

The fiscal targets for achieving the object of this Act are as follows:

(a) The annual growth in general government expenses of the State is less than the long-term average general government revenue growth of the State.

(b) The elimination of the State's unfunded superannuation liability by 2030.

7 Principles of sound financial management

(1) The policy objectives of the Government should be pursued in accordance with the principles of sound financial management set out in this section in order to support the object of this Act.

(2) Principle No 1 is responsible and sustainable spending, taxation and infrastructure investment, including:

(a) aligning general government revenue and expense growth, and

(b) stable and predictable taxation policies, and

(c) investment in infrastructure that has the highest benefit for the community.

(3) Principle No 2 is effective financial and asset management, including sound policies and processes for:

(a) performance management and reporting, and

(b) asset maintenance and enhancement, and

(c) funding decisions, and

(d) risk management practices.

(4) Principle No 3 is achieving intergenerational equity, including ensuring that:

(a) policy decisions are made having regard to their financial effects on future generations, and

(b) the current generation funds the cost of its services.

8 Budget reporting in relation to fiscal targets and principles

The Treasurer is to include the following in the budget papers:

(a) a statement of the Government's fiscal strategy having regard to the object of this Act and the fiscal targets and principles provided by this Act,

(b) a report on the Government's performance against that object and those targets and principles,

(c) the reasons for any departure from that object and those targets and principles, together with the action planned to achieve that object and those targets and principles within the forward years of the budget,

(d) an assessment of the impact of the measures in the budget on the State's long-term fiscal gap,

(e) in the case of the budget papers for 2016–17 and for each 5 years thereafter—an updated report on long-term fiscal pressures and a re-assessment of the State's long-term fiscal gap.

Note—

Section 10 of the *General Government Liability Management Fund Act 2002* requires the Management Committee (constituted under that Act to advise the Secretary of the Treasury on the management of the Fund) to review from time to time the long-term fiscal target of eliminating total State sector unfunded superannuation liabilities by 2030.

Part 3 Miscellaneous

9 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.

(4) This section does not apply to the other provisions of this Part or to Schedule 1.

10 Regulations

The Governor may make regulations, not inconsistent with this Act, for or with respect to any matter that by this Act is required or permitted to be prescribed or that is necessary or convenient to be prescribed for carrying out or giving effect to this Act.

11 Acts not affected by this Act

This Act does not affect the provisions of any of the following Acts:

Annual Reports (Departments) Act 1985

Annual Reports (Statutory Bodies) Act 1984

Public Authorities (Financial Arrangements) Act 1987

Public Finance and Audit Act 1983

State Owned Corporations Act 1989

12 (Repealed)

13 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 include an assessment of the State's long-term average general government revenue growth.

(3) The review is to be undertaken as soon as possible after the period of 5 years from the commencement of this Act.

(4) 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.

Schedule 1 (Repealed)