



# Premier of New South Wales

## Minister for Western Sydney

Reference: A1356179

Mr Bruce Notley-Smith MP  
Chair  
Public Accounts Committee  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000



Dear Mr Notley-Smith

I refer to the Parliamentary Budget Officer 2015 Post Election Report (PBO Report) and the recently tabled Public Accounts Committee's Report on the Parliamentary Budget Office 2015 Post-election Report.

I note the Committee has recommended the NSW Government implement each of the recommendations made by the Parliamentary Budget Officer in his report.

I advise the NSW Government broadly endorses 12 out of 13 recommendations of the PBO Report and one of the Report's proposal with a slight amendment.

Recommendation 10 states "that future PBOs list, in budget impact statements, all policies that are categorised as 'reservations', with an additional total impact calculated for the full effect on fiscal aggregates if the policies were implemented."

However, policies categorised as 'reservations' do not have a firm commitment to proceed and, as such, their costs are not included in the budget aggregates and forward estimates. Transparency in this area could be achieved by the PBO reporting on the total of reservations separately to the budget aggregates. This would acknowledge the potential impacts of reservations while recognising that relevant proposals are still in development.

In regard to recommendation 1, relating to an update of budget aggregates at the start of the care-taker period, the Government supports in principle this recommendation and will commit to publish a pre-election budget update. It is considered more appropriate for this update to include an update on the aggregates, and the broad categories of expenditure where decisions have been made subsequent to the Half Year Budget review.

The Government endorses the proposal to reduce the number of fiscal indicators to be reported against to comprise expenditure, revenue, capital expenditure and net financial liabilities. In addition, it is recommended that 'budget result impact' be included as a requirement.

Amendments to the *Parliamentary Budget Officer Act 2010* will be drafted to address the legislative changes recommended by the Parliamentary Budget Officer.

On behalf of the NSW Government, I thank the outgoing Parliamentary Budget Officer Mr Stephen Bartos, and his team, for their excellent work in costing election policies of the major parties in the lead up to the 2015 NSW general election.

Yours sincerely



**MIKE BAIRD MP**  
Premier

14 APR 2016

*Notes - Repair receipts - House  
Paid into  
Clerk of the Legislative Assembly  
April 20, 2016.*