



## The Honourable Don Harwin MLC

Leader of the Government in the Legislative Council  
Special Minister of State, Minister for the Public Service and Employee Relations,  
Aboriginal Affairs, and the Arts  
Vice-President of the Executive Council

Ref: A3790750

Mr David Blunt  
Clerk of the Parliaments  
Parliament House  
Macquarie Street  
SYDNEY NSW 2000

Dear Mr Blunt

### **Inquiry into the Budget process for independent oversight bodies and the Parliament of New South Wales – Government response**

I am writing pursuant to Standing Order 233 of the Legislative Council and your previous correspondence (ref: D20/10894) about Report 5 of the Public Accountability Committee on the *Budget process for independent oversight bodies and the Parliament of New South Wales*.

The Committee's report was tabled in the Legislative Council on 24 March 2020. It made five recommendations addressed to the NSW Government, being:

- Recommendation 1 – That the parliamentary oversight committees for the oversight bodies review the annual budget submissions of each agency and make recommendations as to the funding priorities.
- Recommendation 2 – That the annual budgets for the oversight bodies include a set contingency fund to address unbudgeted financial demands, with access to funds governed by prescribed criteria and approval of the relevant parliamentary oversight committee.
- Recommendation 3 – That the oversight bodies be directly allocated their annual funding through the Appropriation legislation, rather than the funding being allocated to the relevant Minister, so they are not subject to reductions in funding during the financial year.
- Recommendation 4 – That the NSW Government remove the oversight bodies from the Premier and Cabinet cluster.
- Recommendation 5 – That the NSW Government work with the Legislature in adopting the United Kingdom model of funding for the Parliament of NSW.

The Government notes recommendations 1 to 5.

In relation to recommendations 1 to 4, the Government has asked the Auditor-General to undertake an audit of the effectiveness of the financial arrangements and

management practices of oversight bodies – being the Independent Commission Against Corruption, Law Enforcement Conduct Commission, NSW Ombudsman and NSW Electoral Commission. The audit will assess, among other things:

- how the integrity agencies assess the funding requirements for meeting their legislative mandate, and
- whether the existing funding mechanisms effectively support integrity agencies to achieve their legislative mandate.

Further information about the Auditor-General's audit is available at:

<https://www.audit.nsw.gov.au/our-work/reports/financial-arrangements-and-management-practices-of-integrity-agencies>.

The Government is committed to giving the matters raised by the Committee due consideration. The Government will carefully consider the report of the Auditor-General, when received, as well as the Committee's report, in determining its position in relation to these issues.

The Government also notes that recommendation 5 calls for the adoption of a specific funding model for the Parliament of NSW. However, recommendation 8 calls for Parliament to convene a committee (or committees) for further consideration of its preferred funding model. The Government will consider its approach following completion of the Auditor-General's report.

Yours sincerely



**Don Harwin MLC**

Leader of the Government in the Legislative Council

Special Minister of State

Minister for the Public Service and Employee Relations, Aboriginal Affairs, and the Arts

Vice-President of the Executive Council

DATE: 24.9.20

Received at 6.05pm  
Thursday 24 September 2020  
