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Australian Greens Senator for Tasmania

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Jane Hearn
Secretary
Joint Committee of Public Accounts and Audit
Parliament House, Canberra ACT 2600

To the Joint Committee of Public Accounts and Audit

Inquiry into the Parliamentary Budget Office

The establishment of the Parliamentary Budget Office has been a great step forward for democracy in Australia, and lends greater accountability and transparency to political promises made by all parties.

Having been closely involved in the establishment of the Parliamentary Budget Office (PBO), the Australian Greens are highly satisfied with the quality of its work, the contribution to informed public debate that the PBO has made and the professionalism of the staff. We do however believe that in the discharging of its functions, the PBO would be strengthened through minor legislative amendments outlined below.

An independent, fiscal research and analysis institution based within the Parliament, for the services of all Parliamentarians and committees is an extremely positive development for Australia's democracy. It reinforces the often overlooked constitutional principle that the Parliament, not the executive is responsible for the provision of finance for public purposes.

In the period leading up to an election, when the electors' attention on policies and their fiscal impact is heightened, the PBO offers a valuable contribution to participatory democracy by offering financial analysis of the impacts of these competing views for Australia's future.

Their periodic reports on the state of the nation's finances and the public work they do for committees of the Parliament has allowed another respected public institution to sit alongside the Departments of Treasury and Finance to offer views that may deviate from, or even contradict the views of these Departments. This can only make the analysis and advice on our country's finances more robust than otherwise in the PBO's absence.

In our interactions with the PBO we have found them to be professional, prudent and full of well-guided assistance. They have managed their workload with great skill, even during the weeks leading up to the caretaker period, where there were some very close turnaround times. Having seen in the ANAO report no.36 2013-14 that the PBO prepared 500 costings for the Coalition and 404 for the Australian Greens prior

to the caretaker period – the overall proficiency of their time management has been exceptional. The Australian Greens are proud to have been the only party to submit all of its 56 policies for costing and automatic public release by the PBO during the caretaker period.

Communications between our offices have been clear and comprehensive and they have consistently upheld their duty of confidentiality to both us Parliamentarians and to the Departments who provide them with classified information.

Turning to the Committee's specific Terms of Reference, the Australian Greens strongly encourage the Committee to recommend that the PBO be given statutory information gathering powers, rather than relying on fragile Memoranda of Understanding with Departments.

While we cannot speak first hand of these inter-departmental relations, as a principle of public policy, the ability for the PBO to rely on the most up to date data and information of the Australian Public Service is essential to them discharging their functions to the best of their ability. This function should not be at risk in the future purely because of the political imperatives of the Ministers that those Departments are responsible to.

In relation to strengthening the discharging of the PBO's functions, we submit that the *Parliamentary Service Act 1999* be further amended to allow statutory access to the details of the contingency reserve to inform its costing processes and budgetary analysis. The PBO already has access to confidential departmental material which it incorporates into its costings. Not once has the PBO revealed to the public or the MP who requested the costing, classified contents or identifiable figures capable of being reverse engineered.

The complaints by four Departments on page 20 of the ANAO report no.36 that Departments were expected to deliver a policy that was previously incorrectly costed by the PBO could be overcome with the exchange of accurate, up to date information that the two suggested amendments above would achieve.

We strongly encourage the PBO to be able to report against medium-term projections of fiscal outlook beyond the forward estimates. At times this has been necessary to gain a more complete picture of the sustainability of a policy, especially in the case of revenue measures which often have a lag-time between when liabilities arise and when they are collected by the ATO.

It is taken as a given that the longer out a policy is costed, the less reliable it becomes. We do not believe this diminishes the integrity of the PBO or its work.

Finally, we support the recommendation of the ANAO that estimates of the costs of administering the policy be included where that administrative cost is significant.

The establishment of the PBO has strengthened the transparency of our democracy, and provided greater integrity to the policy development process. The Australian Greens believe that this has been integral in promoting a greater understanding in the community about fiscal policy, and the impact of policy proposals especially during the election period.

It is for these reasons that the Australian Greens strongly support the Parliamentary Budget Office, and believe that the minor recommendations outlined below, would enable the PBO to strengthen their ability to perform their important public functions.

Recommendation 1:

That the PBO be given statutory information gathering powers, rather than relying on fragile Memoranda of Understanding with Departments.

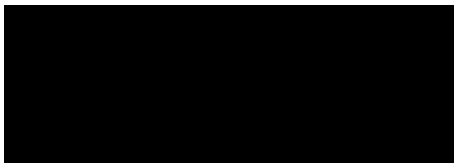
Recommendation 2:

That the *Parliamentary Service Act 1999* be further amended to allow statutory access to the details of the contingency reserve to inform its costing processes and budgetary analysis.

Recommendation 3:

Support the recommendation of the ANAO that estimates of the costs of administering the policy be included where that administrative cost is significant.

Yours sincerely



Senator Christine Milne
Leader of the Australian Greens