

# Part 1

## Overview





# Parliamentary Budget Officer's review

## The year in review

The demands associated with the 2016 general election heavily influenced the Parliamentary Budget Office's (PBO) activities during 2015–16.

Requests from parliamentarians for policy costings and budget analyses built up rapidly over the course of the year as parliamentary parties and independent parliamentarians developed their election policy platforms. The PBO responded to 3,251 requests for policy costings and budget analyses in 2015–16. This was more than double the volume of responses prepared during 2013–14, the previous election year.

On the basis of this growth in demand it is clear that, through its provision of independent and non-partisan policy costings and budget analyses, the PBO has become an integral part of the democratic process. In particular, non-government parliamentary parties have come to rely on the PBO to cost their policy options from the formative stages of policy development through to their final policy positions.

The 2016 election was the first time that all three major parliamentary parties (the Coalition, the Australian Labor Party and the Australian Greens) released costed consolidated election platforms prior to polling day. The Coalition, as the government of the day, relied on the Treasury and the Department of Finance for its costings. The non-government parties were heavily reliant on costings prepared by the PBO.

The PBO released the 2016 post-election report of election commitments on 5 August 2016. The report stands as a comprehensive public record of the budget impacts of the election commitments of the major parliamentary parties. It also confirmed the accuracy of the costings of each of the parties' election platforms.

Since the establishment of the PBO four years ago, each of the major parliamentary parties has had access to publicly funded policy costing services throughout the entire election cycle. It is, therefore, reasonable for the voting public to expect the costed election platforms of the major parties to be released prior to polling day, in sufficient time to be taken into account by the public in their voting intentions.

Excluding the costings included in the 2016 post-election report of election commitments, the greater majority of costings prepared by the PBO in 2015–16 were provided on a confidential basis at the direction of the requesting parliamentarians. The exceptions were 86 costings that the PBO published during the caretaker period (85 for the Australian Greens and one for Senator Jacqui Lambie) and one costing each for Senators Peter Whish-Wilson and David Leyonhjelm prior to the caretaker period, that were made public at their request.

Many of the PBO's costings were drawn on by parliamentarians throughout the year to support their policy announcements. Only a small number of the PBO's costings were published in full by the requesting parliamentarians. Under the PBO's legislation, costings prepared at the request of parliamentarians outside of the caretaker period may be confidential, and the decision to make them public is a matter for the requesting parliamentarian.

In addition to its work associated with the 2016 general election, the PBO assisted a number of parliamentary committees with their inquiries and published a series of reports under its self-initiated research program.

The PBO made submissions to the following committees at their request:

- the House of Representatives Standing Committee on Tax and Revenue inquiry into the Tax Expenditures Statement
- the House of Representatives Standing Committee on Economics inquiry into tax deductibility
- the Senate Select Committee on Health.

The PBO's submissions to these inquiries are available on the PBO's website.

Factors that impinge on the sustainability of the budget over the medium term continued to be the main focus of the PBO's program of self-initiated research. The program aims to enhance the transparency and public understanding of the budget and fiscal policy settings.

During the year the PBO published the following research reports and other analyses:

- Alcohol taxation in Australia
- Medicare Benefits Schedule: Spending trends and projections
- Goods and Services Tax: Distributional analysis and indicative reform scenarios
- National fiscal outlook: As at 2015–16 mid-year fiscal updates
- Higher Education Loan Programme: Impact on the budget
- Impact of policy decisions and parameter variations on Australian Government revenue and spending estimates
- 2015–16 Mid-Year Economic and Fiscal Outlook—charts
- 2016–17 Budget—charts
- Unlegislated measures carried forward in the Budget—various updates.

The PBO's work was subject to regular citation in the media in the context of contemporary public policy debates. The PBO's publications were also frequently accessed via the PBO website.

## **The year ahead**

Details of the PBO's proposed activities during the coming year may be found in the PBO's 2016–17 work plan that was published on 9 August 2016.

As a priority, the PBO will continue to respond to parliamentarians' requests for policy costings and budget analyses, and requests for assistance from parliamentary committees.

In 2016–17, the PBO expects to be able to devote more resources to its published program of self-initiated research on the budget and fiscal policy settings, and the development and maintenance of its financial models and datasets. The extent to which the PBO will be able to do this will depend on the extent of the demand for the PBO's services from parliamentarians and parliamentary committees.

## **Acknowledgements**

I wish to acknowledge the support that the Presiding Officers and the Joint Committee of Public Accounts and Audit provided to the PBO throughout the year. I look forward to continuing in my role as Parliamentary Budget Officer following my appointment for a further year ending 22 July 2017.

I also wish to thank the staff of the PBO for their hard work and professionalism in meeting the heavy demands that were placed on them during the year, in particular as a result of the 2016 general election.

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

# Parliamentary Budget Office overview

## Purpose

The purpose of the PBO, as reflected in the *Parliamentary Service Act 1999*, is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals. This is also the PBO's outcome statement as detailed in its Portfolio Budget Statements and work plan for 2015–16.

In particular, the PBO aims to help level the playing field for all parliamentarians by providing access to publicly funded costing and budget analysis services, improving the accuracy of election commitment costings, and enhancing the transparency and public understanding of the budget and fiscal policy settings.

## Functions

The Parliamentary Service Act gives the Parliamentary Budget Officer the following functions:

- outside the caretaker period for a general election, to prepare policy costings on request by Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor
- during the caretaker period for a general election, to prepare costings of publicly announced policies on request by authorised members of parliamentary parties or independent parliamentarians, with the PBO's responses to be made public
- to prepare responses (other than policy costings) to requests relating to the budget from Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor
- to prepare submissions to inquiries of parliamentary committees, on request by such committees, with the requests and the PBO's responses to be made public
- after a general election, to report on the budget impacts of the election commitments of designated parliamentary parties
- to conduct, on his or her own initiative, research on the budget and fiscal policy settings, with the results of this work to be made public.

## Organisational structure

The PBO’s organisational structure reflects the PBO’s key functions:

- Budget Analysis Division—responsible for budget analyses and policy costings
- Fiscal Policy Analysis Division—responsible for leading the PBO’s self-initiated research program and co-ordinating the post-election report of election commitments
- Corporate Strategy Branch—responsible for developing and implementing the PBO’s corporate strategies and policies, managing the delivery of the PBO’s corporate services and meeting the PBO’s compliance obligations.

As at 30 June 2016, the PBO had 48 employees, including six Senior Executive Service (SES) officers. The Budget Analysis and Fiscal Policy Analysis divisions are each headed by an SES Band 2 First Assistant Parliamentary Budget Officer. SES Band 1 Assistant Parliamentary Budget Officers head the Corporate Strategy, Program Analysis, Revenue Analysis and Fiscal Policy Analysis branches.

**Figure 1: PBO organisational structure at 30 June 2016**

