

Part 1
Overview



Parliamentary Budget Officer's review

The year in review

The 2016–17 financial year marked the fifth year in which the Parliamentary Budget Office (PBO) has been in operation. Over these five years, the PBO has established itself and filled a significant gap in Australia's public policy landscape. It has supported a more informed policy debate by providing all parliamentarians with access to services to estimate the fiscal cost of policy proposals, providing transparency around the fiscal cost of election platforms for major parties and publishing research to promote a better understanding of fiscal policy and the budget.

After the 2016 general election, in accordance with section 64T of the *Parliamentary Service Act 1999*, the Joint Committee of Public Accounts and Audit (JCPAA) initiated an independent review of the PBO's operations to focus on how the PBO could build on its foundations and strengthen its abilities.

The review, completed in March 2017, found that the PBO is widely regarded as a credible, independent and non-partisan organisation that produces rigorous analysis relevant to the public policy debate. Sixteen recommendations were made in relation to how the PBO could further improve its operations and effectiveness. The PBO agrees with all of the recommendations.

During 2016–17, the demand for the PBO's services remained high, although it eased following the general election, with the number of responses to requests for costings and budget analysis declining from 3,251 in 2015–16 to 1,888 in 2016–17. Nonetheless the demand for costings and budget analysis outside an election period has continued to increase strongly over time; activity in 2016–17 was around double the level of the previous non-election year (2014–15).

Over time, parliamentarians are increasingly using the PBO as part of their policy development process and in the course of parliamentary business, ensuring that the fiscal cost of proposals are taken into account in the policy debate. Since April 2017, the PBO has provided medium-term (10 year) cost estimates in response to all costing requests so that it is clearer whether the estimates of the fiscal cost over the forward estimates are representative of the longer term impacts the proposal may present. The PBO is also increasingly being used to provide broader analysis of budget issues, including, where possible, to understand the distributional impacts of policy proposals.

In addition to our costing and budget analysis work, the PBO made submissions, at their request, to the House of Representatives Standing Committee on Economics inquiry into tax deductibility, and to the Senate Select Committee on Red Tape inquiry into the effect of red tape on the sale, supply and taxation of alcohol. Our submissions to these inquiries are available on our website.

The PBO's research program has continued to focus on improving the transparency and public understanding of the budget and fiscal policy settings. Factors that affect the sustainability of the budget over the medium term have continued to be a significant focus.

During the year, the PBO published a number of analytical research reports. These included the Post-election report of election commitments, following the 2016 general election, and the National fiscal outlook, following the release of 2016–17 budgets across all levels of government. The PBO also published two sector specific reports, analysing fiscal issues associated with the operation of the National Broadband Network and the Future Fund.

The PBO's work was cited regularly in the media as part of ongoing public policy debates. The PBO's publications were also frequently accessed via our website.

The year ahead

Details of our proposed activities during the coming year may be found in our 2017–18 work plan that was published on 22 September 2017. The work plan incorporates our response to the independent review of the PBO and details how we intend to implement each recommendation. Implementation of these recommendations is intended to improve the efficiency and effectiveness of our operations and ensure we are well positioned to meet the expected increase in demand for our services in the lead up to the next general election.

As a priority, we will continue to respond to parliamentarians' requests for policy costings and budget analysis, and requests for assistance from parliamentary committees. Our research program will continue to focus on the sustainability of fiscal policy settings over the medium term and risks to the fiscal outlook.

The inaugural Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, retired on 22 July 2017. Mr Bowen did an outstanding job in establishing and leading the PBO over its first five years. As a result of Mr Bowen's efforts, the PBO has credibility, strong foundations and dedicated and capable staff that will support its evolution over the period ahead.

As the new Parliamentary Budget Officer from 24 July 2017, I look forward to working with the Presiding Officers, the JCPAA, parliamentarians, Commonwealth agencies and others to continue to shape the PBO into the future to best meet the needs of parliamentarians and the Australian public more generally.

Jenny Wilkinson
Parliamentary Budget Officer

Parliamentary Budget Office overview

Purpose

The purpose of the PBO, as reflected in the Parliamentary Service Act, 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 our Portfolio Budget Statements and work plan for 2016–17.

In particular, we aim to help level the playing field for all parliamentarians by providing access to costing and budget analysis services, and to enhance the transparency and public understanding of budget information, fiscal policy settings, and the financial implications of election commitments.

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 requests and the PBO's responses to be made public
- to prepare responses to other requests for budget analysis 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 research on, and analysis of, the budget and fiscal policy settings, with the results of this work to be made public.

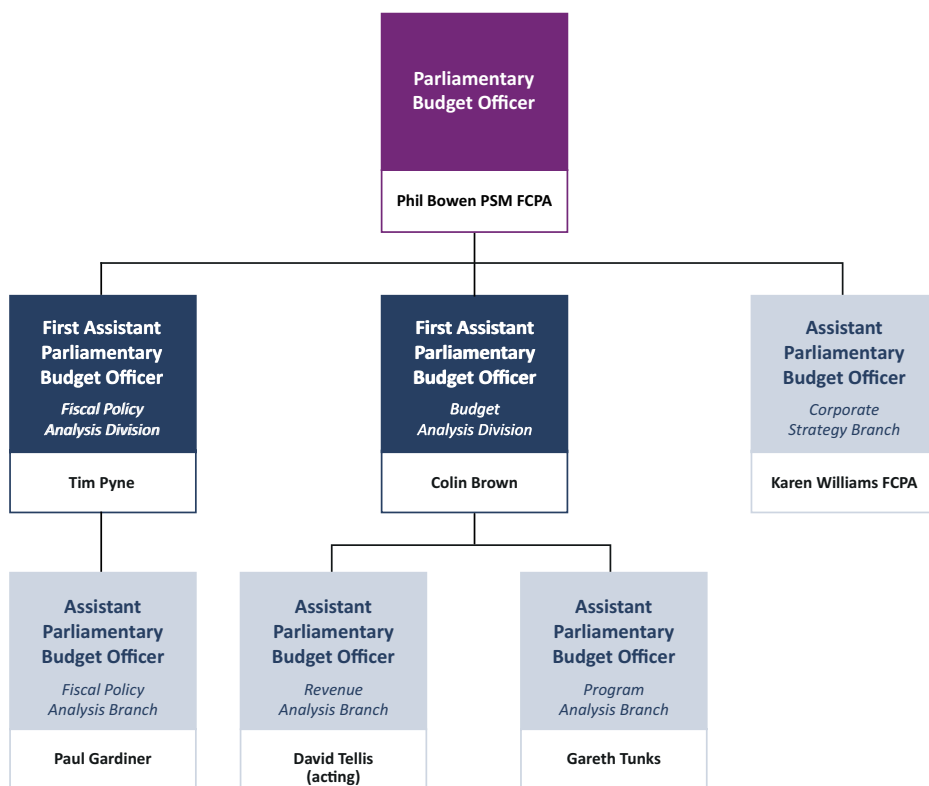
Organisational structure

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

- Budget Analysis Division—responsible for preparation of budget analyses and policy costings
- Fiscal Policy Analysis Division—responsible for leading the PBO’s research program and coordinating 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 2017, the PBO had 44 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 and senior staffing at 30 June 2017



Note: Mr Phil Bowen PSM FCPA retired as Parliamentary Budget Officer on 22 July 2017.