



Parliament of Australia
Parliamentary Budget Office

SENATE OCCASIONAL LECTURE

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**THE PARLIAMENTARY BUDGET OFFICE
SUPPORTING AUSTRALIAN DEMOCRACY**

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I would like to thank Dr Rosemary Laing, the Clerk of the Senate, for inviting me to present this lecture today.

Let me start by acknowledging the traditional owners on whose lands we meet and paying my respects to elders past and present.

The establishment of the Parliamentary Budget Office (PBO) arguably represents the most significant institutional initiative to enhance the Commonwealth's fiscal responsibility framework since the passage of the landmark *Charter of Budget Honesty Act 1998*.

The focus of my lecture today is on the role that the PBO plays in supporting our democratic processes.

I will briefly cover the background to the establishment of the PBO, its mandate, modus operandi and resourcing.

I will also outline the work that the PBO has undertaken since it was established a little over three years ago and reflect on the PBO's evolution as a credible, trusted, independent and non-partisan institution of our peak democratic body, the Australian Parliament.

For our democratic processes to work effectively, it is essential that our parliamentarians, whether in government or not, are well informed about the policy choices they are required to make. Similarly, a well-informed public is a prerequisite for a well-functioning democracy.

The PBO contributes to this process by providing the Parliament and the general public with information about the budget and fiscal policy settings; crucial information for making sound policy choices.

Establishment

The PBO is one of a growing number of independent fiscal institutions that are being established around the world.

Approximately 30 member countries of the Organisation for Economic Co-operation and Development (OECD) have established such institutions.¹ Most have been established since the 2008 global financial crisis.

A few have existed for many years, such as the Congressional Budget Office in the United States which has been operating since 1975 and is a good role model for newer institutions, including our own.

The resource bases and mandates of these institutions differ depending on the political systems in which they operate, but they all share a common goal of enhancing fiscal discipline and promoting greater budget transparency and accountability.

The concept of an Australian PBO dates back several years. In his budget-in-reply speech in May 2009, the then leader of the Coalition said that ‘honesty in fiscal policy would be served by the creation of an Australian version of America’s Congressional Budget Office’.²

Subsequently, a commitment to establish a PBO formed part of an agreement negotiated between political parties and independent members of parliament after the 2010 federal election.³

A joint select parliamentary committee was set up to inquire into the proposed establishment of a PBO. Reporting in March 2011, the Committee unanimously supported the PBO’s establishment.⁴

The legislation establishing the PBO as an independent and non-partisan parliamentary department was passed in December 2011.⁵ My appointment as the inaugural Parliamentary Budget Officer, for a term of four years from 23 July 2012, was announced on 30 May 2012.

1 International Monetary Fund 2013, ‘The Functions and Impact of Fiscal Councils’, *IMF Policy Paper 16 July 2013*, IMF, p. 11, available at: <https://www.imf.org/external/np/pp/eng/2013/071613.pdf>

2 Turnbull, M 2009, ‘Appropriation Bill (No. 1) 2009–2010: Second reading speech’, House of Representatives, Canberra, 14 May, p. 3975, available at: http://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/2009-05-14/0177/hansard_frag.pdf;fileType=application%2Fpdf

3 *Agreement for a Better Parliament*, House of Representatives tabled paper, 20 October 2012, available at: http://parlinfo.aph.gov.au/parlInfo/download/library/jrnart/640272/upload_binary/640272.pdf;fileType=application%2Fpdf#search=%22library/jrnart/640272%22

4 Joint Select Committee on the Parliamentary Budget Office 2011, *Inquiry into the proposed Parliamentary Budget Office*, The Parliament of the Commonwealth of Australia, Canberra, available at: http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jscpbo/report.htm

5 *Parliamentary Service Amendment (Parliamentary Budget Officer) Act 2011* (Cwlth)

Mandate

The *Parliamentary Service Act 1999*, states that ‘the purpose of the Parliamentary Budget Office is to inform the Parliament by providing ... independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals’.

When introducing the legislation establishing the PBO, the then Treasurer said that the PBO would: ‘enhance the credibility and transparency of Australia’s already strong fiscal and budget frameworks; ... promote greater understanding in the community about the budget and fiscal policy; [and] ensure that the Australian public can be better informed about the budget impacts of policies proposed by members of parliament’.⁶

These aspirations translate into two broad objectives for the PBO: first, to help level the playing field for all parliamentarians in their access to policy costings and budget analyses; and second, to enhance the transparency and public understanding of the budget and fiscal policy settings.

The PBO seeks to help level the political playing field by preparing policy costings and budget analyses for any parliamentarian who requests such work be undertaken.

Policy costings may be prepared on a confidential basis in response to requests made outside of the caretaker period for a general election. Responses to policy costings requested during the caretaker period must be made public.

Budget analyses that do not include policy costings may be prepared on a confidential basis at any time.

The PBO is required to publish any policy costings or budget analyses that have not been prepared on a confidential basis.

Transparency and public understanding of the budget and fiscal policy settings are promoted by the PBO through its self-initiated program of published research. The PBO is also able to make submissions to parliamentary committees. Such submissions must be made public.

In its work, the PBO is required to use the most recent official budget estimates as a baseline, along with the underlying economic forecasts and parameters.

Within 30 days after the end of the caretaker period for a general election, the PBO is required to prepare a report on the budgetary implications of the election commitments of the major parliamentary parties.

6 Swan, W 2011, ‘Parliamentary Service Amendment (Parliamentary Budget Officer) Bill 2011: Second Reading speech’ House of Representatives, Canberra, 24 August, p. 9141, available at: http://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/1537dd12-1050-4838-9010-2fe57027547a/0015/hansard_frag.pdf;fileType=application%2Fpdf

The then Treasurer, when introducing the amending legislation⁷ for this reporting requirement, said ‘the bill will impose discipline on the promises of political parties and incentivise all political parties to be up-front and honest about the cost of their promises’.⁸

Independence

The Parliamentary Budget Officer is an independent statutory officer of the Australian Parliament and is not subject to direction in the performance of his/her functions.

The independence and non-partisanship of the PBO are essential characteristics that give parliamentarians the necessary confidence to interact with the PBO, often on a highly confidential basis, as they formulate their policy proposals.

These characteristics also enable the PBO to publish analyses of the budget and fiscal policy settings unconstrained by external influences.

To preserve its non-partisan status, the PBO does not provide policy advice, nor does it make policy recommendations.

Accountability

With independence, the requirement for accountability becomes more important than ever.

The Parliamentary Budget Officer is accountable to the Presiding Officers of the Parliament (the President of the Senate and the Speaker of the House of Representatives) for the management of the PBO, and to the Parliament for the performance of his/her functions.

The PBO has a special relationship with the Joint Committee of Public Accounts and Audit (JCPAA). The PBO must consult with the JCPAA in the preparation of its annual work plan.

The JCPAA also considers the PBO’s annual budget estimates and other aspects of the PBO’s operations. After each general election the JCPAA may call for an independent review of the PBO’s operations.

After the 2013 general election the Auditor-General conducted a performance audit of the administration of the PBO.⁹ This report was tabled in June 2014 and was accepted by the JCPAA as an independent review of the PBO for the purposes of the Committee.

7 *Parliamentary Service Amendment (Parliamentary Budget Officer) Act 2013* (Cwlth)

8 Swan, W 2013, ‘Parliamentary Service Amendment (Parliamentary Budget Officer) Bill 2013: Second reading speech’, House of Representatives, Canberra, 14 March, p. 2093, available at: http://parlinfo.aph.gov.au/parlInfo/genpdf/chamber/hansardr/ff950324-5094-4dbd-bbd3-4de23350730c/0009/hansard_frag.pdf;fileType=application%2Fpdf

9 Australian National Audit Office 2014, *Performance Audit Report No. 36 2301–14: The Administration of the Parliamentary Budget Office*, ANAO, Canberra, available at: <http://www.anao.gov.au/Publications/Audit-Reports/2013-2014/The-Administration-of-the-Parliamentary-Budget-Office>

Subsequently, as is common practice, the JCPAA conducted its own review of the PBO's operations based on the Auditor-General's performance audit. The JCPAA reported to the Parliament in November 2014 making a number of recommendations to support the PBO's operations.¹⁰

The Government responded to the JCPAA in June 2015 noting and/or supporting the Committee's recommendations, with the exception of the recommendation that the PBO should have access to the details of the Contingency Reserve in the budget.¹¹ The PBO's costings remain subject to the caveat that the PBO does not have access to the details of the Contingency Reserve.¹²

Access to information and confidentiality

Access to information, including financial models, in a timely fashion is vital for the PBO to be able to prepare high quality responses to requests from parliamentarians within reasonable timeframes and to undertake research and analysis of the budget and fiscal policy settings.

The PBO does not have a statutory power to demand information but is able to enter into cooperative arrangements with Commonwealth agencies for access to information.

To this end, very soon after the PBO commenced operations, I signed a memorandum of understanding (MoU) with the heads of Commonwealth departments and major agencies for the provision of information to the PBO.¹³ The MoU has a pro-disclosure bias and ensures that the PBO has access, at a minimum, to the same level of information that would be available under the *Freedom of Information Act 1982*.

We have since also put in place arrangements with some departments for the regular provision of information to the PBO after each economic and fiscal update with a view to reducing the administrative burden for departments and the PBO.

In addition, the *Taxation Administration Act 1953* was amended to give the PBO the same access as the Treasury to confidential de-identified taxpayer unit record data to use in the costing of taxation proposals.

10 Joint Committee of Public Accounts and Audit 2014, *Report No. 446: Review of the Operations of the Parliamentary Budget Office*, The Parliament of the Commonwealth of Australia, Canberra, available at: http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/PBO/Report_446

11 Australian Government response to JCPAA Report No. 446: *Review of the Operations of the Parliamentary Budget Office*, June 2015, available at: http://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Public_Accounts_and_Audit/PBO/Government_Response

12 Parliamentary Budget Office 2013, *Possible impact of Contingency Reserve on PBO costings*, PBO Guidance 05/2013, PBO, Canberra, available at: http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/guidance

13 Parliamentary Budget Office 2012, *Memorandum of understanding between the Parliamentary Budget Officer and the Heads of Commonwealth Bodies in relation to the Provision of Information and Documents*, PBO, Canberra, available at: http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/arrangements

Our ability to engage with parliamentarians on a confidential basis is central to the effectiveness of our role in providing them with confidential policy costings and budget analyses for use at their discretion.

Confidentiality of dealings with the PBO is protected by the PBO's exemption from the provisions of the Freedom of Information Act. All documents relating to PBO requests that are in the hands of other Commonwealth agencies are also exempt from public disclosure.

In addition, Government protocols are in place requiring Ministers not to ask about, and Commonwealth agency heads not to disclose, details of their specific dealings with the PBO.¹⁴

Our experience to date is that the cooperative arrangements with agencies are working well and in general we are receiving the information that we need to undertake our work.

Resourcing

The PBO is a small vibrant office of around 40 staff. Every staff member who joins the PBO brings a professional skill. Our analysts have strong quantitative skills and are highly experienced in economic, financial and fiscal policy analysis.

Staff are deployed on a flexible basis as operational needs dictate. Nominally, approximately two thirds of the PBO's staff are allocated to the preparation of policy costings and budget analyses, a quarter are responsible for our published research program, and a small core manage our corporate service delivery and compliance functions.

The PBO has an annual budget of approximately \$7 million with additional funding provided every third year to help meet the demands associated with a general election. The PBO also has access to a special appropriation with a current balance of \$5.3 million.

Commencement of operations

Monday 23 July 2012 will be forever etched on my memory. Returning to Australia the previous Friday from having worked overseas for more than five years, I found myself in Parliament House with one temporary staff member, occupying a borrowed senator's suite, with the task of establishing a new parliamentary department.

The immediate challenge was to build sufficient capability to respond effectively to requests from parliamentarians as quickly as possible. Some six weeks later, in early September 2012, with only a basic capability in place and around a dozen temporary staff, we opened our doors for business.

¹⁴ *Australian Government Protocols Governing the Engagement between Commonwealth Bodies and the Parliamentary Budget Officer*, released 15 January 2014, Canberra, available at: <http://treasury.gov.au/PublicationsAndMedia/Publications/2013/PBO>

Parliamentarians immediately took up the opportunity to submit requests for policy costings and budget analyses. By the end of the first year of operations (2012–13) we had responded to more than 660 requests.

Clearly, there was a pent-up demand for the PBO's services, in particular from non-government parliamentarians. The level of demand was heightened by the impending 2013 general election.

The 2013 general election

We faced a consistently high demand for policy costings and budget analyses in the lead-up to the 2013 general election. In the 10-week period from the beginning of July 2013 to polling day on 7 September 2013 we responded to more than 1,100 requests with no fully specified requests remaining incomplete.

The greater majority of the policy costings completed in the lead-up to the election were prepared on a confidential basis. This was because most requests were submitted as confidential requests prior to the caretaker period, including in the short window of opportunity between the release of the then Government's economic statement¹⁵ and the start of the caretaker period.

Very few publicly released policies were submitted to the PBO for costing and public release during the caretaker period.

We published the 2013 post-election report of election commitments on 18 October 2013.¹⁶ It included an assessment of the budgetary impacts of the election commitments made by each of the main parliamentary parties: the Australian Labor Party; the Coalition; and the Australian Greens.

The report confirmed that the budget impacts of the election commitments made by each party were generally consistent with the costs of the policies made public by the parties prior to the election. This was hardly surprising since the greater majority of these policies had already been costed by the PBO prior to polling day.

Policy costings and budget analyses

The demand from parliamentarians for policy costings and budget analyses has continued unabated. Over the course of our first three years of operations we received almost 3,200 requests for policy costings and budget analyses and provided more than 3,000 responses.

15 Commonwealth of Australia 2013, *Economic Statement*, Commonwealth of Australia, Canberra, available at: http://www.budget.gov.au/2013-14/content/economic_statement/html/index.htm

16 Parliamentary Budget Office 2013, *Post-election report of election commitments*, PBO, Canberra, available at: http://www.apb.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/2013_Election

Already in the first quarter of 2015–16 we have responded to more than 300 requests, and there is little doubt that this level of demand will be maintained in the run up to the next election.

The costings we prepare cover a wide range of policy proposals. Various taxation and social transfer payment programs feature prominently because of their substantial budget impacts.

A PBO costing is not simply a set of figures. Each costing document also spells out the key specifications of the policy proposal, our assumptions (including assumed behavioural responses to the policy proposal), the data sources used, the methodology employed and the costing's reliability rating.

All costings cover the budget and three forward estimates years. Many include 10-year projections, either at the request of parliamentarians, or where the budget impact of a policy proposal differs markedly beyond the forward estimates period.

Increasingly, we are also being requested to include the distributional impacts of policy proposals on different socio-economic groups.

Prior to the establishment of the PBO, parliamentary parties with fewer than five members and independent parliamentarians had no access to publicly funded policy costing and budget analysis services. Non-government parties with five or more members could submit policies for costing by the Treasury or the Department of Finance under the then provisions of the Charter of Budget Honesty.

The Charter required that only publicly announced policies could be costed, and then only during the caretaker period, with the costings to be made public by either the Treasury or the Department of Finance, depending on which department had prepared the costings.

In practice, this meant that non-government parties could have access to publicly funded policy costing services for only approximately four to six weeks in the total electoral cycle of three years. They had no access to these services on a confidential basis as they developed their policy platforms.

Since the establishment of the PBO, all parliamentarians have had access to publicly funded policy costing and budget analysis services over the entire course of the three-year electoral cycle.

This means that now, outside of the caretaker period, parliamentarians can deal confidentially with the PBO and use the process in an interactive and measured fashion to help develop more robust policies that have been properly costed before they are publicly announced.

Parliamentary parties and independent parliamentarians are no longer bound to run the gauntlet of the Charter of Budget Honesty costing process with publicly announced policies that have not been professionally costed in advance of their public release.

In the past there have been examples of policies that have been publicly announced with costings that, when reviewed by the Treasury and/or the Department of Finance under the Charter costing arrangements, were found to be materially inaccurate.

Such discrepancies in costings could have a very detrimental effect on the credibility of the policies involved and, in extreme cases, could even damage the election prospects of the political parties concerned.

With the PBO now in place, and its services being extensively used by parliamentarians, it is much less likely that such undesirable situations will arise in the future.

We are able to work in a relatively informal and interactive manner with parliamentarians.

For instance, we encourage parliamentarians to have informal discussions with us before formally submitting their requests. This helps to ensure that the requests are adequately explained and the necessary supporting material is provided to enable us to undertake our work in a timely fashion.

We also engage with parliamentarians during the preparation of our responses. We may initiate discussions to clarify issues or to seek additional information. Parliamentarians too may wish to contact us if they become aware of any additional information that could have a material bearing on the work that they have requested us to undertake.

This level of informal interactive engagement with parliamentarians on policy costings and budget analyses was not possible in the past. This is a positive development stemming from the establishment of the PBO that has considerable potential to enhance policy development.

Published research

The Australian Government's budget documents are very extensive and contain a large amount of information. However, for the uninitiated reader and, I might say, at times even for readers familiar with the documents, finding and extracting information can be difficult.

The PBO has a role to play in making budget information more accessible and understandable by parliamentarians and the public at large.

In undertaking this public education role, it is important that we ensure that our publications are relevant and timely, and add value through expert independent analysis that helps to inform public discussion on current fiscal policy issues.

They must also be written in plain English, avoiding the use of obscure technical language and jargon, to make them meaningful to as wide an audience as possible.

The PBO's program of published research has a particular focus on the sustainability of the budget over the medium term.

Consistent with this focus, our first report, prepared after the 2013–14 Budget, examined the structural position of the Australian Government's budget;¹⁷ that is the position of the budget after allowing for cyclical and one-off factors.

We chose this topic because the underlying structure of the budget had been the subject of considerable public debate at the time, and a structural budget balance analysis had not been included in the budget papers since the 2009–10 Budget.

Our report showed that the budget had been in structural deficit for some years and, on the basis of projections as at the 2013–14 Budget, was likely to remain so over the forward estimates period. We indicated that there would be value in this analysis being undertaken on a regular basis to enable the structural budget balance to be monitored over time.

Subsequently, the secretaries of the Treasury and the Department of Finance included an analysis of the structural budget balance in their 2013 Pre-election Economic and Fiscal Outlook report.¹⁸ Structural budget balance analyses have since been included in all budget reports, commencing with the 2013–14 Mid-year Economic and Fiscal Outlook report.¹⁹

Our other research reports to date have examined the following: historical trends in budget receipts and payments at the Commonwealth and national levels; the sensitivity of the budget to economic shocks; and medium-term (10-year) projections of budget receipts and payments.

Our latest medium-term projections report, prepared after the 2015–16 Budget, provided detailed projections of budget receipts and payments out to 2025–26 based on no change in the Government's policy settings over the 10-year projection period.²⁰

17 Parliamentary Budget Office 2013, *Report No. 01/2013: Estimates of the structural budget balance of the Australian Government: 2001–02 to 2016–17*, PBO, Canberra, available at: http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/research_reports/Estimates_of_the_structural_budget_balance_of_the_Australian_Government_2001-02_to_2016-17

18 Commonwealth Treasury & Department of Finance and Deregulation 2013, *Pre-election Economic and Fiscal Outlook 2013*, The Treasury, Canberra, available at: <http://www.treasury.gov.au/PublicationsAndMedia/Publications/2013/PEFO-2013>

19 Commonwealth of Australia 2013, *Mid-year Economic and Fiscal Outlook 2013–14*, Commonwealth of Australia, Canberra, available at: <http://budget.gov.au/2013-14/content/myefo/html/>

20 Parliamentary Budget Office 2015, *Report No. 02/2015: 2015–16 Budget—medium-term projections*, PBO Canberra, available at: http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/research_reports/2015-16_Budget_-_medium-term_projections

The annual budget papers include detailed four-year estimates of receipts, payments and the balance sheet position. They also include 10-year projections of the underlying cash balance and net debt; but provide no details of the underpinning projections of receipts and payments.

Every five years, the Intergenerational Report provides a snapshot of how projected changes in factors such as Australia's population size and age profile may impact economic growth, workforce participation and the sustainability of public finances over the ensuing 40 years.

The PBO, by publishing detailed 10-year projections of receipts and payments, seeks to help fill the information gap between the Government's detailed annual four-year forward estimates and its five yearly 40-year fiscal projections.

If prepared on a regular basis, detailed 10-year projections could help to throw more light on the major drivers of the budget, identify significant divergent budgetary trends over the medium term, and facilitate early consideration of any necessary fiscal policy adjustments.

The forecast improvement in the underlying cash balance over the 2015–16 Budget forward estimates largely reflects a projected increase in receipts contingent on an early and sustained return to above-trend economic growth.

The PBO's latest medium-term projections report highlights some of the risks to the budget. The 2015–16 Budget projections assume that labour productivity will achieve its long term average growth rate over the projection period and the terms of trade will stabilise well above its long-run historical level. Both of these assumptions are subject to risk.

The budget projections also show a steady deterioration in the underlying cash balance after 2021–22, reflecting a small but sustained increase in payments over the last four years of the projection period. This projected deterioration points to an underlying structural imbalance in the budget over the medium term.

The PBO will continue to prepare detailed 10-year budget projections after each annual budget. We will also test the sensitivity of these projections to economic shocks to help identify the key risks to the Government's budget position over the medium term.

Is the PBO achieving its objectives?

In addressing this question I will draw on stakeholder sentiment, as expressed through the continuing demand for the PBO's services, the findings of the Auditor-General's June 2014 performance audit of the PBO, comments from the Chair of the JCPAA, and the results of the PBO's 2015 stakeholder survey.

As I have already mentioned, the PBO has experienced a strong and sustained demand from parliamentarians for its policy costing and budget analysis services. This reflects a large amount of repeat business and is an indicator of the continuing reliance parliamentarians are placing on the PBO as they develop their policies.

In his performance audit, the Auditor-General found that ‘the PBO has made a significant contribution to levelling the playing field for all parliamentarians [and] overall, the work of the PBO has contributed to greater transparency about the fiscal and budgetary framework, and has the potential to further increase this transparency over time’.²¹

He also concluded that ‘the PBO has effectively undertaken its statutory role and is already well regarded as an authoritative, trusted and independent source of budgetary and fiscal policy analysis.’²²

The Chair of the JCPAA, in the Committee’s November 2014 report, commented that the PBO ‘quickly gained the confidence of parliamentarians as an independent non-partisan source of expertise on the budget cycle, fiscal policy and policy costings.’²³

He also stated that ‘the PBO is an important addition to our democratic arrangements and has already made a significant contribution to transparency and accountability in the country’s finances’.²⁴

Towards the end of 2014–15 we commissioned an independent research firm to conduct a survey of the PBO’s key stakeholders, including parliamentarians and their staff, independent analysts and media representatives.

A large majority of respondents to this survey indicated that they were satisfied with the work of the PBO and agreed that the PBO is non-partisan, independent, operates with integrity, improves the transparency of budget and fiscal policy settings, and helps to level the playing field for all parliamentarians. There was a strong level of satisfaction with the quality of the PBO’s policy costings, budget analyses and research publications.

Stakeholder satisfaction with the PBO’s service delivery arrangements was also high. In particular, the professionalism, accessibility and helpfulness of staff were rated highly, as was the consistency of the information provided by the PBO.

21 Australian National Audit Office 2014, *Performance Audit Report No. 36 2013–14: The Administration of the Parliamentary Budget Office*, ANAO, Canberra, pp. 101, 117.

22 *Ibid*, p. 18

23 Joint Committee of Public Accounts and Audit 2014, *Report No. 446: Review of the Operations of the Parliamentary Budget Office*, The Parliament of the Commonwealth of Australia, Canberra, p. vii.

24 *Ibid*, p. viii

Stakeholders would, however, like to see an improvement in the timeliness of the PBO's responses. This will require us to continue to build our data and model repositories, further invest in staff training, and ensure the PBO is adequately resourced to cope with the sustained high demand for its services.

Overall, the evidence suggests that the PBO is achieving its objectives of helping to level the playing field for all parliamentarians and enhancing the transparency and public understanding of the budget and fiscal policy settings.

It also suggests that the PBO has been accepted as a credible, trusted, independent and non-partisan institution of the Parliament, and an important element of the Australian democratic process.

That said, we must not become complacent, but continue to strive to improve the services that we provide to parliamentarians, and strengthen our public education role.

Concluding remarks

By and large the work of the PBO is forward looking. The PBO does not have an audit role and the sometimes awarded label, 'Fiscal Watchdog', does not sit easily on the PBO's shoulders.

The PBO is a facilitator of policy development across the political spectrum, and an educator of parliamentarians and the general public about fiscal policy issues.

The PBO deals in facts and objective analysis. The PBO has a role in identifying issues that, at times, may be uncomfortable for governments or oppositions. But, the PBO must at all times remain non-partisan, and it must not take sides in policy debates.

I trust that this lecture has given you a richer appreciation of the role that the PBO plays in our democratic process.

Thank you.