



Parliamentary  
Budget Office

# Guide to the Election commitments report

July 2022

# At a glance

This is a guide to reading the Election commitments report (ECR) for parliamentarians and their staff, journalists and members of the public.

The ECR presents the budget impacts of the policy platforms for all major parties (the Coalition, Australian Labor Party and Australian Greens), as well as any minor parties and independents who choose to be included in the report.

The report includes a summary of each party's platform and the budget impacts of each election commitment over the medium term, including detailed documentation and, in some cases, distributional impacts of commitments (such as by state or income bracket).

The ECR helps Parliament and the public hold parties to account by creating a record of all the promises made during an election, and their full cost. The process evens the 'playing field' by giving non-government parties and independents access to costings and also may support future debate on policy, rather than on the accuracy of costings.

The rest of this guide covers what the ECR is in more detail, including what an election commitment is and how the budget impacts of commitments are presented.

For more information on how to read Australian Government budget papers, see [Guide to the budget](#).

## **What is the Parliamentary Budget Office (PBO)?**

The PBO was established in 2012 to 'inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals' (Section 64B of the *Parliamentary Service Act 1999*).

We do this in 3 main ways:

- by responding to requests made by senators and members for [costings of policy proposals](#) or for analysis of matters relating to the budget
- by publishing a [report](#) after every election that provides transparency around the fiscal impact of the election commitments of major parties
- by conducting and publishing [self-initiated work](#) that enhances the public understanding of the budget and fiscal policy settings.

Further information and an introduction to PBO's services is available here: [Guide to services of the Parliamentary Budget Office \(PBO\)](#).

# What is the PBO's Election commitments report?

The Election commitments report (ECR) presents the budget impacts of the policy platforms for all major parties, as well as any minor parties and independents who choose to be included in the report.

## What can I find in the ECR?

There are minimum requirements for the ECR as defined by legislation, but each successive report has built on those.<sup>1</sup> The 2022 ECR presents:

- summary information on each party's platform (in the 'Summary' section)
- budget impacts of each election commitment over the medium term (current and next 10 financial years) (see party sections of the report)
- for each party, the total combined impact of those commitments (the cost of the entire election platform) (see the 'Summary' and party sections).
- detailed costing documentation (Appendices E to H) for every commitment included in the report. The [Guide to reading PBO costings](#) is a quick guide to these costing documents, which are also available in a searchable format on our website. Commitments with fixed or 'capped' levels of funding are presented in a streamlined 'omnibus' document.
- distributional impacts of commitments, such as analysis which breaks down the impact of the commitment by state or income bracket, where previously costed by the PBO and requested by parties. The 2022 ECR includes distributional analysis for 3 Australian Greens commitments.
- full table and chart data (see the Downloads tab of the website), a methodological appendix (Appendix I) and glossary.

## Why publish the ECR?

The ECR is an important and legislated function of the PBO. It is released after the election, once all the commitments are costed. The first edition of the ECR (then known as the post-election report) was published in 2013. In combination with the PBO's costings function, the ECR:

- helps Parliament and the public hold parties to account by creating a record of all the promises made during an election, and their full cost
- evens the 'playing field' by giving non-government parties and independents access to costings
- may support future debate on policy, rather than on the accuracy of costings.

The ECR and all associated costings can be found on the 2022 Election commitments report page of the PBO website.

**Did you know?** For the ECR, a major party is one with 5 or more sitting members.



<sup>1</sup> Subsections 64MA(3) to (8) of the *Parliamentary Service Act 1999* give the legislative requirements for the report.

# What is an election commitment?

**Politicians make many announcements during an election campaign, but not all of them will count as an election commitment for the ECR.**

For an announcement to be included as an election commitment in the ECR, it must meet a few key criteria.

- The commitment must have a material impact on the Australian Government budget. For major parties, we typically present all commitments with a non-zero impact. An example of commitments which may not meet this requirement include regulatory changes, which can often have zero cost if they can be administered using the current regulatory arrangements. Similarly, some commitments might have no impact because they are already factored into the budget (see page 4).
- The commitment must have been publicly announced. This may include announcements made before and during the caretaker period.
- The announcement must have been made by a candidate for or a member of the parliamentary party. This may include current sitting parliamentarians who are not contesting the election (for example, current members who are retiring or senators who are partway through their term).
- The announcement must be specific enough to cost. Where no firm commitment is made as to the policy mechanism or details that would deliver on the announcement, it may be considered aspirational in nature.

In the absence of a statement to the contrary or an alternative announcement, we assume that policy is unchanged from the budget baseline (including policies to be implemented).

When costing commitments for the ECR the PBO primarily draws on statements that have been made in public. While our approach to costing commitments may be guided by costings previously completed upon request of a parliamentarian, any ambiguity or apparent inconsistencies will be guided by the public statements, rather than by the earlier work.

*Who decides if an announcement is a commitment and what if parties don't agree?*

- The decision on what to include in the ECR is made by the independent Parliamentary Budget Officer (the Officer), based on the requirements set out in the PBO's legislation.
- Each party has a chance to provide the PBO with their full list of commitments before polling day. While the Officer will take the party's list into account, there is no obligation to use the list as given and the Officer will consider all public announcements made by the party.

***Do you need more information?***

*Examples of announcements made by each party which did not meet the above criteria can be found on page 14 of the ECR.*



# Budget impacts of election commitments

The ECR presents estimates of how much an election commitment, if implemented, would change the budget surplus or deficit.

## *How are the budget impacts presented?*

The ECR presents the impact of **each individual election commitment** as well as the **total impact of each party's platform**.

The cost of commitments is presented in terms of both:

- their **net impact** on the budget baseline
- the resulting **final level** of the budget baseline.

The impacts are presented on 3 different budget bases:

- the underlying cash balance
- the headline cash balance
- the fiscal balance.

When people talk about the budget surplus or deficit, they are often talking about the underlying cash balance. Each presentation of the impact focuses on a different type of financial information, but no one of them provides all the potentially relevant financial impacts. We provide all 3 bases to provide a more complete picture of the financial impacts. This is a common difference between a PBO costing and a public announcement.

## *How are the budget impacts calculated?*

The costings in the ECR use the budget baseline and economic parameters (such as wage growth) set out in the latest budget update prior to the election — the Pre-Election Economic and Fiscal Outlook (PEFO).

The costings in the ECR use the same budget rules and costing conventions, and comparable models and data, as the government uses in preparing the budget.

## *The costs of some election promises are already factored into the budget*

Some policies may seem to have large costs attached to them, but then show as having no cost. This is because we take into account financial impacts that are already built into the baseline. For example, an announcement may include spending large amounts of money, but the cost to the budget is zero, because that spending is funded by reallocating available but uncommitted funds from a larger program.

The number and value of election commitments included in the ECR is often lower for the party in government than for the other major parties. This is because the party in government will often release a budget update just prior to calling the election, and may include announced policies in the budget update.

While policies may not be explicitly announced in the budget in *Budget Paper 2*, they may still be factored into the budget baseline, including by being in the line item *Decisions taken but not yet announced and not for publication*. For more information, see the PBO's budget explainer on The Contingency Reserve.

This can mean that many of the party in government's announcements during the election campaign may not involve any additional fiscal impact, as they had already been included in the PEFO baseline.

# How is the total impact of each party's election platform calculated?

The total impact of each party's election platform is calculated by:

- 1 summing up the impact of each individual commitment
- 2 adjusting for any material interactions between commitments
- 3 applying any overarching commitments (for example, the tax cap)
- 4 adjusting for the impact on public debt interest.

## *Interactions between commitments*

An interaction arises when 2 or more commitments would have different budgetary implications when implemented together compared to if each were implemented alone.

Examples of interacting policies may include:

- proposals to change existing tax concessions (such as the capital gains tax discount or negative gearing) would affect the taxable income of affected individuals, which would then flow on to the impact of any proposed changes to personal income tax rates
- policies which alter eligibility for preschool may affect the take-up of childcare
- tax compliance policies may increase the efficacy of other tax changes.

## *The tax cap*

In the absence of policy change, tax receipts tend to increase over time, mainly due to the impact of bracket creep.<sup>2</sup> As part of their medium-term fiscal strategies, successive governments have committed to maintaining tax receipts as a share of GDP at or below a stated cap. The budget projections therefore implicitly incorporate 'unspecified tax cuts' once the cap is reached. The former government committed to maintain tax receipts at or below 23.9% of GDP.

In the 2022 PEFO, tax receipts were expected to reach the 23.9% tax-to-GDP cap in 2031–32. This means that if a party's tax cap policy differs from the former government, this difference will affect the total budget impact of that party's election platform from that year. The new government does not believe the cap should be revisited while the Australian Greens do not support a tax cap.

## *Public debt interest (PDI)*

PDI is the borrowing cost of the government. It is the interest paid on the total debt outstanding at a particular point in time. Where the final budget impact of a party's platform is higher than projected in PEFO, more debt would be issued to cover the spending, resulting in higher PDI. The reverse is true where the final budget impact is lower than PEFO.

Detailed estimates of interactions within each party's platform are included in the full costing documentation in Appendices E to H

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<sup>2</sup> See PBO Budget explainer No.1, *Bracket creep and its fiscal impact*, 29 September 2021.

**The ECR and all associated costings can be found on the [2022 Election commitments report page of the PBO website](#).**

- Detailed estimates of interactions within each party’s platform are included in the full costing documentation in Appendices E to H.
- For more information on how policies, including election commitments, are costed, see the PBO’s [Guide to reading PBO costings](#).

For more explanations of key budget terms, see the PBO’s [Online budget glossary](#).

### **Feedback**

If you found this report useful, or have suggestions for improvement, please provide feedback to [feedback@pbo.gov.au](mailto:feedback@pbo.gov.au).