



PBO general election guidance 3 of 4, 2021

Costing policy proposals during the caretaker period

During the caretaker period for a general election¹, the Parliamentary Budget Office (PBO) is available to undertake costings of policy proposals. This guidance note provides information to parliamentarians about how the PBO will operate and what they should expect of the PBO during this period.

In summary, during the caretaker period:

- the PBO can only accept requests to cost publicly announced policies from an authorised member of a parliamentary party or an Independent parliamentarian
- costing requests may only be submitted to either the PBO or The Treasury/Department of Finance, not both
- costing requests should be made to the PBO by no later than the close of business on the Thursday six working days prior to polling day to provide the PBO with sufficient time to respond to requests ahead of the election
- costing responses from the PBO will be prepared in a manner consistent with the costing conventions in the [Charter of Budget Honesty - Policy Costing Guidelines](#), and costing estimates will be provided over the current budget year plus the following ten years
- costing requests received in the caretaker period and their associated costing responses will be published on the PBO website (www.pbo.gov.au), with an embargoed copy of the response provided to the relevant party or parliamentarian an hour before publication
- costing responses will be completed as soon as possible and if there is insufficient time to provide a response before polling day, the PBO will issue a public statement to that effect
- PBO responses to confidential costing requests made before the commencement of the caretaker period and requests for budget analysis (other than costings) will continue to be completed, however priority will be given to requests for costings of publicly announced policies.

Further details on these arrangements are provided in the *Frequently asked questions* below.

The PBO will also release guidance on how the Election Commitments Report will be produced, including details of how the PBO will engage with parliamentary parties in that process.

¹ The caretaker period begins at the time the House of Representatives is dissolved and continues until the election result is clear or, if there is a change of government, until the new government is appointed. See [Guidance on Caretaker Conventions 2016](#), published by the Department of the Prime Minister and Cabinet.

Frequently asked questions

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What is the caretaker period for a general election?

It is a long-standing convention accepted by successive Australian governments that, during the period preceding an election for the House of Representatives, the government assumes a 'caretaker role'. This practice recognises that, with the dissolution of the House, the Executive cannot be held accountable for its decisions in the normal manner, and that every general election carries the possibility of a change of government. During the caretaker period, governments follow a series of practices known as the 'caretaker conventions', which aim to ensure that their actions do not bind an incoming government and limit its freedom of action.

The caretaker period for a general election is defined in section 3 of the *Charter of Budget Honesty Act 1998* as follows:

caretaker period for a general election means the period starting when the House of Representatives expires or is dissolved, and ending:

- (a) when it is clear that the Government has been re-elected; or
- (b) if there is a change of Government, when the new Government has been sworn in.

Guidance on the operation of government agencies during the caretaker period is issued by the Department of the Prime Minister and Cabinet in [Guidance on Caretaker Conventions](#).

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What types of costing requests can the PBO accept during the caretaker period?

During the caretaker period the PBO must only accept requests to cost policies that have been publicly announced. These requests must be made by an authorised member of a parliamentary party or an Independent parliamentarian.

The PBO must publicly release such requests and their responses. Costing requests, any subsequent requests to withdraw a costing request, and the PBO's policy costing responses will be published on the election costing page of the PBO's website at www.pbo.gov.au.

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Who may request a costing during the caretaker period?

Only an authorised member of a parliamentary party or an Independent parliamentarian may request or withdraw a policy costing from the PBO during the caretaker period. An authorised member means either the leader of the parliamentary party or a member of the parliamentary party who is authorised in writing by the leader to make or withdraw requests.

Action the PBO will take:

At the commencement of the caretaker period the PBO will approach the leaders of parliamentary parties and ask them to nominate who would be authorised to make or withdraw requests for costings on behalf of their party.

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Can a publicly announced policy be submitted to both a Government agency and the PBO for costing?

No.

The Prime Minister, the Leader of the Opposition or the leader of a minority party² can request costings of their publicly announced policies either from The Treasury/Department of Finance or from the PBO, but not both.³ The PBO is not permitted to cost the same, or a substantially similar, policy that has been submitted for costing to either The Treasury or the Department of Finance. Nor can The Treasury or the Department of Finance accept a request for a policy costing that has already been submitted to the PBO.

Action the PBO will take:

Before the PBO accepts a request to cost a policy during the caretaker period, it will verify that the policy has been publicly announced by the requestor and that the same, or a substantially similar, costing request has not been made by the requestor to either The Treasury or the Department of Finance.

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² The *Charter of Budget Honesty Act 1998* defines 'minority party' as a recognised non-Government party of at least five members. Minority party has the same meaning as 'designated Parliamentary party' in the *Parliamentary Service Act 1999*.

³ Independent parliamentarians cannot submit costing requests to The Treasury or the Department of Finance under the Charter of Budget Honesty Act 1998, but can submit costing requests to the PBO.

How should costing requests be submitted?

Costing requests can only be submitted by an authorised member of the requesting parliamentary party or from an Independent parliamentarian. Requests for costings must be submitted in the form of a signed letter or email (forwarded from the authorised member's or Independent parliamentarian's personal/APH account) addressed to the Parliamentary Budget Officer.

The PBO has a [request template](#) available on its website which sets out the information that the PBO requires to undertake a costing. The request should be accompanied by supporting documentation, such as the public announcement of the policy, fact sheets or other publicity material regarding the policy.

PBO officers will be available to discuss requests prior to them being submitted. This includes clarifying how much detail of the policy should be included in the request.

Actions for parliamentary parties or parliamentarians to take:

Costing requests should be made using the [request template](#) available on the PBO website..

Letters or emails requesting an election costing should be addressed to the Parliamentary Budget Officer and directed to the PBO mailbox <mailto:pbo@pbo.gov.au>.

Any questions regarding making a costing request can be directed to the PBO either by email or by phoning (02) 6277 9500.

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What if the PBO requires additional information to complete the costing?

In order to be able to complete a costing, the PBO may need to seek additional information from a requestor regarding the policy specification. In these cases, the PBO must request the information in writing (generally by email) and the costing will be placed 'on hold' until a response (preferably by email) containing the necessary information is received.

For minor points of interpretation or clarification of the policy specification, the PBO will contact the nominated contact officer for the policy costing.

PBO officers are available to meet with requestors, both to clarify any issues before a request is made and to discuss requests once made.

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How quickly will costing responses be delivered?

The PBO will endeavour to complete caretaker costings in the shortest possible time. The time it takes to complete a costing will depend on whether the PBO has previously costed a similar policy, the complexity of the request, the availability of models and data, the volume of costing work on hand, and the PBO resources available.

In order to allow sufficient time for public scrutiny prior to polling day, the PBO aims to complete caretaker costings by close of business on the Thursday before polling day. This means that costing requests should

be lodged with the PBO by close of business on the Thursday six working days prior to polling day. Costings may be submitted after this time, but the PBO may not be able to complete them before polling day.

If the PBO does not have sufficient information (for instance, where a costing has been placed 'on hold' awaiting further information from the requestor), or has not had sufficient time to prepare a policy costing before polling day (for instance, where the policy proposal is highly complex or a large volume of costing requests have been submitted just before the deadline), the Parliamentary Budget Officer will release a statement to that effect before polling day.

Actions for parliamentary parties or parliamentarians to take:

Costing requests should be made to the PBO by no later than close of business on the Thursday six working days prior to polling day.

Actions the PBO will take:

Where the Parliamentary Budget Officer determines that a costing cannot be completed before polling day, the Parliamentary Budget Officer will issue a statement to that effect.

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What methodologies, approaches and conventions will the PBO apply?

The PBO prepares costings in a manner consistent with the [Charter of Budget Honesty - Policy Costing Guidelines](#) (Charter guidelines).

The following are standard conventions for the preparation of policy costings.

- Costings will provide the PBO's best estimate of the full cost of a policy (including departmental expenses). Estimates of departmental expenses will be included where these are expected to be material.
- Assumptions used in costings will be based on the best professional judgment of the Parliamentary Budget Officer.
- Costings will focus on the effect of a policy on the Commonwealth Government's key budget aggregates (both cash and accrual). Impacts on the headline cash balance will be provided where appropriate. Where relevant, the revenue and expense components of a policy costing will be separately identified.
- Costings will be produced in a manner consistent with normal budget costing methodologies.
- Economic data and forecasts used in the preparation of costings will be consistent with the Pre-election economic and fiscal outlook report (PEFO).
- Wherever possible, costings will take into account the impact of a change in policy on the behaviour of groups that are directly affected by the policy (direct behavioural effects).
- As a general rule, costings will not take account of broader economic or 'second-round' effects of a policy proposal, although the PBO may discuss such effects in qualitative terms.
- Costings will include an assessment of the uncertainties in relation to the estimates.

- Costings will generally not include the impact on Public Debt Interest (PDI) payments in the total financial impact of a policy proposal, unless it is a ‘financing proposal’ where there is an explicit policy objective to affect the level of interest payments, or the policy involves transactions of financial assets (such as loan schemes).
 - To be clear, all new policy proposals which have a financial impact have an impact on PDI.
 - Consistent with budget practice, the PDI impact of new policy proposals will be reported in the Election Commitments Report as a single aggregate figure, calculated from the aggregate net financial impact of all policy proposals *excluding* financing proposals (to avoid double counting).
 - For completeness, the PBO will include the PDI impact of policy proposals as a memorandum item (i.e. an item that does not count towards the total financial impact) in its costing reports to show each proposal’s contribution to the total PDI.

Consistent with the PBO’s standard practice, all caretaker costings will present estimates of the financial impact of policy proposals over the forward estimates (the current financial year plus the following three years) and the medium term (the current financial year plus the following ten years)

Separate PBO guidance presents details of how we will present the medium-term impacts of election commitments in the Election Commitments Report.

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What are the arrangements for the publication of caretaker costings? Will requestors receive their responses prior to their public release?

The PBO will provide its response to a caretaker costing request to the relevant parliamentary party or Independent parliamentarian prior to its public release. The PBO will notify the requesting party/ Independent parliamentarian of the imminent release of a costing and provide an embargoed copy of the costing response at least an hour before its public release. Once receipt is confirmed by the requesting party, the PBO will provide a copy of the response to the Opposition and minority parties.⁴ This approach is consistent with the approach taken by the Secretaries of The Treasury and the Department of Finance.

Actions the PBO will take:

The arrangements for the public release of caretaker costings will be as follows:

- ***the PBO will provide the nominated contact of the requesting parliamentary party or Independent parliamentarian with an embargoed copy of the costing response and confirm receipt by telephone at least one hour in advance of the public release of the response***
- ***once the requesting party has confirmed receipt, the PBO will then provide an embargoed copy of the costing response to the nominated contacts of the Opposition and minority parties prior to the public release of the response***
- ***the costing response will then be publicly released by posting it on the PBO’s website.***

⁴ The *Charter of Budget Honesty Act 1998* defines ‘leader of a minority party’ as the leader of a recognised non-Government party of at least five members. Minority party has the same meaning as ‘designated Parliamentary party’ in the *Parliamentary Service Act 1999*.

Unless arrangements are made to the contrary, the PBO will deliver all costing responses to the nominated contacts of relevant parliamentary parties or Independent parliamentarians by email.

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How will the PBO treat costing requests submitted before the caretaker period?

The PBO will continue to process costing requests that were received before the caretaker period up until polling day. Where these requests were submitted on a confidential basis, they will continue to be treated as confidential. Requests for a confidential costing may not contain a standing request for the costing to be updated during the caretaker period.

In the caretaker period, any request to vary the policy specification of a confidential request lodged prior to the commencement of the caretaker period will constitute a request for a new costing. The PBO will only be able to respond to such a request if it is a publicly announced policy of the party or parliamentarian making the request, and it is submitted through the public costings process.

A variation to the costing specification is anything that changes the details of the operation of the policy proposal. This would include any alteration to the policy specification that would change either the amount or timing of the financial impact of the policy or would change the distribution of the financial impacts.

Requests for additional information on the impact of a proposal, such as its distributional impact or numbers of people affected are not variations in the policy specification and would not comprise a new request.

During the caretaker period, the PBO will prioritise responses to requests for costings of publicly announced policies over requests received prior to the caretaker period.

Any requests not responded to before polling day will lapse (whether lodged before or during the caretaker period).

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How will the PBO respond to requests for budget analysis during the caretaker period?

The PBO's legislation allows it to continue accepting requests for information about the budget (other than costings), including on a confidential basis, during the caretaker period. The PBO will provide responses to such requests during the caretaker period:

- provided the request does not comprise a request for a policy costing and preparing the response does not require a costing to be estimated
- so long as responding to such requests does not comprise an unreasonable diversion of our resources.

A key principle informing the PBO's decision to provide information about the budget during the caretaker period relates to the concept of 'levelling the playing field'. It is appropriate for non-government parties and individual parliamentarians to be able to understand the implications of any policy that is reflected in the budget at the commencement of the election period – this is particularly the case for baseline policy

decisions taken on the eve of the caretaker period, including those announced as new measures in the PEFO.

- In the caretaker period, for the purposes of determining commitments to be included in the PBO's Election Commitments Report, the Government's budget baseline set out in the PEFO is also the baseline policy platform of all non-government parties and individual parliamentarians contesting the election.
 - ***In effect this means that, for the purpose of determining a platform of election commitments, in the absence of a statement announcing opposition or an alternative to any aspect of the baseline policy platform, the PBO assumes a party supports each aspect of this baseline platform.***
- In order to determine whether they wish to support or oppose policies reflected in the baseline policy platform it is appropriate that non-government parties and individual parliamentarians are able to request, on a confidential basis, relevant information to help them determine whether they want to oppose or present an alternative to aspects the baseline policy.
- Examples of information that would be provided upon request (and assuming it is not an unreasonable use of PBO resources) include:
 - information of the fiscal implications of policies reflected in the baseline policy platform.
 - distributional information (for example information about the impacts by age, gender, income) on the implications of a policy reflected in the baseline policy platform, depending on what data are available
 - information on the level of committed and uncommitted funding for a particular program or policy contained in the baseline policy platform.

Any request for the fiscal implications of opposing or proposing an alternative to an aspect of the baseline policy platform (such as not proceeding with a recently announced budget measure) would constitute a request for a costing and, during the caretaker period, would have to be submitted through the public costings process. The PBO will only be able to respond to such a request if it is a publicly announced policy of the party or parliamentarian making the request, and it is submitted through the public costings process.

During the caretaker period, the PBO will prioritise responses to requests for costings of publicly announced policies over confidential requests for information about the budget.

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What is the PBO's approach to correcting the record in relation to costings and analysis it provides?

The PBO monitors references to itself in the media to ensure we, and the information or advice we prepare are referenced correctly. On occasions where our work is referenced incorrectly, we assess the reference and take action as appropriate.

During the caretaker period, there will be particular sensitivity around any public statements the PBO makes in relation to correcting the public record. In deciding upon the appropriate action to take, the PBO will consider the damage a misrepresentation could have on the reputation of the PBO and also the potential impact any public statement we make may have on the electoral process as well as on our reputation.

In line with our legislation, the PBO does not comment on the contents of confidential requests or our responses. However, section 64V(4) of the PSA allows the Parliamentary Budget Officer to make a public statement to clarify a matter relating to a confidential costing or analysis where the Officer is satisfied it is necessary in the public interest to make a statement.

Our preferred approach in most cases will be for us to liaise with parliamentarians or journalists to correct the record so that a misrepresentation is not further reported. However, if a significant misrepresentation of PBO analysis were to occur and was widely reported and the Parliamentarian did not correct the record to our satisfaction, the PBO would be obliged to issue a public correction.

Steps we may take to correct the record include:

- liaising with parliamentarians and their advisors to correct material they have prepared and prevent ongoing misrepresentations
- liaising with journalists where relevant to correct material they have produced and prevent further misrepresentations, and
- if necessary, releasing a media statement to publicly correct the record.

Matters that inform our assessment of whether we need to correct the record in relation to the reporting of our work, and the appropriate level of action that we would take, include:

- whether a publicly referenced costing or analysis is confidential
- the extent of any misrepresentation and whether it is material
- how widespread the reporting of a misrepresentation is
- whether (or not) the figures referred to accurately reflect our costing or analysis
- whether any conclusion attributed to the PBO accurately reflects our advice
- whether the role of the PBO is accurately described.

The most effective way to ensure our costing advice is not misrepresented is for Parliamentarians to publicly release the costing advice we provided to them. Where a PBO costing is released publicly or the requesting parliamentarian advises it is no longer confidential and can be released, we will publish the costing on the PBO website at pbo.gov.au.

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Appendix A – Additional information

The PBO has released a number of information papers and frequently asked question responses to explain costing concepts, conventions and approaches in more detail.

- [*What is a Parliamentary Budget Office costing?*](#) provides a conceptual explanation of what a costing is and what it is designed to capture, and explains the different modelling approaches that are used to generate a costing.
- [*Including broader economic effects in policy costings*](#) discusses the challenges associated with incorporating broader economic effects in a policy costing and the PBOs' approach.
- [*Factors influencing the reliability of policy proposal costings*](#) provides an explanation of the factors that effect the reliability of costing estimates and explains how these are reflected in PBO costing advice.
- [*Frequently asked questions*](#) provide answers to a range of questions commonly asked of the PBO.