



Australian Government
Department of Finance

**Jane Halton PSM
Secretary**

Our Ref: SEC0010525

Ms Jane Hearn
Inquiry Secretary
Joint Committee of Public Accounts and Audit
PO Box 6021
Parliament House
Canberra ACT 2600

Dear Ms Hearn

I am writing to provide a submission from the Department of Finance to the Joint Committee of Public Accounts and Audit (JCPAA) inquiry into the operations of the Parliamentary Budget Office (PBO).

The Department's submission relates solely to the terms of reference about the PBO's access to information, specifically the Contingency Reserve.

Please find attached the submission to be considered as part of the JCPAA's inquiry and report.

I note that the Department's submission will be published on the committee's website following the committee's deliberations.

Yours sincerely


Jane Halton PSM
Secretary

21 August 2014

SUBMISSION FROM THE DEPARTMENT OF FINANCE TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT INQUIRY INTO THE OPERATIONS OF THE PARLIAMENTARY BUDGET OFFICE

The Department of Finance (Finance) welcomes the inquiry into the operations of the Parliamentary Budget Office (PBO). This submission to the Committee addresses the first element of the terms of reference relating to PBO statutory information gathering powers and access to information, including the Contingency Reserve (CR).

Access to information and cooperation with the PBO

Finance notes that the PBO strengthens Australia's fiscal and budget frameworks by providing independent information to the Parliament on the budget, fiscal policy and financial implications of proposals.

Procedures and protocols between the PBO and government departments have been established. Finance works cooperatively with the Parliamentary Budget Officer (the Officer) and other PBO staff to assist the PBO to effectively meet its statutory role and obligations.

The relationship between the PBO and the government and government departments is guided by the *Australian Government Protocols Governing the Engagement between Commonwealth Bodies and the Parliamentary Budget Officer* (the Protocols) and the Memorandum of Understanding (MOU). The Protocols assist government departments to manage their interaction with the PBO.

The Protocols aim to:

- ensure that relevant information is provided to the PBO;
- outline the responsibilities of the Heads of Commonwealth bodies, and their staff, in engaging with the PBO;
- establish procedures to ensure consistency and confidentiality of information provided to and by the PBO; and
- ensure that the integrity of the Government's official budget estimates are maintained.

The MOU facilitates collaborative, productive and collegiate working relationship between parties. It also supports the ready and open exchange of information, documents, knowledge and views between parties and outlines the roles and responsibilities of each party.

The Australian National Audit Office's (ANAO) performance audit released in June 2014, titled *The Administration of the Parliamentary Budget Office*, acknowledged that the PBO, the Department of the Treasury and Finance have worked proactively to develop a cooperative relationship.

Since 2013, Finance has had a standing agreement with the PBO. Finance provides regular information to the PBO after each economic update, including information and data from the Commonwealth Budget Management System. As the relationship has matured, the scope of this standing agreement has been broadened to accommodate the core data requirements for the PBO.

In addition to the standing agreement, Finance routinely receives individual requests of a more specific nature and responds to these with as much information as possible. In 2012

there was a total of 11 of these Requests for Information to Finance, with 41 in 2013 and 9 in 2014 (to date). Initial requests for information to Finance from the PBO acknowledged the need for the PBO to build their knowledge and accumulate data and models.

Finance also facilitates engagement between the PBO and government departments and provides support both in clarifying the nature of the request particularly when there are complex policy or costing issues involved. Where it is not possible to release certain information, the Head provides a written explanation outlining the reason for non or partial release. This might include commercial- or cabinet-in confidence information, intellectual property rights or reasons of national security. Due to the unique role of Finance and Treasury all information exchanged between departments and the PBO is shared with Finance.

Costings and implications arising from information in the Contingency Reserve

The June 2014 ANAO report noted that the PBO had been able to access the information that it needed to conduct its policy costing and self-initiated research. It acknowledged that this situation was deserving of close monitoring in the future, especially if the PBO was unable to undertake a large number of costings because of limited access to information in the Contingency Reserve (CR).

The Parliamentary Budget Officer noted as part of his *PBO Guidance 05/2013* that most PBO costings are not affected by provisions in the CR, and that this would affect only a limited number of costings. Finance is committed to working with the PBO to understand such requests for information and to ensure that the PBO has sufficient information and context, when and if such situations arise. Meetings are facilitated between the PBO, other Departments and Finance when classified information is sought.

The aggregate estimates for the CR are published in Statement 6 of Budget Paper 1 in Table A1 and Table 17. A description of the items contained within the CR can be found at Appendix B to Statement 6.

Individual measures in Budget Paper 2 may include a statement that a provision has been included in the CR where the financial implications cannot be published due to commercial sensitivity, national security or where the disclosure would disadvantage the Commonwealth (such as in the negotiation of National Partnership Agreements).

In the Mid-Year Economic and Fiscal Outlook the aggregate CR estimates are published in Table 3.21 of Attachment C. Aggregate estimates for the CR are also published where appropriate in the Pre-Election Economic and Fiscal Outlook.

Given the commercial sensitivity of some information (and the potential harm to the Commonwealth's interests) as well as to national security, Finance relies on exemptions that are available under the FOI Act to exempt such information from release or disclosure as appropriate.