



Parliamentary
Budget Office

Stein Helgeby
Parliamentary Budget Officer

Mrs Lucy Wicks MP
Committee Chair
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Mrs Wicks

I am pleased to respond to the Joint Committee of Public Accounts and Audit's (the Committee) 2019-20 independent review of the Parliamentary Budget Office (PBO) (the Review). I thank the Committee for undertaking this Review, which provided an opportunity to identify what the PBO does well and any improvements to the PBO's operations and effectiveness.

The Review concluded that the PBO is fulfilling its legislative mandate and is held in high regard by stakeholders. The Committee made four recommendations, one is a matter for government and three for the PBO. The PBO supports all recommendations. Our response to each recommendation is attached.

My senior officers and I would be happy to discuss any aspect of our response with the Committee at its convenience. In particular, in relation to recommendation 2, we would be happy to discuss in detail the Committee's views on further information it would like to see in the PBO's activity report.

I have provided a copy of this response to the Presiding Officers for their information.

Yours sincerely

Stein Helgeby

22 December 2020

Review of Operations of Parliamentary Budget Office 2019–20

PBO response to the recommendations from the report

No.	Recommendation	PBO Response
1	<p>The Committee recommends that the Australian Government amend section 64T(1) of the <i>Parliamentary Service Act 1999</i> (PS Act) to provide for an automatic referral process for independent review of the operations of the Parliamentary Budget Office (PBO), to be completed within 9 months after the end of the caretaker period for a general election.</p> <p>Consistent with section 64T(2) of the Act, the person or body who is to conduct the review, the review scope and the manner in which the review is to be conducted will be determined by the Joint Committee of Public Accounts and Audit (JCPAA). In the third year of a Parliamentary term the JCPAA may propose the method and scope of the review prior to the prorogation of Parliament for endorsement by the successor Committee in the new Parliament.</p>	<p>The PBO supports this recommendation.</p> <p>An automatic referral process for an independent review provides certainty for the PBO that a review would occur, which assists with work planning.</p> <p>Implementation of this recommendation, however, would require a legislative amendment to the PS Act and therefore is a matter for Government.</p>
2	<p>Consistent with the Joint Committee of Public Accounts and Audit (JCPAA) role in monitoring the implementation of recommendations of independent reviews of the Parliamentary Budget Office (PBO), the Committee recommends that the PBO ensure the JCPAA is provided with sufficient data to enable it to continue to monitor matters addressed by recommendations 5, 7 and 15 of the Independent Review Panel, <i>Parliamentary Budget Office Review 2016–17</i>.</p> <p>For context, the 2016–17 recommendations referred to are:</p> <ul style="list-style-type: none"> Recommendation 5: The PBO should ensure that the JCPAA is provided with sufficient data to allow it to regularly monitor the provision of information to the PBO through the Memorandum of Understanding (MOU). Recommendation 7: The PBO should periodically conduct an ex-post analysis of a limited selection of its policy costing estimates, to help identify areas for improvement in future costings, and report the results to the JCPAA. Recommendation 15: The PBO should ensure that the JCPAA is regularly provided with sufficient information on the PBO's workload, resource requirements and efficiency, to enable the JCPAA to monitor their impact on the level and timeliness of the PBO's outputs. 	<p>The PBO supports this recommendation.</p> <p>The PBO's activity report, currently provided to the Committee (via its secretariat) three times per year, provides information to enable the Committee to monitor matters addressed by recommendations 5 and 15 of the 2016–17 Review. In addition, the PBO is available to provide briefings to the Committee as required.</p> <p>In respect to the previous recommendation 5 (monitoring provision of information through the MOU) and 15 (reporting on workloads and resources), the activity report provides information on the level and demand for PBO services and on our responsiveness as well information on the responsiveness of government agencies to PBO requests for information under the MOU.</p> <p>In order to give effect to the request to assist the Committee in monitoring evaluations (the previous recommendation 7), the PBO proposes to include a summary section on these evaluations in the activity report and in our annual report. In addition, we are available to provide briefings where confidential additional detail may be able to be discussed.</p>

3 The Committee recommends that the Parliamentary Budget Office give further consideration to the issue of gender distributional analysis and provide advice to the Joint Committee of Public Accounts and Audit regarding how this may be incorporated into existing costings.

The PBO supports this recommendation.

Parliamentarians are already able to request that distributional analysis be included as part of a costing response provided to them by the PBO. Examples of the types of analysis that can be included are analysis by gender, age or income.

The main limiting factor to our undertaking distributional analysis is whether the source data for a costing includes the necessary analysis variables for the information that is sought.

Our regular clients are aware of this option and it is not unusual for them to request distributional analysis by gender or other characteristics such as jurisdiction or income, where these results are available, particularly for substantial or politically sensitive policy proposals.

While the PBO does not currently prompt for distributional analysis in its costing request form, a current field titled 'summary of policy specifications' could be further used to describe any supplementary analysis required.

To give effect to this recommendation, the PBO proposes to:

- add further guidance to its costing request form by including distributional analysis as an example of supplementary analysis
- update the costing guidance document to provide additional information on requesting distributional analysis in a costing, and
- update the frequently asked questions on our website.

4 The Committee recommends that the Parliamentary Budget Officer acknowledge the intentions of the Joint Committee of Public Accounts and Audit, under section 64T of the *Parliamentary Service Act 1999*, to include in its request concerning the scope of the next independent review of the Parliamentary Budget Office, consideration of the post-election report and the possible compulsory inclusion of minor parties and independents.

The Parliamentary Budget Officer notes the Committee's intention outlined in this recommendation.

The inclusion of additional parties in the post-election report would provide transparency around the fiscal impacts of the election commitments of smaller parties, levelling the playing field with those having five or more members, whose platforms must be costed by the PBO.

By the time of the next independent review, minor parties will have been able to opt in to inclusion in the post-election report for two elections. The Committee will therefore have further information available to it as to whether an opt-in approach has resulted in any further parties seeking inclusion in the post-election report.