



Australian Government

**GOVERNMENT RESPONSE TO THE
JOINT SELECT COMMITTEE ON
THE PARLIAMENTARY BUDGET OFFICE**

**INQUIRY INTO THE PROPOSED
PARLIAMENTARY BUDGET OFFICE**

JULY 2011

PBO Committee Recommendations

Recommendation 1

The committee recommends that the Australian Government establish a Parliamentary Budget Office dedicated to serving the Australian Parliament.

Response

Agreed.

The Government announced in the 2011-12 Budget that it will provide \$24.9 million over four years to establish a Parliamentary Budget Office (PBO).

Recommendation 2

The committee recommends that the Government establish the mandate of the Parliamentary Budget Office as to inform the Parliament by providing independent, non-partisan and policy neutral analysis on the full Budget cycle, fiscal policy and the financial implications of proposals.

Response

Agreed.

Recommendation 3

The committee recommends that the Government empower the Parliamentary Budget Office to undertake the following functions, consistent with its mandate:

- *prepare responses to the requests of individual Senators and Members, regardless of party or Government status, and parliamentary committees, including the preparation of costings in relation to proposed policies and bills outside the caretaker period;*
- *make formal contributions to committee inquiries;*
- *initiate its own work in anticipation of the interests of its clients; and*
- *prepare costings of election commitments during the caretaker period.*

Response

Agreed.

The Government considers that the proposed functions are consistent with the mandate outlined in Recommendation 2. The details of some of these functions, such as arrangements relating to the provision of election policy costings by the PBO, will be outlined as part of the suite of legislative and other measures required to establish and operationalise the PBO.

Recommendation 4

The committee recommends that the Government amend the Charter of Budget Honesty Act 1998 (Cwlth) to enable the leaders of parliamentary parties with a minimum number of parliamentary members to access the election costings provisions of the Act.

The minimum number of parliamentary members should be consistent with similar requirements set out in the Parliamentary Allowances Act 1952 (Cwlth) and the Parliamentary Entitlements Act 1990 (Cwlth), which is currently five members or more.

Response

Agreed.

Potential interactions between the *Charter of Budget Honesty Act 1998*, including the proposed amendments, and the operations of the PBO, will be taken into consideration as part of the development of the suite of legislative and other measures required to establish and operationalise the PBO.

Recommendation 5

The committee recommends that the Government amend the Charter of Budget Honesty Act 1998 (Cwlth) to enable the costing of election commitments in the period starting from the issue of the writ for the election and ending when the election result is clear or, if there is a change of Government, until the new Government is appointed.

Response

Agreed.

See response to recommendation 4.

Recommendation 6

The committee recommends that the Government empower the Parliamentary Budget Office (PBO) to provide election costings on request, in relation to publicly announced policies, starting from the issue of the writ for the election and ending when the election result is clear or, if there is a change of Government, until the new Government is appointed. Apart from the conditions for who can make a request for costings, the caretaker period costings service of the PBO is to be consistent with that of the Charter of Budget Honesty Act 1998 (Cwlth).

Response

Agreed.

See response to Recommendation 4.

Recommendation 7

The committee recommends that the election costing service of the Parliamentary Budget Office be limited to requests from nominated parliamentary party representatives and Independent Members originally elected and seeking re-election, as Independent Members, without the endorsement of a registered political party.

Response

Agreed.

Recommendation 8

The committee recommends that the election costing service of the Parliamentary Budget Office be limited to requests from nominated parliamentary party representatives and Independent Members (as defined in recommendation 7), in relation to their own policies.

Response

Agreed.

Recommendation 9

The committee recommends that individual election commitments are not able to be costed by both the Parliamentary Budget Office (PBO) and the Departments of the Treasury and of Finance and Deregulation, and that to avoid duplication, the PBO and Treasury and Finance confer prior to the preparation of each costing request.

Response

Agreed.

Protocols will be developed to address potential duplication as part of the suite of legislative and other measures required to establish and operationalise the PBO.

Recommendation 10

The committee recommends that the position of Parliamentary Budget Officer be established as an independent officer of the Parliament through dedicated legislation.

Response

Agreed-in-principle.

The Government will establish the position of Parliamentary Budget Officer as an independent officer of the Parliament as part of the legislation required to establish and operationalise the PBO.

Recommendation 11

The committee recommends that the legislation establishing the Parliamentary Budget Officer include provisions to establish the Parliamentary Budget Office to support the work of the Officer.

Response

Agreed.

Recommendation 12

The committee recommends that the legislation establishing the office of Parliamentary Budget Officer include the Officer's: mandate, functions, maintaining confidentiality of information provisions, parliamentary oversight, reporting requirements, appointment, dismissal, remuneration determination arrangements, and term of office.

Response

Agreed.

Recommendation 13

The committee recommends that the Parliamentary Budget Officer access information from Government departments through a negotiated memorandum of understanding with the Departments of the Treasury and of Finance and Deregulation and other departments or organisations as necessary.

Response

Agreed.

Recommendation 14

The committee recommends that the Parliamentary Budget Officer be empowered to use the formal processes provided through the Freedom of Information Act 1982 (Cwlth) without cost to the Parliamentary Budget Officer, in the event that particular information is not provided by a Government department in accordance with any established memorandum of understanding, and the PBO is not satisfied by the rationale of the department for declining to disclose information.

Response

Agreed-in-principle.

The Government considers that the memoranda of understanding (MOUs) referred to in Recommendation 13 will be the most effective way to support the objectives of the PBO and hence will be the primary mechanism through which the Parliamentary Budget Officer will access data and information from those departments. The Government will consider the application of the *Freedom of Information Act 1982* in the event that particular information is not provided by a Government department in accordance with the MOU. The MOUs, which will be negotiated with the

Parliamentary Budget Officer once an appointment has been made, will address interactions with the FOI Act.

Recommendation 15

The committee recommends that the legislation establishing the office of Parliamentary Budget Officer include specific provisions to maintain the confidentiality of the sensitive information held within the Parliamentary Budget Office.

Response

Agreed.

Recommendation 16

The committee recommends that wherever possible, in the interest of transparency and accountability the work of the Parliamentary Budget Office be made publicly available.

Response

Agreed.

Recommendation 17

The committee recommends that responses by the Parliamentary Budget Office to requests from individual parliamentarians, outside the caretaker period for general elections, be provided in confidence, where it has been specifically directed by the client to do so.

Response

Agreed.

Recommendation 18

The committee recommends that where possible, the work that has gone into the preparation of a response to a client request be made available to be included in the public reports of the Parliamentary Budget Officer. This may involve negotiating, with relevant Senators and Members for the public release of work prepared on their behalf, while withholding information about the original request, such as the identity of the parliamentarian and other substantive information requested, to remain in confidence.

Response

Agreed.

Recommendation 19

The committee recommends that the Parliamentary Budget Officer be empowered to make public statements, in particular where they consider that their work has been misrepresented in the public domain.

Response

Agreed-in-principle.

The Government considers it appropriate for the Parliamentary Budget Officer to make public statements in instances where he/she considers that the PBO's work has been misrepresented in the public domain.

Recommendation 20

The committee recommends that the reporting provisions under the establishing legislation require the Parliamentary Budget Officer to formulate an annual work program, draft budget estimates and an annual report in line with the Financial Management and Accountability Act 1997 (Cwlth) and the Commonwealth Authorities and Companies Act 1997 (Cwlth).

Response

Agreed.

The PBO will operate under the *Financial Management and Accountability Act 1997* given its status under the *Parliamentary Service Act 1999*.

Recommendation 21

The committee recommends that, with the exception of term of office provisions, the appointment, dismissal and remuneration determination processes of the Parliamentary Budget Officer be in line with similar provisions contained in the Auditor-General Act 1997 (Cwlth).

Response

Agreed.

Recommendation 22

The committee recommends that the term of office of the Parliamentary Budget Officer be for a period of four years, with the option of renewing the appointment.

Response

Agreed.

Recommendation 23

The committee recommends that the Joint Committee of Public Accounts and Audit (JCPAA) have oversight of the Parliamentary Budget Officer and their office in regard to the annual work program, draft budget estimates, and annual report, in line with similar provisions in the Auditor-General Act 1997 (Cwlth). This includes a formal role for the JCPAA in endorsing the workload protocols applicable to the Parliamentary Budget Office.

Response

Agreed.

Recommendation 24

The committee recommends that an independent body be engaged to undertake an operational evaluation of the Parliamentary Budget Office, completed within nine months after the result of a Federal election is notified. On completion, the evaluation report should be tabled in the Parliament and referred to the Joint Committee of Public Accounts and Audit for possible review.

Response

Agreed.

Recommendation 25

The committee recommends that the proposal to engage an independent body for the purpose of undertaking the operational evaluation of the Parliamentary Budget Office be referred to the Joint Committee of Public Accounts and Audit for consideration and endorsement.

Response

Agreed.

Recommendation 26

The committee recommends that the Office of the Parliamentary Budget Officer be provided with ongoing funding of no less than \$6 million per annum with consideration being given to additional resourcing for election years.

Response

Agreed-in-principle.

The Government allocated \$24.9 million over four years in the 2011-12 Budget for the establishment of the PBO.

Consideration of additional resourcing for election years will be subject to the usual budgetary processes and will be informed, in part, by any review undertaken by the Joint Committee of Public Accounts and Audit (see Recommendation 27).

Recommendation 27

The committee recommends that the annual draft budget of the Office of the Parliamentary Budget Officer be considered by the Joint Committee of Public Accounts and Audit, and that this committee explicitly review the adequacy of additional funding provided for election years.

Response

Agreed.

The Government will consider any recommendations of the Joint Committee of Public Accounts and Audit concerning the PBO, noting that resourcing for the PBO will be subject to the usual budgetary processes.

Recommendation 28

The committee recommends that the Australian Government explore locating the Parliamentary Budget Office within close proximity to Parliament House or co-locating it with an established organisation for the purpose of gaining administrative efficiencies.

Response

Agreed-in-principle.

The Government considers that the physical location of the PBO is an operational matter for consideration by the Parliamentary Budget Officer to determine in order to effectively fulfil the PBO's mandate.