

Submission to the inquiry into the Parliamentary Budget Office from Parliamentary Librarian

Executive Summary

1 All members of parliament are currently supported by the Parliamentary Library with information, analysis and advice on issues relevant to the parliament including budget related matters and fiscal policy, as far as is possible given the resources available to the Library. While government senators and members are supported by government agencies, and committees provide assistance through specific enquiries, overall there has been a gap in the information available to meet the needs of members of parliament on financial and budget matters.

2 The Parliamentary Library is a highly valued source of information, analysis and advice for members of parliament. As a model it provides a framework of well developed protocols and standards, efficient administrative processes and legislation that enables cost effective services to be provided successfully to senators and members. The work of the Parliamentary Library is delivered in accord with the provisions in the *Parliamentary Services Act 1999*, the *Copyright Act 1968*, and the *National Library of Australia Act 1960* (see **Attachment 1**).

3 Although the Parliamentary Budget Office could not be funded and operated within the current budget of the Library, nor of the Department of Parliamentary Services, a Parliamentary Budget Office could be built upon the established processes and functions of the library. An additional legislative provision that would assist in ensuring a successful service is access to government information on request. Making this provision available through the *Parliamentary Service Act 1999* to the Library and Parliamentary Budget Office would strengthen overall support for senators and members.

4 There would be efficiencies in establishing the Parliamentary Budget Office within the Library structure and procedure. The framework of the annual resource agreement could be used to provide assurance about the resourcing to deliver the service.

5 Establishing boundaries for the range and level of work required from the Parliamentary Budget Office is essential for it to provide services that meet the expectations of the Parliament. This submission provides some information on “core services” that could be provided, drawn from existing institutions in North America, Europe and Korea. It also provides information on the Parliamentary Library’s approach to key issues including equal access by all senators and members, client confidentiality, impartiality and maintaining the highest standards of scholarship and integrity. Some estimated costs based on the Library’s current services, including the 2010 pre-election policy service, are provided.

6 Finally the submission suggests that modelling tools for operation of the service can be drawn from selected parliaments and academia particularly National Centre for Social and Economic Modelling (**NATSEM**).

Background

7 Parliament is responsible for approval and scrutiny of government expenditure of over \$300 billion in 2010-11 (Appropriation Bill No 1 2010). The Parliament scrutinises expenditure through review of budget legislation, Senate Estimates committees, reviews of particular areas of expenditure and specific enquiries, parliamentary questions and by seeking information, analysis and advice through the Parliamentary Library.

8 While the Parliamentary Library has provided advice on the Commonwealth Budget and government expenditure for many years, only a small amount of resources has been available for this activity. The Library has regularly received feedback that senators and members do not receive sufficient independent analysis and advice on budget and expenditure issues. Establishing an Australian Parliamentary Budget Office (PBO) is as a means of filling this gap.

9 In discussions on a Parliamentary Budget Office:

- (a) It is clear that senators and members require a service that includes publications and providing individual responses to members of parliament;
- (b) The existing funding of parliamentary agencies is insufficient for such a service. Further, the current model for funding parliamentary departments does not serve current needs well – the potential for a new model of independent funding of parliamentary administration has been raised in the submission of the Joint Standing Committee on the Parliamentary Library and submissions to the Joint Committee on Public Accounts and Audit inquiry into the efficiency dividend;
- (c) The Parliamentary Library, established in 1901, provides similar services, publications and responses to client enquiries, with well established protocols and practices;
- (d) Funding for the Parliamentary Library through an annual resource agreement that is reviewed by a parliamentary committee and signed by the Presiding Officers, Parliamentary Librarian and Secretary of DPS is also a model that provides transparency and accountability for a service such as the proposed Parliamentary Budget Office.

10 The foundation issues for a Parliamentary Budget Office include the services required of the Parliament and the operating and accountability frameworks. This submission provides some information on possible models and approaches. Further information can be provided if required. When these issues are resolved it will be possible to provide clearer resourcing information.

Parliamentary Budget Office: scope and mandate

11 There are different models used around the world for a parliamentary budget office. An overview of the budget offices of the US, Canada, Korea and the Netherlands is attached (**Attachment 2**).

12 There are three basic models:

- (a) **Model 1. Separate authority.** In this model the budget office is not a part of the parliament nor a government department. It stands as a separate organisation. The US Congressional Budget Office (**CBO**) fits into this category. It is well established and funded. The US Congress manages a much larger budget than Australia so it could be expected to require a higher level of funding. It was initially established to look at particular issues which may not be as relevant to Australia as other models.
- (b) **Model 2. Office established within a government department.** In this model the responsibility for the office and its advice rests within an established government agency. This model is used in the Dutch office. As the current and former opposition parties in Australia have expressed concerns that the Treasury and Department of Finance and Deregulation (Finance) are not considered as providing independent advice, it may not be the most appropriate model for Australia.
- (c) **Model 3. Office located within the Parliament, either a separate agency or within the Parliamentary Library.** This is the model applied in Canada (the Parliamentary Budget Officer reports to the Parliamentary Librarian) and Korea (where it is a unit within the parliamentary administration). Canada is politically most similar to Australia with a senate and a lower house. The mission statement of the Canadian PBO (Parliamentary Budget Officer) is relatively modest compared to the US CBO (Congressional Budget Office) or the Dutch CPB (Central Planning Bureau) and may represent an appropriate mandate for an Australian parliamentary budget office.

13 Given the similarity of parliamentary institutions between the two countries the Canadian PBO model may be a “good fit” within the Australian context as the Parliamentary Library is a well established, respected independent institution.

14 There are, however, some lessons that can be learned from the Canadian experience. In particular, the hierarchical relationship between the Parliamentary Librarian and the PBO has been problematic and would need to be clearly considered within the Australian context.

15 One area where a potential “misfit” could occur in transposing the Canadian PBO model into the Australian context concerns resource allocation. Under the Canadian funding arrangements “the PBO and the Library of Parliament as a whole are fully independent from the Government in their operation and funding”.¹ Further, although the PBO is located within the Library of Parliament, its budget is separate from that of the library. In creating a PBO within the Australian context these funding issues will need to be considered in depth.

¹. Joe Wild, Executive Director of Strategic Policy, Treasury Board Secretariat, quoted in Standing Joint Committee on the Library of Parliament, *Report on the Operations of the Parliamentary Budget Officer within the Library of Parliament*, Parliament of Canada, June 2009, pp. 3–4, viewed 28 January 2010, <http://www2.parl.gc.ca/content/hoc/Committee/402/BILI/Reports/RP3993042/bilirp03/bilirp03-e.pdf>

Mandate

16 The mandate governing a particular office must be scaled to the resources available as this is critical to the success of both the role it performs in the budget process and whether its achievements will be considered successful. Of primary importance is ensuring that the office is sufficiently funded to deliver on its mandate. For example, the significant roles of the US CBO and the Dutch CPB in their respective legislatures are matched by their substantial budgets. The Korean NABO or especially the Canadian PBO with their considerably smaller budgets have smaller scale mandates and would be doomed to fail if expected to deliver the same outcomes as the CBO or the CPB.

17 Mr Barry Anderson, head of Budgeting and Public Expenditure Division of the OECD argues² that ageing demographics, globalisation, climate change and the global financial crisis have created increased complexities to the already difficult art of budgeting. In response to these additional pressures, he suggests that executive governments tend to focus discussion on near-term issues rather than engage in these more complex strategic debates, resulting in diminished budget accountability.

(a) Anderson suggests that, in order to provide the legislature with the assistance they require to properly scrutinise the budgetary process, an independent budget office must perform four core functions:³

- Independent, objective economic forecasts
 - these should be informed by other prominent forecasters (central banks, international organisations, private forecasters, and the expert panel involved with the budget office), be based on current legislation, and should err on the conservative side
- Baseline estimates
 - these forecasts of spending and revenue should be projections, not predictions and need to be based on the best technical information available, not on biased political opinions
- Analysis of the executive's budget proposals
 - importantly, this assessment should not be programmatic evaluation (which is more of a political exercise) but rather a technical evaluation of the estimates contained in the executive's budget
- Medium-term analysis
 - the above functions should be performed over the medium-term in order to highlight out-year consequences but also to take into account various fiscal risks (e.g. loan guarantee programs or public-private partnership initiatives). This medium-term analysis also provides the basis for long-term analysis that involves intergenerational transfers.

In Australia, costing of the Opposition's election platform prior to an election is currently undertaken by the Treasury and Finance. The Dutch

³. *ibid.*, pp. 41–42.

CPB is resourced to provide this service and this has been well received by the public.⁴

In addition to these core functions, Anderson also suggests that an appropriately funded independent budget office could have an expanded role that may include:⁵

- analysis of costs relating to policy proposals advanced by parliamentarians—this comes with a warning that this role could lead to excessive workloads unless an agreed mechanism is used to limit the number of policy proposals costed
- list of options for spending cuts—these need to be based on program effectiveness and efficiency rather than political rationale
 - in the Australian context this role would probably overlap with ANAO program evaluations
- analysis of economic impact of regulations on the economy
 - in the Australian context this job has traditionally been done by the Productivity Commission.

Institutional Location

18 The institutional location of an independent budget office is influenced by several factors but, in particular, the underlying requirement that it must be and must be seen to be independent of the executive government is of most importance. Other factors which can be influential include the type of political system (i.e. Congressional or Parliamentary), the proposed size of the budget office and the socio-political context at the time of establishment.

19 For example, the Dutch CPB was created in the immediate aftermath of WWII when a cooperative political focus was on rebuilding their nation and its location within an executive department was not a pressing concern. Ministers have guarded its independence from political interference and, as the world's original budget office, it now has a public profile that would make such interference unlikely. However, it is highly unlikely that a similar institutional location within Treasury or Finance would work in the current Australian context.

Key issues

20 Creating a Parliamentary Budget Office will require specific resourcing for matters such as recruitment, accommodation, information resources, software and overheads (such as human resource and financial management systems and training). A new provision for access to government information would significantly assist the service, as would protocols and procedures well established in the Parliamentary Library.

Access to information required by the Parliamentary Budget Office

21 For the Parliamentary Budget Office to effectively provide information, analysis and support access to government information is essential. This would

⁴. *ibid.*, p. 45.

⁵. *ibid.*, pp. 42–43.

ensure that there is no duplication in terms of information collection and also enable high quality service to members of parliament.

22 Access to agency data is desirable because:

- (a) access would allow the Parliamentary Budget Office to perform the unique role that it is tasked with;
- (b) without access, the Parliamentary Budget Office would be in no better a position than the Research Branch, which is limited to using publicly-available information, and what agencies are willing to provide (but only if it can be placed on the public record. This would be a significant difference from our existing protocols and the interaction and possible sharing of information between the Parliamentary Budget Office and Library's Research Branch would need to be considered); and
- (c) transparency would be improved.

23 To be successful the access to information should be based on a good relationship with government agencies. The Library provides a model in working to develop relationships with government agencies.

24 The *Auditor-General Act 1997* has a provision which enables the Auditor-General to direct the production of information. It should be noted that the Auditor General sets its own work program and fulfils a quite different role to the proposed Parliamentary Budget Office. The legislation states:

32. Power of Auditor-General to obtain information

- (1) The Auditor-General may, by written notice, direct a person to do all or any of the following:
 - (a) to provide the Auditor-General with any information that the Auditor-General requires;
 - (b) to attend and give evidence before the Auditor-General or an authorised official;
 - (c) to produce to the Auditor-General any documents in the custody or under the control of the person.
- (2) The Auditor-General may direct that:
 - (a) the information or answers to questions be given either orally or in writing (as the Auditor-General requires)

25 Alternative approaches could be:

- (a) through a Memorandum of Understanding with relevant government agencies such as Treasury and Finance;
- (b) through use of the provisions of the *Freedom of Information Amendment (Reform) Act 2010*.

26 Access conditions should be framed to enable the Parliamentary Budget Office to conduct thorough high quality research and analysis. Some documents would be excluded e.g., on confidentiality/secretcy grounds such as cabinet documents. The exclusions in the *Freedom of Information Amendment (Reform) Act 2010* would be a good model.

27 Agencies would be required to provide information at no cost to the Parliamentary Budget Office because this would have the potential to exhaust the Parliamentary Budget Office's budget.

28 It would be beneficial for information services to members of parliament for this provision to be obtained for the Parliamentary Library at the same time as for the Parliamentary Budget Office.

Clients

29 I note that the terms of reference of the JSCPBO's inquiry propose that the service include the provision of information and advice to all members of parliament.

30 The Parliamentary Library operates under a statutory requirement for "equality of access for all Senators, Members of the House of Representatives, parliamentary committees and staff acting on behalf of Senators, Members or parliamentary committees". In practice, demand for the service is disproportionately from non-government senators and members.

31 I suggest that ensuring the service is available to all senators and members is very important. The experience of the Parliamentary Library is that those from government, coalition, minority party and independents all require research services:

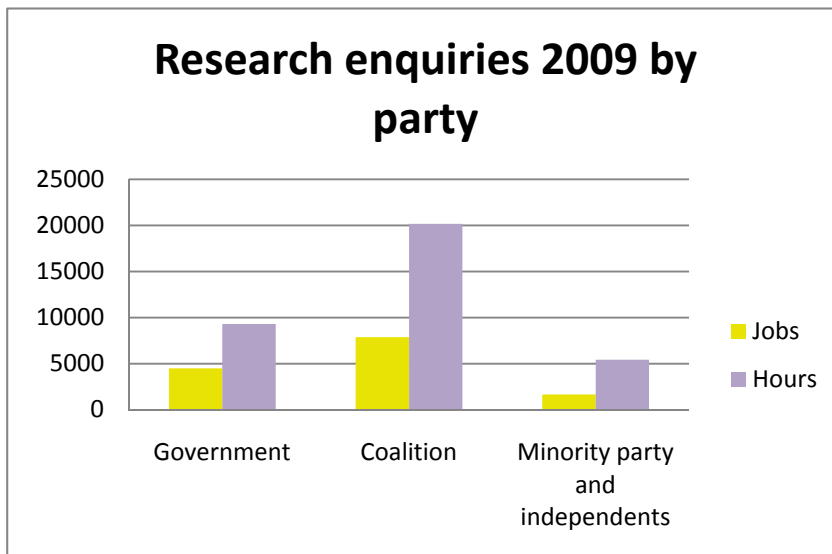


Chart 1. Individual client enquiries from senators and members by party for the calendar year 2009. Data obtained from the Parliamentary Library's Time and Activity Recording Data Information System (TARDIS) system.

Confidentiality and impartiality

32 The Parliamentary Library provides confidential information, analysis and advice that is impartial to members of parliament. Feedback from clients through the regular assessments indicates that these attributes are essential to maintaining confidence in the Library's services.

33 Confidentiality and impartiality are ensured through:

- (a) specific wording in the *Parliamentary Services Act 1999* s.38(B);
- (b) internal operating policies and procedures;
- (c) induction processes including training of all new staff;
- (d) "communication with clients" training;
- (e) regular discussion within the Library at section, branch and library levels; and
- (f) monitoring in all sections of the Library through regular client assessment and review of service delivery.

34 Copies of the Library's protocols can be provided if required. Relevant documents are:

- (a) Operating Policies and Procedures No 13—Responses to client requests;
- (b) Operating Policies and Procedures No 14—Preparing and publishing bills digests;
- (c) Operating Policies and Procedures No 15—Parliamentary Library Research papers and Background notes; and
- (d) Operating Policies and Procedures No 9—Communication by Parliamentary Library staff with Government agencies

35 These activities and protocols would be similarly vital for the Parliamentary Budget Office to deliver a service that meets the needs of the parliament.

Maintaining the highest standards of scholarship and integrity

36 As with confidentiality and impartiality, maintaining the highest standards of scholarship and integrity is essential to ensuring that the publications and client advice that is provided meets the needs of members of parliament.

37 The critical issues in relation to this requirement are:

- (a) recruiting and retaining specialised staff with appropriate skills;
- (b) investing to ensure maintenance and development of subject specialist knowledge and networks;
- (c) acquisition of select information resources to enable access to high quality information; and

- (d) monitoring work to ensure that commissioned client responses and publications consistently meet standards.

38 Resourcing for a Parliamentary Budget Office must include provision for specialised staffing, development and information resources.

Prioritisation of client requests

39 The Parliamentary Library has developed an approach to the prioritisation of client requests based on many decades of experience.

40 In principle parliamentary business is prioritised over representational business. The Library does not undertake constituent enquiry work.

41 Where there are multiple demands and limited resources, negotiation occurs within sections and across sections to meet client requests.

42 Further information, including internal operating policies and procedures, can be provided if required.

Relationship with government agencies and other institutions

43 One of the key issues for the Parliamentary Library, in common with the proposed Parliamentary Budget Office, is its relationship with institutions, primarily government agencies, for the provision of information which is required for client enquiries and publications.

44 The Library's approach has been developed based on many decades of experiences, not all of which have been easy. Two types of contact preferences have been identified by agencies:

- (a) **Category A:** contact is requested for all enquiries to occur through a designated area or staff member; and
- (b) **Category B:** contact may be made to any staff member, however, a contact point is provided for general assistance.

45 Coordination with external economic agencies would assist ensuring the Parliamentary Budget Office operates efficiently. A reference group could assist in understanding economic data, models and current issues. It could comprise officers from:

- (a) Treasury;
- (b) The Department of Finance and Deregulation;
- (c) The Reserve Bank;
- (d) The Productivity Commission;
- (e) The Australian Bureau of Statistics; and
- (f) Organisations with significant economic analysis capability such as NatSem, Australian Industry Group and Business Council of Australia.

Position of head of the Office

46 The position of head of the Parliamentary Budget Office is a critical issue for the committee. Structurally, options include:

- (a) creation of a position within the Parliamentary Library structure, reporting to the Parliamentary Librarian;
- (b) creation of a statutory officer position, similar to that of the Parliamentary Librarian operating with resources allocated through a resource agreement; and
- (c) creation of a separate agency with reporting arrangements to the Presiding Officers.

47 It is important that the independence of the Parliamentary Budget Office be guaranteed. This could be achieved efficiently through reporting to the independent Parliamentary Librarian as the statutory office holder under section 38B of the *Parliamentary Service Act 1999* or as a separate statutory officer position named in the Act.

48 Appointing a head of the Parliamentary Budget Office who is a recognised and respected figure in economic/fiscal research will always be important but even more so with regard to the foundation appointment as that person will have the additional responsibility of selecting and appointing suitable staff and establishing the role and reputation of the Parliamentary Budget Office. The head will need to bring a combination of administrative skills and technical expertise to fulfil the full range of responsibilities of the position.

Resourcing

49 Without a significant budget the Parliamentary Budget Office will be unable to effectively perform the role it is tasked to do. The initial limited funding of the Canadian PBO has led to significant political debate, aggrieved staff and aggrieved members of parliament. Resourcing will be required for:

- (a) a head of office at a very senior (suggest Senior Executive Service) level;
- (b) senior research, research and support staff (primarily senior research staff) and technical specialists (note that the employee expenses will include 13% superannuation, training and other employee costs);
- (c) external services commissioned to answer enquiries, including external specialists (based on the experience with the pre-election policy service);
- (d) publications and data required to provide analysis;
- (e) information resources; and
- (f) running costs and consumables including support such as for personnel and finance systems.

50 It is likely that the work of the Parliamentary Budget Office would be labour-intensive. In addition to being headed by an appropriately qualified

person, the staff in the office will need to be very well qualified in areas such as government finance, economics and social policy. In addition, they will need high level communication skills and be able to work flexibly to cope with the demands from clients.

51 The recently introduced Parliamentary Budget Officer Bill 2010⁶ (NSW) envisages “approximately 12 to 16 qualified and experienced economists, accountants and financial analysts’ at a cost of \$4 million in its first year and \$3 million per year thereafter”. As noted it appears that the office cannot be fully established as the search for the position of head of the office has not been successful.

52 The pre-election policy service delivered by the Library in 2010-11 provided some economic assessments of the kind that could be expect from a Parliamentary Budget Office. The average cost of each enquiry, not including overheads of Library staff allocated to the unit, was \$25,000 per client enquiry.

53 While the Parliamentary Budget Office could use some the information resources currently acquired by the Parliamentary Library, costs of information resources could be considerable.

54 The Parliamentary Library acquires resources and makes them available either under licence agreements with suppliers or through the standard provisions of the *Copyright Act 1968* (see Attachment 1). Under the Copyright Act the Parliamentary Library can provide copies of material to members of parliament with no additional charges. This provision only applies to parliamentary libraries.

55 Costs of the Parliamentary Budget Office for provision of information for members of parliament and acquisition of information resources including datasets would be most cost effective if these could be done under the provisions on the Copyright Act and using the Library’s experienced acquisition team.

56 Without this approach significant additional funding could be required for the service, which would not be the most cost effective model.

57 As noted previously there will also be set up costs for accommodation, recruitment, systems and information resources.

Relationship with the Parliamentary Library

58 Whether the Parliamentary Budget Office is located under the umbrella of the Parliamentary Librarian or not there will need to be a relationship with the Library to ensure that duplication of work does not occur and that the most efficient approach is taken to managing enquiries. For the recent pre-election services a protocol was developed within the Library based on the following principles:

- (a) Could the matter be appropriately addressed through usual Library processes?

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<http://www.parliament.nsw.gov.au/prod/parlment/NSWBills.nsf/131a07fa4b8a041cca256e610012de17/f98fad8032e8ce72ca2577c100208572?OpenDocument>

- (b) Would the request require drawing on additional resources beyond those normally available through the Library? (e.g. a commissioned paper, costing or modelling)
- (c) For parties, is the matter of national (rather than local or state) significance?
- (d) Is the nature of the request of sufficient priority for the party?

59 A guideline setting out the difference between Library “business as usual” services and those of the Parliamentary Budget Office could be based on these questions.

60 No matter what model is used, there will need to be a close relationship between the Parliamentary Budget Office and Library for efficient and effective services for members of parliament. Co-location of accommodation and a close relationship between the management teams and staff is recommended.

Other models

61 In Australia, NATSEM provides an example of an economic analysis institution that:

- (a) has a reputation for high quality scholarship;
- (b) provides impartial publications and commissioned work; and
- (c) meets the needs of a wide variety of clients.

62 NATSEM has provided advice that is not seen as politically biased. It provides a local Australian example of an institution providing serious independent economic analysis and advice with a strongly established set of procedures and practice.

63 The JSCPBO could seek information from NATSEM for their inquiry.

Conclusion

64 To succeed the Parliamentary Budget Office needs to be established in a manner that enhances the operation and standing of the Parliament and works in a complementary manner with the Library. Not all Parliamentary Budget Offices have been successful. Recently created, the Canadian Parliamentary Budget Officer, established in 2007, appears to have had problems. The key issues identified were:

- (a) insufficient resourcing, leading to open conflict between the PBO and the government;
- (b) an unclear mandate, creating a situation where the PBO sought to interrogate government through parliamentary committees and sought a public profile independent of his role of that of the Parliament; and
- (c) inadequate access to information—it has weak provisions for access to government information and this has led to frustrations with delays and refusals for access to information.

65 The resources required for providing modelling and costing work are considerable as they would require specific expertise and significant investment in staff development over a number of years. Such an in-house modelling capacity would enhance the reputation of the Parliamentary Budget Office as a truly independent source of analysis. On the other hand, in-house modelling can be very expensive to establish and maintain and may duplicate existing external models. Election policy costing in particular has become highly contentious in recent years and involvement in this work risks drawing the PBO into highly political disputes. It will be important for the Parliamentary Budget Office to be able to access, but not duplicate models created in Treasury and the Department of Finance and Deregulation.

66 The Parliamentary Library provides a model where:

- (a) protocols are well established to ensure provision of confidential, impartial and timely advice to members of parliament;
- (b) high quality information, analysis and advice is provided through publications and client responses;
- (c) legislative provisions clearly support relevant services;
- (d) relationships with agencies have been developed to assist the provision of services to members of parliament;
- (e) funding is transparent and clear through an annual resource agreement which is approved by the Presiding Officers after review by a parliamentary committee;
- (f) cost efficiencies are gained through:
 - (i) well established service deliver processes;
 - (ii) use of the provisions of the Copyright Act to supply material to members of parliament and access resources;
 - (iii) used of shared services for corporate support and administration in the parliament; and
- (g) the service is monitored and outcomes reported to a Committee of the Parliament and annually to the Parliament.

67 I would be happy to provide any further information to the committee.

Attachments.

Attachment 1. Relevant legislation

Attachment 2. Summary of the Parliamentary budget offices/officer in the US, Korea, the Netherlands and Canada

Attachment 1. Relevant legislation

Parliamentary Services Act 1999

38B Functions of Parliamentary Librarian

- (1) The functions of the Parliamentary Librarian are:
 - (a) to provide high quality information, analysis and advice to Senators and Members of the House of Representatives in support of their parliamentary and representational roles; and
 - (b) to undertake such other responsibilities within the joint Department, consistent with the function set out in paragraph (a), as are conferred in writing on the Parliamentary Librarian by the Secretary of the joint Department with the approval of the Presiding Officers.
- (2) The Parliamentary Librarian must perform the function mentioned in paragraph (1)(a):
 - (a) in a timely, impartial and confidential manner; and
 - (b) maintaining the highest standards of scholarship and integrity; and
 - (c) on the basis of equality of access for all Senators, Members of the House of Representatives, parliamentary committees and staff acting on behalf of Senators, Members or parliamentary committees; and
 - (d) having regard to the independence of Parliament from the Executive Government of the Commonwealth.

Copyright Act 1968

48A Copying by Parliamentary libraries for members of Parliament

The copyright in a work is not infringed by anything done, for the sole purpose of assisting a person who is a member of a Parliament in the performance of the person's duties as such a member, by an authorized officer of a library, being a library the principal purpose of which is to provide library services for members of that Parliament.

50 Reproducing and communicating works by libraries or archives for other libraries or archives

- (1) The officer in charge of a library may request, or cause another person to request, the officer in charge of another library to supply the officer in charge of the first-mentioned library with a reproduction of an article, or a part of an article, contained in a periodical publication, or of the whole or a part of a published work other than an article contained in a periodical publication, being a periodical publication or a published work held in the collection of a library:
 - (a) for the purpose of including the reproduction in the collection of the first-mentioned library;
 - (aa) in a case where the principal purpose of the first-mentioned library is to provide library services for members of a Parliament—for the purpose of assisting a person who is a member of that Parliament in the performance of the person's duties as such a member; or
 - (b) for the purpose of supplying the reproduction to a person who has made a request for the reproduction under section 49.

104A Acts done by Parliamentary libraries for members of Parliament

A copyright subsisting by virtue of this Part is not infringed by anything done, for the sole purpose of assisting a person who is a member of a Parliament in the performance of the person's duties as such a member, by an authorized officer of a library, being a library the principal purpose of which is to provide library services for members of that Parliament.

National Library Act 1960

6 Functions of Library

The functions of the Library are, on behalf of the Commonwealth:

- (a) to maintain and develop a national collection of library material, including a comprehensive collection of library material relating to Australia and the Australian people;
- (b) to make library material in the national collection available to such persons and institutions, and in such manner and subject to such conditions, as the Council determines with a view to the most advantageous use of that collection in the national interest;
- (c) to make available such other services in relation to library matters and library material (including bibliographical services) as the Council thinks fit, and, in particular, services for the purposes of:
 - (i) the library of the Parliament;
 - (ii) the authorities of the Commonwealth; and
 - (iii) the Territories; and
 - (iv) the Agencies (within the meaning of the *Public Service Act 1999*); and
- (d) to co-operate in library matters (including the advancement of library science) with authorities or persons, whether in Australia or elsewhere, concerned with library matters.

Attachment 2.

Summary of the Parliamentary budget offices/officer in the US, Korea, the Netherlands and Canada

US Congressional Budget Office (CBO)

The CBO originated due to an increasing occurrence of budget information being monopolised by the President, which had led to a Congress with weak budgetary powers.⁷ It was established by the *Congressional Budget and Impoundment Control Act of 1974* and became operative on 24 February 1975.⁸

Mission Statement

The CBO's mission statement is to provide budgetary analysis and information to the House and Senate on matters pertaining to the federal budget process. This support is required to be provided in a timely, objective and non-partisan manner. A requirement of this objectivity is that CBO reports do not contain policy recommendations.

Specific provisions in the CBO's establishment Act require the agency to prepare annual reports on the economic and budget outlook and on the President's budget proposals, provide cost estimates of legislation, scorekeeping reports and to provide products and testimony on other budgetary matters (see Role in Budget Process section below).⁹ The *Unfunded Mandates Reform Act (1995)* requires the CBO to provide estimates of the costs associated with legislative mandates that affect state, local or tribal governments and the private sector. Additionally, the CBO is subject to directives contained in annual budget resolutions that require it to produce specific reports on particular aspects of the budgetary process.¹⁰

Role in Budget Process

Under the US Congressional budget processes a 'concurrent resolution' on the budget is adopted in the House and the Senate. This concurrent resolution sets out the total levels of spending and revenues and policy priorities over several fiscal years and although approved in both chambers it does not become law but rather 'serves as an enforceable blueprint for Congressional action on spending and revenue legislation'. The CBO provides reports and analyses to both the House and Senate Budget Committees as well as to Congress more generally.¹¹

The products produced by the CBO, and the analytical timeline, reflect the US budgetary process. In particular, these products include the Budget and Economic Outlook, Analysis of

⁷. B Anderson, *The foundations of the Congressional Budget Office*, presentation to the Meeting of OECD Parliamentary Budget Officials, Rome, 26–27 February 2009, viewed 22 January 2010, <http://www.oecd.org/dataoecd/50/46/42464743.pdf>; N Lee, *Congressional Budget and Impoundment Control Act of 1974, reconsidered*, Federal Budget Policy Seminar, Briefing paper no. 34, Harvard Law School, 29 April 2008, viewed 25 January 2010, http://www.law.harvard.edu/faculty/hjackson/BudgetActRevisited_34.pdf

⁸. Congressional Budget Office (CBO), 'CBO Fact Sheet', CBO website, viewed 22 January 2010, <http://www.cbo.gov/aboutcbo/factsheet.shtml>

⁹. R Keith and M Bley, *Congressional Budget Office: Appointment and Tenure of the Director and Deputy Director*, CRS Report for Congress, Congressional Research Service, 28 January 2009, p.1.

¹⁰. CBO, 'Preparing and distributing estimates and analyses', CBO website, viewed 22 January 2010, <http://www.cbo.gov/aboutcbo/policies.shtml>

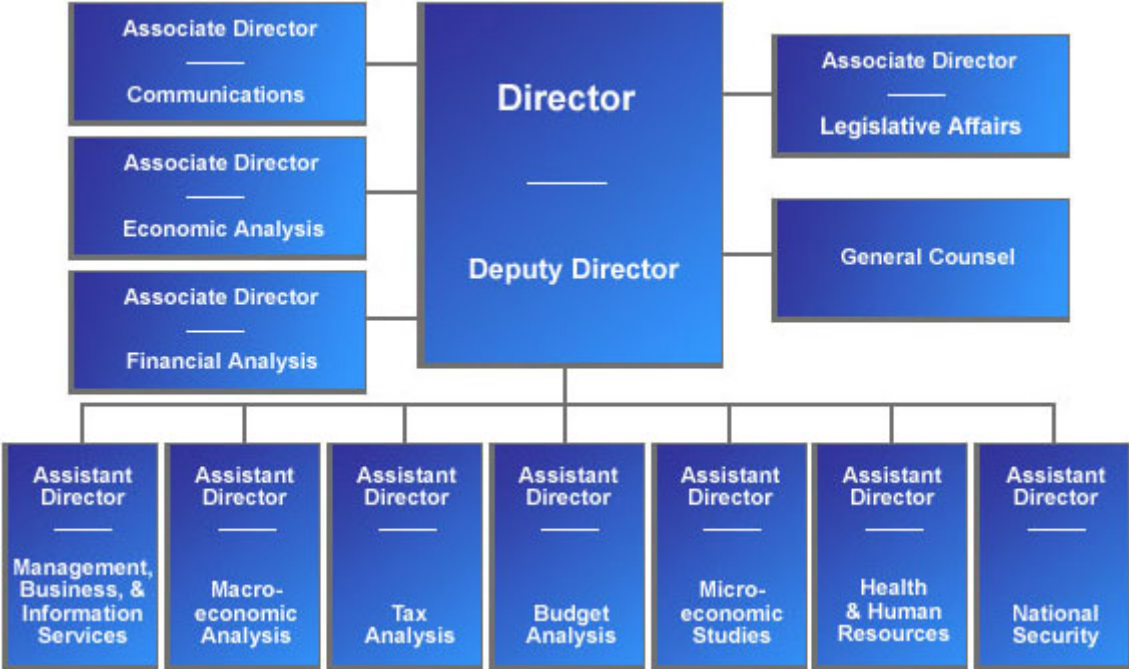
¹¹. CBO, 'CBO's Role in the Budget Process', CBO website, viewed 22 January 2010, <http://www.cbo.gov/aboutcbo/budgetprocess.shtml>

the President’s Budgetary Proposals, Budget Options, the Long-term Budget Outlook, cost estimates, analytical reports, background papers and other reports required under various Acts.

In fiscal year 2009 the CBO issued 33 studies and reports, 9 briefs, 11 *Monthly Budget Reviews*, 38 letters, 8 presentations, and 5 background papers—along with 2 other publications and numerous supplemental data. CBO also testified before the Congress 17 times on a variety of issues. In addition, the CBO completed approximately 480 federal cost estimates, 420 estimates of the impact of legislation on state and local governments, and 420 estimates of the impact of unfunded mandates on the private sector.¹²

Organisational structure

The CBO is a federal agency that sits within the legislative branch of the United States government. It employs approximately 250 people, who are appointed by the Director. On the basis of pay and employment benefits, all staff are treated as employees of the House of Representatives.¹³ The agency has five technical divisions that liaise with the seven program divisions.



CBO, ‘Staffing and Organization’, op. cit.

Resources

In fiscal year 2009 the CBO employed approximately 250 staff with its USD45.2 million annual budget. About three-quarters of professional staff have advanced degrees, primarily in economics or public policy.

In addition to its own staff, the CBO also draws upon two expert panels. The Economic Panel consists of eminent economists (including some previous CBO Directors) who serve two-year terms. The panel meets twice yearly and reviews and comments on CBO’s preliminary economic forecasts. The Health Care Panel consists of acknowledged experts who meet

¹². CBO, ‘CBO Fact Sheet’, op. cit.
¹³. CBO, ‘Staffing and Organization’, CBO website, viewed 25 January 2010, <http://www.cbo.gov/aboutcbo/organization/>

periodically to examine frontier research in health policy and to advise the agency on its analyses of health care issues.¹⁴

The CBO uses data from government agencies and industry groups to formulate its analysis. Under the Budget Act, government agencies are required to provide budget figures and program data to the CBO.¹⁵ It also uses information provided by Members of Congress and Committees in relation to specific requests. In addition, the CBO prepares its own models and data when required.¹⁶

Director Appointment Process

Under the provisions of the *Congressional Budget and Impoundment Control Act of 1974* the Speaker of the House and the President pro tempore of the Senate jointly appoint the Director after considering recommendations of the House and Senate Budget Committees. The legislation provides (section 201(a)) that this selection process be made ‘without regard to political affiliation and solely on the basis of his fitness to perform duties’. The Director’s four year term begins on 3 January of the year preceding the year in which a presidential election is held, a Director can be re-appointed for additional terms and can be removed by a resolution from either Chamber.¹⁷

However, media reports suggest that informal arrangements have developed regarding the Director’s appointment. In particular it appears that the House and Senate Budget Committees alternate in making a recommendation to the Speaker and President pro tempore and these officers have adhered to these recommendations in past appointments. These reports also suggest that due to their informal nature, these arrangements have the potential to lead to disagreements in future selection processes.¹⁸

Discussion

In the broader media coverage of the CBO two themes appear to dominate—the appointment process and political affiliation of the Director and the reputation of the CBO as an apolitical, objective, model legislative fiscal office.

With regard to the former it is unsurprising that the party in control of Congress will appoint someone they feel will be sympathetic to their views regarding budgetary policy. The political affiliations of the eight CBO Directors to date are: four conservative, two centre-right, one centre-left and one centralist.¹⁹ However, even though it is acknowledged that political affiliations haven’t been completely ignored in the selection process, there is nonetheless a general acceptance that all CBO Directors have been extremely high quality fiscal analysts. Furthermore, due to the staunch independence of the CBO, past political affiliation is not necessarily a good indicator of how a Director will perform. For example, although Director June O’Neill came from a conservative background she was criticised for the accuracy of

¹⁴ CBO, ‘About CBO’, CBO website, viewed 22 January 2010, <http://www.cbo.gov/aboutcbo/>

¹⁵ RT Meyers, ‘CBO: the agencies’ indispensable adversary’, *The Public Manager: The New Bureaucrat*, vol. 25, no. 2, Summer 1996, p. 14.

¹⁶ CBO, ‘Preparing and distributing estimates and analyses’, CBO website, viewed 22 January 2010, <http://www.cbo.gov/aboutcbo/policies.shtml>

¹⁷ Keith & Bley, op. cit., p.2.

¹⁸ Ibid. and CongressDaily (1998) *Amid Criticism, CBO Director O’Neill Forgoes Second Term*, National Journal Group.

¹⁹ ibid.; M Dolny, ‘Study Finds First Drop in Think Tank Cites’, *Fairness & Accuracy in Reporting (FAIR)*, viewed 25 January 2010, <http://www.fair.org/index.php?page=2897>

CBO budget estimates by Republican House Speaker Gingrich when those estimates contradicted Republican policy.²⁰

Arguably the CBO's reputation as an apolitical, objective and competent agency is its strongest defence against critics of its work. Guarding that independence has not been easy and each Director has had to learn to deal with suggestions and threats from Congressional elites. It has been suggested that only through the 'large reservoirs of personal integrity and superb communications skills' of the Directors has that independence been maintained.²¹ Nonetheless, it has been observed that in respect of its scorekeeping and macroeconomic analysis the CBO has not been totally immune from political influence. For example, a change in scorekeeping methodology can produce significant shifts in budget estimates and on occasion a budget or appropriations committee has successfully directed the CBO to adopt assumptions that produce outcomes which may advantage or disadvantage particular policies.²²

A final issue of note relates to the convention that the CBO does not make policy recommendations to the Congress. Meyers states that the one exception to this convention occurs when the CBO Director testifies before Congress on how well the budget process is working. During these hearings the Directors 'have felt free to suggest reforms to the process'.²³

Other US Congressional Research Agencies

In order to put the role of the CBO into perspective it is important to note that within the American federal system there are two other large agencies that provide Budget related research, review and analysis for Congress.

Congressional Research Service

The CRS is a separate department within the Library of Congress that, in 2008, had a staffing level of 705 full-time equivalents (FTEs) and an annual budget of just over USD102 million. Approximately 88 per cent of the annual budget is spent on staff salaries and on-costs.²⁴ Structurally, the CRS is divided into five interdisciplinary research divisions. Within that structure the Government and Finance Division has two sections that provide Budget related research. The Government Finance and Taxation section coverage includes federal taxation (individual, corporate and international tax issues), budget policy, federal debt, and the impact of federal policies on state and local government finances. The Legislative and Budget Process section coverage includes legislative procedure and budgetary legislation (chamber rules, precedents, constitutional and other requirements during committee and floor deliberations) and congressional organization.²⁵

The CRS and CBO have a relationship that includes regular communication between staff. CBO provides some analysis and information to the CRS beyond the published works.

²⁰ D Baumann, 'Amid Criticism, CBO Director O'Neill Forgoes Second Term', *Congress Daily*, National Journal Group, 28 October 1998.

²¹ Meyers, op. cit., p. 13.

²² *ibid.*

²³ *ibid.*

²⁴ Congressional Research Service, *Annual Report Fiscal Year 2008*, Congressional Research Service, p. 39, viewed 25 January 2010,

http://www.loc.gov/crsinfo/crs08_annrpt.pdf

²⁵ CRS, 'About CRS', CRS website, viewed 25 January 2010, <http://www.loc.gov/crsinfo/whatscrs.html>

Government Accountability Office (GAO)

Established under the *Budget and Accounting Act (1921)* and operating under the control and direction of the Comptroller General, the Government Accounting Office (GAO) has been described as ‘Congress’s watchdog’ and the ‘investigative arm of Congress’.²⁶ Many of the tasks assigned to the GAO would, in Australia, be undertaken by the Australian National Audit Office (ANAO). However, other tasks ascribed to the GAO include criminal investigations, legal advice and prescribing accounting principles and standards. In 2009 it had in excess of 3,100 FTEs and an annual budget exceeding USD530 million.²⁷

The GAO activities most closely related to Budget work include reports to Congress on the auditing and evaluations of programs and operations funded through the federal Budget and broader publications that evaluate fiscal policies.²⁸

Korean National Assembly Budget Office

In the aftermath of the Korean War reconstruction of the nation became the focus of economic development and was driven by a strong Executive. This resulted in a situation where the Legislature was weak, there were inadequate institutional mechanisms, and technical expertise and information access were dominated by the Executive. Not surprisingly the limited control the Legislature had over fiscal policy created poor fiscal outcomes.²⁹

In order to propel Korea toward full democracy the National Assembly (NA) recognised the need to create a support unit to place itself on a more equal footing with the Executive. In 1994 the NA established the Legislation and Budget Bureau within its Secretariat. In 2000 that bureau was expanded into two separate units—the Office of Legislation Council and the Budget and Policy Bureau. In 2003 the latter became the foundation for the National Assembly Budget Office (NABO) which was created independent of the Secretariat under the National Assembly Budget Office Act and became fully operational early in 2004 (see diagram below).³⁰

It is important to note that the Korean legislature (the NA) is a single chamber headed by the Speaker with the main function of overseeing the Executive and to enact laws—including reviewing and approving the annual budget drafted by the Executive.

Although NABO reports to and is supervised by the NA Speaker it is fully independent in terms of freedom to set its own research agenda.³¹

NABO Mission Statement

As implied above, the NABO mission statement is to serve the NA ‘by providing comprehensive and reliable research, analysis, and information service that are timely, objective and non-partisan for its budgetary and fiscal decisions’.³²

26. F. M. Kaiser, *GAO: Government Accountability Office and General Accounting Office*, CRS Report for Congress, Congressional Search Service, updated 10 September 2008, viewed 25 January 2010, <http://www.fas.org/sgp/crs/misc/RL30349.pdf>

27. GAO, *United States Government Accountability Office Fiscal Year 2010 Performance Plan*, GAO, 2010, viewed 25 January 2010, <http://www.gao.gov/new.items/d09304sp.pdf>

28. For example see: *Fiscal Stewardship: A Critical Challenge Facing Our Nation*, GAO-07-362SP (2007).

29. D-W Suh, *Profile of Korean National Assembly Budget Office*, presentation to the Meeting of OECD Parliamentary Budget Officials, Rome, 26-27 February, viewed 27 January 2010, <http://www.oecd.org/dataoecd/51/62/42466211.pdf>

30. National Assembly Budget Office (NABO), ‘NABO Act’, NABO website, viewed 21 January 2010, http://korea.nabo.go.kr/etc/Act_viw.jsp

31. Suh, op. cit.

Role in the Budget Process

NABO is responsible for the provision of analysis and estimates to committees and members. Its products include:³³

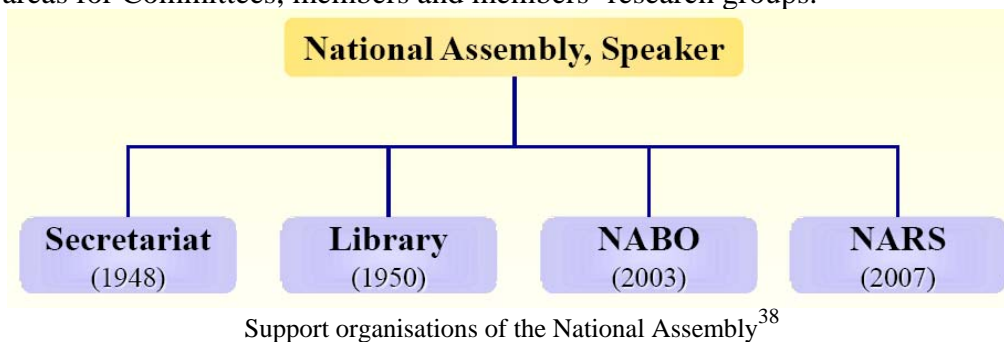
- Review and analysis of the draft annual Executive budget, final accounts, and public funds management plans
- Estimates of bills introduced by members
- Economic forecasts and revenue estimates, and
- Evaluation of government programs.

NABO presents this information through public reports, issue briefs and studies which are available on its website.³⁴ It also provides custom services in the form of confidential written responses to committees and individual members on specific subjects. In addition, NABO conducts in-person briefings and seminars.³⁵

While the NA's attitude towards NABO has become more collaborative, it is still more responsive to the Special Budget and Accounts Committee (Budget Committee) in regards to requests for budget related information. For this reason, the relationship between the Budget Committee and NABO is 'complementary'—the Budget Committee gathers budget related information from the Executive while NABO uses its resources to analyse that data. The Budget Committee then uses this NABO analysis when considering the Executive's annual budget proposal.³⁶

Organisational Chart

NABO is under the Speaker's leadership and is one of four agencies that work on an equal footing to support the NA. The other agencies include the Secretariat which is responsible for managing the administrative affairs of the NA, including legislative and committee support; the Library which maintains the monograph and legislative collection as well as providing a variety of data for legislative activities and public access; and the National Assembly Research Service (NARS) which conducts research and analysis on legislative and policy related areas for Committees, members and members' research groups.³⁷



³². NABO, 'Introduction', NABO website, viewed 27 January 2010, http://korea.nabo.go.kr/abo/Int_viw.jsp

³³. Suh, op. cit.

³⁴. See: NABO, 'Publications', NABO website, viewed 27 January 2010, http://korea.nabo.go.kr/pub/Pub_lst.jsp?t=m3

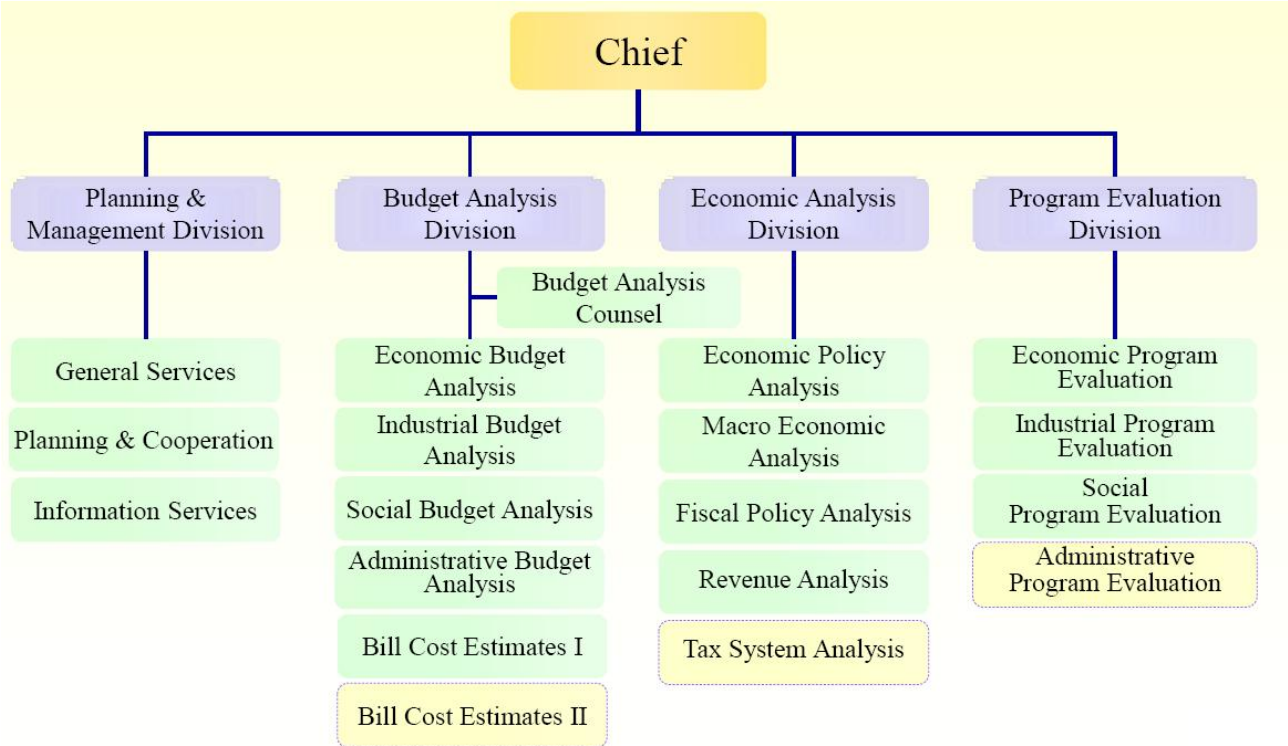
³⁵. Ibid.

³⁶. Suh, op. cit.

³⁷. The National Assembly of the Republic of Korea, 'Support Organizations', The National Assembly of the Republic of Korea website, viewed 27 January 2010, <http://korea.na.go.kr/int/sup.jsp?leftid=DA>

³⁸. Suh, op. cit.

NABO is split into four divisions and 18 teams which are highly collaborative given the significant cross-functional, interdivisional cooperation and consultation required for major functions and projects.³⁹



Resources

As at February 2009 NABO employed 135 staff, approximately 70 per cent of this staff are experts with advanced degrees across a range of disciplines including fiscal policy, economics, public administration, statistics, accounting, law and public policy. The remaining staff are responsible for HRM, finance, and IT services. The total NABO budget for 2009 was USD10.3 million with about 60 per cent spent on salary related expenses.⁴⁰

Like the CBO, NABO utilises the expertise of a panel of external advisors. Within NABO’s structure there is a single panel composed of 15 eminent scholars with expertise in public finance and economics who serve two year terms and meet ‘frequently’ throughout the year. The panel provides NABO’s Chief with advice concerning the reliability and professional quality of NABO’s output. Each division also consults with experts when important new issues surface.⁴¹

Director Appointment Process

The Chief of NABO is appointed by the Speaker with the consent of the House Steering Committee, upon recommendation from the Committee for the Recommendation of the Chief of the National Assembly Budget Office. This Recommendation Committee is composed of persons with expertise in regards to the workings of NABO, but they cannot be public

³⁹. *ibid.*
⁴⁰. *ibid.*
⁴¹. NABO, ‘NABO’s Panel of Advisers’, NABO website, viewed 27 January 2010, http://korea.nabo.go.kr/abo/Pan_viw.jsp; Suh, *op. cit.*

officials or members of the NA.⁴² The Chief is appointed on an ongoing basis, that is there is no fixed term, but can be removed by the Speaker with consent of the Steering Committee. Since NABO's inception in 2003, three persons have served as Chief.⁴³

Discussion

With no secondary analysis of NABO through the media or academia currently available there is no non-government commentary of the workings of NABO, its effectiveness or areas which remain problematic. The OECD presentation provides limited insight as discussed above but we will continue to attempt to locate reliable secondary analysis.

CPB Netherlands Bureau for Economic Policy Analysis

The Dutch Central Planning Bureau (CPB), otherwise known as the CPB Netherlands Bureau for Economic Policy Analysis, was founded in 1945 but is legally underpinned by the *Law of April 21st, 1947 no. H 127*. The CPB's Dutch name literally translates to 'Central Planning Office' although this is misleading as it does not plan the Dutch economy.⁴⁴

In the immediate aftermath of World War II it was felt that a need existed for government involvement in the rebuilding of Holland. However, as it was felt that economic guidance may be needed in the longer term, particularly during a cyclical downturn as experienced in the 1930s, the Cabinet decided to establish the CPB on a permanent basis rather than as a temporary, three year agency.⁴⁵

Mission Statement

The CPB is tasked with the preparation of the annual Central Economic Plan which, *inter alia*, provides figures for future growth in production, price figures, national income and other variables of importance for the coordination of the economic, social and financial policy.⁴⁶ In addition, a principles-based protocol covers all four of the Dutch planning offices (see below for overview of other three) which, in part, ensures planning office autonomy. This is an important aspect as the planning offices are part of the Dutch public service, hence part of the executive, rather than independent agencies.⁴⁷ Using an Australian comparison, the relationship between these planning offices and the executive government is more akin to ABARE than to the ANAO. Whilst recognising the 'ambiguous' nature of this relationship, the CPB argues it is not 'constraining' in that succeeding Ministers of Economic Affairs have respected and defended the CPB's independence 'even at times when they could not agree with the conclusions drawn by CPB'.⁴⁸ Further, in what may be a uniquely Dutch approach,

⁴². NABO, 'NABO Act', op. cit.

⁴³. Suh, op. cit.

⁴⁴. Central Planning Bureau Netherlands Bureau for Economic Policy Analysis (CPB), 'About CPB', CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/>

⁴⁵. CPB, 'Foundation of CPB', CPB website, viewed 27 January 2010, http://www.cpb.nl/eng/org/cpb/geschiedenis/oprichting_cpb.html

⁴⁶. CPB, 'Legal basis', CPB website, viewed 27 January 2010, http://www.cpb.nl/eng/org/cpb/organisatie/wettelijke_basis.html

⁴⁷. The first principle of the protocol states 'The planning office function is a core function of national government. The structuring of this function is a matter for the Cabinet.' See: CPB, 'Protocol for the planning office function', CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/protocol.html>

⁴⁸. CPB, 'Independent with respect to content', CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/onafhankelijk.html>

although the CPB has been established within the executive government, its mandate allows it to work for both the Cabinet and the Opposition simultaneously.⁴⁹

According to an OECD paper, the CPB's independence from within the executive is maintained through a variety of levels:

- A formal structure laid out in the law of 1947
- Protocol, tradition and practice developed over the past 40 years
- A free press which critiques the independence of research undertaken by the bureau
- External checks on policy relevance and scientific quality
- Five-yearly assessments by a visitation commission, and
- Mobility of personnel which facilitates greater understanding in the public sphere of the work the CPB undertakes.⁵⁰

Within these parameters, the CPB is responsible for conducting surveys, analysis and forecasts in order to inform strategic policy development within Cabinet and, presumably, policy oversight by the Opposition. CPB is required to 'distance' itself from 'the day-to-day business of policy implementation' and focus on the provision of 'scientific analyses'. Whilst some of the CPB's analysis and forecast outputs are fixed, it has resources that allow for the independent development of a research agenda to capture emerging issues, societal trends, etc. In addition to its own primary research, the CPB receives data from Statistics Netherlands, government departments and agencies, other public authorities and agencies, and research institutes.⁵¹

Role in Budget Process

Since its creation in 1947, the CPB's role has always been budget focussed. It publishes an annual Central Economic Plan (a comprehensive examination of the Dutch economy and its interactions with that of the EU and beyond) each spring. However, cutbacks since 2004 have resulted in sectoral level forecasts no longer being provided in this publication. Since 1961 the CPB has also published a second report, the Macro Economic Outlook, in the autumn which appears to be the equivalent of the Australian Treasury's Mid-Year Economic and Fiscal Outlook (MYEFO). More recently the CPB has begun publishing short-term quarterly forecasts.⁵²

In addition to its initial budgetary focus, the CPB's role has expanded into more general economic research in such areas as education, environment, health care and structural developments in the Dutch economy. This has generated investigations into areas such as the effect of social security design on labour participation rates or how government policy can contribute to greater labour productivity.⁵³

⁴⁹. *ibid.* This unique characteristic of the Dutch system was also noted in Anderson, *OECD Journal on Budgeting*, op. cit. p. 45.

⁵⁰. F Bos, 'The Dutch fiscal framework: history, current practice, and the role of the Central Planning Bureau', *OECD Journal on Budgeting*, vol. 8, no. 1, 2008, p. 10, 43.

⁵¹. CPB, 'Protocol for the planning office function', CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/protocol.html>

⁵². CPB, 'Development of the work area', CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/geschiedenis/ontwikkeling.html>

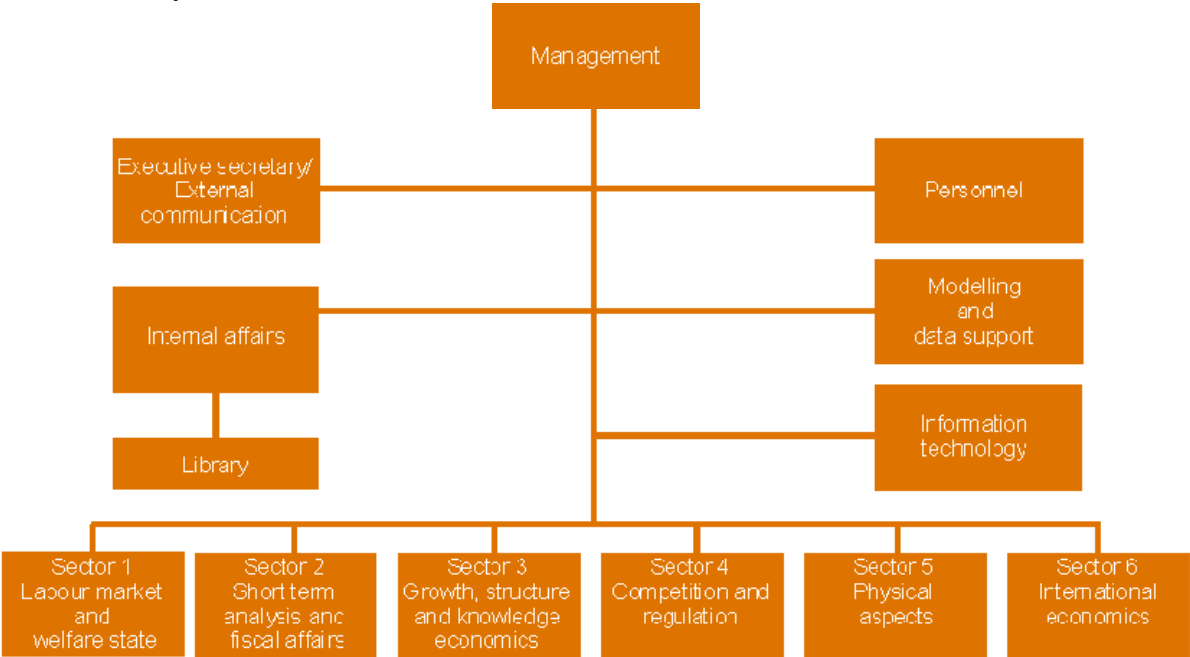
⁵³. *ibid.*

In principle all CPB research results and studies are public documents but the CPB website states that ‘in practice, the moment of publication may need to be coordinated with the minister(s) most closely involved’. The CPB can also make confidential reports to ‘ministers, departments and community organisations’ provided the information is not used in public debates.⁵⁴ However, whilst not explicitly stated, it appears that the main budget publications (the Central Economic Plan, the Macro Economic Outlook, and the quarterly forecasts) are released publicly as a matter of course.

In addition, the CPB also provides estimates of the campaign promises of politicians. This product has become particularly important in the public arena, to the extent that the public demands any campaign promise made by a political candidate to be accompanied by a CPB estimate of the budgetary cost of the promise for it to be taken seriously.⁵⁵

Organisational Chart

As stated above, the CPB sits within the executive arm of the Dutch government, rather than the legislative arm as seen in other countries. Its funding is through the Ministry of Economic Affairs, and although this means it reports to the Minister of Economic Affairs, its long history as a separate research unit has cemented a reputation for independence. The CPB is separated into six research sectors, as well as other administrative sections, and an internal library.



CPB, Organisational chart⁵⁶

⁵⁴. CPB, ‘Protocol for the planning office function’, CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/protocol.html> It should be noted that the CPB can also do third party research requests (employer and employee organisations, and other institutes in the field of social economic policy) but these requests must be approved by the Minister of Economic Affairs and can be paid or unpaid research.

⁵⁵. Anderson, *OECD Journal on Budgeting*, op. cit. p. 45.

⁵⁶. CPB, ‘Organisational chart’, CPB website, viewed 27 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/schema.html>

Resources

As at 2007 CPB was limited to 144.5 full-time equivalent positions that were filled by 164 employees. According to the information on its website, the core CPB budget through the Ministry of Economic Affairs amounted to approximately 11 million Euros with a supplementary budget of about 1.5 million Euros to cover the demand for one-off specific unforeseeable research requests.⁵⁷

In common with the CBO and NABO, the CPB also draws on an independent external advisory body, the Central Planning Committee. This body provides advice and evaluations on the CPB's annual reports and work plan priorities for the coming year including specific issue research projects. The Committee is comprised of 11 eminent academics, private sector practitioners and think tank directors who meet at least twice a year.⁵⁸

Director Appointment

The CPB is managed by a board of directors comprising one Director and two Deputy Directors who are appointed, suspended and fired by the Minister of Economic Affairs in consultation with seven other senior Ministers whose portfolios are listed in the Act. The Director and the two deputies are employed on an ongoing basis and there is no set term of office. Over the past 65 years, the CPB has had eight Directors.⁵⁹

Discussion

Although the CPB's mandate is broader than that of the CBO and NABO with regard to its research agenda and its ability to do third party research requests, its core functions are nonetheless that of a budget office. Whilst established as an agency within the executive government, the CPB appears to have sufficient autonomy from the executive and is able to function and produce independent research of a high standard. This is supported by the high esteem in which its research is held by Dutch stakeholders and eminent academics, private sector practitioners and think tank directors that agree to serve on its advisory board (the CPC). However, given the history and tradition surrounding these arrangements, it is doubtful that similar institutional arrangements would be acceptable, or desirable, in the Australian context.

Other Dutch Planning Offices

The CPB works within a protocol that applies to all four planning offices operating under the executive arm of the Dutch government. These planning offices include the National Institute of Public Health and the Environment (RIVM), the National Physical Planning Agency (RPD), and the Social and Cultural Planning Office (SCP).

The RIVM conducts research, monitoring, modelling, forecasting and risk assessment that are used to underpin government policy on public health, food, safety and the environment. It employs over 1500 staff.⁶⁰

⁵⁷. Note that no specific year was tied to these funding figures. See: CPB, 'CPB's budget', CPB website, viewed 28 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/financiering.html>

⁵⁸. CPB, 'Central Planning Committee (CPC)', CPB website, viewed 29 January 2010, <http://www.cpb.nl/eng/org/cpb/organisatie/cpc.html>

⁵⁹. CPB, 'Staff and directors', CPB website, viewed 29 January 2010, <http://www.cpb.nl/eng/org/cpb/geschiedenis/personeel.html>

⁶⁰. National Institute of Public Health and the Environment (RIVM), 'About RIVM', RIVM website, viewed 28 January 2010, <http://www.rivm.nl/en/aboutrivm/>

The RPD is the real planning department in the Netherlands and provides advice on spatial policy at national, regional and local levels. The agency supports the Minister for Housing and employs approximately 350 people.⁶¹

Otherwise known as the Institute for Social research, the SCP conducts research into the social aspects of government policy, particularly health, welfare, social security, the labour market, and education. This research is available publicly and is used by a variety of people such as academics and social researchers.⁶² The institute was established in 1973 and by the end of 2008 it employed about 80 FTEs.⁶³

Canadian Parliamentary Budget Officer

Following a series of political scandals relating to Government expenditure, and a change of government, in April 2006 an omnibus Bill aimed at addressing federal accountability was tabled in the Canadian parliament. Among other things, the Bill proposed the establishment of the Parliamentary Budget Officer (PBO) to improve fiscal debate and accountability. The Bill received Royal Assent on 12 December 2006 and the PBO provisions came into force on that day.⁶⁴

In the years leading up to 2006, annual Budget forecasts proved unreliable with huge unforeseen surpluses being posted at the end of the fiscal year. Whilst Library of Parliament analysts did provide some Budget-related services (e.g. pre-Budget consultations and research reports based on publicly available information) no specialised Budget support was available to parliamentarians—the PBO was intended to fill this gap in parliamentary support services.⁶⁵

However, the implementation phase did not go smoothly and a dispute arose regarding the role of the PBO and his status within the Library of Parliament and a review into this dispute was conducted by the Standing Joint Committee on the Library of Parliament. The outcomes of this review are still not finalised (at least publicly) although the review report squarely placed the PBO under the control of the Parliamentary Librarian.⁶⁶

Mission Statement

According to the Federal Accountability Action Plan the creation of the PBO would help ‘ensure truth in budgeting’ by providing objective analysis to parliamentarians and committees relating to the ‘state of the nation’s finances, trends in the national economy and the financial cost of proposals under consideration by either House’.⁶⁷ The formal mission statement confirms that ‘the PBO will support Parliament in exercising its oversight role in the government’s stewardship of public funds by ensuring budget transparency and promoting

⁶¹. Railpedia, ‘Ministry VROM, National Planning Department’, Railpedia website, viewed with GoogleTranslate 28 January 2010, <http://www.railpedia.nl/display/test/Ministerie+VROM,+Rijksplanologische+Dienst>

⁶². The Netherlands Institute for Social Research (SCP), ‘About SCP’, SCP website, viewed 28 January 2010, http://www.scp.nl/english/Organisation/About_SCP

⁶³. The Netherlands Institute for Social Research, *Annual Report 2008*, SCP, The Hague, June 2009, p. 43, viewed 28 January 2010, <http://www.scp.nl/english/dsresource?objectid=22211&type=org>

⁶⁴. Standing Joint Committee on the Library of Parliament, *Report on the Operations of the Parliamentary Budget Officer within the Library of Parliament*, Parliament of Canada, June 2009, pp. 3–4, viewed 28 January 2010, <http://www2.parl.gc.ca/content/hoc/Committee/402/BILI/Reports/RP3993042/bilirp03/bilirp03-e.pdf>

⁶⁵. *ibid.*, p. 3.

⁶⁶. *ibid.*, pp. 27–28

⁶⁷. *ibid.*, p. 2

informed public dialogue with an aim to implement sound economic and fiscal policies in Canada'.⁶⁸

The establishing legislation assigns four duties to the PBO.⁶⁹

- provide analysis on the state of the nations finances and trends in the national economy to both chambers of Parliament
- undertake the above research upon request of any of the listed committees (these include all committees with a mandate to consider government estimates)
- when requested by such a committee, conduct research into those government estimates
- upon request by individual members of parliament or a committee provide estimates of the financial cost of proposal over which Parliament has jurisdiction.

The legislation entitles the PBO to obtain economic and financial information from government departments required to perform the above duties but does NOT include access to confidential Cabinet papers or information restricted under the Access to Information Act. In addition, the PBO can enter contracts or engage (on a non-ongoing basis) personnel to obtain technical or specialised knowledge required to fulfil the PBO's mandate. However, this power is subject to the authority of the Speakers (both House and Senate) and the Parliamentary Librarian.

Role in Budget Process

In providing independent analysis to parliamentarians the PBO provides three core products and services:

- research conducted on request from committees and parliamentarians
- regular analysis products such as fact sheets, briefing notes, and in-depth economic and fiscal reports working papers, and
- independent research initiated from within the PBO on economic issues at the centre of parliamentary debate.⁷⁰

The PBO provides these products based on the operating principles of independence, open and transparent publishing, collaboration with external experts, and priority given to the potential to contribute to increasing budget transparency or analysis that may impact the government's finances or the Canadian economy.⁷¹

Organisational structure

The PBO position is defined as an officer of the Library of Parliament. The PBO reports to the Parliamentary Librarian who, in turn, is under the direction and control of the Speakers of the Senate and the House of Commons. The Speakers are assisted by the Standing Joint Committee on the Library of Parliament in conducting this overseer's role.

The organisational structure of the PBO is under consideration pending the outcome of the Standing Joint Committee on the Library of Parliament review discussed above. However,

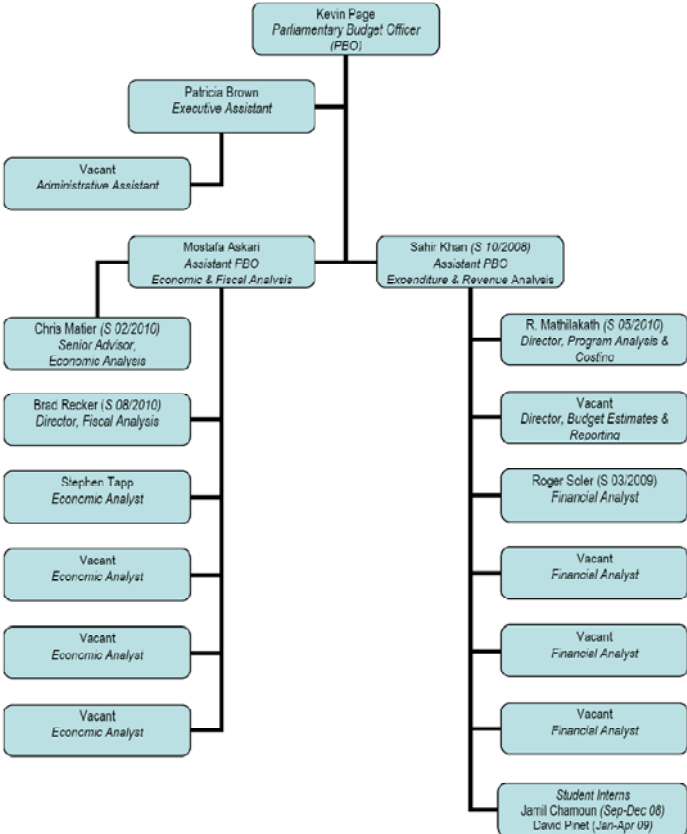
⁶⁸. Office of the Parliamentary Budget Officer, *Operational Plan*, December 2008, p. 2, viewed 29 January 2010, http://www2.parl.gc.ca/Sites/PBO-DPB/documents/Operational_Plan.pdf

⁶⁹. See: Parliament of Canada Act 1985, ¶79.2, viewed 29 January 2010, http://laws.justice.gc.ca/en/showdoc/cs/P-1/bo-ga:l_V-gb:s_73/20090818/en#anchorbo-ga:l_V-gb:s_73

⁷⁰. Office of the Parliamentary Budget Officer, *Operational Plan*, op. cit., p. 5.

⁷¹. *ibid.*, p. 2.

currently the PBO oversees two divisions which conduct economic and fiscal analysis on the one hand, and expenditure and revenue analysis on the other:



Office of the Parliamentary Budget Officer – Organization Chart⁷²

Resources

During financial year 2008-09 the PBO employed 15 staff and had a budget of CAD1.8 million. The PBO budget was earmarked to increase to CAD2.8 million for 2009–10 but as at 2 November 2009 this funding had yet to be confirmed. The PBO, Kevin Page, claims that unless a budget of this size is provided critical mass will be lost and the PBO mandate would be compromised.⁷³

Director’ Appointment

A committee, formed and chaired by the Parliamentary Librarian, submits a list of three names ‘through the Leader of the Government in the House of Commons’ to the Governor in Council who selects the PBO. The appointment is for a renewable term of not more than five years.

In Canada, the phrase ‘Governor in Council’ means the Governor-General acting on advice of the federal Cabinet which, in effect, gives legal force to Cabinet decisions relating to statutory authorities or the Royal Prerogative.⁷⁴ Hence, the shortlist is created by the committee chaired

⁷². *ibid.*, p. 20.
⁷³. J Beltrame, ‘Fund office or shut it down, says Parliamentary budget officer Kevin Page’, *The Canadian Press*, 3 November 2008, viewed 29 January 2010, http://ca.news.yahoo.com/s/capress/091103/national/budget_office_stimulus?printer=1
⁷⁴. S Munroe, ‘Governor in Council’, *About.com: Canada Online*, viewed 29 January 2010, <http://canadaonline.about.com/cs/gg/g/govincouncil.htm>

by the Parliamentary Librarian and the final decision on the PBO is made by the Cabinet. The Parliamentary Librarian is employed with the rank of a deputy head of a federal department.

Discussion

The creation of the PBO caused considerable tension within and between the Library of Parliament and the PBO and much angst among staff members. In addition a political controversy erupted as the various political parties adopted different perspectives on the issue. For example, the breakdown in the relationship between the PBO and the Harper Government is exemplified by the Transport Minister providing 4,476 pages in response to a PBO information request—but no computer records. On the party politic front, the New Democratic Party finance spokesperson blames the Harper Government for the controversy and claims that the Parliamentary Librarian is being improperly influenced by the Government.⁷⁵ Undoubtedly the Library of Parliament and the PBO will have both suffered significant harm to their standing and reputation regardless of how the dispute is finally settled.

⁷⁵. Beltrame, *op. cit.*

