



Parliamentary  
Budget Office

# The role of the Parliamentary Budget Office in supporting Parliament

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[www.pbo.gov.au](http://www.pbo.gov.au)

# What is the PBO?



The PBO is an **independent and non-partisan** department of the Parliament



We aim to **assist all parliamentarians** to better understand budget issues and the budget implications of policies they may be considering

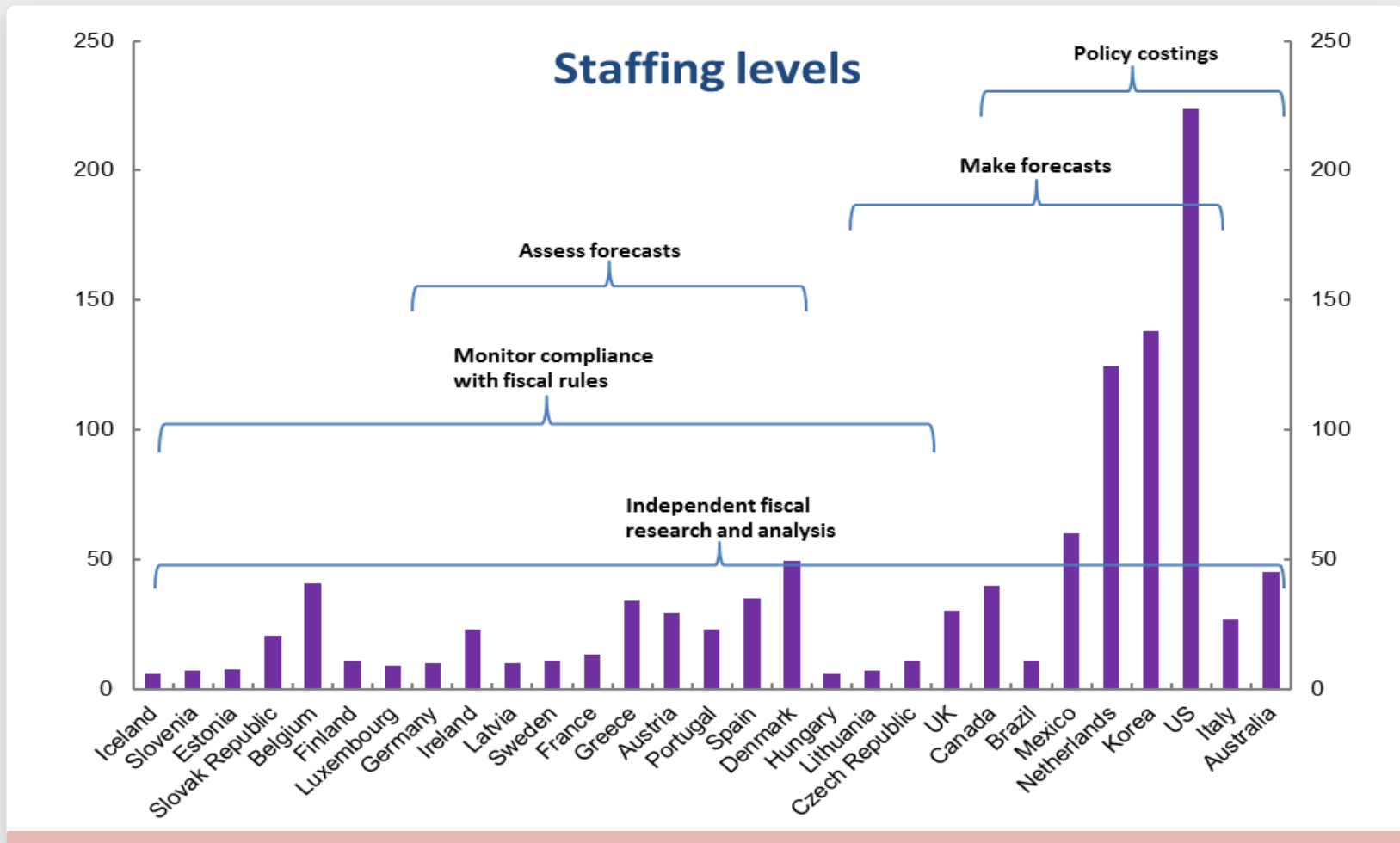


We undertake **objective analysis**; we do not provide policy advice or recommendations

# Global trends to establish IFIs ...

- A few countries (US, Netherlands) have had independent fiscal authorities for many decades
- From 2005 to 2019: the number expanded from 11 to 39
- EU established a requirement that member states establish such independent bodies
- UK established the Office of Budget Responsibility following concerns about biases in forecasting and adherence to fiscal targets
- OECD/IMF have increasingly advocated the establishment of independent authorities as part of good-practice fiscal frameworks

# ... but roles, mandates and sizes of IFIs differ significantly

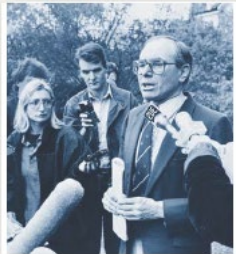


Source: OECD Independent Fiscal Institutions database, September 2019

# In the past, Australian elections often featured costing debates

**1987**

**Bob Hawke v John Howard**



Coalition disaster as it double counts savings measures worth \$1.6bn to fund tax cuts.

**1993**

**Paul Keating v John Hewson**



Prime Minister Paul Keating savages Coalition leader John Hewson's Fightback proposal for GST after efforts by his predecessor, Bob Hawke, to get Treasury to find holes in policy failed.

**2004**

**John Howard v Mark Latham**



Labor plan for free health care for people aged 75 years and over, called Medicare Gold, costed by Department of Finance at \$700 million more than Labor claims.

**1998**

**John Howard v Kim Beazley**



Labor submits only 28 of its 312 election policies to Treasury and Finance for costing under new Charter of Budget Honesty. Finance concludes Labor's health policy will actually cost \$1bn less than it claims.

**1990**

**Bob Hawke v Andrew Peacock**



Coalition forced to dump its health policy after its health spokesman admits an internal costing showed abolishing Medicare would cost \$2.6bn.

**1996**

**Paul Keating v John Howard**



Department of Finance issues warning Coalition plan to sell Telstra would be too big for sharemarket to absorb and raise less than claimed. Labor claims \$5.9bn hole in Coalition costings. Treasury and Finance identify \$1.2bn discrepancy. Following election, Treasurer Peter Costello claims Labor hid a \$10bn hole in budget.

**2007**

**John Howard v Kevin Rudd**



Treasury assesses Labor's tax plan for funds management industry as costing \$500m, not \$100m as claimed. Major Labor policies, including mandatory renewable energy and a \$4.7bn broadband network not submitted for costings.

**2010**

**Julia Gillard v Tony Abbott**



Post-election Treasury assessment forced by crossbenchers finds Coalition policies result in net saving of \$4.5bn, not the claimed \$11.5bn.

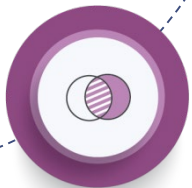
# How do we support Parliament?



Provide a **more level playing field for all parliamentarians**; particularly non-government parties and independent parliamentarians



Improve the **accuracy of election commitment costings**



**Improve transparency**, particularly around budget information and budget-related issues

# Key functions of the PBO

- Costing policy proposals for parliamentarians
- Confidential budget analysis for parliamentarians
- Prepare advice for parliamentary committees
- Publish own research on the budget and fiscal policy settings
- After a general election, publicly report on cost of parties' election commitments

# Our experience: demand for costings is strong

- Demand continues to increase over time, with a peak in election years

	2014-15	2015-16	2016-17	2017-18	2018-19
Number of requests completed (options)	869	3,251	1,888	1,560	2,970
Number of information requests sent to government agencies	203	743	523	424	548



# Our experience: broad interest in research program

## Regular publications:

- Medium-term budget projections
- National fiscal outlook
- Budget snapshot and chart pack

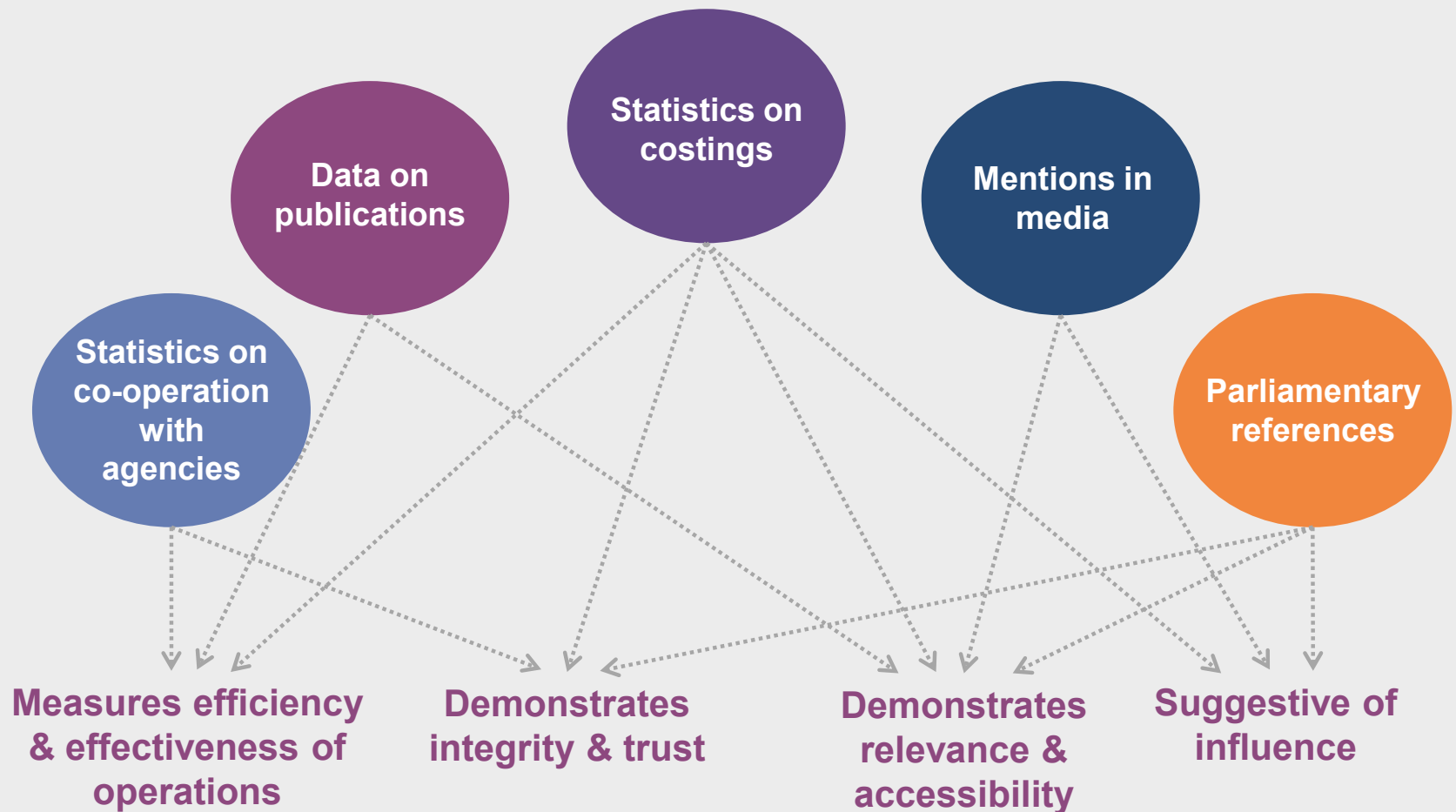
## Other research papers:

- Sensitivity of the budget to economic developments
- Reports on specific topics important to the budget
  - Medicare Benefits Schedule; Goods and Services Tax distributional analysis; Higher Education Loan Program; National Broadband Network; Future Fund; Disability Support Pension, Measuring Net Debt, Budget Impacts of Ageing

# Our experience: Election commitment report holds parties to account

- For each of the major parties the report must show:
  - the cost of every election commitment with a material budget impact over the forward estimates period
  - the combined cost of those election commitments over the forward estimates period.
- Report includes detailed costing minutes, impacts over the medium term in aggregate and ‘significant’ individual costings.

# Measuring our contribution



# Impact of the PBO: costings

- Provision of confidential costing and budget analysis services:
  - assist parliamentarians develop and refine policies in confidence, **informed** by estimates of fiscal cost, before policies are publicly debated
  - support parties to develop election platforms **ahead of time** and **earlier** in campaigns
  - increase **focus** on fiscal trade-offs by establishing a new norm that policy platforms are completely costed
  - enable debate to focus on **policy merit**, not veracity of fiscal cost
  - increase focus on **medium-term** fiscal impacts of proposals

# Impact of the PBO: research

- **Influence content** of budget papers
- Improve understanding of **background pressures and trends** affecting individual program and aggregate outcomes
- Supports a **better-informed** fiscal policy debate, particularly around medium-term projections
- Supports PBO **credibility** and perceptions of **independence** in conducting costing functions

# Impact of the election commitment report

- Holds parties to account for announcements during election campaigns
- Increases transparency around details and budget impact of election platforms – including over the medium term
- Provides access to individual costings of a wide range of policy proposals

The screenshot displays the 'Election commitment costings' web interface. At the top, there are three filter tabs: 'POLICY TOPIC' (with a location pin icon), 'PARTY' (with a microphone icon), and 'PORTFOLIO' (with a building icon). Below these is a 'Refine results' section with a 'Keywords' search box. Further down, there are controls for 'Show' (set to 25), 'Sort by' (set to Date), and 'Descending'. The page number is shown as 'Page: 1 2 ... 7'. Three policy proposals are listed:

- 150,000 apprenticeship incentives (PER290)**  
Party: Australian Labor Party      Response: 📄 (162 KB)
- Measures to deal with anti-dumping (PER356)**  
Party: Australian Labor Party      Response: 📄 (153 KB)
- Increase Australia's humanitarian intake to 50,000 places a year, and related measures (PER625)**  
Party: Australian Greens      Response: 📄 (222 KB)

# Thank you

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