



ELECTION POLICY COSTINGS IN THE CARETAKER PERIOD FOR THE 2013 GENERAL ELECTION

This guide summarises the key aspects of the policy costing process for costings undertaken by the Parliamentary Budget Office (PBO) during the caretaker period for a general election. It should be read in conjunction with the 2012 [Charter of Budget Honesty Policy Costing Guidelines](#) (Charter guidelines) issued jointly by the Secretaries of the Treasury and the Department of Finance and Deregulation (Finance).

The Parliamentary Budget Office's policy costing role

During the caretaker period for a general election, the PBO prepares policy costings of publicly announced policies on request by authorised members of parliamentary parties or independent parliamentarians. The PBO must publicly release such requests and the PBO's policy costings.

The PBO is required to prepare policy costings using approaches and costing conventions recommended in the most recent Charter guidelines unless the PBO, with the agreement of the Secretaries of Treasury and Finance, issues its own written principles. The PBO has not issued its own costing principles. Hence the requirements of the Charter guidelines apply to the PBO's costings.

Who can request a costing during the caretaker period?

Only an authorised member of a parliamentary party or an independent parliamentarian may request a policy costing from the PBO during the caretaker period. An authorised member means either the leader of the parliamentary party or a member of the parliamentary party who is authorised in writing by the leader to make or withdraw requests.

The PBO will approach the leaders of parliamentary parties at the commencement of the caretaker period to request they nominate which members of their party are authorised to make or withdraw requests for costings.

The PBO is able to prepare costings of the publicly announced policies of independent parliamentarians and parliamentary parties with fewer than five members. There is no provision under the *Charter of Budget Honesty Act 1998* (the Charter) for the Treasury or Finance to prepare such costings.

What policies can a party or independent parliamentarian request the PBO to cost during the caretaker period?

During the caretaker period a parliamentary party or independent parliamentarian may only request the PBO to cost a policy that they have publicly announced.

The PBO is not permitted to prepare confidential policy costings in response to requests made during the caretaker period. However, the PBO will protect draft caretaker period costings as confidential up until they are publicly released as final caretaker period costings.

Costings for parliamentary parties during the caretaker period may be undertaken by the PBO under the *Parliamentary Service Act 1999* (PSA), or by Treasury/Finance under the Charter, but not by both. There are provisions in both the Charter and the PSA that are intended to preclude parliamentary parties from seeking duplicate costings of the same, or a substantially similar, policy from the PBO, Treasury and Finance during the caretaker period.

The PBO will ask parliamentary parties to indicate whether they have sought a costing from either Treasury or Finance under the Charter when they lodge a caretaker period costing request.

The PBO will also ask Treasury and Finance to confirm whether they have received a request for a costing of the same, or a substantially similar, policy.

How should costing requests be submitted?

Each request must:

1. be in writing (addressed to the Parliamentary Budget Officer)
2. outline fully the policy to be costed giving relevant details, and
3. state the purpose or intention of the policy.

A pro-forma policy costing request for use during the caretaker period is attached. It provides a guide as to the more detailed information that should be submitted to help ensure that the PBO is able to process the request as quickly as possible.

Costings should be submitted to the PBO during business hours, which are defined in the Charter guidelines as the weekday hours from 8.30am to 5.30pm. Costing requests received outside these hours will be taken as having been received the next business day unless otherwise specifically agreed in advance.

As soon as practicable after a policy costing request has been made, the Parliamentary Budget Officer must publicly release the request and a costing of the policy. Costing requests, any subsequent requests to withdraw a costing request, and the PBO's policy costings will be posted on the election costing page of the PBO's website (<http://www.aph.gov.au/pbo>).

Additional information and consultation with requestors

The PBO may need to seek additional information from a requestor regarding the policy specification to complete a costing. In these circumstances the PBO must request the information in writing.

These procedures reflect the PBO's formal requirements. In addition, the PBO is available to meet with requestors, both to clarify any issues before a request is made and to discuss any additional information requirements after a request has been submitted.

Timelines for the provision of costings

Consistent with the Charter guidelines, the PBO will endeavour to complete caretaker period costings within the shortest time possible, generally within five business days. However, in the case of complex costing requests where data is difficult to obtain, costings may not be able to be completed within five business days.

Where additional information is required from the requestor, the five business days will exclude the time taken to obtain the additional information.

In order to allow sufficient time for public scrutiny prior to polling day, the PBO will endeavour to complete caretaker period costings by 5.30 pm on the Thursday before polling day. Accordingly, parliamentary parties and independent parliamentarians should provide their costing requests to the PBO by close of business on the Thursday of the week prior to polling day (the sixth business day prior to polling day). While the PBO will endeavour to complete costings provided after this cut-off in time to be released for public scrutiny before the polling day, it may not be possible to do so.

If the PBO does not have sufficient information, or has not had sufficient time to prepare a policy costing before the general election, the Parliamentary Budget Officer will, before polling day, release a statement to that effect.

Information from Commonwealth bodies

During the caretaker period and the post-election preparation period, the Parliamentary Budget Officer is able to request the head of a Commonwealth body to give information to the Parliamentary Budget Officer, and the head is required to comply with the request in time to allow the information to be taken into account in preparing policy costings or the post-election report (PBO Guidance 04/2013 refers). This requirement to provide information applies unless:

- (a) it is not practicable to do so; or
- (b) it would be unlawful to do so; or
- (c) it would require the head to disclose confidential commercial information; or
- (d) it would require the head to disclose information that could prejudice national security.

Costing methodology

The PBO will prepare costings in a manner consistent with the costing conventions set out in the Charter guidelines.

Consistent with those guidelines, the PBO's costings will include costings for the current financial year plus the following three years.

The Charter guidelines also provide that where a revenue or expense is likely to be significantly different beyond the forward estimates period, it may be necessary to include a statement about the financial impact of the policy in the relevant years beyond the forward estimates.

A listing of the conventions for the preparation of fiscal costings is attached.

Provision of costings to parliamentary parties and independent parliamentarians prior to their public release

The PBO will provide caretaker period costings to the relevant parliamentary parties and independent parliamentarians in a manner consistent with the Charter guidelines:

- at least four hours in advance of the public release of a costing, the PBO will advise the office of the Prime Minister, the office of the Leader of the Opposition and, where a request has been made by a minor party or an independent parliamentarian, that minor party or independent parliamentarian, of the impending public release of the costing, but not the content of the costing
- the PBO will confirm delivery arrangements for a costing with the requesting party or independent parliamentarian approximately one hour prior to the public release of the costing
- when a costing is about to be released, hard copy reports will be delivered first to the office of the leader of the party or the independent parliamentarian that requested the costing, then to the Parliament House offices of the Prime Minister and the Leader of the Opposition. Alternatively, email delivery arrangements can be arranged, and
- The costing will then be publicly released by posting on the PBO's website.

Costings submitted before the caretaker period and requests for information

The treatment of costing requests submitted to the PBO before the start of the caretaker period and requests for information made during the caretaker period was outlined in PBO Guidance 02/2012, released on 23 October 2012.

Where a costing request has been made before the caretaker period commences and there is insufficient time or information for the PBO to complete the costing before the caretaker period commences, the PBO may complete the costing after the caretaker period commences provided it does so before the next general election. In the event that the PBO is unable to complete the costing before the next general election, the costing request is taken to have been withdrawn immediately before the start of the caretaker period for the election.

During the caretaker period, the PBO is able to prepare a confidential response to a Senator or Member for information about updated economic forecasts and parameters or fiscal estimates, provided that the request does not comprise a request for a policy costing and preparing the response does not require a costing to be performed.

Phil Bowen PSM FCPA
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**POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD FOR A
 GENERAL ELECTION**

Name of policy:	
Person requesting costing:	
Date of request to cost the policy:	
<i>Note: This policy costing request and the response to this request will be made publicly available.</i>	
Has a costing of this policy been requested under Section 29 of the Charter of Budget Honesty (ie from the Treasury or the Department of Finance and Deregulation)?	
Details of the public release of this policy (Date, by whom and a reference to that release)	
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	
What is the purpose or intention of the policy?	
What are the key assumptions that have been made in the policy, including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	
Where relevant, is funding for the policy to be demand driven or a capped amount?	
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	
Are there associated savings, offsets or expenses? If yes, please provide details.	

PRO-FORMA POLICY COSTING REQUEST – DURING THE CARETAKER PERIOD

Does the policy relate to a previous budget measure? If yes, which measure?				
If the proposal would change an existing measure, are savings expected from the departmental costs of implementing the program?				
Will the funding/program cost require indexation? If yes, list factors to be used.				
Expected impacts of the proposal				
If applicable, what are the estimated costs each year? If available, please provide details in the table below. Are these provided on an underlying cash balance or fiscal balance basis?				
Estimated financial implications (outturn prices) ^(a)				
	2013-14	2014-15	2015-16	2016-17
Underlying cash balance (\$m)				
Fiscal balance (\$m)				
(a) A positive number for the fiscal balance indicates an increase in revenue or a decrease in expenses or net capital investment in accrual terms. A positive number in the underlying cash balance indicates an increase in revenue or a decrease in expenses or net capital investment in cash terms.				
What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?				
Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?				
What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?				

Administration of policy:	
Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc)?	
<p>Should departmental expenses associated with this policy be included in this costing?</p> <p>If no, will the Department be expected to absorb expenses associated with this policy?</p> <p>If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	
Intended date of implementation.	
Intended duration of policy.	
Are there transitional arrangements associated with policy implementation?	
List major data sources utilised to develop policy (for example, ABS catalogue number 3201.0).	
Are there any other assumptions that need to be considered?	
<p>NOTE:</p> <p><i>Please note that:</i></p> <ul style="list-style-type: none"> • <i>The costing will be on the basis of information provided in this costing request.</i> • <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i> 	

COSTING CONVENTIONS

The following are standard conventions for the preparation of fiscal costings:

- Costings will focus on the effect of a policy on the Australian Government's key Budget aggregates (both cash and accruals). They will be produced in a manner consistent with normal Budget costing methodologies.
- Economic data and forecasts used in the preparation of costings will be consistent with the most recent relevant reports released under Parts 5, 6 and 7 of Schedule 1 to the *Charter of Budget Honesty Act 1998*.
- Costings will be on a current price basis.
- Costs will be on a June financial year basis and costings will be provided for the current financial year and the following three financial years.
- Full year, part year and one off effects (the steady state full year cost will be made clear) will be distinguished.
- Costings will generally be best point estimates. However, in some cases the Parliamentary Budget Officer may consider it appropriate to report ranges rather than point estimates.
- Costings will be prepared in accrual and cash terms. For each policy, the impact on the fiscal balance and underlying cash balance (and headline cash basis as appropriate) will be reported.
- Where relevant, the revenue and expense components of a policy costing will be identified separately.
- In undertaking costings, departmental expenses will be included where analysis of the policy shows that these are material. Existing programs/policies of a similar nature will be used as a guide.
- Costings will not generally account for the impact on Public Debt Interest payments, except in those circumstances outlined in Part 4 of the *Charter of Budget Honesty Policy Costing Guidelines*.
- Assumptions used in costings will be based on the best professional judgment of the Parliamentary Budget Officer.