

## **SENATE ESTIMATES HEARING - 15 OCTOBER 2012**

### **OPENING STATEMENT**

Madam Chair

The PBO commenced operations on 23 July 2012, the day that I took up my appointment as the inaugural Parliamentary Budget Officer.

Following consultation with the JCPAA on 10 October 2012, the PBO released its first work plan on 12 October 2012. The work plan has been circulated to the Senate Finance and Public Administration Legislation Committee and is posted on the PBO's website. The key priorities identified in the work plan are:

- to place the PBO on a fully operational footing with the capacity to fulfil its mandate as a responsive and effective independent institution of the Parliament; and
- to gain the trust of the Parliament in the PBO as a valued source of budget and fiscal policy analyses and policy costings that strengthen the policy development process and enhance the transparency of the budget and fiscal policy.

As I said in the foreword to the work plan, the establishment of the PBO provides a new opportunity to help strengthen policy development and sharpen the focus of public debate on substantive policy issues rather than on the accuracy of policy costings. All Senators and Members of the House of Representatives have access to the services of the PBO. There is now a more level playing field from which members of Parliament may, for the first time, obtain independent, non-partisan analyses of the budget and costings of policy proposals over the entire course of the three year electoral cycle.

The confidentiality provisions of the PBO's legislation allow the PBO, outside of the caretaker period, to work interactively with the requestors of policy costings to ensure that the assumptions underlying the policies are properly understood and taken into account by the PBO in its costings. This approach has the potential to foster a more measured and robust approach to policy development and enhance budget transparency.

The PBO is already open for business. We have been accepting requests for work since early September. To date we have had 44 costing requests and we have completed 2 costings. Completion of the remaining requests is pending the

receipt of information that we expect to receive shortly from other Commonwealth bodies.

Because the PBO is still in the process of recruiting its staff and building its capability and data bases, we have asked Senators and Members to be patient with us in the early stages of our operations. We will do our best to juggle the competing demands of building capacity and providing tangible outputs for our Parliamentary stakeholders.

We have been active in consulting with our key Parliamentary stakeholders and getting the message out about the role of the PBO and the services we can provide.

We have a simple web page on the APH website which to date has received more than 5000 hits. We have posted a number of documents including the text of a briefing that I gave recently to Senators, Members and Parliamentary and Departmental staff. As a further indication of the level of interest in the PBO the briefing was oversubscribed and I gave a second briefing to Departmental staff a week or so later. In total approximately 150 people from within Parliament House attended the two briefings. I will also be giving a keynote address on the PBO to the CPA National Congress next month.

It is essential for the PBO to have access to a wide range of information for it to be able to undertake its work effectively. I am very pleased, therefore, to have concluded a MOU with the heads of Commonwealth bodies in relation to the provision of information and documents. The MOU has a pro-disclosure bias and provides that heads of Commonwealth bodies should aim to provide sufficient relevant information to satisfy each request. It also places strict confidentiality obligations on the Parliamentary Budget Officer and the Heads of Commonwealth bodies. The MOU was posted on the PBO's web-site on 10 October 2012.

The confidentiality provisions of the MOU have been bolstered by recent actions taken by the Government. The Government issued protocols on 28 September 2012 that mandate that Ministers and their staff will not ask heads of Commonwealth bodies for any information which would disclose the nature of a confidential request from the Parliamentary Budget Officer. The Government also introduced legislation into the House of Representatives on 10 October 2012 to amend the Freedom of Information Act (FOI Act) so that information is not able to be released contrary to the intention of the PBO legislation.

The PBO currently has eight staff. Three are permanent staff (including myself) and five are temporary staff on secondment from Treasury and Finance. We are now in the process of recruiting our permanent staff and expect to be at or near our full complement of approximately 30 – 35 staff by the end of the year or early next year.

The PBO will adopt a relatively flat organisational structure around the following key functions: fiscal policy analysis; revenue analysis; and program analysis. Responsibility for corporate strategy and services will be allocated to one of the PBO's senior executives in addition to his/her responsibilities for one of the core functional areas. Staff will work flexibly across the PBO in response to workload demands. The PBO's back-office functions are being provided by DPS under a shared services agreement.

Currently the PBO is housed in temporary accommodation in various locations within Parliament House. DPS has identified highly suitable permanent accommodation for the PBO in Parliament House. It provides a very cost effective option compared with renting commercial office space and is self-contained, readily accessible and will be physically secure. It is expected to be available for occupation by the PBO by the end of June 2013.

Madam Chair, the PBO looks forward to working closely with Senators and Members and adding value to the policy development process. We are very happy to address any questions that the Committee may have.

Thank you.