



## Policy costings in the 2016 election caretaker period

During the caretaker period for a general election, the PBO may prepare policy costings of publicly announced policies at the request of authorised members of parliamentary parties and independent parliamentarians.

The PBO must publicly release such requests and its policy costings. 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 at <http://www.pbo.gov.au>.

### Who may request a costing during the caretaker period?

Only an authorised member of a parliamentary party or an independent parliamentarian may request or withdraw 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.

### What policies may the PBO cost during the caretaker period?

During the caretaker period a parliamentary party or independent parliamentarian may only request the PBO to cost policies 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.

Neither is the PBO permitted to cost the same or a substantially similar policy that has been submitted for costing to either the Treasury or the Department of Finance.

### How should costing requests be submitted?

Requests for costings must be submitted in the form of a signed letter or email addressed to the Parliamentary Budget Officer from an authorised member of a parliamentary party or an independent parliamentarian. Requests submitted by email should be addressed to the PBO mailbox [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au).

A pro-forma policy costing request for use during the caretaker period is available on the [PBO's website](#). It provides a guide as to the information that should be submitted to help ensure that the PBO is able to process the request as quickly as possible.

Failure to provide sufficient detail of a request may result in the PBO having to seek additional information from the requestor, during which time the request will be deemed to be 'on hold'. This may result in the PBO being unable to complete the costing before polling day.

## **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 (generally by email).

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**

The PBO will endeavour to complete caretaker period costings within the shortest time possible. The time taken to complete a costing will depend upon the complexity of the request, the availability of models and data, the volume of costing work on hand and PBO resources available.

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. At the latest, 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 (six business days prior to polling day).

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.

## **Costing methodology**

The PBO prepares costings in a manner consistent with the costing conventions set out in the [2016 Charter of Budget Honesty Policy Costing Guidelines](#) (Charter guidelines).

Consistent with the Charter 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 policy 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 the following manner:

- the PBO will provide the nominated contact of the requesting parliamentary party or independent parliamentarian with an embargoed copy of the costing and confirm receipt by telephone at least one hour in advance of the public release of a costing

- immediately prior to the public release of the costing on the PBO's website, the PBO will provide a copy of the costing to the nominated contacts of the non-requesting parliamentary parties with at least five members in the Parliament immediately before the caretaker period
- the costing will then be publicly released by posting on the PBO's website.

Unless arrangements are made to the contrary, the PBO will deliver all costing reports to the nominated contacts of relevant parliamentary parties or independent parliamentarians by email.

### **Costing requests submitted before the caretaker period and requests for information**

The following points clarify the role of the PBO in undertaking costings and providing analyses of the budget during the caretaker period.

- 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 polling day. In the event that the PBO is unable to complete a costing before polling day, the costing request is taken to have been withdrawn.
- It is not permissible for a request for a confidential costing outside of the caretaker period to contain a standing request for the costing to be updated during the caretaker period. To do so would be in conflict with the requirement that a request for a policy costing during the caretaker period and the costing itself must be publicly released.
- During the caretaker period, the PBO is able to prepare a confidential response to a request from a parliamentary party or independent parliamentarian for information, for instance 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.

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21 April 2016

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## Costing conventions

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

- Costings will focus on the effect of a policy on the Australian Government's key Budget aggregates (both cash and accrual). 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, one off effects and the steady state full year cost will be made clear.
- Costings will generally be best point estimates and will include an assessment of the reliability of the costing.
- 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 generally not account for the impact on Public Debt Interest payments, except in those circumstances outlined in 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.