



## PBO Guidance 01/2021

# Guidance on submitting a request

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The Parliamentary Budget Office (PBO) is here to assist all parliamentarians by providing policy costing and budget analysis services. We provide a template that includes the information that we need to understand and process a request. The questions and answers below aim to help parliamentarians and their staff to submit requests for policy costings and budget analysis.

If you have any further questions we are available to help. Please contact us by phone on (02) 6277 9500 or by email at [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au).

## Questions frequently asked about making a request

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## What can be requested from the PBO?

The PBO was established in 2012 to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals. We do this in three main ways:

- by responding to requests made by parliamentarians for costings of policy proposals or for analysis of matters relating to the budget

- by publishing a report after every election that provides transparency around the fiscal impact of election commitments
- by conducting and publishing research that enhances the public understanding of the budget and fiscal policy settings.

A policy proposal costing prepared by us is an assessment of the financial impact of a proposed policy change on the Commonwealth Government budget. It estimates how much a policy proposal, if implemented, would change the budget surplus or deficit as presented in the government's most recent budget or other economic and fiscal outlook update.

- For further information on costings see [What is a Parliamentary Budget Office Costing?](#) which provides a conceptual explanation of what a costing is, what it is designed to capture, and how a costing estimate is generated. This paper is available on the PBO's [Information papers](#) webpage.

We can also be asked to provide information or analysis about the budget or fiscal policy settings. Examples of budget analysis include:

- information about the amount of money allocated to particular programs, including the amount that has already been spent and the amounts yet to be spent
- details of the different sub-components of spending on government programs or sub-components of revenue measures
- details of the profile of spending on government programs over time.

Budget information could also include an assessment of the fiscal impact of a policy proposal relative to a different baseline from that presented in the most recent budget or economic and fiscal outlook update. This could include an assessment of the fiscal impact of a proposed policy relative to an updated baseline, where the updated baseline takes into account the impact of a government policy that was announced or legislated after the most recent budget or economic and fiscal outlook update.

Parliamentarians can request that PBO undertake distributional analysis of a policy proposal or a budget measure or program by specifying distributional analysis details in the field titled 'Requested information' in the request form when lodging a request for costing or budget analysis. The PBO does not provide distributional analysis unless requested because we have limited resources available to us and we give priority to the analysis identified as important by the parliamentarian making a request.

Distributional analysis may be conducted along dimensions such as age, gender or income. A number of examples can be found on PBO's publicly released costings or budget analyses outside the caretaker period page [here](#).

It should be noted that distributional analysis is not always possible, or meaningful, for all costings or budget analyses. The main limiting factor to the PBO undertaking distributional analysis is whether the data required for the distributional analysis are available. There are further limitations to the distributional analysis that the PBO can undertake:

- ♦ The unit record datasets relate to time periods that are in the past, often reflecting the characteristics of the population that are some years old – these population characteristics may not be representative of the population in future years with the risk of errors increasing the further out any projections go.
- ♦ The smaller the target group for a particular costing or analysis, the more uncertain distributional analysis becomes (particularly where the source data is a sample).
- ♦ The more factors analysed in a distributional analysis (e.g. analysis by income, sex, age, family type) the less reliable the results become because the groups selected become smaller and are likely to change with time.

- ◆ Distributional analysis of unit record sample data where there are only small numbers of observations with the characteristics being analysed are more likely to be biased either by missing significant data, or by being skewed by outlier values in the sample.
- ◆ The inconsistency of definitions of factors across data sources may cause a significant skew of results. For example, 'family composition' in Medicare and Pharmaceutical Benefits Scheme does not correspond to the family compositions as defined in the tax system.
- ◆ In other cases, particularly where payments are made to service providers rather than to individuals, the necessary administrative data may not be readily available.

Historical data analysis is one area where the PBO can provide insights into distributional issues provided the data exist and we can access it. For example, transfer payments such as JobSeeker and the Age Pension, subsidies such as Medicare or Pharmaceutical Benefits Scheme rebates, and revenue sources such as Personal Income Tax are good examples of areas where data to support distributional analyses are available to us.

We encourage parliamentarians and their staff discuss with the PBO the intended distributional analysis before making a formal request.

Further information about costings and budget analyses is contained on the PBO's [Frequently asked questions](#) webpage.

Information about any PBO publications can be sought by phone on (02) 6277 9500 or by email at [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au).

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## Who can submit a request?

Any parliamentarian can submit a policy costing request or request for budget analysis to the PBO.

- Staff can discuss requests but the lodgement of a request must be accompanied by a signed letter or email from their parliamentarian.

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## Can a request be submitted on a confidential basis?

Yes. A policy costing request or request for budget analysis can be confidential, in which case details of the request and the PBO response will be kept confidential by us. We will only make our response to a confidential request public if the requesting parliamentarian publicly releases our costing in full or authorises us in writing to release the costing advice (see [PBO Guidance 02/2017](#)).

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## Should I contact the PBO prior to submitting a formal request?

Please feel free to discuss your request with the PBO before formally lodging it.

We are happy to speak with you or your staff to discuss any questions that you have about the costing request process or how to specify the request. These discussions are important as they help us to:

- define the scope of the work

- ensure that requests are sufficiently specified
- make an initial assessment of the resources
- estimate the timeframe required to complete the task.

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## What should a request include?

Each formal request:

- must include a signed letter from the parliamentarian, or email from the parliamentarian's [aph.gov.au](mailto:aph.gov.au) email account, that is addressed to the Parliamentary Budget Officer
- should include a completed PBO request template.

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## How should a parliamentarian's request be submitted?

Please email requests to the PBO at [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au).

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## How should the request template be filled out?

The grey text in the PBO template provides guidance that describes the information we are seeking. Type over this guidance text as you complete the template.

The question about confidentiality is particularly important because we are obliged to publicly release our response to your costing request if you do not specify that it is to be treated as confidential. If you respond 'Yes' to this question, you can still choose to publicly release our costing response after you receive it.

Please outline in detail what is being requested. Some fields may not be relevant, in which case enter 'N/A'. We will contact the contact officer if we need more information about your request.

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## What information should the proposal's policy specification include?

The details of the policy proposal that you would like the PBO to cost should be outlined in the summary of the policy specification.

The information that we need includes:

- what the policy would change
- the policy start date
- whether there are any transitional arrangements
- what agency would implement the change
- details of any associated savings or offsets

- an outline of any additional analysis (in addition to the financial cost) that is required, for example:
  - the number of people or businesses affected
  - distributional impacts across the population impacted by this proposal. For example by:
    - ◆ gender
    - ◆ income
    - ◆ age.
- any existing analysis of the policy that may assist us in understanding the design of the policy proposal and our costing analysis
- the intended date of announcement, if different to the policy start date.

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## What should a request for budget analysis include?

Requests for budget analysis should be detailed in the PBO's request template.

The information that we need includes:

- a description of the types of information and or analysis being requested
- the time period over which the information is being requested
- whether the request relates to a specific budget measure or type of government payment or tax revenue
- any existing analysis that may assist us in understanding the request
- any examples of how the information should be presented
- an outline of any additional analysis (in addition to the financial cost) that is required, for example:
  - the number of people or businesses affected
  - distributional impacts across the population impacted by this proposal. For example by:
    - ◆ gender
    - ◆ income
    - ◆ age.

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## What is a capped funding proposal?

You need to indicate whether the proposal is to provide a capped level of funding. A capped funding proposal is a proposal to spend a specified amount of money.

For example, a commitment to provide *\$500 million to schools towards the cost of providing computers in schoolrooms* is a 'capped' funding commitment while a commitment to *provide a \$100 voucher to all primary school children to buy a laptop computer* is 'uncapped' because the precise amount depends on the number of children who claim the voucher.

In respect of capped funding proposals, we need you to indicate whether departmental funding to implement and administer the proposal will be drawn from within the capped amount. This decision will affect our estimate of the total cost of the proposal. Proposals where the departmental administration costs are drawn from within the capped amount will have a lower overall cost, but less funding will be available under the proposed program.

Please note that the PBO does not undertake analysis to assess whether a capped funding amount would be sufficient to achieve the objective of the associated policy proposal.

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## **Is funding required to administer the proposal?**

In every costing, the PBO estimates the amount of any departmental funding required to implement or administer the proposal. This estimate is based on the scale and complexity of the proposal and draws on sources such as the cost of similar proposals and departmental costing models. These costs are generally in addition to the cost of the policy proposal.

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## **Where can I find more information?**

Further information about costings and requests for budget analysis is contained on the PBO's [Frequently asked questions](#) webpage.

PBO information papers are published to help explain the underlying data, concepts, methodologies and processes that the PBO uses in preparing policy costings and budget analyses. These can be found on our [Information papers](#) webpage.

Information about any of our publications can be sought by phone on (02) 6277 9500 or by email at [pbo@pbo.gov.au](mailto:pbo@pbo.gov.au).

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