



*The Australian
Adam Smith Club*

established 1983

Submission from -
The Australian Adam Smith Club
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to the :
 Joint Select Committee on the Parliamentary Budget Office
 PO Box 6021
 Parliament House
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 AUSTRALIA

The Australian Adam Smith Club (AASC)

The AASC was established in 1983 for the further study and discussion of the works and ideas of the Scottish philosopher Adam Smith. We hold firmly to the principles of limited, transparent, federal government. The club holds regular meetings at which speakers address the club followed by a robust debate under Chatham House Rule.

Contact and Publication

The individual to contact regarding this submission is the President of the Club - Tim Warner, at the club email address (as above). The Submission is public and may be placed on parliamentary websites and reproduced in parliamentary publications.

The need for informed scrutiny of taxation and expenditure

As noted in a number of the previously published submissions, the complexity of government financing and contractual relations with private entities, the States and with Statutory bodies makes the position of non-Executive parliamentarians unequal in expertise and ability to analyse proposals. In the Westminster system the inability of non-government members to propose comprehensive alternatives leads to a democratic deficit. Limited Responsible Government relies on keeping existing expenditure constrained and targeted, and that proposals for change can be debated outside of school ground arithmetic arguments.

The Proposal for a Parliamentary Budget Office (PBO)

The Australian Adam Smith Club supports the sensible well-informed view of Civil Liberties Australia (CLA) and would like to add and highlight the following: If the proposed Parliamentary Budget Office is to function somewhat akin to cross-between the US Congressional Budget Office (CBO) and the Joint Committee on Taxation (JCT), that is, its critical function will be to undertake “it's own estimates of the revenue impacts of non-tax changes, as well as estimating the costs and potential effects of spending proposals”, then two issues become central and fundamental to a PBO's robust functioning and success. These issues are: staffing and the context within which the PBO is situated.

Staffing - it should be mandatory for a PBO to be headed by an individual with a very strong and solid background in public finance and economics, with directly relevant advanced tertiary qualifications and solid extensive experience in these areas. It would be difficult to imagine how such an office may be effectively managed and lead in the Parliamentary Library by a Parliamentary Librarian with qualifications as currently stated in the Parliamentary Service Act 1999.

Context - in the United States similar logic is applied to keep the CBO separate from the Congressional Library, the proposed PBO must be kept outside the Parliamentary Library. To place a PBO within the current Parliamentary Library would seem to reflect a lack of appreciation of the necessity of having specifically and very highly trained of highly-trained economists, lawyers, and accountants.

Any consideration of incorporating PBO into the Parliamentary Library, should also necessarily and unavoidably invite a re-think and explicit upgrading of the qualifications of the Parliamentary Librarian-- removing the requirement for a librarian's qualification and replacing it with the stronger requirements for advanced research experience, akin to that of a professor. And, correspondingly, for example, advanced university degrees in more than one of the following disciplines should be mandatory: Law, Economics, Science, International Relations, Accounting and Finance. It would be difficult to imagine a university faculty being headed and led by an individual of solid academic background and standing. It is therefore curious as to why a such a handsomely tax-payer funded important managerial research position in Australia's pinnacle political institution, should not require comparable, if not equivalent qualifications.

The preferred and strongly recommended position of AASC is that the proposed PBO not be incorporated into the Parliamentary Library. And, that this important and unique opportunity should not be squandered by haste. Hence, as per the recommendations of CLA, a decision regarding the PBO should not be taken at this point in time, which such little robust discussion, debate and deliberation.

Tim Warner
President
Australian Adam Smith Club