



PBO Guidance 03/2018

Costing policy proposals during the caretaker period

During the caretaker period for the next general election, the Parliamentary Budget Office (PBO) will be available to undertake costings of policy proposals. This guidance note provides information to parliamentarians about how the PBO will operate and what they should expect of the PBO during this period.¹

In summary, during the caretaker period:

- the PBO can only accept requests to cost publicly announced policies from an authorised representative of a parliamentary party or an Independent parliamentarian
- costing requests may only be submitted to either the PBO or The Treasury/Department of Finance, not both
- costing requests should be made to the PBO by no later than the close of business on the Thursday six working days prior to polling day to provide the PBO with sufficient time to respond to requests ahead of the election
- costing responses from the PBO will be prepared in a manner consistent with the costing conventions in the [2018 Charter of Budget Honesty - Policy Costing Guidelines](#), and costing estimates will be provided over the current budget year plus the following ten years
- costing requests and costing responses will be published on the PBO website (www.pbo.gov.au), with an embargoed copy of the response provided to the relevant party or parliamentarian an hour before publication
- costing responses will be completed as soon as possible and if there is insufficient time to provide a response before polling day, the PBO will issue a public statement to that effect
- PBO responses to confidential costing requests made before the commencement of the caretaker period and requests for budget analysis (other than costings) will continue to be completed, however priority will be given to requests for costings of publicly announced policies.

Further details on these arrangements are provided in the *Frequently asked questions* below.

¹ The caretaker period begins at the time the House of Representatives is dissolved and continues until the election result is clear or, if there is a change of government, until the new government is appointed. See [Guidance on Caretaker Conventions 2016](#), published by the Department of the Prime Minister and Cabinet.

Closer to the election, the PBO will release a guidance note that details how the post-election report of election commitments will be produced, including a summary of how parliamentary parties will need to engage in that process.

Frequently asked questions

- What types of costing requests can the PBO accept during the caretaker period?
- Who may request a costing during the caretaker period? Who may request a costing during the caretaker period?
- Can a publicly announced policy be submitted to both a Government agency and the PBO for costing?
- How should costing requests be submitted?
- What if the PBO requires additional information to complete the costing?
- How quickly will costing responses be delivered?
- What methodologies, approaches and conventions will the PBO apply?
- What are the arrangements for the publication of caretaker costings?
Will requestors receive their responses prior to their public release?
- How will the PBO treat costing requests submitted before the caretaker period, and requests for budget analysis submitted during the caretaker period?

What types of costing requests can the PBO accept during the caretaker period?

During the caretaker period the PBO must only accept requests to cost policies that have been publicly announced. These requests must be made by an authorised member of a parliamentary party or an Independent parliamentarian.

The PBO must publicly release such requests and their responses. Costing requests, any subsequent requests to withdraw a costing request, and the PBO's policy costing responses will be published on the election costing page of the PBO's website at www.pbo.gov.au.

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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.

At the commencement of the caretaker period the PBO will approach the leaders of parliamentary parties and ask them to nominate who would be authorised to make or withdraw requests for costings on behalf of their party.

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Can a publicly announced policy be submitted to both a Government agency and the PBO for costing?

No.

The Prime Minister, the Leader of the Opposition or the leader of a minority party² can request costings of their publicly announced policies either from The Treasury/Department of Finance or from the PBO, but not both³. The PBO is not 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. Nor can The Treasury or the Department of Finance accept a request for a policy costing that has already been submitted to the PBO.

Before the PBO accepts a request to cost a policy during the caretaker period, it will verify that the policy has been publicly announced by the requestor and that the same, or a substantially similar, costing request has not been made to either The Treasury or the Department of Finance.

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How should costing requests be submitted?

Costing requests can only be submitted by an authorised member of the requesting parliamentary party or from an Independent parliamentarian. Requests for costings must be submitted in the form of a signed letter or email (forwarded from the authorised member's or Independent parliamentarian's personal/APH account) addressed to the Parliamentary Budget Officer.

The PBO has a request template available on its website which sets out the information that the PBO requires to undertake a costing. The request should be accompanied by supporting documentation, such as the public announcement of the policy, fact sheets or other publicity material regarding the policy.

PBO officers will be available to discuss requests prior to them being submitted. This includes clarifying how much detail of the policy should be included in the request.

Costing requests should be made using the 'Caretaker period' [policy costing template](#) available on the PBO website.

Letters or emails requesting an election costing should be addressed to the Parliamentary Budget Officer and directed to the PBO mailbox <mailto:pbo@pbo.gov.au>.

Any questions regarding making a costing request can be directed to the PBO either by email or by phoning (02) 6277 9500.

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² The *Charter of Budget Honesty Act 1998* defines 'minority party' as a recognised non-Government party of at least five members.

³ Independent parliamentarians cannot submit costing requests to The Treasury or the Department of Finance under the *Charter of Budget Honesty Act 1998*, but can submit costing requests to the PBO.

What if the PBO requires additional information to complete the costing?

In order to be able to complete a costing, the PBO may need to seek additional information from a requestor regarding the policy specification. In these cases, the PBO must request the information in writing (generally by email) and the costing will be placed 'on hold' until a response (preferably by email) containing the necessary information is received.

For minor points of interpretation or clarification of the policy specification, the PBO will contact the nominated contact officer for the policy costing.

PBO officers are available to meet with requestors, both to clarify any issues before a request is made and to discuss requests once made.

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How quickly will costing responses be delivered?

The PBO will endeavour to complete caretaker costings in the shortest possible time. The time it takes to complete a costing will depend on whether the PBO has previously costed a similar policy, the complexity of the request, the availability of models and data, the volume of costing work on hand, and the PBO resources available.

In order to allow sufficient time for public scrutiny prior to polling day, the PBO aims to complete caretaker costings by close of business on the Thursday before polling day. This means that costing requests should be lodged with the PBO by close of business on the Thursday six working days prior to polling day. Costings may be submitted after this time, but the PBO may not be able to complete them before polling day.

If the PBO does not have sufficient information (for instance, where a costing has been placed 'on hold' awaiting further information from the requestor), or has not had sufficient time to prepare a policy costing before polling day (for instance, where the policy proposal is highly complex or a large volume of costing requests have been submitted just before the deadline), the Parliamentary Budget Officer will release a statement to that effect before polling day.

Costing requests should be made to the PBO by no later than close of business on the Thursday six working days prior to polling day.

Where the Parliamentary Budget Officer determines that a costing cannot be completed before polling day, the Parliamentary Budget Officer will issue a statement to that effect.

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What methodologies, approaches and conventions will the PBO apply?

The PBO prepares costings in a manner consistent with the [2018 Charter of Budget Honesty - Policy Costing Guidelines](#) (Charter guidelines).

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

- Costings will provide the PBO's best estimate of the full cost of a policy (including departmental expenses). Estimates of departmental expenses will be included where these are expected to be material.

- Assumptions used in costings will be based on the best professional judgment of the Parliamentary Budget Officer.
- Costings will focus on the effect of a policy on the Australian Government's key budget aggregates (both cash and accrual). Impacts on the headline cash balance will be provided where appropriate. Where relevant, the revenue and expense components of a policy costing will be separately identified.
- Costings 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 Pre-election economic and fiscal outlook report (PEFO).
- Wherever possible, costings will take into account the impact of a change in policy on the behaviour of groups that are directly affected by the policy (direct behavioural effects).
- As a general rule, costings will not take account of broader economic or 'second-round' effects of a policy proposal, although the PBO may discuss such effects in qualitative terms.
- Costings will include an assessment of the uncertainties in relation to the estimates.
- Costings will generally not account for the impact on Public Debt Interest payments, unless it is an explicit policy objective to affect the level of interest payments, or the policy involves transactions of financial assets (such as loan schemes).

Consistent with the PBO's standard practice, all caretaker costings will present estimates of the financial impact of policy proposals over the forward estimates (the current financial year plus the following three years) and the medium term (the current financial year plus the following ten years). This practice is in line with Recommendation 11 of the [Parliamentary Budget Office Review 2016-17](#).

[PBO Guidance 02/2018 Post election report of election commitments: medium term reporting](#) sets out how the PBO will present the medium-term impacts of election commitments in the post-election report.

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What are the arrangements for the publication of caretaker costings?

Will requestors receive their responses prior to their public release?

The PBO will provide its response to a caretaker costing request to the relevant parliamentary party or Independent parliamentarian prior to its public release. The PBO will notify the requesting party/ Independent parliamentarian of the imminent release of a costing and provide an embargoed copy of the costing response at least an hour before its public release, following which it will provide a copy of the response to the other major parliamentary parties.⁴ This approach is consistent with the approach taken by the Secretaries of The Treasury and the Department of Finance.

The arrangements for the public release of caretaker costings will be as follows:

- *the PBO will provide the nominated contact of the requesting parliamentary party or Independent parliamentarian with an embargoed copy of the costing response and confirm receipt by telephone at least one hour in advance of the public release of the response*
- *the PBO will then provide an embargoed copy of the costing response to the nominated contacts*

⁴ A major parliamentary party is a political party, at least five members of which were members of the Parliament immediately before the caretaker period (*Parliamentary Service Act 1999*, section 7)

of the other major parliamentary parties prior to the public release of the response

- *the costing response will then be publicly released by posting it on the PBO's website.*

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

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How will the PBO treat costing requests submitted before the caretaker period, and requests for budget analysis submitted during the caretaker period?

The PBO will continue to process costing requests that were received before the caretaker period up until polling day. Where these requests were submitted on a confidential basis, they will continue to be treated as confidential. Requests for a confidential costing may not contain a standing request for the costing to be updated during the caretaker period.

During the caretaker period, the PBO will also accept requests for information about the budget (other than costings) on a confidential basis, provided the request does not comprise a request for a policy costing and preparing the response does not require a costing to be estimated.

During the caretaker period, the PBO will prioritise responses to requests for costings of publicly announced policies over requests received prior to the caretaker period or confidential requests for information about the budget.

Any requests not completed before polling day will lapse (whether lodged before or during the caretaker period).

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Appendix A – Additional information

The PBO has released a number of information papers and frequently asked question responses to explain costing concepts, conventions and approaches in more detail.

- [*What is a Parliamentary Budget Office costing?*](#) provides a conceptual explanation of what a costing is and what it is designed to capture, and explains the different modelling approaches that are used to generate a costing.
- [*Including broader economic effects in policy costings*](#) discusses the challenges associated with incorporating broader economic effects in a policy costing and the PBOs' approach.
- [*Factors influencing the reliability of policy proposal costings*](#) provides an explanation of the factors that effect the reliability of costing estimates and explains how these are reflected in PBO costing advice.
- [*Frequently asked questions*](#) provide answers to a range of questions commonly asked of the PBO.