



Parliamentary Budget Office

Report of operations

for the Victorian 2022 general election

OFFICIAL

Parliamentary Budget Office

We provide independent fiscal, economic and financial advice to all members of the Parliament of Victoria. Our objective is to inform policy development and public debate in parliament and the community.

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Officer's foreword

After each general election, I prepare a report to parliament on our performance during the election period, and significant matters relating to our operations. This is the second election we have supported political parties with election costing services and informed the Victorian community through our independent analysis.

Performance

I am delighted with the increased uptake of our election services, which exceeded our targets.

We delivered significantly more, reflecting both increased client demand, our strategy to bring forward as much preparatory work as possible, and the efficiency initiatives we implemented.

Most importantly, it reflects the commitment and capabilities of my team.

We achieved strong levels of public impact through transparency of our election tracker and our election reporting.

Most Victorian political parties used our election services and chose to publicly release their pre-election reports to increase public awareness of their policies and budget impact. I thank them for supporting transparency and independent accountable reporting to the community.

Significant matters

In my report of operations following the 2018 election, I focused on gaps in our legislation based on independent review, and the risks that they create. These risks are now issues that hamper our ability to fully achieve our legislated objectives.

My preference is for legislative reform in line with accepted best practice. However, I recognise that the introduction of our office in 2018 was innovative. It has proven, even in its narrow scope form, that it is a critically important part of the parliamentary landscape in Victoria. I have therefore made several recommendations in this report within our authorising environment.

However, with 5 years' experience the office is now well established. I encourage those charged with governance to reflect on this OECD guidance and whether the risks associated with our narrow scope are still relevant:

IFIs across the OECD face similar challenges, particularly in their early years. While it may be in jurisdictions' long-term interests to establish an IFI, politicians may be tempted to constrain the actions of an IFI to avoid criticism in the short term.

On a positive note, the experience of jurisdictions with more long-standing institutions demonstrates that – even if they do not always agree – IFIs are viewed in the longer term as important partners for finance ministries and legislative budget committees in promoting credible fiscal policies.



Anthony Close
GAICD FCPA Fellow ANZSOG
Parliamentary Budget Officer of Victoria

February 2023

At a glance

Costing requests

Costing requests



894 election policy costings
(↑ 621% on 2018)
54 policy costings (0 in 2018)

Costing responses prepared



894 election policy costings
(↑ 316% on 2018)
72 policy costings (0 in 2018)

Costing request completion rate



99.9%
(↑ from 94% in 2018)

Election policies

Media items monitored



65,236

Publicly-announced policy costings prepared



802
(↓ 3% on 2018)

Publicly-announced policy costings completion rate



100%
(same as 2018)

Election reports

Political parties using PBO



10
(↑ 233% on 2018)

Election reports prepared



7 pre-election reports (3 in 2018)
6 post-election reports (3 in 2018)

Election reports published



4 pre-election reports (3 in 2018)
6 post-election reports (3 in 2018)

Information supply

Information requests made



442
(↑ 54% on 2018)

Public sector response quality



43% on time (↓ 1% on 2018)
87% complete
80% useful

Standing arrangements in place



8
(↑ 167% on 2018)

Other

PBO full-time equivalent staff



24.1 monthly average
(↑ 91% on 2018)

Visits to pbo.vic.gov.au



12,000

Social media impressions



361,374 (Twitter)
2,348 (LinkedIn)

Performance

In this section

This section summarises our operational performance during the election period, from 3 May 2022 to the release of our suite of post-election reports on 25 January 2023, including the election costing period, from 3 May 2022 to 24 November 2022.

Our services

The 2022 general election held on 26 November 2022 was the second for the Parliamentary Budget Office.

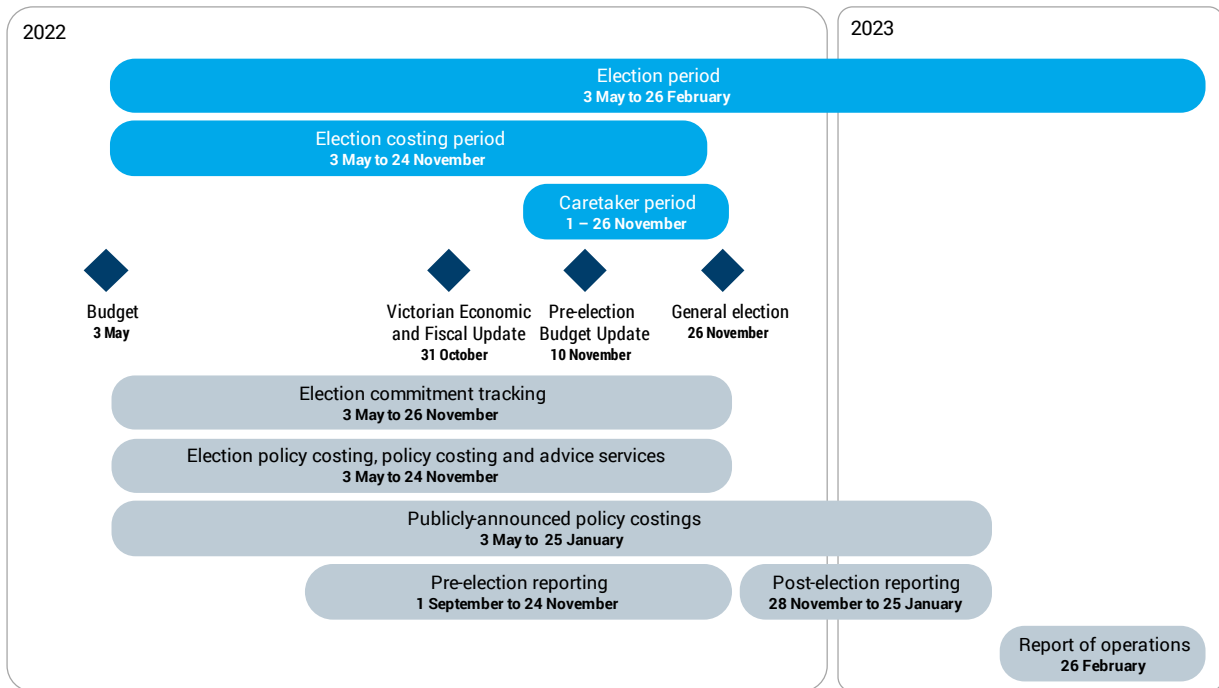
During the 2022 election costing period, we:

- prepared confidential election policy costings and budget impact statements for political party leaders at their request, based on their selected election policies
- publicly released our independent costings and advice on request
- monitored the public statements of political party leaders to form judgement on their publicly-announced policies
- continued to provide policy costings and advice to other members of parliament, whilst maintaining priority to political party leaders' requests
- continued to deliver foundation analysis, including budget snapshots and Victorian economic and fiscal indicators updates.

Across the 2022–23 election period, we:

- costed the public statements of political party leaders as input into our budget impact statements for after the 2022 general election
- updated publicly-announced policy costings with subsequent budget updates
- sought feedback from each political party leader on the publicly-announced policies we attributed to them, and our confidential preliminary draft costings
- prepared and publicly released our suite of post-election reports and publicly-announced policy costings by the legislated timeframe of within 2 months after the election.

The 2022 general election timeline for our election services



Source: Parliamentary Budget Office.

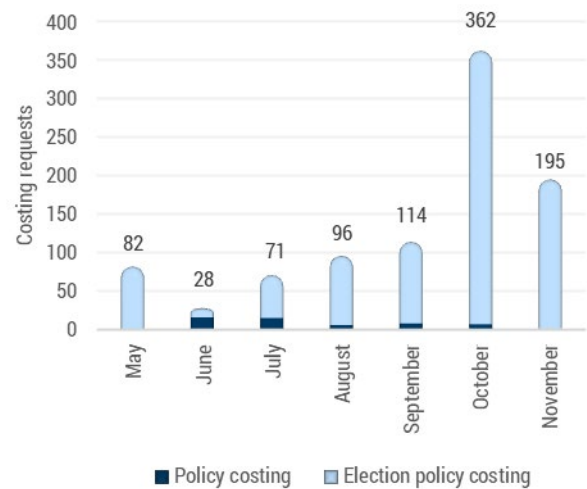
Demand for costings

Costing requests

We had 894 election policy costing requests from 10 political parties this election costing period. This was a 621% increase on the 2018 election costing period.

We also had 54 policy costing requests from other members of parliament this election costing period.

Monthly costing requests

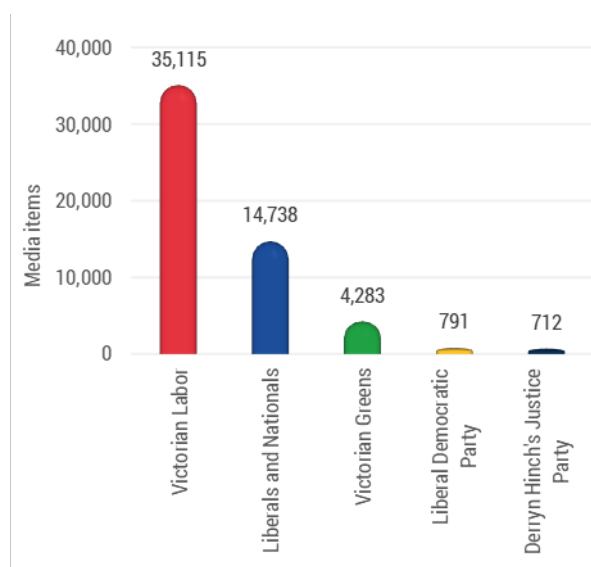


Source: Parliamentary Budget Office.

Media monitoring

We identified and assessed 65,236 media items throughout this election costing period.

Media items we assessed by political party



Source: Parliamentary Budget Office.

We sourced these media items from:

- national and Victorian newspapers and television
- social media posts from Facebook, Twitter and Instagram
- political party websites.

Election commitments

From the media items we assessed, we found 842 election commitments across 5 political parties. We reported these in our 2022 Election Commitment Tracker, updating it weekly during the election costing period to inform the public.

Of the election commitments political party leaders announced this election costing period, 58% included their funding announcements.

With the release of the Liberals and Nationals Victoria budget impact statement and the Victorian Labor Financial Statement the week before the election, we assessed that each made statements that positioned the election policies within as their final election platforms. In many cases, individual election policies were bundled into a single policy relating to that policy area.

Consequently, the final number of election commitments in our 2022 Election Commitment Tracker was 369.

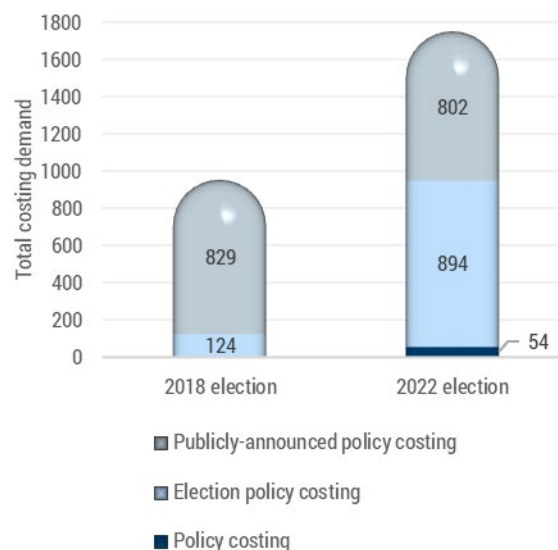
For each election commitment, we prepare a publicly-announced policy costing.

Total costing demand

Total demand for costing in the election period was 1,750, reflecting:

- costings requested during the election period
- publicly announced policy costings arising from election commitments.

Costing demand



Source: Parliamentary Budget Office.

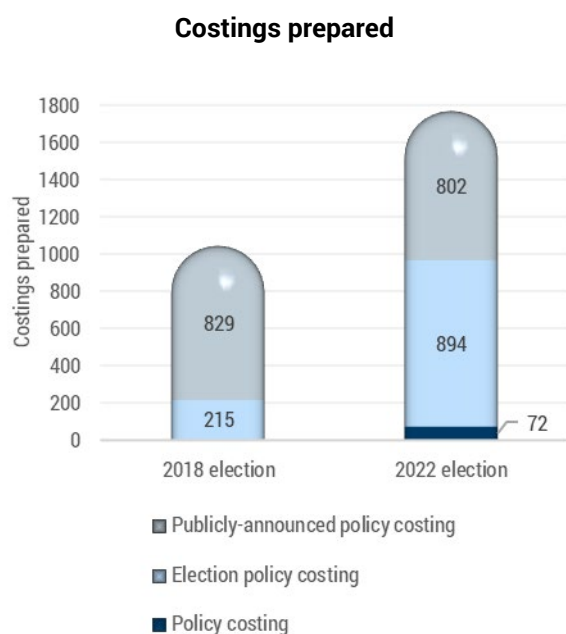
This increase from the 2018 election mainly reflects:

- a 233% increase in political parties requesting our election services compared to the 2018 election
- an increase in the average number of requests per political party leader.

Costing responses

We prepared 1,768 costing responses during this election period, an overall increase of 69% on the 2018 election.

We were able to complete more costings than our total demand through the election period as we continued to respond to requests in progress from members of parliament submitted prior to the election costing period.



Source: Parliamentary Budget Office.

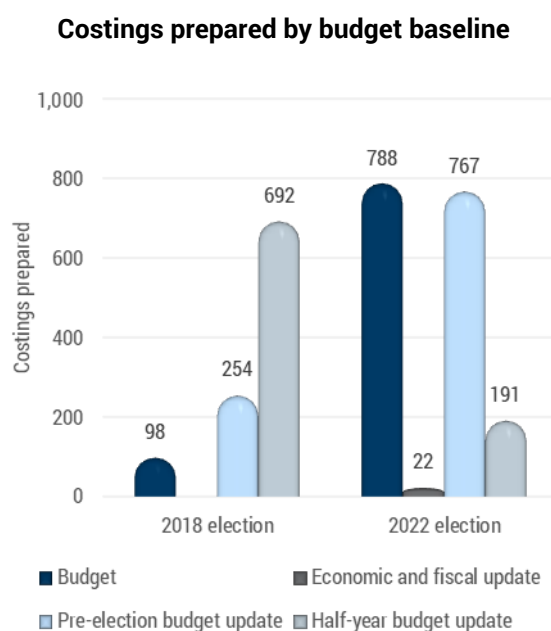
The overall increase mainly reflects:

- a 99.9% completion rate for costing requests from members of parliament submitted during the election costing period that were not withdrawn
 - we provided a statement of insufficiency for a request with a deadline of one day after submission
 - we provided a partial statement of insufficiency where we could not access information from Court Services Victoria, which is exempt from our information requests, or a robust alternative
- us continuing to respond to other members' of parliament policy costing requests throughout the election costing period.

Election commitments

We achieved a 100% completion rate for publicly-announced policy costings in response to election commitments.

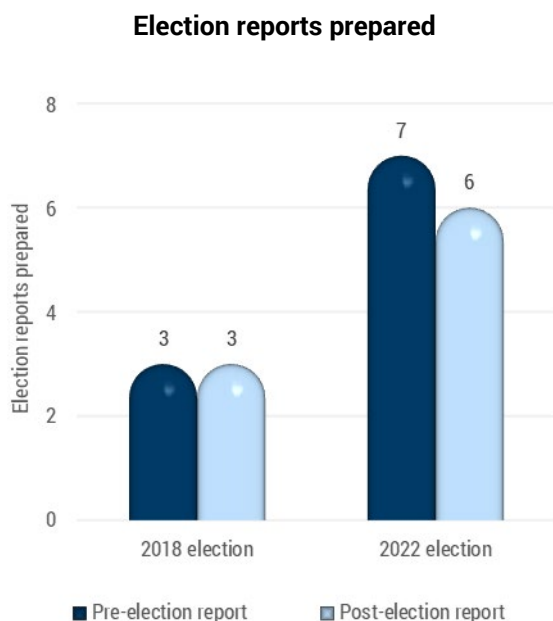
At times, the public statements of political party leaders lacked sufficient policy specifications to prepare publicly-announced policy costings. We sought more information from political party leaders, and applied standard assumptions where necessary.



Source: Parliamentary Budget Office.

Election reports

We prepared 13 reports across the election period, consisting of 7 pre-election reports and 6 post-election reports.



Source: Parliamentary Budget Office.

Our suite of post-election reports included:

- Victorian Labor
- Liberals and Nationals Victoria
- Victorian Greens
- Liberal Democratic Party
- Derryn Hinch's Justice Party
- a comparative report between major parties and between other parties.

Election function acquittal

We fulfilled all our election functions and on zero occasions we:

- stopped preparing an election policy costing or pre-election report due to insufficient information or time under s37(5) or s39(7) of the Act respectively
- deferred or declined the exercise of our policy costing and advice services under ss 45 or 47 in relation to the election costing period under s43(2).

As we did not cease or defer provision of any election functions, there were zero instances of a parliamentary leader requesting the Officer to release a statement about this.

Advice

We received 13 requests for advice during this election costing period. We provided responses to all 13 requests, plus another 18 requests for advice requested prior to the election costing period. We provided statements of insufficiency for 2 requests for advice that had been made prior to the election costing period.

Foundation analysis

We published 7 updates to our Victorian economic and fiscal indicators, which summarise measures we use to assess the performance and fiscal sustainability of the Victorian budget and economy.

We publicly released 2 budget snapshots this election costing period:

- Victorian Budget 2022–23 – independent snapshot
- 2022 Victorian Economic and Fiscal Update – independent snapshot

Standard assumptions guide

Election commitments do not always include sufficient policy specification to authoritatively cost them. Where this occurred, we engaged with the political party leader to identify additional policy details that did not conflict with their public statements. Where gaps remained, we used realistic standard assumptions so that our costing responses were comparable.

For transparency of our approach, we developed and published our standard assumptions guide prior to the commencement of this election costing period. We then methodically reviewed and updated this guide as we identified additional useful bespoke judgements during this election costing period.

Through the 2022 election costing period we reviewed our standard assumptions guide monthly and updated it on our website twice.

Information requests

We issued 442 requests for information to public sector bodies during this election costing period, an increase of 54% on 2018.

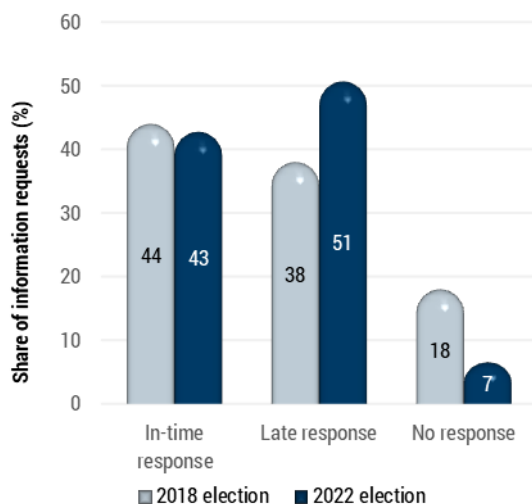
Overall, the public sector improved the share of our requests they responded to – 94% in this election period compared to 82% in 2018.

The Department of Treasury and Finance was the entity with the poorest information supply performance.

In particular, this department generally did not respond with a valid response or reason to our requests for documents relating to costings or reasonable assurance under caretaker conventions of the incumbent political party's election policies held by the department.

A full list of public sector bodies we made information requests to during the election costing period, and our assessment of their performance is in Attachment A – Public sector performance.

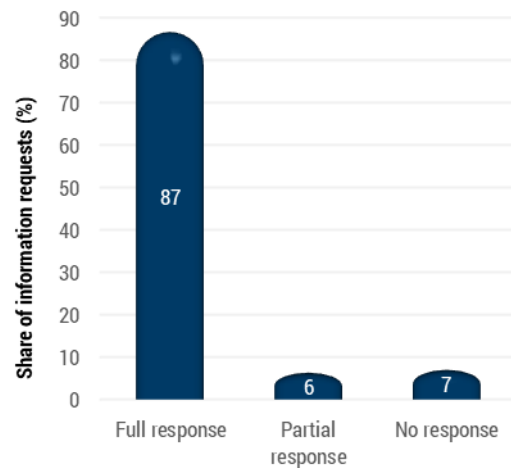
Timeliness of public sector responses to our information requests



Source: Parliamentary Budget Office.

There was little change to in-time responses across this election costing period and 2018.

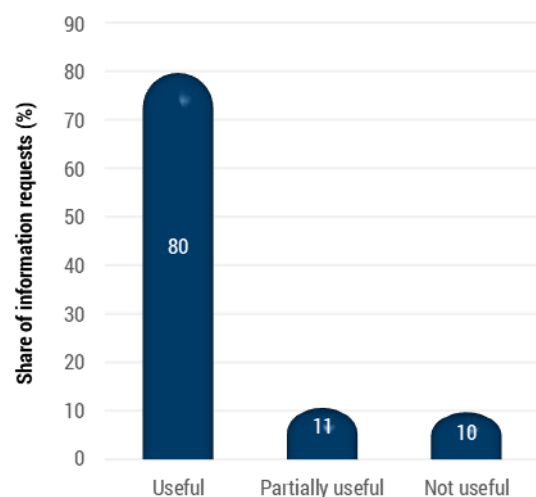
Completeness of public sector responses to our information requests



Source: Parliamentary Budget Office.

When we make an information request, we number each individual question. A complete response is one that responds to all questions. Nearly 90% of public sector responses to information requests covered all components of our information requests.

Usefulness of public sector responses to our information requests

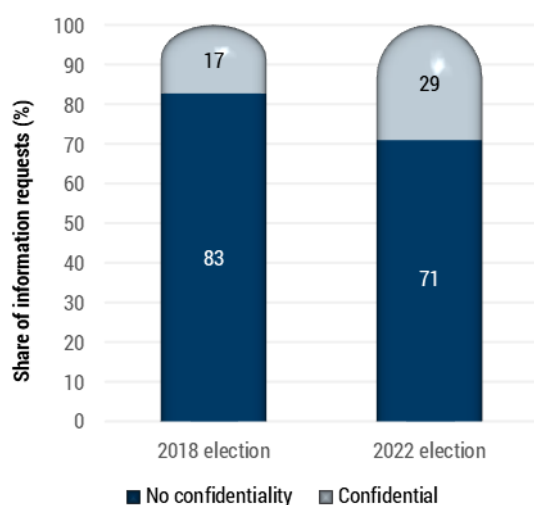


Source: Parliamentary Budget Office.

When we receive a response from the public sector to our information requests, we assess the quality of the response in progressing our costings and advice.

Over 90% of information requests sent to public sector bodies provided information that was at least partially useful.

Confidentiality of public sector responses to our information requests



Source: Parliamentary Budget Office.

Public sector bodies can request that we keep their responses to our information requests confidential, for example where release of information would impact a commercial arrangement between the Victorian Government and a third party. We use such information to inform our costings and advice, without revealing the information.

Public sector bodies marked an increased share of responses to our information requests as confidential – 29% in this election period compared to 17% in 2018.

Impact

One of our strategic objectives is to raise public awareness and debate in the Victorian community. We achieve this through political parties choosing to publicly release our outputs, and the engagement of the public with these outputs and foundational analysis we release.

Public release

Costing responses

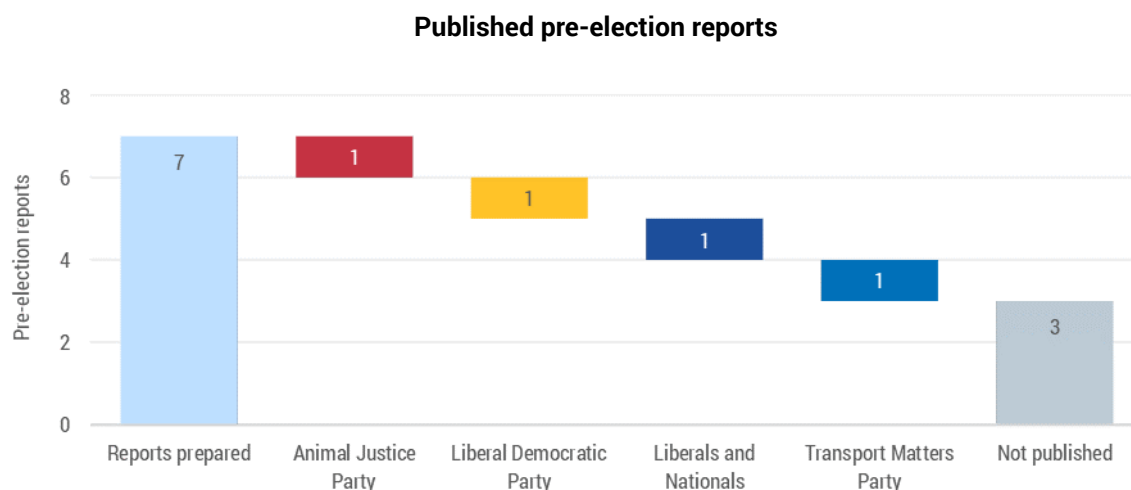
We publicly released:

- one policy costing at the request of a member of parliament
- 51 election policy costings at the request of political party leaders in the lead up to the general election
- 359 publicly-announced policy costings as part of our post-election reporting.

The lower number of publicly-announced policy costings we publicly released than election commitments we identified is due to our approach of costing public announcements as stand-alone policies, and then combining policies with interactions preparing post-election reports, such as offsets, to avoid double-counting.

Pre-election reports

At the request of political party leaders, we prepared 7 budget impact statements of their selected election policies.



Source: Parliamentary Budget Office.

Four political party leaders requested that we publish their budget impact statements prior to the election, resulting in:

- publication of 4 budget impact statements
- 3 unpublished pre-election reports.

We publicly released them between 22 November 2022 and 24 November 2022 in line with their expectations.

Victorian Labor requested the Department of Treasury and Finance to cost its election platform which the department did and publicly released on 24 November 2022.

Post-election reports

In accordance with our legislation, we publicly released a suite of 6 post-election reports within 2 months after the general election.

This represented an increase of 100% on the number we publicly released for the 2018 election.

Advice

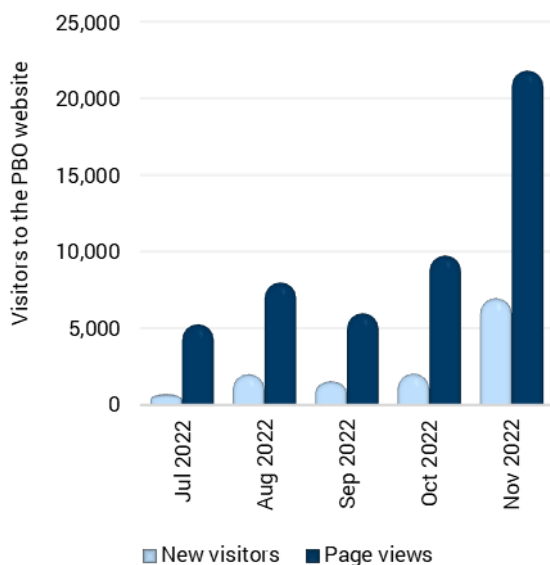
At the request of political party leaders, we prepared 31 advice responses during the election costing period and published 5 on our website:

1. *Victorian rabbit farming industry – output and market value*, requested by Mr Andy Meddick MP
2. *Asset investment excluding Australian Government funding – regional vs metropolitan Victoria*, requested by Mr Danny O'Brien MP
3. *Suburban Rail Loop East and North – Building and operating costs*, requested by the Hon. Matthew Guy MP
4. *Suburban Rail Loop East and North – Value of continued investment*, requested by the Hon. Matthew Guy MP
5. *Accelerate adoption of electric vehicles*, requested by Mr Clifford Hayes MP.

Our advice on the Suburban Rail Loop received the most media attention, with 136 media mentions between public release on 27 August 2022 and election day.

pbo.vic.gov.au

During the election costing period, we refocused our website to our election services.



Source: Google Analytics.

We attracted 12,368 new visitors to pbo.vic.gov.au during the election costing period, made up of:

- 4,923 that found us through organic internet searches
- 4,040 through direct methods such as a saved link or by entering our web address
- 1,914 through our election commitment tracker embedded in media websites
- 1,491 that clicked through our social media posts on Twitter and LinkedIn.

During the election costing period, users viewed our website around 50,000 times, averaging around 3.8 views per user.

Social media

Our social media strategy was to draw attention to public release on our website of our costing and advice responses when requested, and our foundation analysis. We achieved over 11,000 visits to our social media accounts during the election costing period.

Social media 'impressions' is the number of times a tweet or post has been shown to users. Over the election costing period, we achieved:

- 361,374 impressions on Twitter
- 2,348 impressions on LinkedIn.

2022 election commitment tracker

The 2022 election commitment tracker represented our independent judgement of political parties' election commitments. We updated it weekly in the lead up to the election. It supported our post-election reporting, and transparency for political parties. We publicly released it to raise public awareness and debate in the Victorian community.

2022 election commitment tracker



Source: Parliamentary Budget Office.

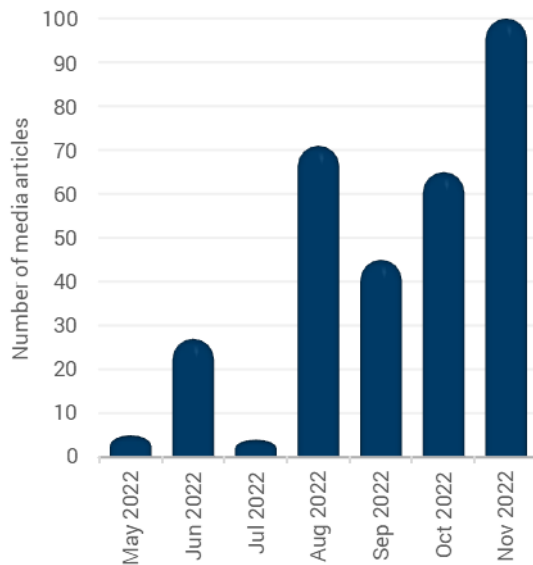
Public engagement with it was one of the main reasons for visiting our website.

The media relied on our tracker throughout the election period. We established arrangements to embed it into media outlets' websites or provide its underlying data. Based on feedback from journalists, it was a trusted source for reporting on election commitments, and they referred to it regularly in media articles.

PBO mentions

The media referred to our publicly-released work in 317 unique media articles during this election period.

PBO mentions in the media



Source: Parliamentary Budget Office.

We observed peaks in media coverage following our publication in August 2022 of our analysis of the Suburban Rail Loop project, and as we updated our election commitment tracker leading up to the election.

Members of parliament mentioned us 38 times in parliament in this election costing period.

Our analysis of the Suburban Rail Loop project was mentioned 14 times by 8 different speakers. Our comparison of government asset investment in metropolitan versus regional Victoria was mentioned on 10 occasions by 10 different speakers.

This indicates a high level of impact from our work in parliament and the community.

Operations

In this section

This section summarises the staffing and operating costs of the Parliamentary Budget Office during the election period.

Funding

Since 2018, the government has appropriated \$3.3 million for our operations each year.

In December 2021, the government advised us that it would provide \$0.9 million in additional funding for 2022–23 to support our election services.

The election costing period commenced in May 2022, and we began preparing for the peak demand of this period earlier in 2021–22.

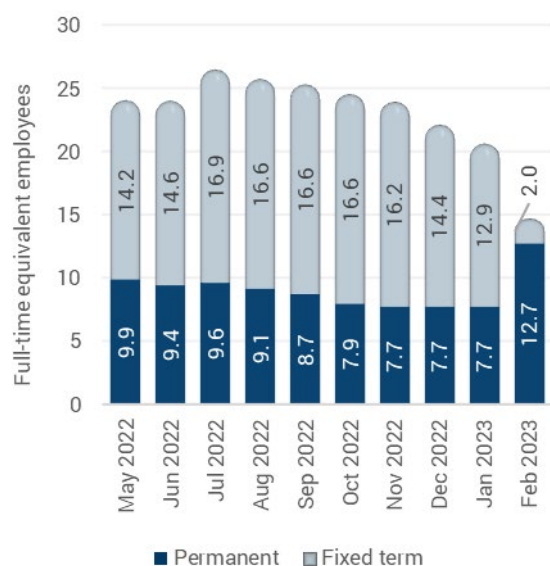
To better align our funding profile requirement, in August 2022, the Treasurer approved a bring forward of \$0.35 million to support preparation and delivery of election services in 2021–22.

Staffing

We averaged:

- 24.9 full time equivalent staff during the election costing period – May 2022 to November 2022
- 24.1 full time equivalent staff during the election period – May 2022 to January 2023.

Resource profile



Source: Parliamentary Budget Office.

As the 2022 election period coincided with a period of strong competition for talent and funding challenges, we recruited a higher number of staff than originally planned, and later than originally planned. We peaked at 26.5 FTE employees in July 2022, including 16.9 fixed term employees.

We expected and realised staff turnover throughout the election period, but maintained sufficient resources to deliver our services.

Consultants

We did not engage consultants as full-time equivalent staff to undertake general costing and advice duties.

We did engage 2 consultancies on an output basis to draw on global industry expertise as alternative data sources to the public sector for transport and construction costings.

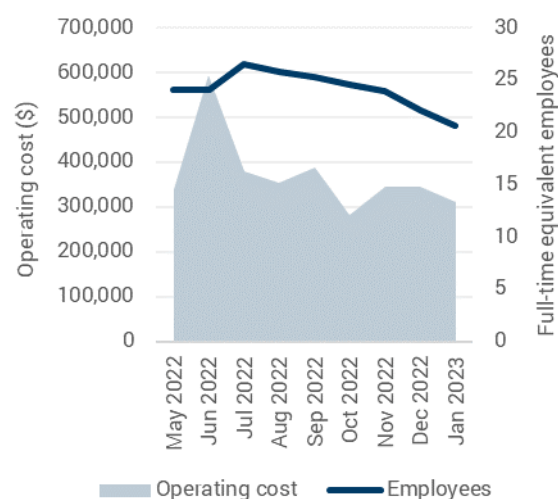
Over the 2022 election period, we spent \$94,665 on consultants to provide technical input into our models, costings and advice.

Operating costs

Our operating costs were:

- \$2.7 million during the election costing period – May 2022 to November 2022
- \$3.3 million during the election period – May 2022 to January 2023.

Monthly PBO operating costs



Source: Parliamentary Budget Office.

Of this, 90% related to people costs with the remaining 10% spent on corporate overheads including rent, information technology, finance and other office costs.

Significant matters

In this section

This section discusses significant matters we encountered for Public Accounts and Estimates Committee and impacted stakeholder consideration.

Where relevant, we summarise and update preceding discussions in the:

- [2018 Report of PBO Operations](#)
- [Independent Fiscal Institutions Review of the Victorian Parliamentary Budget Office](#) in 2019 by the Organisation for Economic Cooperation and Development (OECD)
- [Inquiry into the Parliamentary Budget Officer](#) by the Public Accounts and Estimates Committee (PAEC) in 2021.

Attachment D lists the recommendations in these reports and government responses.

The PBO should be the sole provider of election costing services

Context

Prior to our establishment in 2018, members of parliament could have election policies costed by the Department of Treasury and Finance. Political parties were reluctant to use its service, perceiving it to serve the government of the day. In February 2016, in recommending the Parliamentary Budget Officer Bill to parliament, the Treasurer stated:

‘An effective and independent PBO supports open and democratic government by levelling the playing field in relation to financial expertise between government and the opposition, minor parties and independent MPs.’

Since 2018, all members of parliament and all political party leaders have access to our independent services. However, under guidelines for caretaker conventions issued by the Department of Premier and Cabinet since our establishment, the Department of Treasury and Finance has continued to offer a parallel election policy costing service.

Issue

The Department of Treasury and Finance parallel election costing service creates a pathway for the incumbent political party to leverage the advantage of the department’s ownership of the budget.

The reluctance of other political parties to use the Department of Treasury and Finance service is well established. This is driven by their perceptions about its independence from the government of the day.

Combined with unchecked poor information supply and no link to the budget process for our election costing service, the opportunity for political advantage is amplified.

Analysis

In contrast to the Parliamentary Budget Office, there is no legislation requiring the Department of Treasury and Finance to perform election costing services.

The Guidelines on Caretaker Conventions, issued by the Department of Premier and Cabinet provides guidance on handling government business during an election period.

Caretaker conventions for election costings

- 2.73. The PBO is empowered to perform policy costings under the Parliamentary Budget Officer Act 2017. Relevant parliamentary leaders may request the PBO to prepare a costing of an election policy. The relevant period within which requests of the PBO may be made is set out in Part 3 of that Act.
- 2.74. It remains open for government and non-government political parties (including independent MPs and candidates) to seek costings of their own election policies from DTF. DTF will undertake the costings in conjunction with relevant Departments, provided any assumptions necessary for the costings are identified for the Departments or do not require Departments to undertake extensive policy research. After an election policy is costed, DTF will advise the relevant party of the costing, and publish the costing and material assumptions used in its preparation on its website.

Source: Department of Premier and Cabinet.

By convention that was established prior to our commencement, the Department of Premier and Cabinet continues to offer a parallel election costing service through the Department of Treasury and Finance, but does not state the reasons why.

In the 2018 and 2022 elections, 10 political parties used our election costing services, and only the incumbent political party used the Department of Treasury and Finance service.

Victorian political parties advised us that they saw the Department of Treasury and Finance election costing service as:

- confusing to Victorians
- non-independent
- not necessary or appropriate
- misleading and undermined us as an independent body.

Appendix C – Political party feedback shows letter of feedback from the Liberals and Nationals, and the Victorian Greens.

The Guidelines on Caretaker Conventions also states a principle on maintaining an apolitical public sector, and the importance of being seen to be apolitical.

Caretaker conventions for maintaining an apolitical public sector

- 2.20. The public sector must avoid involvement in political activities in the course of their work, including during the caretaker period.
- 2.21. However, it is particularly important for the public sector to be, and be seen to be, apolitical during the caretaker period to:
- ensure controversies about the role of the public sector do not distract from the substantive issues of the election campaign; and
 - protect the reputation of the public sector and ensure the public sector remains trusted by the incoming government.

Source: Department of Premier and Cabinet.

Central to the conventions' principle for the public sector to remain apolitical during the caretaker period, is the that it is trusted by the incoming government. At the time of election costings, the incoming government is unknown.

Progress

In the 2018 Report of PBO operations, we recommend that: *[4] To avoid multiple versions of election policy costing information being in the public domain, the Parliamentary Budget Officer Act 2017 (Vic) is amended to restrict the public sector from releasing election policy costings.*

The 2019 OECD review recommended: *[3] In line with the goal of levelling the playing field between the government of the day and political parties seeking to form government, and to underpin the role of the PBO as an independent and non-partisan assessor, the PBO should be the sole provider of election costings for all parties.*

The government has not supported either recommendation.

The Officer wrote to the Premier on 10 February 2022 offering to provide election costing services for Victorian Labor. However, the Premier did not take up this offer.

Conclusion

The opportunity for political advantage created by the existence of the Department of Treasury and Finance parallel election costing service is at the expense of the value to Victorians of a single independent service that costs election policies on a comparable basis.

It also raises questions about adherence to the caretaker convention principle of the public sector being seen to be apolitical during caretaker period.

Clearly there is a longstanding and well-documented perception that the Department of Treasury and Finance election costing service isn't independent, that has been left unaddressed for some time.

Put simply, it is not possible for the public sector 'to protect its reputation and ensure that it remains trusted by the incoming government' and continue to offer a parallel election costing service during an election period.

This is not to call into question in any way the actual independence of the public sector during the caretaker period. But it is seen to be by political parties that may form government.

The Parliamentary Budget Office should be the sole provider of election costing services for all political parties.

Both the incumbent political party and the public sector can quickly move to resolve the perception of political advantage to resolve this issue. However, legislative reform although not supported by government, should be reconsidered.

Recommendation 1

In the absence of legislative reform to enshrine the Parliamentary Budget Office as the sole provider of election costing services:

- The Secretary of the Department of Premier and Cabinet reviews the caretaker convention guidelines with respect to the impact of offering a parallel election costing service through the Department of Treasury and Finance against the principle of being seen to maintain an apolitical public service.

Major parties could be required to publish pre-election reports

Context

Prior to a general election, political party leaders can communicate to Victorians their election policies and the budget impact of their election platforms by requesting us to prepare election policy costings or a pre-election report and publicly release our responses at a time to suit them. Alternatively, political party leaders can choose alternative sources or choose not to release costings at all.

Within 2 months after a general election we are legislatively required to publicly release a suite of post-election reports – an independent assessment of the financial impact on the latest budget update of each political parties' publicly-announced policies.

Issue

Undertaking our independent assessment of political parties election platforms within 2 months after each general election is of:

- less value to Victorians than if it were available prior to a general election to inform their voting choices
- limited value in relation to the election platform of the major political party under the 2-party preferred voting system that was not successful in forming government
- generally utilises a different budget baseline than the budget baseline on which the election commitments were made, reducing the relevance of our independent assessments
- creates additional cost for us to prepare pre-election and post-election reports.

Analysis

Although not mandated, major political parties in Victoria generally release costings of their election platforms prior to the general election.

The New South Wales Parliamentary Budget Office (NSW PBO) publishes a full budget impact statement for each political party leader prior to the election. Under the NSW PBO model:

- political party leaders must have all election policies costed by the NSW PBO, and must confirm by the 5th last day of the election period that the NSW PBO has been notified of all election policies

- The NSW PBO releases budget impact statements for each party on the 5th last day prior to the election, including the total financial impact of those policies (against key financial indicators from the latest budget or budget update)
- The NSW PBO does not prepare a post-election report.

In Victoria, pre-polling started on 14 November, and around 2.3 million people (60.1% of voters) voted in the 12 days before election day.

If we were required to prepare only pre-election reports, then our surge funding requirement to deliver election services would be reduced in the order of 25%, as we would not require additional fix-term employees from the December to February after each general election.

Conclusion

Legislative change which requires major political parties to provide us with their election policies and for mandatory publicly release of our pre-election reports would be beneficial to Victorians, streamline the existing approach, and reduce our cost of election services.

While the NSW PBO model is effective in ensuring that political parties publish comparable pre-election reports, requiring the timing for public release earlier than 5 days prior to polling day in Victoria would maximise its value to early voters.

The PBO needs budget independence from government

Context

The government has fixed the Parliamentary Budget Officer's base appropriation at \$3.3 million per annum since commencement in 2017–18.

The officer uses this funding largely for analysts to perform policy costings and advice. Around 90% of appropriation is utilised for salary and on-costs, and around 10% for corporate costs such as rent and IT.

The government has provided additional appropriation for us to deliver election services in 2018 and 2022, however not with the timing or the amounts that we require.

Issue

As an independent office of parliament, Parliamentary Budget Office funding should be a matter for parliament.

Fixed funding since 2017–18 continues to constrain PBO functions and perpetuates the strategic issue of parliament's financial independence from government. Because the operating budget is a fixed annual amount and operating costs increase each year, the ongoing capacity of the office is eroded each year. This is directly linked to government decisions relating to the PBO.

By determining PBO funding outside of oversight by PAEC, the government is:

- applying or could be perceived as applying political pressure to PBO resources
- directing the PBO on when it can surge resources for a general election
- requiring the PBO to alter its resourcing strategy from building permanent resource capability to use of temporary resources
- negatively impacting service quality, client satisfaction and our ability to comply with the legislative requirements.

The October 2022 report *Budget independence for Victoria's independent officers of parliament* by the Victorian Ombudsman, IBAC and VAGO recommend the Victorian Government works to establish an Independent Commission or Tribunal under legislation to support transparent, accountable and evidence-based decision-making in relation to the resourcing arrangements for the three Independent Officers.

Analysis

Increasing cost of operations against fixed funding constraint

Since inception of the office, we have needed to absorb increases to our base appropriation for 5 years:

- under successive enterprise agreements, the Officer has funded salary increases of 12.4%, as well as one-off payments that equate to around 1.5% of salary costs

- under changes to superannuation legislation, the Officer has funded a 1% increase in the compulsory superannuation rate.

To better reflect our governance arrangements, we have needed to establish the office as a separate legal entity. We have needed to absorb the cost of transition, as well as increased operating costs because of:

- establishing the office as a separate legal entity from 1 July 2020 has added to the Officer's cost base by around \$111,000 in 2022–23
- these costs will increase to reflect salary growth and market forces.

Lack of parliamentary funding process

Although the Public Accounts and Estimates Committee is legislatively accountable to review the office's draft funding proposal, there is little point in practice for it to do so. Since inception, the Officer has not received feedback on draft budgets from the Public Accounts and Estimates Committee.

In the absence of a process for funding parliamentary offices, our funding is reviewed through the Department of Treasury and Finance budget process. This limits our financial independence from the government of the day.

Surge funding in election years

Additional operational funding is required for surge resourcing to meet peak workload demands during election periods.

The 2021 PAEC inquiry recommended: *[14] the Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to provide for surge funding in the financial years prior to and including an election, to allow the Parliamentary Budget Office to appropriately plan for an election costing period.*

The government supported this recommendation in principle, stating it would address surge funding through the annual budget process.

At the 2022 election, the government provided \$0.9 million in additional surge funding in 2022–23, equivalent to a 28 per cent increase in annual funding. This followed a similar decision the government made in the lead up to the 2018 State Election to provide the PBO with surge funding of \$0.74 million in 2018–19.

The Officer wrote to the Treasurer on 14 September 2021 to bring forward \$0.35 million approved for 2022–23 into 2021–22. On 26 November 2021, the PBO received a letter from the Treasurer approving the request.

Use of fixed term employees

From 2019–20, the Officer adjusted the resourcing strategy from building permanent resource capability to using fixed term contracts. This is not in line with the officer's resourcing strategy and has follow-on impacts in building niche specialist resource capability. In the short term, this has enabled us to manage within our approved budget, albeit with diminishing analyst numbers.

During the 2022 election, most PBO staff were fixed term employees. In October, November and December, around two-thirds of staff were secondees and other fixed term staff.

Impact of current funding approach

As a result of delays in the Treasurer's approval of surge funding for the general election, the staffing profile planned, and the actual staffing profile differed significantly.

Due to fixed funding constraints since inception, the Officer recruited 9 fixed-term analysts rather than permanent employees between March 2021 and July 2021. At the time of recruitment, the Officer did not have surge funding approved to deliver election services, so put in place fixed-term contracts to 24 December 2021, with an expectation that timely approval of surge funding would occur to extend these contracts to the end of the election period. This resourcing strategy would have resulted in lower costs to deliver election services, and more highly-trained analysts.

However, the Officer did not receive Treasurer approval for surge funding for the 2022 general election aligned to the funding profile requested until around 3.5 weeks prior to the 24 December 2021. Consequently, without employment certainty, 5 out of the 9 analysts secured other roles. This meant that the Officer commenced 2022 with an unplanned shortfall in resources, at a time when competition for talent was high. The Officer needed to undertake 6 rounds of recruitment to secure enough staff to complete election services by July 2022.

Progress

The 2018 Report of Operations recommended: *[6] To increase independence, the Parliamentary Budget Officer Act 2017 (Vic) is amended to determine Parliamentary Budget Office funding in consultation with the Public Accounts and Estimates Committee, is indexed annually to maintain resource capacity for the ongoing delivery of services to members of parliament, with additional funding provided in an election year.*

The 2021 PAEC Inquiry recommended: *[13] the Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to provide for greater financial independence.* The government did not accept this recommendation, stating:

'the PBO is funded through the annual Parliamentary appropriation Act, and therefore has the same degree of financial independence as other departments of the Parliament. The Constitution Act 1975 provides that all appropriation Bills must be introduced to Parliament by the Executive Government, as it requires the introduction of such Bills to be preceded by a Governor's Message, and only the executive Government of the day is empowered to provide formal advice to the Governor in this respect.'

Conclusion

The only method by which we can absorb required increases in operating costs within a fixed funding constraint is to reduce the number of our staff available to prepare costings and advice. This level of government control of our finances is counter to the concept of separation between the executive and parliament.

The government's response to the 2021 inquiry that the Parliamentary Budget Office 'has the same degree of financial independence as other departments of the Parliament' only acknowledges that it is as equally constrained as other integrity offices, who have sought to put forward discussion papers on greater financial independence after raising this issue individually for some time.

The government's response to the 2021 inquiry also fails to recognise that although only the executive government can provide formal advice to the governor in respect of the governor's message when introducing a bill, in contrast to providing its own advice, it could equally provide the advice of a separate parliamentary committee charged with setting budgets for parliamentary offices. Taking the latter approach would have the advantage of maintaining separation between the executive and parliament.

The Parliamentary Budget Officer supports the findings and recommendations of the Ombudsman, IBAC and VAGO in the combined report *Budget independence for Victoria's independent officers of parliament*, to establish a separate independent officers committee for setting budgets for integrity offices.

Recommendation 2

To establish greater financial independence consistently between parliament and the executive, the government commences work as recommended by the integrity officers' joint October 2022 report to:

- establish an Independent Commission/Tribunal under legislation to 'support transparent, accountable and evidence-based decision-making in relation to the resourcing arrangements for Independent Officers'
- broaden its scope to include the role and functions of the independent Parliamentary Budget Officer.

The government should clarify its statement of intent

Context

Authoritative and timely services require timely, useful and complete responses to our requests for public sector information as well as government support for the statutory functions of the office.

In August 2018, the Special Minister of State signed a [statement of intent](#) to support the Officer in the 'performance of the office's statutory functions and the sharing of information' from the public sector.

With the retirement of the Special Minister of State, in March 2020, the Treasurer took on legislative responsibility for the Act.

Issue

There appears to be a disconnect between the:

- Treasurer's 2016 speech recommending the bill to parliament, in which he outlined his intent for the PBO to support open and democratic government by levelling the playing field between government and the opposition, minor parties and independent members
- Officer's information gathering powers legislated by the Act in 2017
- Victorian Government's signed 2018 letter of strategic intent to support the Officer in the 'performance of the office's statutory functions and the sharing of information'

- Victorian Government's response to the 2021 PAEC inquiry in relation to Recommendation 9 which infers that the priority of the public sector is firstly to the executive, and then subsequently to information sharing in support of the Act's goal of 'levelling the playing field' across political parties
- the overall poor level of compliance and sharing of information by the public sector since 2018.

Conclusion

With the Parliamentary Budget Office operating for around 5 years, and with the benefit of legislative review and practical experience, it is timely for the government to clearly re-articulate its intent around information sharing. This should recognise the important relationship between public sector information supply and the authority and timeliness of our work in achieving our legislated objectives.

The Officer will continue to work within the authorising environment established by the Act. Until the conflict between the Act, the government's stated intent and the performance of the public sector in responding to our requests for information, it is likely that the negative consequences to authoritative and timely responses to members of parliament will continue, particularly our ability to support our objective of parliamentary debate.

Recommendation 3

In the absence of legislative reform, to set the context to improve information supply, the Treasurer prepares a new statement of intent which clarifies government support to the Parliamentary Budget Officer in the performance of the statutory functions of the office and the sharing of information from the public sector.

The PBO requires a link to the budget process

Context

We prepare policy costings using the most recently published Victorian budget or budget update.

The Victorian Government and the Department of Treasury and Finance released 2 budget updates during the 2022 election costing period compared with 3 during the 2018 election costing period. Unlike the 2018 election costing period, during the 2022 election costing period there was:

- no Half-Year Budget Update
- a Victorian Economic and Fiscal Update.

Issue

We are required to deliver authoritative and timely costing services using the latest budget or budget update as our baseline, but have no link to the budget. Our access to budget information is reliant on the information supply performance of the Department of Treasury and Finance.

Analysis

We prepare publicly-announced policy costings prior to an election knowing that we will need to re-prepare them for budget updates, due to:

- relatively short timeframe to complete post-election reporting
- lead times experienced in obtaining information from the public sector
- timing for post-election report preparation encompassing the holiday period.

We prepared 191 publicly-announced policy costing responses in anticipation of the 2022 Half-Year Budget Update, as it was not provided advanced official notice that this update would not be released.

Had the Victorian Government released a 2022 Half-Year Budget Update, we would have updated an additional 168 costing responses.

We recognise that removal of the Half-Year Budget Update in an election year is a material improvement, however we did not receive the full benefit due to the timing of advice that it would not be published.

The Victorian Economic and Fiscal Update did not constitute an official budget update, however it closely resembled one. As we are not tied into the budget process, we began preparing costings to reflect this as a baseline and completed 20 before receiving notice that this was not a budget update.

Progress

The 2018 Report of Operations recommended: [3] *To remove impacts to the PBO and the wider public sector, the Public Accounts and Estimates Committee investigates options to remove inefficiencies associated with multiple budget updates during an election year, prior to the next state general election.*

The 2019 OECD review recommended: [2] *Consideration should be given to expanding the PBO's mandate to include independent oversight functions relating to the budget process.*

Conclusion

Without a link to the budget process, we are required to deliver authoritative and timely costing services but only obtain updated budget information on the same day and in the same form as the public, and after the media.

We identify or are advised of changes to approaches and timings to budget processes late in the process, or when they are publicly released. This has a strongly negative impact when we are preparing election costings during peak election periods.

This challenge is amplified by the quality of the Department of Treasury and Finance responses to our information requests, and refusal to provide us with documents that we request for reasons not in compliance with the Act.

Recommendation 4

To create a link to the budget process, the Treasurer incorporates arrangements to share confidential budget information with Parliamentary Budget Office in a new statement of intent.

The government should improve visibility of budget contingency

Context

Governments commonly set aside budgeted contingency reserves to be used in the event of emergency or unexpected cost pressures. However, the Victorian budget uses contingency reserves for a broader range of purposes.

There are 2 types of contingencies – funding not allocated to specific purpose and decisions made but not yet allocated.

Both types of contingencies exist for output and assets, making a total of 4 contingency allocations.

Types of budget contingencies in the Victorian budget

Type	Description	Visibility	Our approach to contingencies in a general election
Funding not allocated to specific purposes	Funding set aside for future government decisions	The budget publishes this contingency in total over the budget and forward estimates.	Political party leaders can use some or all of this type of contingency to offset election policies in their pre-election reports. We deduct the amount nominated when we calculate the total impact of the election platform on net debt. Without advice from the Department of Treasury and Finance, we are unable to estimate the budget contingency beyond what is published in the budget.
Decisions made but not yet allocated	Funding already earmarked for specific projects and expenditure, but not yet allocated to departments	The budget provides no information about this contingency other than the total amount over the budget and forward estimates.	If a political party has a policy to cancel a project which is funded through this contingency, we approximate the value in the contingency reserve using publicly available information or alternative data sources.

Source: Parliamentary Budget Office.

The 2022 Pre-Election Budget Update published aggregate contingency provisions to 2025–26. This is sufficient for the ‘funding not allocated to specific purpose’ contingencies as our approach is to allow parties to fully draw down on these.

Budgets and budget updates do not include information about which government policies are included in the ‘decisions made but not yet allocated’ contingencies. This means parties, other than the incumbent political party, do not have access to information about which projects are funded through these contingencies.

Victorian Labor’s Labor Financial Statement – released on 18 November 2022, 8 days prior to the election – included a draw down on the output and asset ‘funding not allocated to specific purposes’ contingencies in 2026–27.

We subsequently requested and received Department of Treasury and Finance’s estimates for funds available in those contingencies in 2026–27. The late timing affected parties’ ability to plan for the fiscal impacts to their election platforms.

Issue

Our ability to provide authoritative and timely election costing services in relation to the use of budget contingencies is negatively impacted by having no link to the budget process.

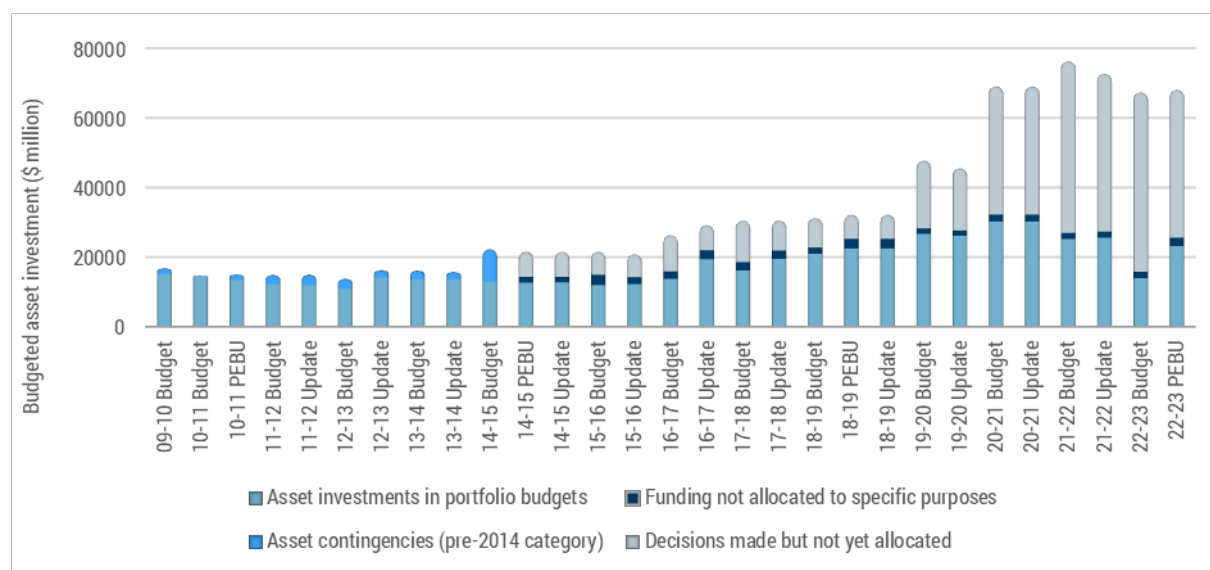
Political parties, other than the incumbent, have limited access to information about contingencies. This can affect how parties construct their election platforms to achieve desired fiscal objectives.

The increased use of contingencies, which are inherently opaque, negatively impacts on the transparency of the budget and how accessible it is to even an informed reader.

Analysis

The total funding allocated to the asset contingencies has significantly increased over the forward estimates, for each budget and budget update over the last 10 years. This means the impact of this issue is larger than it has been in the past.

Asset investment and contingencies over past Victorian budgets



Source: Parliamentary Budget Office.

The contingencies hold large and increasing funding amounts over the budget year and forward estimates.

In the 2022 Pre-Election Budget Update the asset contingencies held a total of \$44.9 billion.

Conclusion

Itemised budgeted expenditures cannot always be published where information may involve commercial sensitivities with companies involved in project planning, construction and operation. However, it is not transparent to hold large amounts in contingencies with no indication of which projects the funding is for.

Recommendation 5

To improve transparency of budget contingencies, the Treasurer:

- provides unrestricted access for the PBO to all projects and funding in all contingencies on a confidential basis
- publishes a list of projects where funding is held in the contingency reserve 'Decisions made but not yet allocated' in each budget and budget update.

The Department of Treasury and Finance publishes estimates for each contingency in the year beyond the budget forward estimates period in pre-election budget updates.

The government should publish indicative escalation rates

Context

Escalation rates measure and forecast changes in the prices of infrastructure construction over time. These rates materially impact cost estimates for infrastructure projects, especially over longer construction periods. We use standard escalation rates as inputs to cost infrastructure policies.

Specific escalation rates used in budget initiatives vary depending on factors such as construction demand, geographic location, inflation, materials and resource supply, international and domestic events, and the timing of rate preparation.

Generally, the Victorian Government does not publicly disclose indicative or project specific escalation rates.

Issue

In the absence of government estimates, we have invested in estimating a set of indicative escalation rates for our costing purposes. However, these are not necessarily consistent rates used for budget initiatives across the Victorian public sector. This means our estimates for a project using escalation rates will necessarily be different to the same project if costed by the Department of Treasury and Finance.

This issue is representative of the wider strategic challenge we face without a link to the budget process.

Analysis

Since our inception, we have regularly sought specific escalation rates used in individual business cases from public sector bodies, and how they were estimated. However, public sector bodies have mostly declined our requests citing commercial-in-confidence reasons, in compliance with the Act.

After the release of the 2018 Pre-Election Budget Update, the Department of Treasury and Finance responded to our information request with a set of standard indicative escalation rates. The Office of Projects Victoria – an administrative office within the Department of Treasury and Finance – prepared them and deemed them appropriate for use in election policy costings. However, the Department of Treasury and Finance advised us that they did not maintain these on an ongoing basis.

In 2022, the Office of Projects Victoria advised us that it would not produce indicative escalation rates ahead of the 2022 Victorian general election, as it had done in 2018.

Since the 2018 election, we have used 2 kinds of escalation rates.

- For most costings, we used the indicative escalation rates provided to us in 2018, adjusted for actual data from the Australian Bureau of Statistics.

- For a small number of costings, we used a specific escalation rate where one of the few provided by a public sector body was a suitable match for the policy in question.

As the 2018 indicative escalation rates became more out of date, they became less useful and would negatively impact the authority of our estimates. While the few specific escalation rates provided by public sector bodies are more up to date, they are not broadly applicable.

We therefore sought an alternative data source for indicative up-to-date escalation rates. We engaged with a global infrastructure consultancy to estimate standard escalation rates for Victoria as inputs to our construction costing models in preparation for the 2022 general election.

Conclusion

The Department of Treasury and Finance should maintain a set of indicative escalation rates to be used in budget initiatives, where the project is insufficiently progressed to have a specific rate.

Publishing these rates would mean that PBO and public sector costings would be prepared on a similar basis.

Recommendation 6

To improve the consistency of early-stage cost estimates for budget initiatives or costings involving infrastructure or construction, the Department of Treasury and Finance publishes a suite of standard construction escalation rates yearly.

The PBO will critically assess policies with specified funding

Context

Political parties can announce policies that specify a funding amount towards a policy objective, rather than necessarily committing to achieving the policy objective itself.

A government can fully control its investment for some policies – for example, a grant program with specified funding would limit the size of grants or the number of grants issued.

These types of policies present limited risk to the certainty of the future budget position as they are generally more componentised, and costs can be managed to the funding specified.

However, for some policies a government is less able to control its investment – for example in the construction of public infrastructure which is less easily componentised.

These projects tend to operate over longer horizons and include more risk of cost overrun. While a government may be able to rationalise the design of an asset to moderate this risk, the design of these projects tend to be locked in before all cost risks are realised or avoided.

This means using specified funding for these kinds of projects increases the uncertainty of the future budget position.

In our individual policy costing responses that include specified funding, we state that the financial implications of the policy are certain as they relate to specified funding.

This also means that we make no judgement as to the efficacy of the funding specified to achieve the desired outcomes.

In interpreting our estimates using policies with specified funding, it is important to assess the:

- suitability of using specified funding, and therefore the level of uncertainty in the estimate
- the ability of the funding amount specified to achieve the policy objective stated.

Issue

We currently cost policies with specified funding by accepting the specified amounts at face value.

Our experience is that this can lead to unacceptable levels of uncertainty due to the potential for members of parliament to use a specification to engineer a specific budget assessment.

Conclusion

Moving forward, we will form a judgement on whether it is reasonable to specify funding for a particular policy. We will publish a taxonomy of specified funding costings on our website to provide greater transparency for parties and the public about our costings of policies with specified funding. This will reduce budget estimate uncertainty.

We will reflect this change in future protocols with sufficient notice to political party leaders and other members of parliament.

The PBO needs a mandate to prepare reports of its own volition

Context

One of our objectives is to inform policy development and public debate in Parliament and the Victorian community.

The OECD advocates that independent fiscal institutions, such as the Parliamentary Budget Office, should have the scope to produce reports and analysis at their own initiative. However, the Act does not provide us with a mandate to publish self-initiated research.

The Victorian Parliamentary Budget Office operates as the only permanent independent fiscal institution in the world that does not have this mandate.

Issue

Without a mandate to prepare reports of our own volition, we have experienced a reduced capacity to provide balanced and fair advice due to being constrained through the scope of client requests.

Analysis

We have now experienced a number of advice requests, where the client response to review of our confidential preliminary working draft advice is to request a change in scope. This can have the effect of removing sections of our advice that is unpalatable to a political objective.

Progress

The 2019 OECD Review recommended: [1] *To strengthen its independence and align with international norms, the PBO's legislation should clearly include provisions for it to undertake, and publish, work at its own initiative. Amending the Act so that it specifically includes provisions for the PBO to undertake work at its own initiative would support the PBO in delivering its stated objective of informing policy development and public and parliamentary debate.*

The PAEC Inquiry also recommended: [2] *The Parliament consider whether it is appropriate to amend the Parliamentary Budget Officer Act 2017 (Vic) to provide a mandate for the Parliamentary Budget Officer to publish self-initiated research.*

The government did not support this recommendation, stating: *The Government's policy position when the Parliamentary Budget Officer Act 2017 (Vic) was developed was that PBO's role should be confined to responding to requests from members, and that the Parliamentary Budget Officer would not be empowered to undertake self-initiated work. Subsequent advice from the Solicitor-General has confirmed that this policy position is enacted in the PBO Act. The Government's policy position on this issue is unchanged.*

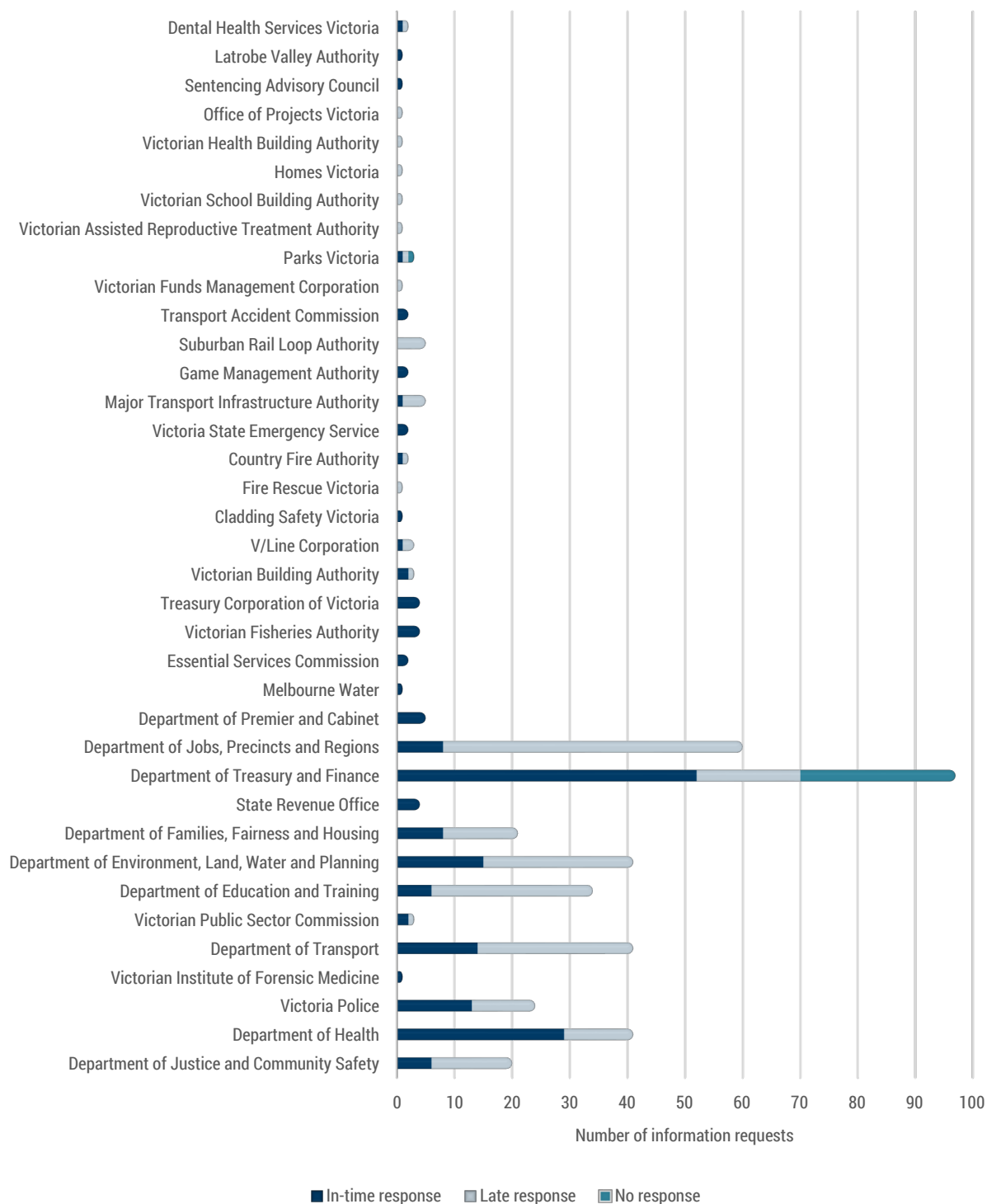
Conclusion

Excluding the preparation of self-initiated reports from our functions misaligns with:

- the OECD principle that IFIs should have the scope to produce reports and analysis at their own initiative
- our legislated objective to inform policy development and public debate in Parliament and the Victorian community.

Attachment A– Public sector performance

This section details the number of in-time, late and no responses by public sector body for this election.



Source: Parliamentary Budget Office.

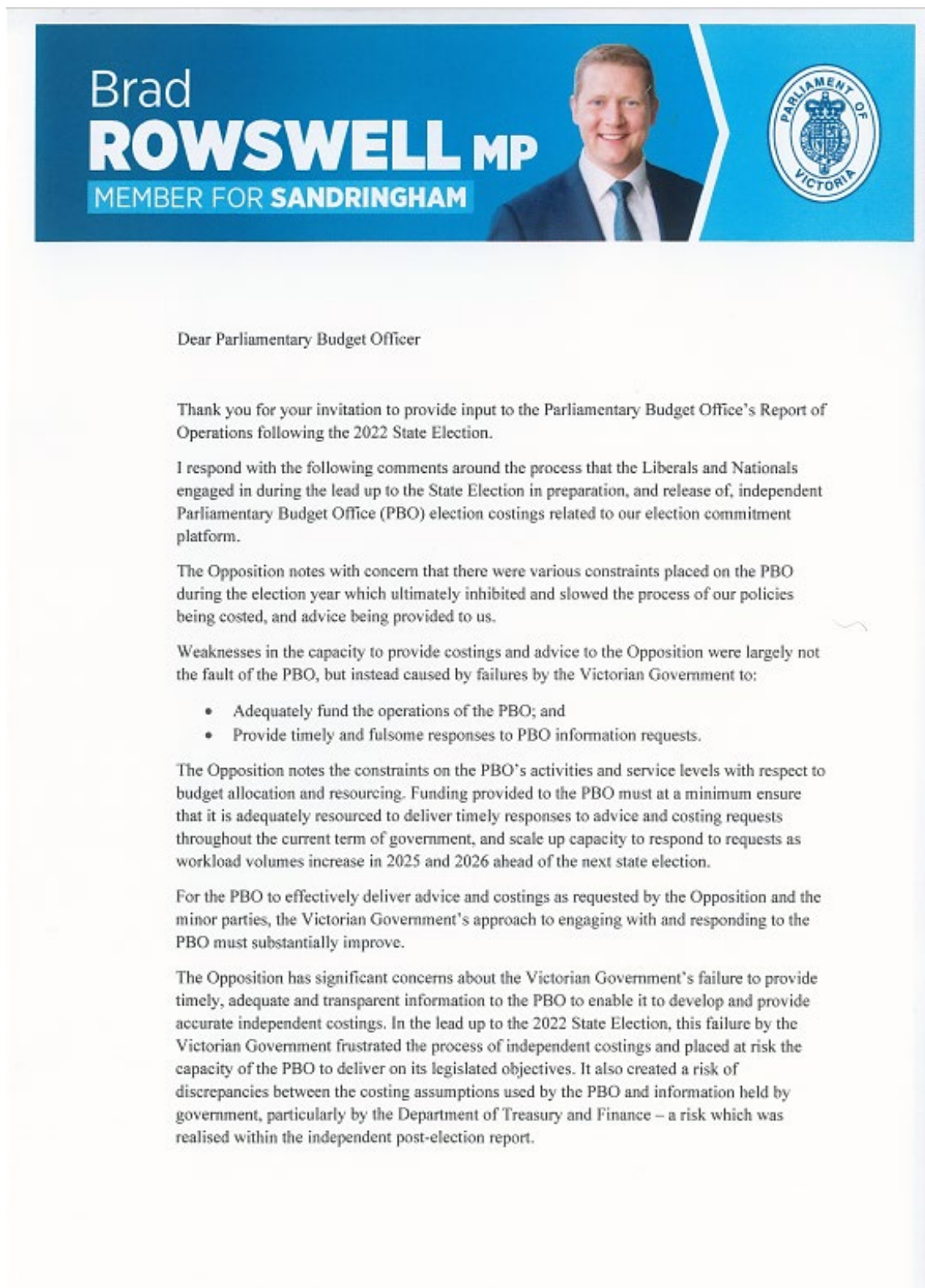
Attachment B – Legislative compliance

This section lists the legislative requirements of the *Parliamentary Budget Officer Act 2017* (Vic) for the content of this report of operations, and the section within this report that acquits that requirement.

Reporting requirement	Page in this report	Section of the Act
Cost of operations	14	s 27(1)(a)
Number of staff employed or engaged	13	s 27(1)(b)
Number of consultants engaged	14	s 27(1)(c)
Number of election policy costing requests received	4	s 27(1)(d)
Number of election policy costings prepared	5	s 27(1)(d)
Number of pre-election reports prepared	6	s 27(1)(e)
Significant issues or problems encountered in dealing with election policy costing requests or preparing election policy costings or pre-election reports	16	s 27(1)(f)
Each statement publicly released in accordance with a request under ss 38(2) or 40(2)	7	s 27(1)(g)
Number of times the PBO decided under s 37(5) to stop preparing an election policy costing (excluding decisions for which a statement was released under s 38)	7	s 27(1)(h)(i)
Number of times the PBO decided under s 39(7) to stop preparing a pre-election report (excluding decisions for which a statement was released under s 40)	7	s 27(1)(h)(ii)
Number of times the PBO decided under s 43(2)(a), to defer the exercise of a function under ss 45 or 47 in relation to the election costing period	7	s 27(1)(h)(iii)
Number of times the PBO decided under s 43(2)(b), to decline the exercise of a function under ss 45 or 47 in relation to the election costing period	7	s 27(1)(h)(iv)
Any recommendations for the future operations of the PBO	35	s 27(1)(i)
Any other information that the PBO considers appropriate		s 27(1)(j)
We confirm that this report does not include any information that enables the identification of a parliamentary leader or member of parliament or the nature of a request as it pertains to required disclosures in s 27(1)(h)(i)-(iv)		s 27(2)

Attachment C – Political party feedback

This section displays political party feedback on the 2022 election period, and significant matters that they identified in relation to the 2022 general election.



Last year, there was a significant imbalance between the capacity of the Government and Opposition to present Victorians with a clear outlook of what Victoria's financial position would look like as a result of policies announced in the lead up to the election. Given the PBO's lack of legislative power to compel government to provide information, it is essential that work is undertaken to significantly improve the accountability and transparency of government in providing information requested of it. This should include significantly improved access for the PBO to Victorian Government financial and budget information in order to provide a more even playing field for the Opposition in understanding the financial capacity of the state, and the impact of any proposed election policies on the state's financial position.

The Opposition also has concerns about the continued presence of the non-independent Department of Treasury and Finance (DTF) as an alternative organisation providing election costings. Given the legislated role of the PBO to undertake independent election costings for all political parties, this alternative costing option put forward by DTF is not necessary or appropriate. The suggestion by the Victorian Government during the 2022 election period that DTF was in a position to provide independent costings of equal or better standing than the PBO was misleading and undermined the independent body.

Unless critically important issues related to the PBO's resourcing, access to information, and use are not resolved then there is an ongoing prospect that Victorians will be denied a fully independent costing process at future state elections.

Yours sincerely,



Brad Rowsell MP
Shadow Treasurer
Member for Sandringham

22 February 2023

**SAMANTHA RATNAM MLC**

State Member of Parliament for Northern Metropolitan Region

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Anthony Close
Parliamentary Budget Officer
By email: anthony.close@pbo.vic.gov.au

24 January 2023

Dear Anthony,

Thank you for the opportunity to provide some input into the Report of PBO Operations.

The Greens believe that the PBO is an important part of democracy in Victoria. By providing costings and advice outside of election periods they provide useful information to facilitate informed political debate. In election periods their pre- and post-budget reports bring accountability to commitments and help level the playing field for smaller parties.

However a number of things limit the PBO's ability to provide as useful a role as they could.

They should be better resourced. They should have more scope to initiate reports into issues they believe would be a useful contribution to democratic debate on budget issues.

Slow response times from some government departments hamper non-government parties' policy development and exacerbate the differences between treasury and PBO costings - which can lead to confusion in policy debates.

The release of the Pre-Election Budget Update just two weeks before the election created a significant logistical challenge to the Greens, as well as presumably to the PBO itself. The Greens' 2022 election platform contained more than 100 costings, most of which were updated with the PEBU. Simply checking and filing each of the updated costings was a significant amount of work, leaving aside the issues of needing to be consistent in public messaging on the cost of platform commitments.

Finally, having both the Department of Treasury and Finance and the PBO produce costings in the lead-up to an election is confusing for the public. Only the PBO, as an independent body, should be providing these costings.

The Greens would like to thank the PBO for their hard, rigorous and independent work, and hope that changes are made to allow them to better fulfil their role.

Regards,

Samantha Ratnam

Attachment D – Recommendations

This section summarises recommendations we make in this report, and recommendations made across key review documents and the responses of the Victorian Government.

Summary of recommendations

Number	Recommendation	Page	Section
1.	<p>In the absence of legislative reform to enshrine the Parliamentary Budget Office as the sole provider of election costing services:</p> <ul style="list-style-type: none"> The Secretary of the Department of Premier and Cabinet reviews the caretaker convention guidelines with respect to the impact of offering a parallel election costing service through the Department of Treasury and Finance against the principle of being seen to maintain an apolitical public service. 	17	The PBO should be the sole election costing service
2	<p>To establish greater financial independence consistently between parliament and the executive, the government commences work as recommended by the integrity officers' joint October 2022 report to:</p> <ul style="list-style-type: none"> establish an Independent Commission/Tribunal under legislation to 'support transparent, accountable and evidence-based decision-making in relation to the resourcing arrangements for Independent Officers' <p>broaden its scope to include the role and functions of the independent Parliamentary Budget Officer.</p>	21	The PBO needs budget independence from government
3	<p>In the absence of legislative reform, to set the context to improve information supply, the Treasurer prepares a new statement of intent which clarifies government support to the Parliamentary Budget Officer in the performance of the statutory functions of the office and the sharing of information from the public sector.</p>	22	The government should clarify its statement of intent
4	<p>To create a link to the budget process, the Treasurer incorporates arrangements to share confidential budget information with Parliamentary Budget Office in a new statement of intent.</p>	24	The PBO requires a link to the budget process
5	<p>To improve transparency of budget contingencies, the Treasurer:</p>	26	The government should improve the visibility of budget contingencies

Number	Recommendation	Page	Section
	<ul style="list-style-type: none"> provides unrestricted access for the PBO to all projects and funding in all contingencies on a confidential basis publishes a list of projects where funding is held in the contingency reserve 'Decisions made but not yet allocated' in each budget and budget update. <p>The Department of Treasury and Finance publishes estimates for each contingency in the year beyond the budget forward estimates period in pre-election budget updates.</p>		
6	To improve the consistency of early-stage cost estimates for budget initiatives or costings involving infrastructure or construction, the Department of Treasury and Finance publishes a suite of standard construction escalation rates yearly.	27	The government should publish indicative escalation rates