

Public Accounts Committee



LEGISLATIVE
ASSEMBLY

Report on the Parliamentary Budget Office 2023 Post-Election Report



Report 1/58 – November 2023

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The motto of the coat of arms for the state of New South Wales is “Orta recens quam pura nites”. It is written in Latin and means “newly risen, how brightly you shine”.

Contents

Membership _____	ii
Chair’s foreword _____	iii
Findings and recommendations _____	iv
Chapter One – Background _____	1
Chapter Two – Recommendations made by the Parliamentary Budget Officer _____	3
Appendix One – Extracts from Minutes _____	5
Appendix Two – Parliamentary Budget Office 2023 Post-Election Report _____	9

Membership

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Chair's foreword

I am pleased to present the 2023 Post-Election Report of the Parliamentary Budget Office (the Report), which was provided to the Public Accounts Committee in accordance with section 15(3) of the *Parliamentary Budget Officer Act 2010*. This report follows previous reports furnished to the Committee after the State general elections in 2011, 2015 and 2019.

The Parliamentary Budget Office plays an important scrutiny and accountability function in the state's election process, providing independent costing and analysis of election policies to parliamentary leaders. We take pride in being the first Australian jurisdiction to appoint a Parliamentary Budget Officer (PBO), who leads this important and independent function. Since its inception, the PBO has become an integral component of the state elections, offering an added level of confidence to the parliamentarians and voters.

Mr Stephen Bartos was reappointed as the PBO for the 2023 election, after his appointments during the general elections in 2015 and 2019. With his extensive experience, Mr Bartos continued to improve operational efficiency and administration of the Parliamentary Budget Office, collaborating closely with key government agencies and other stakeholders.

To promote broad accessibility and to generate a formal response to the Report's recommendations, the Committee is tabling the 2023 Post-Election Report along with the Committee's comments and recommendation. By doing so, we aim to highlight certain issues and ensure that the Government gives them suitable consideration.

The Committee has considered the Report and had an opportunity to discuss it with Mr Bartos, along with his general experience of providing costings and analysis of policies prior to the 2023 State general election. The Report contains valuable information about the work of the Parliamentary Budget Office and also makes a number of recommendations. We have resolved to provide this report to Parliament for the information of all members and present all recommendations put forth in the Report for the Government's consideration. We thank Mr Bartos and the staff of the Parliamentary Budget Office for their commendable work and dedication.

Jason Yat-Sen Li MP
Chair

Findings and recommendations

Recommendation 1 _____ 3

The Committee recommends that the NSW Government considers and responds to the recommendations made in the Parliamentary Budget Office 2023 Post-Election Report.

Finding 1 _____ 3

The Committee recognises the importance of the recommendations in the PBO 2023 Post-Election Report and will review the Government's response to and any implementation of the recommendations within 12 months of the tabling of this report.

Chapter One – Background

Appointment of the Parliamentary Budget Officer

- 1.1 New South Wales was the first Australian jurisdiction to introduce a Parliamentary Budget Officer (PBO), with the first PBO appointment made prior to the 2011 NSW State general election. In 2013, the Parliament of NSW passed the *Parliamentary Budget Officer Amendment Act 2013*, which made changes to the length of tenure of the PBO and its operational charter.¹
- 1.2 Under the *Parliamentary Budget Officer Act 2010* (the PBO Act), the Presiding Officers of the Parliament of NSW are required to appoint a PBO for each State general election.² The appointment is to take effect as soon as practicable after 1 September, immediately before a general election is due to be held and for a period of around nine months.
- 1.3 Mr Stephen Bartos was appointed as the PBO from 1 September 2022, for the duration of the 2023 State general election.³ Mr Bartos was appointed as the PBO for the 2015 and 2019 State general elections.

Role and responsibilities of the Parliamentary Budget Officer

- 1.4 The PBO provides costings of election policies in response to requests by parliamentary leaders, together with Budget Impact Statements for all costed policies. The PBO is supported by a small team of professionals, including parliamentary staff and, where necessary, consultants.
- 1.5 The PBO is accountable to Parliament, to serve in an apolitical role, requiring adherence to the strictest levels of impartiality, confidentiality and sensitivity.⁴

Role and responsibilities of the Public Accounts Committee

- 1.6 The PBO is accountable to the Parliament of NSW through the Public Accounts Committee (the PAC). Section 15 of the PBO Act provides that the PAC may monitor and review the operations of the PBO and report to Parliament on any matter relating to that Officer.
- 1.7 It also requires the PBO to report to the PAC as soon as practicable after the State general election. The report may include recommendations on operational arrangements and PBO activities to assist in the conduct of future general elections.⁵

¹ *Parliamentary Budget Officer Amendment Act 2013*.

² *Parliamentary Budget Officer Act 2010*, section 6.

³ Parliament of New South Wales, [Parliamentary Budget Office](#), viewed 16 October 2023.

⁴ *Parliamentary Budget Officer Act 2010*, sections 5, 6 and 17.

⁵ *Parliamentary Budget Officer Act 2010*, section 15.

Post-Election Report

- 1.8 The PBO provided the Parliamentary Budget Office 2023 Post-Election Report (the Report) to the PAC on 30 June 2023. An updated report was provided on 17 August 2023, which included additional information on pages 78-82.
- 1.9 On 18 September 2023, the Committee resolved to review the Report and report to the Legislative Assembly on any matters it considered should be brought to the Assembly's attention. The Report is attached at Appendix Two.
- 1.10 The Report stated that the PBO had an exceptionally busy year during its 2022-23 operations, with a record number of proposed policies being costed for both the Government and the Opposition.⁶ Despite the increased workload, the PBO stated that it was able to meet statutory deadlines and deliver high-quality and accurate costings.⁷
- 1.11 The Committee notes that the PBO's costings were generally well-received by parliamentary leaders and departments, although notes that agencies also raised several concerns relating to the accuracy of the PBO's costings.⁸

⁶ Parliamentary Budget Office, 2023 Post-Election Report, June 2023, p 3.

⁷ Parliamentary Budget Office, 2023 Post-Election Report, June 2023, p 3.

⁸ Parliamentary Budget Office, 2023 Post-Election Report, June 2023, pp 61-68.

Chapter Two – Recommendations made by the Parliamentary Budget Officer

Recommendation 1

The Committee recommends that the NSW Government considers and responds to the recommendations made in the Parliamentary Budget Office 2023 Post-Election Report.

Finding 1

The Committee recognises the importance of the recommendations in the PBO 2023 Post-Election Report and will review the Government's response to and any implementation of the recommendations within 12 months of the tabling of this report.

- 2.1 The Parliamentary Budget Office 2023 Post-Election Report (the Report) makes seven recommendations that aim to enhance the operations of future Parliamentary Budget Officers (PBOs). These include that:
- a final list of policies be provided to the PBO earlier and that the PBO publish Budget Impact Statements sooner
 - parliamentary leaders should be required to formally inform the PBO of policy announcements
 - published costings and Budget Impact Statements include an additional financial year to better align costings with the incoming government's first budget
 - the Half-Yearly Review be released by the Treasurer earlier in the year preceding an election
 - stricter timelines be introduced for the public release of the Pre-Election Budget Update after the commencement of the caretaker period
 - confidentiality restrictions between agencies and the PBO be modified to improve the provision of information.⁹
- 2.2 The Report also recommends that the PAC consider whether the PBO should be established on a permanent basis, or at least appointed earlier. It is proposed that spreading the PBO's function over four years would allow for more thorough policy development and enhanced public accountability.¹⁰
- 2.3 The Committee notes these recommendations and the matters raised by the PBO, particularly noting that he has performed the role several times. The

⁹ Parliamentary Budget Office, 2023 Post-Election Report, June 2023, p 5.

¹⁰ Parliamentary Budget Office, 2023 Post-Election Report, June 2023, p 15.

Committee would also like to thank Mr Bartos for his time briefing the Committee on the rationale behind these recommendations.

- 2.4 The Committee notes that several recommendations in the 2023 Post-Election Report were also made in the 2015 and 2019 Post-Election Reports.
- 2.5 The Committee considers that the Government is best placed to review the Report recommendations in consultation with key stakeholders.
- 2.6 The Committee notes that Recommendation 2 of the Report proposes that the PAC consider whether the PBO should be extended or made permanent. The Committee is of the view that if such a change was to be made, it may need to be accompanied by an expanded mandate for the PBO beyond its current remit of providing election policy costings. The Committee encourages the Government to consider this and other options, for example the operation of similar bodies in other jurisdictions.
- 2.7 The Committee recognises that the Report's recommendations relate to the efficient and effective operation and functions of future Parliamentary Budget Offices. As such, the Committee considers it important that it review the Government's response to and any implementation of the recommendations within 12 months of the tabling of this report.
- 2.8 The Committee supports the work of the PBO and considers that there is value to strengthening the role and operation of the PBO for future general elections.

Appendix One – Extracts from Minutes

Minutes of Meeting no. 2

10:02AM, 7 August 2023

Meeting room 1254 and Webex

Members Present:

Mr Jason Yat-Sen Li MP (Chair), Mr Clayton Barr MP (Deputy Chair), Dr David Saliba MP (by Webex), Ms Jenny Leong MP, Mr Michael Regan MP.

Apologies:

Mr Anthony Roberts MP

Officers Present:

Leon Last, Alison Buskens, Ashley Kim, Nicolle Gill, Jennifer Gallagher and Jacqueline Linnane.

Agenda Item

1. Confirmation of minutes – Meeting No. 1

Resolved, on the motion of Ms Leong, seconded by Mr Regan: That the minutes of the meeting of 28 June 2023 be confirmed.

2. ***

3. ***

4. Parliamentary Budget Officer 2023 Post-Election Report

Resolved, on the motion of Mr Barr, seconded by Ms Leong: That the Committee invites the previous Parliamentary Budget Officer to attend a future deliberative meeting to discuss their Post-Election Report 2023.

5. ***

6. ***

7. ***

8. Next meeting

The meeting adjourned at 10:37AM until a time and date to be determined.

Minutes of Meeting no. 3

10:35AM, 18 September 2023

Meeting room 1254

Members Present:

Mr Jason Yat-Sen Li MP (Chair), Mr Clayton Barr MP (Deputy Chair), Mr Anthony Roberts MP, Ms Jenny Leong MP and Mr Michael Regan MP.

Apologies:

Dr David Saliba MP.

Officers Present:

Leon Last, Ashley Kim, Jennifer Gallagher and Nicolle Gill.

Agenda Item

1. Confirmation of minutes

Resolved, on the motion of Mr Regan: That the minutes of the meeting of 7 August 2023 be confirmed.

2. ***

3. ***

4. Parliamentary Budget Officer 2023 Post-Election Report

Resolved, on the motion of Mr Barr: That the Committee review the Parliamentary Budget Office 2023 Post-Election Report and reports on any matters in or connected with the report that the Committee considers should be brought to the notice of the Legislative Assembly.

5. Briefing from the Parliamentary Budget Officer

Professor Stephen Bartos, former Parliamentary Budget Officer was admitted to the meeting at 10:58AM.

Professor Bartos briefed the Committee and discussed the 2023 Post-Election Report.

Mr Bartos left the meeting at 12:03PM.

6. ***

7. ***

8. ***

9. ***

10. Next meeting

The meeting adjourned at 1:50PM until a time and date to be determined.

Unconfirmed Minutes of Meeting no. 5

1:36PM, 24 October 2023

Meeting room 850B and Webex

Members Present:

Mr Jason Yat-Sen Li MP (Chair), Mr Clayton Barr MP (Deputy Chair), Ms Jenny Leong MP, Mr Anthony Roberts MP (by Webex), Mr Michael Regan MP (by Webex), and Dr David Saliba MP (by Webex).

Officers Present:

Leon Last, Alison Buskens, Ashley Kim and Nicolle Gill.

Agenda Item

1. Confirmation of minutes

Resolved, on the motion of Mr Roberts, seconded by Mr Barr: That the minutes of the meetings of 18 September 2023 and 28 September 2023 be confirmed.

2. ***

3. Report on the Parliamentary Budget Office 2023 Post-Election Report – Consideration of Chair's draft report

Resolved, on the motion of Ms Leong, seconded by Mr Barr:

- That the Committee consider the Chair's draft report as circulated.
- That the Chair's draft report be amended to insert a finding and an additional paragraph immediately after paragraph 2.6 to provide context to said finding, noting the importance of the recommendations in the PBO 2023 Post-Election Report and that the Public Accounts Committee will review the Government's response to and any implementation of the recommendations within 12 months of the tabling of this report.
- That the Committee staff circulate proposed wording for these amendments by email and that all Committee members respond via return email whether they approve the proposed wording for the agreed amendments.
- That the Committee adopt the draft report as amended and signed by the Chair for presentation to the House, and authorises Committee staff to make appropriate final editing and stylistic changes as required.
- That once tabled the report be published on the Committee's webpage.

Post-meeting: Proposed amendments were circulated to the Committee on Thursday 26 October 2023, all members confirmed via return email that they approved the proposed amendments.

4. ***

5. ***

6. ***

7. Next Meeting

The meeting adjourned at 3:51pm until 24 November 2023 at 10:00am.

Appendix Two – Parliamentary Budget Office 2023 Post-Election Report



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Parliamentary Budget Office

2023 Post-election Report

30 June 2023

This report is provided to the Public Accounts Committee of the Legislative Assembly, pursuant to s.15(3) the *Parliamentary Budget Officer Act 2010*. It includes recommendations on operational arrangements and activities of the Parliamentary Budget Officer in respect of future general elections.

Contents

GLOSSARY OF ABBREVIATIONS AND TERMS	1
EXECUTIVE SUMMARY	3
RECOMMENDATIONS	5
FINDINGS	6
CHAPTER 1 THE WORK OF THE 2022-23 PBO	8
Operational Plan	8
Costings	9
Successes	12
CHAPTER 2 OPTIMISING THE PBO	13
Timeline for budget impact statements	13
Date for publishing the BIS	13
An earlier date will reduce risks of errors in the BIS	14
Providing a draft BIS	15
Appointment of the Parliamentary Budget Officer	15
Progressive release of costings	16
Extended budget impact period	17
Earlier and more detailed budget updates	18
Maintaining confidentiality	22
CHAPTER 3 LEARNINGS FOR THE NEXT PBO	23
Costings	23
Approaches to costing requests should be agreed	23
Improving agency response times for information requests	24
Providing agencies with sufficient context for information requests	25
Correction of misrepresentations	26
Absorbing costs for proposed policies	26
Unit costs should be agreed	27
Use of workflow management systems by the PBO	27
Access to agency financial reporting systems	28
Information returns	29
Consistent use of contingency and uplift allowances	29
Confidentiality	29
Compliance with the PBO Act	29

<i>Sensitivity of agency information</i>	31
Transparency	31
Interaction with the Parliament of NSW	31
Consultations with the Presiding Officers	31
Locate the PBO within the Parliament of NSW	33
Recruitment of staff	34
Information and statistics of the 2022-23 PBO	35
CHAPTER 4 LOOKING TO THE FUTURE	36
Fulfilling the current PBO mandate	36
An updated mandate for evolving conditions	37
Case for costing election policies for all parties	39
Accountability	40
Better Information	40
A permanent PBO and alternatives	41
APPENDIX 1 – SUMMARY OF PBO OPERATIONS	42
APPENDIX 2 – COSTINGS	48
APPENDIX 3 – INFORMATION REQUESTS	52
APPENDIX 4 – CHANGES TO THE BUDGET IMPACT STATEMENTS	58
APPENDIX 5 – STAKEHOLDER FEEDBACK	60
APPENDIX 6 – COMPARING THE NSW PBO WITH OTHER INDEPENDENT FISCAL INSTITUTIONS	69
APPENDIX 7 – MEDIA AND PUBLIC ENGAGEMENT	75

List of Figures

Figure 1: Number of costing requests received in 2022-23, compared with prior election periods _____	10
Figure 2: Costing requests received in the past three elections, by month _____	11
Figure 3: Proposed timeline for Recommendation 1 _____	13
Figure 4: Number of staff each month for the 2018-19 and 2022-23 PBOs _____	43
Figure 5: Number of costings requests received, costings completed, and costings published by year _____	48
Figure 6: Number of costing requests received and completed, by month _____	49
Figure 7: Policy proposals submitted by the Opposition in the past three elections, by month _____	50
Figure 8: Policy proposals submitted by the Government in the past three elections, by month _____	51
Figure 9: Information requests sent to agencies in the past three election cycles by month _____	52
Figure 10: Information requests by cluster in 2022-23 _____	53
Figure 11: Number of information returns by days taken to respond each year _____	54
Figure 12: Information request response times in the past three election cycles _____	54
Figure 13: Agency completion times for information returns by month, in 2022-23 _____	55
Figure 14: PBO time to complete costings by month where information requests were sent _____	56
Figure 15: Number of Page Views and Unique Page Views of the PBO Home Page in 2022-23 _____	84
Figure 16: BIS Unique Page Views in 2022-23 vs 2018-19 _____	85
Figure 17: Total page views for ALP and Coalition costings in 2022-23 vs 2018-19 _____	86
Figure 18: Unique page views for ALP and Coalition costings in 2022-23 vs 2018-19 _____	86

List of Tables

Table 1: Number of costings received and published in 2022-23, compared with prior election periods _____	10
Table 2: Completion times for costings in 2022-23 _____	11
Table 3: Comparing function and operations of Independent Fiscal Institutions to NSW PBO _____	69
Table 4: 2022-23 Media releases _____	75
Table 5: Comparison of Unique PBO homepage views in 2018-19 vs 2022-23 _____	85

Glossary of abbreviations and terms

Acronym/Term	Definition
<i>BIS</i>	Budget Impact Statements. Required under the PBO Act. Summaries of the assessed financial impact on the NSW Budget and forward estimates of each costed policy, and the net impact of all costed policies, for each parliamentary leader.
<i>Budget result (net operating balance)</i>	The difference between expenses and revenues from transactions for the GGS. This measure is equivalent to the net operating balance adopted in accounting standard AASB 1049 <i>Whole-of-Government and General Government Sector Financial Reporting</i> .
<i>Cluster</i>	Under the NSW Governance Framework in place during the 2019-2023 term of government, NSW GGS entities (agencies) were consolidated into groupings of broad policy areas. Clusters were not legal entities, but administrative arrangements.
<i>CPB</i>	Central Planning Bureau. The independent fiscal institution of the Netherlands, provides policy-relevant economic analyses and projections.
<i>DPC</i>	NSW Department of Premier and Cabinet.
<i>DPS</i>	NSW Department of Parliamentary Services.
<i>Forward estimates</i>	Budget projections for budget result, including revenue, expenditure and net lending/borrowing for the three years beyond the current fiscal year.
<i>Funds</i>	NSW has a large number of government funds, established over time for a variety of different purposes, rules and legal status. These are used to determine the projects and initiatives that can be funded from them.
<i>GGS</i>	General government sector. An Australian Bureau of Statistics classification of agencies that provide public services (such as health, education, and police), or perform a regulatory function. General government agencies are funded mainly by taxation (directly or indirectly).
<i>Government Sector Finance Act 2018 (NSW)</i>	This Act creates the financial management framework for the government sector in New South Wales, promoting and supporting sound financial management, budgeting, performance, financial risk management, transparency, and accountability in the government sector.
<i>HYR</i>	Half-Yearly Review. A budget update required under the <i>Government Sector Finance Act 2018</i> , currently to be issued by the Government by 31 December each year, except in the lead up to an election where it must be issued by 10 February.

Acronym/Term	Definition
<i>IFI</i>	Independent Fiscal Institution. OECD term for bodies, such as parliamentary budget offices, among member countries that serve to promote sound fiscal policy and sustainable public finances.
<i>Net lending/borrowing</i>	The financing requirement of government, calculated as the net operating balance less the net acquisition of non-financial assets. It also equals transactions in financial assets less transactions in liabilities. A positive result reflects a net lending position, and a negative result reflects a net borrowing position.
<i>Net operating balance (budget result)</i>	This is calculated as revenue from transactions less expenses from transactions. See <i>Budget Result</i> .
<i>OBR</i>	Office of Budget Responsibility. The independent fiscal institution of the United Kingdom, which provides independent fiscal analysis of UK public finances.
<i>OECD</i>	Organisation for Economic Co-operation and Development. A 38-member grouping of advanced economies; signatory nations to the OECD Convention 1960.
<i>PAC</i>	Public Accounts Committee of the NSW Legislative Assembly
<i>PBO Act</i>	<i>Parliamentary Budget Officer Act 2010</i> . The PBO Act establishes and confers functions on the Parliamentary Budget Officer as an independent officer of Parliament to provide costings of election promises made by parliamentary leaders.
<i>PBO</i>	Parliamentary Budget Office. The office of, and staff working to, the Parliamentary Budget Officer.
<i>PEBU</i>	Pre-Election Budget Update. As required under the PBO Act. Budget update issued by NSW Treasury independently of the Government at the beginning of the caretaker period before elections.
<i>Restart NSW</i>	A fund established by the NSW Government in 2011 from asset recycling transactions, Commonwealth Government asset recycling initiative payments, proceeds from Waratah Bonds, windfall tax revenue and investment earnings.
<i>WestInvest</i>	Program to fund and deliver projects to enhance communities and support economic recovery in Western Sydney.

Executive Summary

This report to the Public Accounts Committee (PAC) provides a summary of the activities of the Parliamentary Budget Office (PBO) during 2022-23 and recommendations and findings to enhance the future operations of the PBO.

The 2023 Election saw the PBO cost a record number of proposed policies for both the Government and Opposition: a total of 990 policies were submitted to the PBO for costing, almost as many as in the previous two elections combined.

Despite this, the average time taken to cost a proposal was only marginally higher than in 2018-19, and the PBO published Budget Impact Statements (BIS) showing the total costs of policies for both parties within the statutory timeframe.

Feedback from representatives of parliamentary leaders and departments indicated PBO costings were completed to high standards of quality and accuracy. There was however a concern among some agencies about cases where the PBO had costed policies that included a specification by the parliamentary leader for administrative costs to be absorbed.

Although a record number of policies were costed, slightly fewer policy costings were published in 2022-23 than in 2018-19 – corresponding to those policies that were announced. This reflects the use of the PBO to refine and develop policies, particularly by the Opposition. The experience in this and the previous two elections has been that numerous options and variations are submitted for costing, and only the options that offer the most cost-effective policy solutions are announced. This is a considerable benefit to the people of NSW in that election promises are more likely to be realistic and affordable. This was demonstrated in 2022-23.

The PBO faced a number of challenges during the 2023 Election period:

- The prevalence of budget funding pools (commonly referred to as ‘funds’) made costing proposals to use any uncommitted balances difficult.
- A number of recommendations from the 2019 post-election report remain unimplemented (although supported by the PAC and former Government). This includes the current legislative barrier to agencies consulting with each other on costing information requests.
- Renovations at Parliament House required the PBO to be located offsite. This resulted in significant information technology issues causing additional workloads and production problems when publishing the final BIS.

A number of recommendations to enhance the operations of the PBO for the 2027 Election are proposed in *Chapter 2* of this report:

- Should the PBO continue with its recurrent status, rather than become ongoing, the report recommends recruitment of the Parliamentary Budget Officer from 1 June in

the year prior to the Election to allow costing systems and processes to be established prior to the receipt of costing requests from the parties.

- Bring forward the timing of the BIS (and associated deadlines) by three calendar days, to eight days before the election, rather than the current five.
- Ask parliamentary leaders to advise the PBO that a policy has been announced within 48 hours of the announcement (rather than waiting until the BIS), allowing greater time for public scrutiny of costings of key policy announcements.

Implementation of these recommendations will enhance the ability of the PBO to provide accurate and timely costings of election proposals and improve public accountability.

The report makes other more detailed findings in *Chapter 3* that can be left to a future PBO to implement, aimed at improving the operations of the PBO. Among these are a suggestion that agencies endeavour to provide quicker turnaround times for information requests where the information sought is readily available.

An Ongoing Role for the PBO

A functioning parliamentary system of government is enhanced by robust and informed debate between the competing political parties. The operations of the PBO can act to facilitate this debate by providing the parties with information on the cost of possible policy proposals. The extensive use of the PBO by the parties in the lead up to the 2023 Elections demonstrates the usefulness of the role played by the PBO.

Internationally, the role of PBOs and other independent fiscal institutions is growing in importance, with those bodies assuming a key role in advising parliaments on jurisdictions' fiscal sustainability across a range of areas.

The experience of 2022-23 has strengthened the case for an ongoing PBO, outlined in *Chapter 4*. Instead of numerous costings completed in haste within a very short timeframe, policy development and public accountability would be enhanced if the function were spread over four years.

Recognising that this is ultimately a decision for the Parliament, the report suggests the PAC consider the merits of establishment of the PBO on a permanent basis.

Recommendations

RECOMMENDATION 1 _____ 13

That section 23 of the *Parliamentary Budget Officer Act 2010* (NSW) be amended to require that 1) parliamentary leaders notify the PBO of their final list of policies for the Budget Impact Statements on the twelfth last day before the election, and 2) the PBO publish Budget Impact Statements on the eighth last day before the election.

RECOMMENDATION 2 _____ 15

That the PAC consider whether the PBO should be made permanent; or alternatively, the Parliamentary Budget Officer be appointed on or as soon as practicable after 1 June immediately before the general election is due to be held.

RECOMMENDATION 3 _____ 16

That section 22 of the *Parliamentary Budget Officer Act 2010* (NSW) be amended to require parliamentary leaders to advise the Parliamentary Budget Officer within 48 hours of the public announcement of an election policy.

RECOMMENDATION 4 _____ 17

That section 18(1A)(a) of the *Parliamentary Budget Officer Act 2010* (NSW) be amended to require published costings and budget impact statements to include the financial year immediately following the current and relevant forward budget estimates.

RECOMMENDATION 5 _____ 18

That section 7.16(2) of the *Government Sector Finance Act 2018* (NSW) be repealed so that the Act requires the Half-Yearly Review be released no later than 31 December in the year immediately preceding a year in which an election will be held.

RECOMMENDATION 6 _____ 19

That section 24(1) of the *Parliamentary Budget Officer Act 2010* (NSW) be amended to require the Pre-Election Budget Update to be publicly released no later than three days after the caretaker period commences.

RECOMMENDATION 7 _____ 22

That the *Parliamentary Budget Officer Act 2010* (NSW) be amended to include a provision allowing the head of a government agency to delegate his or her function to a nominee and that the head of the agency, or nominee, be allowed to consult with other agencies, if required, to obtain information to respond to a PBO request for information.

Findings

FINDING 1 _____ 15

The PBO should seek to obtain a list of draft policies for inclusion in the draft Budget Impact Statements by the eighteenth last day before the election to ensure each party's chosen policies are included.

FINDING 2 _____ 20

At the beginning of each election costing period, NSW Treasury should provide the Parliamentary Budget Officer with a report listing all large funding pools with their current provision and allocation status over the forward estimates. Treasury could also advise the PBO which government programs have significant underspends or where future spending is discretionary. This information should be updated during the costing period, including at the time of Half-Yearly Review and Pre-Election Budget Update.

FINDING 3 _____ 23

At the beginning of the next PBO, costing request approaches and inclusions should be discussed and agreed with parliamentary leaders.

FINDING 4 _____ 24

The PBO should agree shorter deadlines with agencies within the ten-day and six-day statutory timeframes for information returns where the information is readily available.

FINDING 5 _____ 25

Without contravening the PBO Act, the PBO should provide agencies with sufficient context and detail in its information requests to enable agencies to provide the most appropriate responses the PBO requires for fulfilling policy costing requests.

FINDING 6 _____ 26

The current PBO Operational Plan gives a person who has misrepresented the PBO 48 hours to correct the record. In the caretaker period this should be reduced to 24 hours, recognising the importance of having accurate information in the public domain quickly in the immediate pre-election period.

FINDING 7 _____ 26

It is beneficial for the PBO to keep a running total of absorbed costs for each agency and update parliamentary leaders regularly to help limit absorbed costs to manageable levels.

FINDING 8 _____ 27

Agreement on standard unit costs of key capital and recurrent expenditure items between the PBO, NSW Government agencies and NSW Treasury will assist the PBO to deliver accurate and streamlined costings.

FINDING 9 _____ 27

A future PBO should have a functional automated workflow management system that can reduce the current manual handling of the election policy costing process.

- FINDING 10 _____ 28
It would be beneficial for the PBO to have access to NSW Treasury's PRIME (or equivalent data source) and other relevant reporting platforms within agencies to independently cost policies.
- FINDING 11 _____ 29
A standard approach to the inclusion of any contingency and uplift allowances should be agreed with Treasury in advance of the costing process.
- FINDING 12 _____ 29
The confidentiality provisions of the PBO Act should be regularly reviewed in light of the levels of compliance, with consideration given to increasing penalties for breaches if necessary.
- FINDING 13 _____ 31
Agencies should discuss with the PBO any concerns they have about disclosing sensitive information as soon as possible.
- FINDING 14 _____ 31
Tracking and monitoring election commitments has a positive effect on ensuring all announced election policies have been costed.
- FINDING 15 _____ 31
The next PBO should consult the Presiding Officers on whether the Department of Parliamentary Services should provide information to the PBO as needed for policy costings, in a way that corresponds to the arrangements for information requests made to government agencies.
- FINDING 16 _____ 33
It is beneficial for the PBO to be located within the Parliament of NSW building to avoid property and IT problems that could not be solved during this PBO. Should space within the building not be available, alternative accommodation will need to be found that allows for regular contact between the PBO and PBO staff and representatives of parliamentary leaders, and supports the staff amenity, security and IT requirements of the PBO work.
- FINDING 17 _____ 34
The next PBO should have increased staffing levels to be prepared for the volume of costing requests, begin its recruitment earlier, and recruit more widely from agencies and other appropriate sources.

Chapter 1 The work of the 2022-23 PBO

- 1.1 This has been New South Wales' fourth PBO since the *Parliamentary Budget Officer Act 2010* (NSW) (PBO Act) was passed.
- 1.2 The role of the Parliamentary Budget Officer is to prepare and publish election policy costings requested by parliamentary leaders in the period before a State election.
- 1.3 Professor Stephen Bartos was appointed Parliamentary Budget Officer by the Presiding Officers for the period from 1 September 2022 to 30 June 2023. This was Professor Bartos' third appointment as Parliamentary Budget Officer.
- 1.4 Recruitment of other PBO staff began in August 2022 and continued until late January 2023. Positions included a chief of staff, chief economist, administration staff and budget analysts.
- 1.5 The team grew from two in September to eight in October, including the Parliamentary Budget Officer. This team focused on office setup, developing internal processes, planning how to manage resources, liaising with key stakeholders, and developing the PBO operational plan. At its peak, the 2022-23 PBO had 21 staff in February 2023.
- 1.6 The staff were seconded from Parliament and NSW Government departments, including Treasury, Planning and Environment, Transport, Communities and Justice, Education, Health, and the Audit Office. There were also retired government employees and a contractor from KPMG.
- 1.7 Aside from the Parliamentary Budget Officer, there were two returning PBO staff in 2022-23. As in the past, this proved useful in helping pass on knowledge. It is also notable that past PBO staff were government cluster contacts for this PBO. This significantly enhanced relationships with those clusters.

Operational Plan

- 1.8 The PBO Act requires the Parliamentary Budget Officer to prepare an operational plan that includes objectives of the officer in fulfilling their functions, an outline of strategies to achieve those objectives, and a timeline of proposed activities.
- 1.9 The key objective of the PBO has remained the same for each election:

To provide thorough, independent, transparent, and reliable information on the costs of election policies proposed by the Government and Opposition in advance of the NSW general election.

- 1.10 Associated objectives were to quickly and accurately complete election policy costing requests, publish election policy costings and BIS as speedily as possible,

and maintain confidentiality of information and documents in relation to election policy costings.

1.11 The operational plan also outlined strategies proposed by the PBO to achieve these objectives. The strategies covered:

- the preparation of costings
- reporting and publication (of costings and other reports)
- managing relationships with stakeholders including parliamentary leaders and their representatives, the PAC, parliamentary departments and government departments
- confidentiality
- media, and
- resource management.

1.12 The timeline for the PBO outlined key dates from the official start of the PBO (1 September 2022) through to the election on 25 March 2023. The timeline also allowed time for the drafting of this post-election report.

1.13 The operational plan was tabled in both houses of Parliament on 11 October 2022. This meant the PBO could then begin receiving and working on costings from that date.¹

Costings

1.14 Since the first PBO, each election has seen a growth in demand from the major parties to have the PBO prepare and publish election policy costings.

1.15 This PBO had a much higher volume of costings than previous PBOs with more complex costings, multiple options for proposed policies and the added task of offsetting the cost of policies with money from large budget funding pools.²

1.16 In 2022-23 the PBO received 990 election costing requests from the parliamentary leaders.³ This is nearly as many as in the previous two elections combined.

1.17 *Table 1* below shows that of 990 costing requests received in 2022-23, the PBO completed and submitted 86 per cent (856 costings) to parliamentary leaders. In many cases, the large number of completed costings were used by the parliamentary leaders to inform their decisions on a focused list of final costed policies (191) they took to the election. Costing requests not completed were those that leaders subsequently withdrew.

¹ Parliamentary Budget Office, [Parliamentary Budget Office Operational Plan 2022-23](#), October 2022.

² These provisioned funds contained large amounts that were unallocated or contractually uncommitted, e.g., Restart NSW, WestInvest.

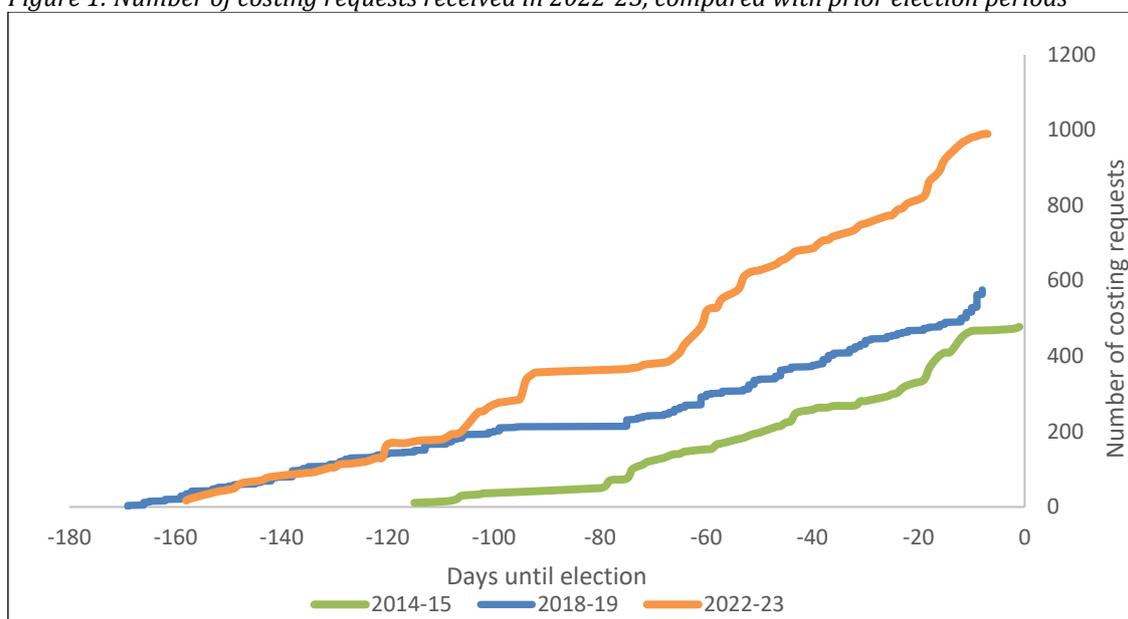
³ Under the PBO Act, parliamentary leaders are defined as the Premier and Leader of the Opposition.

Table 1: Number of costings received and published in 2022-23, compared with prior election periods

Election Year	2011⁴	2015	2019	2023
Costing requests received	116	478	576	990
Costings completed	115	428	558	856
Costings published	111	180	227	191
Costings published as a proportion of costing requests received	96%	38%	39%	19%

1.18 Compared with the 2019 election, the number of costings received was broadly similar until approximately 100 days before the election, as shown below. In the last 100 days of the campaign, the demand for costings rose sharply.

Figure 1: Number of costing requests received in 2022-23, compared with prior election periods



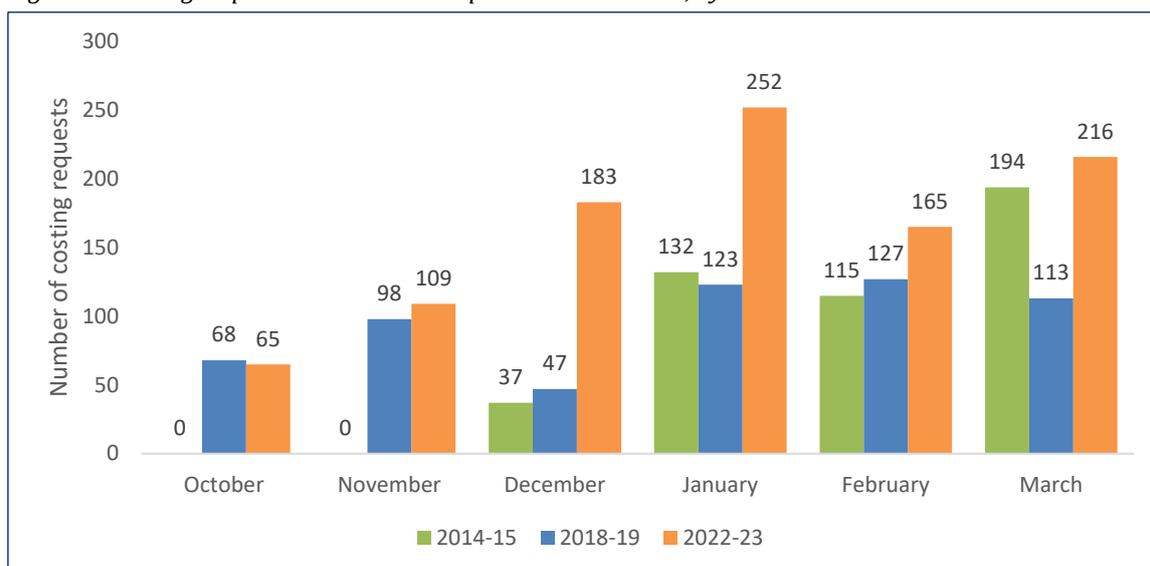
1.19 *Figure 2* compares the costing requests received by month in each of the 2015, 2019 and 2023 elections. The 2022-23 PBO figures show a large increase in costings received this PBO from mid-December onwards (110 days before the election), compared to all previous PBOs.

1.20 The number of costing requests received in 2022-23 was 72 per cent higher than in 2018-19 and 107 per cent higher than in 2014-15.

1.21 The increase in the volume of costing requests was handled by nearly the same number of staff as were employed in the last PBO. At its peak, the 2022-23 PBO had 21 staff whereas the 2018-19 PBO staff numbers peaked at 19.

⁴ As part of the 2011 election, costing requests were received from the then NSW Government and the Greens NSW. No costings requests were received from the Opposition.

Figure 2: Costing requests received in the past three elections, by month



- 1.22 Of the total 990 costing requests received, 191 were published by the PBO in the BIS. The remaining costings were not published because the party either withdrew the request or decided not to go ahead with that policy or option.
- 1.23 Average days taken to complete costings increased by one day, from 8.7 days in 2018-19 to 9.8 days in 2022-23, despite nearly double the volume of requests.
- 1.24 However, the average time taken varied before and during the caretaker period; completion time averaged 11.6 days pre-caretaker and 1.9 days during caretaker as shown below.

Table 2: Completion times for costings in 2022-23

Average days to complete costings – all costings	9.8 days
Average days to complete costings – received before 3 March 2023	11.6 days
Average days to complete costings – received on or after 3 March 2023	1.9 days

- 1.25 In this PBO, a large number of the costing requests were in fact differing options based on one core policy. In these cases, it was most efficient to consult the parliamentary leader’s office to understand the thinking behind the policy options in order to reduce their number.
- 1.26 Section 23 of the PBO Act requires the Parliamentary Budget Officer to prepare a separate BIS of all costed policies of both the Premier and the Leader of the Opposition.⁵ The BIS:
 - lists the relevant costed policies
 - shows the impact of all the costed policies on general government sector (GGS) net operating result

⁵ Parliamentary Budget Officer Act 2010 (NSW) s23(1).

- shows GGS capital expenditure
 - shows GGS net lending or borrowing, and
 - shows the total net financial impact of all costed policies on the budget year and forward estimates.
- 1.27 The Parliamentary Budget Officer must publicly release the BIS on the fifth last day before the State general election⁶ (20 March 2023).

Successes

- 1.28 Post-election feedback received from NSW government agencies and both parties stated the PBO's working processes and engagement with stakeholders was consistently positive. They said that the PBO delivered high quality and reliable costings, which both parties could use to inform their proposed election policies.
- 1.29 When costing policies, the PBO seeks information from NSW agencies. These agencies remarked that they were happy with both the quality of final costings and the working relationships that were formed while preparing costings.
- 1.30 The media also relied on costing information, especially from the BIS, for their reporting. The media were quick to focus on the BIS when published and the depth of reporting increased over the following days as journalists came to terms with the number and complexity of detail in the 191 costings that made up the parliamentary leaders' final lists of policies.
- 1.31 Media monitoring showed 132 media reports across print, online, TV and radio platforms referencing PBO costings or the BIS, including 19 print and online articles with in-depth coverage of PBO work (see [Appendix 7 – Media and public engagement](#)).
- 1.32 Confidentiality was maintained during the 2022-23 PBO and there were no breaches within NSW agencies. This was an improvement over the 2018-19 PBO and reflects the efforts of staff and systems in place to protect information received from both major parties.
- 1.33 The PBO also notes that a successful aspect of the 2022-23 election campaign was the good faith approach taken by both major parties. For the first time, the PBO operational plan included a clause stating that the PBO would not cost policies for one party if they had been proposed by the other party. This meant that costings would only be done for policies that a leader genuinely proposed to implement and not for 'fishing expeditions' to discover the costs of the other party's policies.
- 1.34 This was a learning from the 2019 election where this practice had occurred. In 2022-23 there was no misuse of the costing process in this way.

⁶ *Parliamentary Budget Officer Act 2010* (NSW) s23(5)(b).

Chapter 2 Optimising the PBO

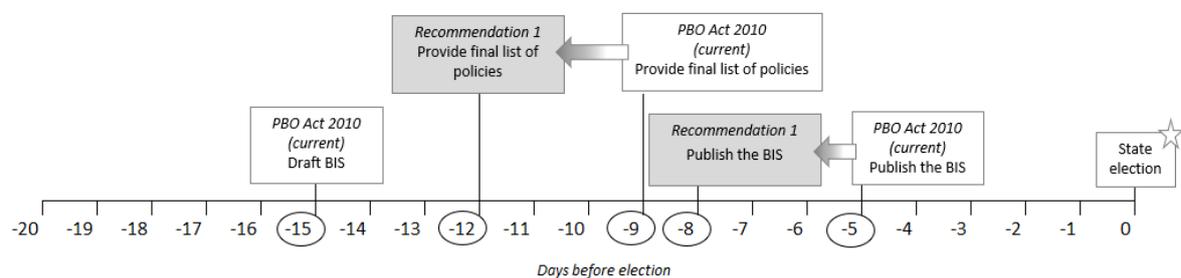
- 2.1 Each PBO has had key learnings that have been applied to continually improve future PBOs. However, there are ongoing areas of concern for this PBO, namely that:
- past recommendations made by the PBO, even though supported by the PAC and the former government, have not resulted in changes to legislation
 - the advice by the Government in its response to the 2018-19 post-election report was to include suggested changes in the PBO's operational plan rather than to amend legislation; this did not lead to changes to practice, given legislation takes precedence over an administrative instrument
 - further recommendations for legislative change have been identified by this PBO.
- 2.2 Implementation of the following recommendations and findings will enhance the smooth running of the PBO and improve the PBO's ability to provide transparent and independent election policy costings to the public of NSW in a timely manner.

Timeline for budget impact statements

Recommendation 1

That section 23 of the *Parliamentary Budget Officer Act 2010 (NSW)* be amended to require that 1) parliamentary leaders notify the PBO of their final list of policies for the Budget Impact Statements on the twelfth last day before the election, and 2) the PBO publish Budget Impact Statements on the eighth last day before the election.

Figure 3: Proposed timeline for Recommendation 1



Date for publishing the BIS

- 2.3 As of 7 April 2023, the NSW Electoral Commission reported that 28.4 per cent of electors voted before election day.⁷ The early voting period began on 18 March 2023 and closed on 24 March 2023.

⁷ NSW Electoral Commission, [2023 NSW State election](#), viewed 13 April 2023.

- 2.4 Under current legislation, the final BIS are published five days before the election, this year on 20 March 2023.⁸ It then takes some days for the media and other commentators to fully absorb and report on the BIS.
- 2.5 This limits the usefulness to voters of publication of information about the fiscal impacts of leaders' policies. A significant proportion of voters who vote early do not have the benefit of media reporting and analysis of the BIS to inform their voting decision.
- 2.6 The PBO reviewed media mentions of its work from 1 March to date and most of the in-depth media analysis took place between 20 March (the release of the BIS) and the date of the election (see [Appendix 7 – Media and public engagement](#)), with a notable improvement in the depth and sophistication of the reporting in the latter part of that period, i.e. just two or three days before election day. This reduces the benefit of the costings and BIS to NSW voters.
- 2.7 An earlier release of the BIS would allow for more timely access to such media reporting, better informed voters, greater public engagement and increased political accountability (see also [Chapter 4: Looking to the Future](#)).
- 2.8 Consideration was given to how early the BIS could be published and how this would affect the major parties. The earlier the BIS is published, the less accurately it will reflect each party's full set of election policies; too early and a likely result is missing, late, or amended policies.
- 2.9 For this reason, there needs to be balance in choosing a publishing date for the BIS. A date closer to the election may provide a more accurate and comprehensive BIS; however, it provides less time for review by the public and media. The PBO considers that the eighth last day before the election is the most desirable and effective date to publish the BIS. This is one working day (three calendar days) earlier than at present.

An earlier date will reduce risks of errors in the BIS

- 2.10 In preparation for the final BIS, the PBO Act states parliamentary leaders must notify the PBO of their final list of policies nine days before the election.⁹
- 2.11 Both parties met this requirement for the 2023 election. However, after this date there were requests for changes to costings by both parties including changing policy names and consolidating policies.
- 2.12 Accepting late changes to election policies increases the risk of errors in the BIS and reduces available time to perform quality assurance checks before publishing it.
- 2.13 Therefore, the second part of this recommendation is to amend legislation to require parliamentary leaders to notify the PBO of their final list of policies on the

⁸ Parliamentary Budget Office, [Additional Policy Costing Released](#), media release, 21 March 2023, viewed 11 May 2023; Parliamentary Budget Office, [Additional Policy Costings Released](#), media release, 21 March 2023, viewed 11 May 2023.⁹ *Parliamentary Budget Officer Act 2010* (NSW) s23(4).

⁹ *Parliamentary Budget Officer Act 2010* (NSW) s23(4).

twelfth last day before the election. This will give the PBO enough time to compile the BIS and carefully carry out quality assurance checks. It also gives the major parties time to make changes or updates to their policies before the full set of costings is published.

- 2.14 If election policies were to be submitted to the PBO after this time, i.e., four days before the BIS deadline, the PBO could not guarantee they will be costed.
- 2.15 It would still remain open for the PBO to publish further costings after the BIS, as was done for three costings in 2023.

Providing a draft BIS

Finding 1

The PBO should seek to obtain a list of draft policies for inclusion in the draft Budget Impact Statements by the eighteenth last day before the election to ensure each party's chosen policies are included.

- 2.16 In preparation for the final BIS, the PBO Act requires the PBO to provide a draft BIS to each parliamentary leader fifteen days before the election.¹⁰
- 2.17 The PBO operational plan also sets out that each parliamentary leader provides the PBO with their final list of costed policies. However, there is no penalty under the PBO Act, so there is no guarantee that the leaders will comply.¹¹
- 2.18 In this PBO, a draft list of policies was received from the Australian Labor Party on 8 March, seventeen days before the 2023 election. This was extremely useful in helping the PBO to prepare the draft BIS and ensure the party's policies were all included, with extra time for quality assurance checks by the PBO.
- 2.19 To streamline the process of preparing the draft BIS and to ensure each major party's chosen policies are reflected in the draft BIS, the PBO considers that the next operational plan should strongly encourage parliamentary leaders to provide a list of policies for inclusion in the draft BIS on or near the eighteenth last day before the election. This will allow the PBO three days to prepare the draft BIS before sending them out to the major parties.

Appointment of the Parliamentary Budget Officer

Recommendation 2

That the PAC consider whether the PBO should be made permanent; or alternatively, the Parliamentary Budget Officer be appointed on or as soon as practicable after 1 June immediately before the general election is due to be held.¹²

- 2.20 There has been an increase in the volume of election costing requests received by each PBO since they began in NSW. In 2022-23, the volume of costings increased

¹⁰ *Parliamentary Budget Officer Act 2010* (NSW) s23(5).

¹¹ Parliamentary Budget Office, [Parliamentary Budget Office Operational Plan 2022-23](#), October 2022.

¹² This would require amending s.6(1) of the *PBO Act 2010* to replace "1 September" with "1 June"

significantly, almost totalling the number of costings in 2014-15 and 2018-19 combined (See [Chapter 1 - The work of the 2022-23 PBO](#)).

- 2.21 At the same time, the complexity of costing requests has increased with more economic modelling and financial analysis required to complete accurate, high-quality costings.
- 2.22 Additionally, there are problems in recruiting the right staff in the right numbers in time to keep up with this increased workload. In order to recruit and train adequate numbers of staff before the costing of election policies begins, it is recommended that the Parliamentary Budget Officer be appointed at least ten months before the election.
- 2.23 Appointment on 1 June would enable an adequately resourced PBO to begin costings by July. NSW Treasury has suggested, and the PBO agrees, that costings should not begin until after the NSW Budget is delivered, to provide a sound baseline for costings. If recent practice continues, the Budget would likely be presented in the second half of June. Appointing the PBO on or soon after 1 June would allow office setup, recruitment and preparation of the PBO Operational Plan to start earlier, meaning the costing process could start soon after the start of the financial year (and well after the Budget).
- 2.24 Should the PBO be given a permanent role, the right skills and experience could be continuously in place, maintained and ready to go whenever costing requests begin, removing the heavy task of having to stand up adequate staff and supporting resources every four years in a short space of time.
- 2.25 Beyond the question of adequately fulfilling its current mandate for election costings, there is a growing case for an ongoing PBO to undertake several other functions to enhance the level of public finance scrutiny in NSW.
- 2.26 [Chapter 4 – Looking to the future](#) explores the role a permanent PBO could play in NSW.

Progressive release of costings

Recommendation 3

That section 22 of the *Parliamentary Budget Officer Act 2010 (NSW)* be amended to require parliamentary leaders to advise the Parliamentary Budget Officer within 48 hours of the public announcement of an election policy.

- 2.27 The PBO Act requires a parliamentary leader to notify the PBO of the public announcement of policies that have been costed and then requires the PBO to publish the costing request and policy costing.¹³
- 2.28 Although the Act states “A parliamentary leader is required to notify the Parliamentary Budget Officer of the public announcement by that leader of

¹³ *Parliamentary Budget Officer Act 2010 (NSW)* s21(4), s22(2).

policies that have been costed by the Officer¹⁴ it does not provide any guidance on when that notification should be provided.

- 2.29 In order to clarify its authority to release costings, the 2014-15 PBO sought advice on this topic. It found that the provisions of the PBO Act meant the PBO was not allowed to publish a costing on its own initiative and had to wait for advice from the parliamentary leader. This applied even when it was obvious that a policy had been publicly announced.
- 2.30 In this election, both parliamentary leaders publicly announced policies but did not formally advise the PBO that they had been announced. This meant the PBO was unable to release costings for policies that were in the public domain until the publication of the BIS just five days before the election.
- 2.31 Allowing the PBO to promptly release costings of policies already in the public domain would provide the media and voters more timely access to independent information, increasing transparency and political accountability.
- 2.32 It would also help avoid misrepresentations of PBO costing information by the media based on a party's public statements. Under the PBO Act, if the PBO considers that an election policy costing provided by the PBO has been publicly misrepresented, the PBO may issue a public statement to correct the misrepresentation.
- 2.33 In cases where a costing is not published, but nevertheless misrepresented, it is difficult to correct the record without revealing details of the costing itself. The PBO therefore considers the most direct way to clarify a costing and correct the record would be to release the costing itself. Voters and the media can then see exactly what the costing says, rather than relying on someone's understanding of how a policy has been communicated (see [Appendix 7 – Media and public engagement](#)).
- 2.34 If costings could be released throughout the course of the election period this could balance the need for bringing forward publication of the BIS.
- 2.35 During the 2018-19 and 2022-23 PBOs, agencies provided feedback that the PBO should be able to release election costing requests and policy costings after they have been publicly announced by the party. Agencies suggested this would improve transparency and provide more time for public review of policies.

Extended budget impact period

Recommendation 4

That section 18(1A)(a) of the *Parliamentary Budget Officer Act 2010 (NSW)* be amended to require published costings and budget impact statements to include the financial year immediately following the current and relevant forward budget estimates.

¹⁴ *Parliamentary Budget Officer Act 2010 (NSW)*, s22(4).

- 2.36 According to the Act, the PBO's costings provide the impact of parliamentary policies "on the current and relevant forward budget estimates".¹⁵ Agency stakeholders, including NSW Treasury, provided feedback that these published PBO costings should also include the financial year immediately after the current budget estimates.
- 2.37 NSW Treasury noted this would ensure alignment between the published PBO costings and the elected parliamentary party's first budget post-election. Currently there is a misalignment because at the time the election is held the forward estimates are the three financial years after the election year. However, by the time the post-election Budget is brought down, the forward estimates period is one year later than at the time of the election.
- 2.38 Stakeholders, including the Department of Premier and Cabinet (DPC) and Transport for NSW, raised that updating published costings to include the subsequent budget year would be in the best interest of NSW voters. This is because it disincentivises parliamentary leaders from pushing expenditure into later years to improve their proposed budget result prior to the general election, giving NSW voters a more accurate and holistic understanding of costed policies.
- 2.39 The PBO agrees that including the additional budget year in published costings will improve transparency and accountability in fiscal policy. For example, for the 2027 general election, without the amendment the published costings and BIS would include costs up to 2029-30; with the amendment, costs for 2030-31 would also be included.
- 2.40 The PBO notes that NSW Treasury further recommended the inclusion of a 10-year profile to cover costs in the planning years, particularly for capital projects and associated depreciation. This was also a recommendation in the 2019 Post-election Report. Progress on this recommendation is included in [Appendix 4](#).

Earlier and more detailed budget updates

Recommendation 5

That section 7.16(2) of the *Government Sector Finance Act 2018* (NSW) be repealed so that the Act requires the Half-Yearly Review be released no later than 31 December in the year immediately preceding a year in which an election will be held.

- 2.41 The *Government Sector Finance Act 2018* (NSW) requires the Treasurer to release the Half-Yearly Review (HYR) of the budget by 31 December each year,¹⁶ except in the event of a State election the following year.¹⁷ In this case, the HYR can be released no later than 10 February. In 2022-23, the Government published its HYR on 7 February 2022.¹⁸

¹⁵ *Parliamentary Budget Officer Act 2010* (NSW) s18(1A)(a).

¹⁶ *Government Sector Finance Act 2018* (NSW) s7.16(1).

¹⁷ *Government Sector Finance Act 2018* (NSW) s7.16(2).

¹⁸ *Government Sector Finance Act 2018* (NSW) s7.16(2).

- 2.42 While the PBO understands there are political reasons for the Government to publish the HYR later, it makes costing election commitments more difficult.
- 2.43 The PBO relies heavily on Treasury's budget forecasts and estimates in completing accurate costings. A February HYR means the PBO is still reliant on the annual budget from the previous June (eight months prior) rather than the latest Treasury budget papers. This results in significantly more information requests to Treasury and line agencies than if updated budget details were publicly available.
- 2.44 The objectives of the PBO in providing accurate election costings for the benefit of NSW voters is hindered by a delayed HYR. The PBO also notes that the late release of the HYR put considerable pressure on many public sector agencies, the NSW Treasury in particular. Release of the HYR in December would help relieve this pressure.

Recommendation 6

That section 24(1) of the *Parliamentary Budget Officer Act 2010* (NSW) be amended to require the Pre-Election Budget Update to be publicly released no later than three days after the caretaker period commences.

- 2.45 The PBO Act currently requires the Pre-Election Budget Update (PEBU) to be published on or as soon as reasonably practicable after the start of the caretaker period.¹⁹
- 2.46 The PBO uses the independent Treasury budget forecasts and estimates contained in the PEBU to finalise costings and the BIS. The later the PEBU is published, the greater the risk of material errors in the BIS and finalised costings as there is limited time to perform quality assurance checks and complete the drafting of the BIS. Note that the BIS is required by the PBO Act at present to be published five days before the election.
- 2.47 This recommendation relates to [Recommendation 1](#), where the PBO is seeking an earlier release date for the BIS to allow more time for the media and the public to digest the impact of election policies on the state's finances and increase transparency around fiscal policy.
- 2.48 If the HYR was released in December as per [Recommendation 5](#), Treasury should have the time and resources to prepare the PEBU for publication very soon after the caretaker period starts, with some allowance for last minute policy measures taken by the government.
- 2.49 Mandating PEBU to be published within three days of the start of the caretaker period would ultimately help facilitate provision of better quality and earlier information to more NSW voters and the media.
- 2.50 As an aside, the PBO notes that it would be open to the NSW government to start the caretaker period earlier. In NSW this period is shorter than in many other jurisdictions with similar arrangements. By convention the NSW caretaker period currently begins in NSW when the Legislative Assembly expires before an election.

¹⁹ *Parliamentary Budget Officer Act 2010* (NSW) s24(1).

Changing the expiry date of the lower house to keep caretaker and Legislative Assembly expiry aligned would require amendment of the *Constitution Act 1902* (NSW), which would be highly unlikely. There are however other potential start dates that could be explored should the government wish to change the convention.

- 2.51 Conventions can change, generally through a consultative process to establish consensus around the proposed change. This would have broader implications well beyond the election policy costing process for which the PBO is responsible – but if an extension of the caretaker period were to happen, one incidental benefit would be an improvement in the costings processes.

Finding 2

At the beginning of each election costing period, NSW Treasury should provide the Parliamentary Budget Officer with a report listing all large funding pools with their current provision and allocation status over the forward estimates. Treasury could also advise the PBO which government programs have significant underspends or where future spending is discretionary. This information should be updated during the costing period, including at the time of Half-Yearly Review and Pre-Election Budget Update.

- 2.52 Throughout the 2022-23 PBO, Treasury provided significant support in clarifying and updating the balances of large, budget funding pools (commonly referred to as 'Funds', like WestInvest and Restart NSW). These are often used as sources of offsets to pay for election promises. As a result, there was a large number of information requests by the PBO to Treasury and line agencies seeking clarity on available balances, which reduced the efficiency of the costing process.
- 2.53 In future, it would be beneficial for Treasury to provide this information to the PBO in consolidated form at the start of the costing period. A report listing all such funds (divided into recurrent and capital), their allocated and unallocated balances, and their provision and allocation profiles over the forward estimates is required.
- 2.54 This information should be updated every two months during the election costing period, except if there are significant changes to fund balances, i.e., to the value of 5 per cent or more of the total fund, in which case updates should be provided immediately to the PBO. If [Recommendation 5](#) is accepted, then updates at HYR and PEBU will be sufficient for the latter part of the costing period.
- 2.55 The PBO notes that system and/or process enhancements may be needed to facilitate and support the delivery of regular updates on the funds.
- 2.56 There would also need to be agreement on clear terminology defining 'allocated', 'unallocated' and 'reserved' funding. The PBO notes that a recommendation to this effect in the 2019 Post Election Report was not supported by the Government on the basis it considered all funds included in the budget to be committed.²⁰ It is clear from the PBO's experience in 2022-23 that this is not the case with these

²⁰ NSW Government, [Government response to the Public Accounts Committee Report 2/57](#), 23 June 2020, p4.

funding pools, and there is a clear distinction between committed and uncommitted funds within their overall provisions.

- 2.57 As a general observation, the growth in the use of these funding pools is a concern for transparency and good management of public finances in NSW. Some are legislated, others are simply administrative or reporting arrangements. Some have clearly defined rules for how their money can be spent, others do not. If NSW had fewer such funds with greater transparency in reporting their uncommitted balances, the public would have greater insight into government spending worth many billions and the workload by the PBO would be reduced.
- 2.58 A related issue in 2022-23 was a lack of information on baseline funding in the forward estimates (such as the number of teachers and nurses funded under current government policy)²¹. As in previous costing periods, the Opposition resorted to using the PBO costing process to obtain this baseline funding information indirectly by submitting a costing request to 'cancel' existing government policy in several areas.
- 2.59 The budget papers are a critical source of information for the PBO to cost policy proposals. However, they provide little, if any, information on both base funding in key areas and likely underspends in government programs.
- 2.60 Ideally, future budget papers should provide greater disclosure and breakdown of this type of information. Greater detail in the budget papers on capital projects, significant recurrent spending programs and all new revenue and expenditure measures since the previous budget or budget update would be beneficial not just for the purposes of PBO costings but in budget transparency for all stakeholders.
- 2.61 For the PBO in particular, it would be helpful if the budget papers published the expenditure profile over the forward estimates for all infrastructure projects and other key policy initiatives. Alternatively, Treasury could provide a list of projects and policies and their estimated spend over the forward estimates to the PBO at the start of the costings period and updated at HYR and PEBU.
- 2.62 Treasury could also provide information on the scope for reallocating funds, including which programs have significant underspends or where future spending is discretionary in nature.

²¹ As an example, Opposition may want to increase teacher numbers in total by 4000 over the forward estimates. Current policy may already fund an increase of 3000; hence new funding is only required for an additional 1000 teachers. However, without access to the underlying data on what is funded from existing policy, the costs of the Opposition policy cannot be accurately estimated without requesting further information from agencies.

Maintaining confidentiality

Recommendation 7

That the *Parliamentary Budget Officer Act 2010 (NSW)* be amended to include a provision allowing the head of a government agency to delegate his or her function to a nominee and that the head of the agency, or nominee, be allowed to consult with other agencies, if required, to obtain information to respond to a PBO request for information.

- 2.63 Formal information requests of agencies are a primary means of gathering information and data which the PBO needs to fulfil policy costing requests.
- 2.64 In order to respond to a PBO request for information it is often necessary for two or more agencies to consult because, for example, an agency may be fully across policy details but may not know all the budget and financial details. Both have to be included in a response to a PBO request for information.
- 2.65 It is also often helpful for an agency to be able to talk with NSW Treasury to confirm information.
- 2.66 However, the PBO Act restricts the head of a government agency or any staff of that agency from disclosing “any information or document” relating to a PBO request for information, except “to a member of staff or head of the agency” or “to the Secretary or a member of staff of the Department of Premier and Cabinet”.²²
- 2.67 This limits agencies' ability to work together to quickly gather information and respond to the PBO and it means that the PBO spends more time than should be necessary liaising between government departments.
- 2.68 The PBO previously requested legal advice on this issue and found that the PBO Act does, indeed, prevent agencies from consulting with each other.
- 2.69 The work-around solution, which the PBO developed in 2018-19 with advice from the NSW Crown Solicitor, was to send information requests to the heads of all applicable agencies at the same time. This enables their staff to work in parallel on providing the information request.
- 2.70 Although this solution has worked, it adds extra work and there is still a perceived risk by agencies around sharing information. The PBO recommends that the PBO Act be changed to explicitly enable information to be exchanged freely and quickly so policies can be costed in a timely manner.
- 2.71 This provision in the PBO Act should state that a person who seeks information from another NSW Government agency for the purpose of fulfilling a PBO information request does not, by so doing so, risk breaching confidentiality provisions of the Act.

²² *Parliamentary Budget Officer Act 2010 (NSW)* s16(4).

Chapter 3 Learnings for the next PBO

- 3.1 In addition to the recommendations and findings made in *Chapter 2*, there are many learnings that have been gathered from a review of the PBO's operations in 2022-23. Below are further findings the next PBO may consider to best prepare for the important work ahead of the 2026 Election.

Costings

Approaches to costing requests should be agreed

Finding 3

At the beginning of the next PBO, costing request approaches and inclusions should be discussed and agreed with parliamentary leaders.

- 3.2 A number of policies submitted in 2022-23 could not be costed by the PBO because the terms of the request were unclear, overly complex or not focused on a specific policy outcome.
- 3.3 The PBO considers its mandate to be costing policies, not commenting on the merits of those policies or giving alternative policy advice. When costing requests are not clearly written it can mean the PBO has to request more information from agencies than may be required and may stray into the area of policy advice.
- 3.4 Guidance to parliamentary leaders regarding costing requests should emphasise avoiding:
- stating both a funding limit and a fixed or hard policy outcome (such as this hypothetical example: 'employ 1000 additional counsellors at a cost of \$100 million'). In such cases, where the required outcome could not be provided within the funding limit stated, the PBO was unable to cost the policy as specified. It also posed a dilemma for the agency from which the PBO sought information, because the agency had to advise that the policy was not workable. In practice the PBO completed these kinds of costings based on the policy outcome sought, setting aside the declared costs identified by the parliamentary leader.
 - testing the cost of an array of multiple options around a broad policy proposal (example: scholarships to the value of X, Y or Z for graduate courses required for A, B or C occupations) – these should be discussed with the PBO first to better direct the PBO's costing work towards the parliamentary leader's desired policy outcome
 - overly focusing on funding arrangements for a policy rather than the policy outcome itself (such as establishing a new program or fund and transferring allocations from an existing program to fund it)
 - seeking the cost of capital projects without including the associated operational costs, like maintenance and staff costs, that would inevitably come with a new asset. The PBO should include estimates of operational

costs for capital projects unless the policy specifies an alternative source of funding.

- seeking the cost of the other parliamentary leader's policies (as noted previously in this report, this practice was not a feature of leaders' requests in 2022-23).

- 3.5 Parliamentary leaders should be encouraged to ensure their requests focus on their desired policy outcome. While the PBO welcomes parliamentary leaders providing estimates of the cost and the methodology used, these should not be stated in the policy proposal itself. The costing proposal should be limited to the policy outcome.
- 3.6 Developing an agreed understanding on the framing of costing requests and necessary inclusions before costing work begins will help ensure that the PBO can independently cost policies. It will also streamline the PBO's costing task by removing confusion and minimising excessive follow-up with parliamentary leaders.

Improving agency response times for information requests

Finding 4

The PBO should agree shorter deadlines with agencies within the ten-day and six-day statutory timeframes for information returns where the information is readily available.

- 3.7 The parliamentary leaders expressed frustration to the PBO on the slowness of information being supplied to the PBO on some costings. To be clear, this was not the case for more complex costings where the leaders and their staff generally understand that information can be difficult to assemble and needs close checking for accuracy. The concern related to costings where it appeared that the request was a relatively simple one to fulfil and information was readily available.
- 3.8 The limit for information returns from agencies is ten business days if the request is made before the commencement of the caretaker period, or six business days if the request is made on or after the commencement date of caretaker. The PBO notes that pre-caretaker, some agencies provided information only at the ten-day time limit, regardless of whether the information was simple or complex. This is shown in *Figure 11* (see [Appendix 3 – Information requests](#)), where the highest number of information returns were provided to the 2022-23 PBO on the tenth day – a trend also noted in 2018-19.
- 3.9 As the PBO often has to seek clarification or further information from the agency after the initial return, this resulted in costings taking longer to complete and return to parliamentary leaders.
- 3.10 To minimise the total time taken to complete costings, it is important that agencies return information to the PBO as soon as possible. The PBO aims to complete most costings, aside from complex ones, within two to five days. Any assistance agencies can give to meet this target is appreciated. This issue is important for leaders' confidence in the professionalism and competence of the public service.

- 3.11 The principle also applies to obtaining approval from agency senior executives. In the case of some agencies, the PBO understands the delay in returning information was due to lengthy internal approval procedures rather than the process of gathering the information itself.
- 3.12 Accordingly, the PBO encourages agencies to treat the statutory limits as the *maximum* response time if needed, rather than a *standard* response time. The PBO's operational plan should include clear advice to agencies that these statutory time limits are not a deadline but a limit.
- 3.13 From an agency point of view, part of the problem was that the PBO often asked for the information "as soon as possible" in its requests. Some agencies (see [Appendix 5 - Stakeholder feedback](#)) said this was too vague and they would welcome the certainty of being given a specific deadline within the statutory timeframe.
- 3.14 It is often difficult for the PBO to nominate the appropriate deadline within ten days in the initial information request before having discussed the request with the relevant agency. Where the PBO establishes with an agency that information it seeks is readily available the PBO should set a shorter deadline for the information return.

Providing agencies with sufficient context for information requests

Finding 5

Without contravening the PBO Act, the PBO should provide agencies with sufficient context and detail in its information requests to enable agencies to provide the most appropriate responses the PBO requires for fulfilling policy costing requests.

- 3.15 The PBO must strike an appropriate balance between the confidentiality requirements of the PBO Act and the need for agencies to be provided with enough information about a proposed policy in order to provide the most accurate and useful information to the PBO for costing purposes.
- 3.16 Based on feedback from agencies, it is likely that the PBO has been too cautious in the amount of information it was prepared to share with agencies about the policies submitted for costing, particularly earlier in the 2022-23 costing period. This caution was influenced by cases where parliamentary leaders had asked for information about certain policies not to be shared with agencies.
- 3.17 The PBO agrees a better balance between the objectives of maintaining confidentiality and providing sufficient context to agencies can be found, with more information being provided to agencies, either in a written request or in subsequent clarifying discussions.
- 3.18 See [Appendix 3 – Information Requests](#), and Appendix for further discussion.

Correction of misrepresentations

Finding 6

The current PBO Operational Plan gives a person who has misrepresented the PBO 48 hours to correct the record. In the caretaker period this should be reduced to 24 hours, recognising the importance of having accurate information in the public domain quickly in the immediate pre-election period.

- 3.19 Under section 22(3) of the PBO Act “If the Parliamentary Budget Officer considers that an election policy costing provided by the Officer has been publicly misrepresented the Officer may issue a public statement to correct the misrepresentation”.
- 3.20 The 2022-23 Operational Plan indicated that in the interests of providing correct information to the public as quickly as possible, ideally the person or organisation responsible for the misrepresentation should correct it quickly themselves. The current Operational Plan gives a timeframe of 48 hours for this to occur.
- 3.21 There was one significant misrepresentation in 2022-23, in the last week of the election campaign. It was not corrected by the party responsible. The PBO issued a public statement to correct it on 24th March. Details are included in [Appendix 7 – Media and public engagement](#).
- 3.22 Because this incident occurred close to election day, the correction was in the public domain for less time than the misrepresentation itself. Given the importance of providing accurate and reliable information to voters, closer to the election date a correction should be published quickly. A future PBO can give effect to this in a future Operational Plan by shortening the deadline for a person or organisation responsible for a misrepresentation to respond from 48 hours down to 24 hours in the caretaker period.
- 3.23 Given the importance of providing accurate and reliable information to voters, closer to the election date a correction should be published quickly. A future PBO can give effect to this in a future Operational Plan by shortening the deadline for a person or organisation responsible for a misrepresentation to respond from 48 hours down to 24 hours in the caretaker period.

Absorbing costs for proposed policies

Finding 7

It is beneficial for the PBO to keep a running total of absorbed costs for each agency and update parliamentary leaders regularly to help limit absorbed costs to manageable levels.

- 3.24 In 2022-23, 10 per cent of costing requests stated that the costs of the policy were to be absorbed fully or in part by the agency responsible. As in previous elections, the PBO did not take a position on whether cost absorption was a desirable outcome of a policy; rather, in many cases, the PBO stated that an agency would likely need to limit other activity in order to absorb costs.
- 3.25 When a party stated that costs should be absorbed, the PBO accepted this assumption if it was feasible. The feasibility test on each policy included

consideration of the overall total in costs to be absorbed by the agency or cluster from all the party's policy proposals.

- 3.26 It will be beneficial for future PBOs to keep a running total of absorbed costs for each agency and update parliamentary leaders regularly to help limit absorbed costs to manageable levels.

Unit costs should be agreed

Finding 8

Agreement on standard unit costs of key capital and recurrent expenditure items between the PBO, NSW Government agencies and NSW Treasury will assist the PBO to deliver accurate and streamlined costings.

- 3.27 In relation to the unit cost of core budget items like the capital cost of a school classroom or the annual employee expense for a nurse or paramedic, it is preferable for these standard costs to be identified, detailed and agreed between the PBO, the relevant agency and Treasury at the start of the costing process.
- 3.28 Having accurate unit costs would save time for agencies and the PBO and help eliminate some of the costing variations that the 2022-23 PBO experienced. The PBO notes that individual costings may require variations to agreed unit costs, which should be addressed on a case-by-case basis.
- 3.29 The PBO would manage the distribution of the standard unit cost information to parliamentary leaders.

Use of workflow management systems by the PBO

Finding 9

A future PBO should have a functional automated workflow management system that can reduce the current manual handling of the election policy costing process.

- 3.30 Current processes in the PBO are reliant on manual handling to receive, track and report on requests for policy costings from the major parties. This current process leaves the PBO open to errors and accidental loss of information, is time consuming, lessens the efficiency of the PBO to cost policies, and does not prepare for the growth of the PBO.
- 3.31 The lack of a sophisticated, automatic system also limits the PBO's ability to provide agencies with more detailed information in the form of excel reports. This has been commented on by NSW Treasury, which believes the PBO and the costing process would benefit from an IT system developed to handle a growing number of election costing requests.
- 3.32 An unfavourable result of the current process experienced during this PBO were glitches in the production and publication of election policy costings and requests. The BIS and election policy costings are legislated by the PBO Act to be published on the fifth last day before the election. This is a service to the voters of NSW, providing clarity and transparency on election policies. The PBO managed to publish all election policy costings and requests on time but not without incident.

The PBO was required to publish around 370 individual files, which included final election policy costings and the relevant costing request. However, due to current system limitations these were published as four bulk uploads on 20 May 2023, creating greater administrative burden for the PBO and all stakeholders. This was then rectified the next day, with assistance from the Department of Parliamentary Services (DPS) IT team and external vendors.

- 3.33 Having an automated system to manage and prepare costing requests and completed costings would place the NSW PBO on par with both the Commonwealth and Victorian PBOs. Further detail is included in [Appendix 1 - Summary of PBO Operations](#).

Access to agency financial reporting systems

Finding 10

It would be beneficial for the PBO to have access to NSW Treasury's PRIME (or equivalent data source) and other relevant reporting platforms within agencies to independently cost policies.

- 3.34 There have been occasions where the work of the PBO is delayed when waiting for financial information from Treasury that should be quick and easy to access.
- 3.35 Having access to Treasury systems and models would allow the PBO to complete costing requests more independently without relying as heavily on agency information requests. The main Treasury system used for cost modelling that could benefit the PBO is PRIME.
- 3.36 The PBO realises that access to PRIME and other systems could raise concerns because PBO staff would have access to budget or cabinet in confidence information. An alternate solution would be for the PBO to be provided with a direct contact point in Treasury with access to PRIME and approval authority over requests for its data.
- 3.37 Agencies have expressed concern that this method could eliminate them from the costing process as they may not be able to review or quality-assess the final costings. To address this concern, the PBO should repeat the practice outlined in the 2022-23 PBO operational plan of providing costings to agencies for review and discussion (except in cases where the PBO is asked not to do so by the parliamentary leader who submitted the policy for costing).
- 3.38 Other PBOs in other jurisdictions have access to Treasury and other government information, refer to [Appendix 6](#) for further details. The NSW PBO would benefit from access to such information for costing election policies more promptly and independently.

Information returns

Consistent use of contingency and uplift allowances

Finding 11

A standard approach to the inclusion of any contingency and uplift allowances should be agreed with Treasury in advance of the costing process.

- 3.39 Some information returns from agencies included costs that varied significantly from NSW Treasury assumptions. In particular, the inclusion of contingencies was a concern. In some cases, they amounted to as much as 30 per cent of the overall policy cost.
- 3.40 Some costings provided by agencies also appeared to be overstated. The assumptions that were used varied between agencies and even within agencies. This required the PBO to explore and test the information returns in detail.
- 3.41 Another related issue was the inclusion of allowances for 'corporate uplift' costs, which were said to cover extra head office and/or administration tasks required to manage increased resources provided by a policy.
- 3.42 A standard approach to the inclusion of any contingency and uplift allowances should be agreed with Treasury and relevant agencies in advance of the costing process to enable the PBO to cost proposed policies more consistently and efficiently. The PBO notes some flexibility may be required on an agency-by-agency basis to reflect their specific circumstances.

Confidentiality

Compliance with the PBO Act

Finding 12

The confidentiality provisions of the PBO Act should be regularly reviewed in light of the levels of compliance, with consideration given to increasing penalties for breaches if necessary.

- 3.43 Complete confidentiality remains a vital underpinning of the costing process. If a Parliamentary leader is not confident that their policy information will remain confidential, they are unlikely to make use of the PBO. Therefore, the PBO always strives for confidentiality of policy proposals.
- 3.44 One breach of confidentiality was noted in the 2022-23 PBO. This was an internal breach, where a PBO staff member accidentally sent a Government policy costing request to the Opposition, seeking further information about implementation details of that policy. Although the PBO has a protocol stating that queries regarding a costing should be directed only to the originator(s) of the initial costing request, via an email reply rather than a new email, that protocol was not observed. This was an accidental oversight, a case of human error. As soon as the accidental breach was brought to the attention of the Parliamentary Budget Officer, he advised the representative of the Premier. The PBO put in place additional internal checking procedures to ensure a breach of this nature did not happen again.

- 3.45 In the costing process, not only actual confidentiality but also perceptions about confidentiality are important for trust between parliamentary leaders and the public service. On occasions perception problems can arise through a combination of circumstances, even where confidentiality is maintained. An example occurred during the 2022-23 costing process. The PBO sent an information request to an agency in relation to an Opposition policy costing request. The costing was completed based on the information return from the agency and sent to the Opposition, which then announced their policy. Very shortly after, the Government announced a counter-policy. This coincidence in timing gave rise to a perception on the part of the Opposition that there may have been a breach. While in the view of the PBO this is highly unlikely (the policy in question had been the subject of extensive public debate and internal departmental development in preceding months), the perception issue still arose.
- 3.46 The PBO suggests that a learning from this is that where possible agencies should advise Ministers about problems that arise when the timing of an announcement gives rise to a perception that confidentiality has been breached, and suggest approaches to announcements that minimise such perceptions. The PBO recognises however that in the lead up to an election such advice may not always be persuasive - Ministers will want to make decisions and announcements that reflect their political priorities.
- 3.47 Adherence to the confidentiality provisions of the PBO Act requires constant monitoring and review. Breaches in 2022-23 were low and this may reflect an improving public service culture around the importance of the election costings process, however, this is not guaranteed. The shift from the cluster model to many standalone agencies may have implications for maintaining confidentiality in future elections. Consideration may need to be given in future to increasing penalties for breaches of the PBO Act.
- 3.48 During post-election consultations, some agencies raised a concern about the possibility that work done to provide information for unpublished costings could be subject to a request for its release under the *Government Information (Public Access) Act 2009* (GIPA Act). This would conflict with the confidentiality provisions of the PBO Act, and more importantly would act as a strong deterrent for Parliamentary leaders to submit policies to the PBO for costing.
- 3.49 The PBO sought advice from the NSW Crown Solicitor's Office on whether unpublished costing information could be sought under the GIPA Act (see [Appendix 5 - Stakeholder Feedback](#)). The Crown Solicitor confirmed that it is not possible to seek unpublished PBO election policy costings and relevant information requests under the current GIPA Act and therefore, the PBO is not seeking any further changes to the PBO Act for this.

Sensitivity of agency information

Finding 13

Agencies should discuss with the PBO any concerns they have about disclosing sensitive information as soon as possible.

- 3.50 A large number of costing requests were related to capital expenditure where existing policies were already underway, such as for the construction of schools and hospitals. The line agencies concerned and Treasury were sometimes hesitant to provide costing information to the PBO in case the information might compromise current tender processes.
- 3.51 Some agencies added labels such as 'Sensitive–NSW Government', 'Sensitive – Cabinet in Confidence' and 'Sensitive–Commercial in Confidence' to all documents and emails provided to the PBO. This overuse caused confusion and delay for both the PBO and agencies as staff needed to obtain high level clarification on exactly what information within documents could and could not be released.
- 3.52 The PBO should clarify with agencies at the start of the costing period a consistent and appropriate approach to the disclosure of potentially sensitive information, including the application of 'commercial in confidence' or 'cabinet in confidence' labels for costings; noting that this will not necessarily constitute an overriding public interest reason for not providing information. A consistent approach should be agreed by the PBO, Treasury, DPC and all line agencies.

Transparency

Finding 14

Tracking and monitoring election commitments has a positive effect on ensuring all announced election policies have been costed.

- 3.53 In 2022-23, DPC tracked and monitored election commitments. This was an important task that added transparency to the election costing process and should be retained for future elections.
- 3.54 In contrast, in the 2019 election there was no coordinated approach to monitoring commitments and agencies monitored announcements as best they could, often ending up with many unfunded commitments.

Interaction with the Parliament of NSW

Consultations with the Presiding Officers

Finding 15

The next PBO should consult the Presiding Officers on whether the Department of Parliamentary Services should provide information to the PBO as needed for policy costings, in a way that corresponds to the arrangements for information requests made to government agencies.

- 3.55 Both major parties proposed policies in 2022-23 in relation to parliamentarians' remuneration. The PBO sought information from DPS on the forward estimates for this expenditure item. DPS declined to provide it.
- 3.56 A senior budget analyst sought the information from DPS on 28 February 2022. The then acting chief executive of DPS responded on 2 March that "the Legislature is not a government agency nor a cluster and therefore is not required to comply with s.16 of the *PBO Act*."
- 3.57 The Parliamentary Budget Officer emailed the chief executive of DPS on 6 March, again seeking the information. The PBO argued there seemed no reason why DPS being helpful on this would harm the interests of the legislature and suggested the information be provided as an act of generosity.
- 3.58 On 21 March, having heard nothing further, the PBO sent a query about progress. The head of DPS replied, among other things, that "the Parliament does not maintain any projection on members salary [sic]".
- 3.59 The lack of information did not in this case make a material difference to a larger costing of a policy on public sector remuneration. It does though raise a broader question of whether the legislature should provide information to assist with costings.
- 3.60 It is quite conceivable that either the Government or Opposition could propose policies affecting the operations of the parliament that fall within the definition of policies that parliamentary leaders are obliged to have costed under the PBO Act. These could cover (but would not be limited to) topics such as allowances and entitlements for parliamentarians, the physical structure of the Parliament's building, or numbers and size of electorate offices.
- 3.61 As with costings of policies affecting government agencies, often the information required to complete a costing is not available on the public record. It must be sourced from the agency itself.
- 3.62 It is difficult for a political party to propose a policy affecting the Parliament if it is unable to find out in advance how much that policy will cost. Nevertheless, there seems no reason in principle why such policies ought not be debated and decided in the normal democratic process of an election campaign.
- 3.63 It would seem unusual that the Parliament would legislate to make it obligatory for agencies to provide the PBO with information to assist with costings, but not apply that same discipline to itself.
- 3.64 Moreover, in the absence of information the Parliament runs a risk that a policy will be put forward on an assumption that it has a minor cost that the legislature can absorb within its existing budget. Should there be high hidden costs – that is, costs not apparent based on information available publicly – the Parliament could be put under pressure to implement the policy concerned without budget supplementation. It would then face having to find savings to meet those costs.

- 3.65 There is a simple solution, which would be for the Parliament to agree that information needed to cost policies will be provided to the PBO. This could be implemented readily by a decision to that effect from the Presiding Officers.
- 3.66 There is no breach of the doctrine of separation of powers involved in the transfer of information from DPS to the PBO. Like the Legislative Council, Legislative Assembly and DPS, the PBO is an agency within the legislative branch of government.
- 3.67 The issue is rather one of transparency. If a policy is announced the related costing will become public, including the information on which it is based. Putting information into the public domain is though not the same as the legislature passing information to the executive branch of government. The same applies if a policy is considered then not pursued in light of information provided.
- 3.68 As with government agencies, if there is an overriding public interest against disclosure of information it should not be provided. This can be determined on a case-by-case basis.
- 3.69 If on the other hand the Presiding Officers did not wish to see information passed to the PBO to assist in costings, establishing this early in the process – that is, before parliamentary leaders submit policies to the PBO – would help manage expectations.
- 3.70 In this scenario, parliamentary leaders would need to be advised (probably via the PBO Operational Plan) that while the PBO would endeavour to cost policies concerning the legislature, in doing so it would only have access to information on the public record.

Locate the PBO within the Parliament of NSW

Finding 16

It is beneficial for the PBO to be located within the Parliament of NSW building to avoid property and IT problems that could not be solved during this PBO. Should space within the building not be available, alternative accommodation will need to be found that allows for regular contact between the PBO and PBO staff and representatives of parliamentary leaders, and supports the staff amenity, security and IT requirements of the PBO work.

- 3.71 In the past, the PBO office has been housed within NSW Parliament. However, this election also saw extensive work in renovating Parliament House and the PBO was set up at 60 Martin Place across the street from Parliament.
- 3.72 Problems that resulted from the chosen remote location were a lack of soundproofing, faulty after-hours door security, an inadequate virtual telephone system, an IT cable connection to Parliament that was sometimes unsecured, and an unreliable internet connection.
- 3.73 Most of these problems posed serious security risks that could and should have been avoided. In most cases, it fell to PBO staff to manage the significant risks with high levels of caution over their computers, documents and conversations.

- 3.74 This degree of inadequate security is not acceptable, particularly in light of the increased cyber security threat now faced by Australian organisations and institutions.
- 3.75 When the PBO is located within Parliament House, it is easier to ensure the office space is ready on time and then adequately maintained and kept secure throughout the election period.
- 3.76 The unreliable connection to the internet caused problems communicating with stakeholders from the major parties and agencies. It also critically affected saving information in shared work documents. A solution was never provided despite consultation with the building manager and Parliament's IT team. This resulted in serious production difficulties in finalising both costings and the BIS. Given the importance and sensitivity of the work of the PBO, this is not a desirable state of affairs.
- 3.77 The general work of the PBO is challenging, even without these additional problems, given it must be setup for every election. If the challenges that arose from this PBO's remote location could have been avoided, the PBO could have put more time and attention to its important work of costing election policies.

Recruitment of staff

Finding 17

The next PBO should have increased staffing levels to be prepared for the volume of costing requests, begin its recruitment earlier, and recruit more widely from agencies and other appropriate sources.

- 3.78 As outlined in [Chapter 1](#), the number of staff in the PBO was barely enough to complete the policy costing requests received. Ideally, a future PBO would ensure a staffing level of at least 30 employees including, the Parliamentary Budget Officer. This number should include both more analysts and admin staff and assumes the PBO's current mandate is maintained. Any change to the PBO mandate would require reconsideration of appropriate staffing and resourcing levels.
- 3.79 The recruitment process for the 2022-23 PBO should have started earlier to be better prepared for the election costing process. Given the tasks required and the volume of work, an ideal timeline would see the recruitment process to begin in June for staff to begin their work from July.
- 3.80 Secondments continue to be a preferred way to recruit staff as they have the best match of skills and cluster knowledge, which improves the information request process with agencies. In this PBO, however, it was more difficult to encourage clusters to second staff. Going forward it would be preferable to ensure that PBO staff represent a wide range of Government agencies as this brings the appropriate level of knowledge and skillset required for the work of the PBO.

See [Appendix 1 - Summary of PBO Operations](#) for detailed discussion of staffing challenges.

Information and statistics of the 2022-23 PBO

- 3.81 A summary of the following topics can be found at [Appendix 1 - Summary of PBO Operations](#):
- Staff
 - Onboarding and training staff
 - Meeting with key stakeholders
 - Performance against budget
- 3.82 Additional information and statistics about the costings requested by both major parties during the 2022-23 PBO are found at [Appendix 2 - Costings](#).
- 3.83 Information and statistics about information requests sent by the PBO to NSW Government agencies are found at [Appendix 3 - Information Requests](#).
- 3.84 Changes and improvements made to the 2023 BIS have been summarised at [Appendix 4 - Changes to the BIS](#).
- 3.85 The PBO also received feedback from key stakeholders. This feedback and the 2022-23 PBO's response are included in [Appendix 5 - Stakeholder Feedback](#).
- 3.86 A number of Recommendations and Findings should also be considered against the Independent Fiscal Institutions in other jurisdictions around the world. These have been summarised at [Appendix 6 - Comparing the NSW PBO with other Independent Fiscal Institutions](#).
- 3.87 A summary of media and public engagement can be found at [Appendix 7 - Media and public engagement](#).

Chapter 4 Looking to the future

- 4.1 The NSW PBO is one example of an increasing number of Independent Fiscal Institutions (IFIs) in the world's advanced democracies. IFIs are considered one of the most important innovations in public financial management in recent decades because they encourage sound fiscal policy and sustainable public financial practices²³. IFIs enrich the public debate by offering independent, non-partisan analysis of economic and fiscal policies, which better informs the views and votes of citizens.
- 4.2 Since the 2008 Global Financial Crisis, the number of IFIs like the NSW PBO in the Organisation for Economic Co-operation and Development (OECD) has tripled.²⁴ Many legislatures give these bodies a role of independent monitoring and analysis of fiscal plans, forecasts and outcomes, in addition to the existing checks and balances of a government's management of public finances.
- 4.3 At present only a minority of the OECD's PBOs have a role in costing election policies – but there is increasing interest in this. Some (for example, Ireland's PBO) are about to start costing work and are very interested in the work of the NSW PBO.
- 4.4 As the fiscal environment facing NSW evolves, it is appropriate to continually review the role of the PBO to ensure it remains fit for purpose. In this light, consideration should be given to extending the temporary period of the PBO or making it permanent.

Fulfilling the current PBO mandate

- 4.5 In the seven months set out for the PBO by the PBO Act, the Parliamentary Budget Officer must set up the office, recruit and train staff, develop internal processes, plan how to manage resources, liaise with key stakeholders, develop an operational plan, communicate extensively with political party representatives and government agencies seeking information, complete costings, prepare and publish the BIS, gather feedback, and compile a post-election report.
- 4.6 Under its current seven-month operation, there is limited time for the PBO to re-establish and equip itself with adequate resources for producing high quality, wholly independent costing and modelling of election policies at the volume now required. The number of costing requests to the PBO has risen in each subsequent election since 2010-11, reaching nearly a thousand in 2022-23 and almost as many as 2014-15 and 2018-19 combined (see [Appendix 2 - Costings](#)).
- 4.7 The appropriate amount of time for the PBO to process a high volume of costings will likely become a more acute issue at the next election given the new government's expected move to dismantle the cluster model in favour of stand-

²³ L von Trapp, I Lienert & J Wehner, 'Principles for independent fiscal institutions and case studies', [OECD Journal on Budgeting](#) (2015) 2, p 9.

²⁴ *Ibid*, p 11.

alone agencies. If the PBO has to establish and manage relationships with each individual agency (perhaps as many as 50 agencies, compared to ten clusters), this is likely to take up more PBO administrative time. For example, where the lead cluster contact coordinated the various inputs required across the cluster for one consolidated information return to the PBO, the PBO would have to manage that process itself.

- 4.8 Feedback from parliamentary stakeholders in 2023 sought greater consistency and quality assurance in PBO costings. Stakeholders also expressed concern that the PBO is too reliant on information provided by agencies and that it should be provided with greater resources to conduct its own independent modelling and cost calculations. This would be more aligned with international counterparts, like the Netherlands' Central Planning Bureau (CPB) or the Canadian PBO (see [Appendix 6 - Comparing the NSW PBO with other Independent Fiscal Institutions](#)). However, the PBO would need more time to complete its own autonomous research and analysis and build independent models.
- 4.9 For the PBO to properly fulfil its existing obligations under the PBO Act and provide parliament and the general public with full confidence in its independent costings in the lead up to elections, an earlier appointment of the Parliamentary Budget Officer ten months before the election is needed at a minimum.

An updated mandate for evolving conditions

- 4.10 The purpose of the NSW PBO is to increase political accountability and transparency for the benefit of the people of NSW by providing independent information and analysis to support public debate and increase the transparency of government. However, this function is limited to election policies for two major political parties only; and only for seven months every four years in the lead up to the general election. While elections are critical turning points in our democracy and demand this transparency and accountability from governments and oppositions, the erosion of public trust in government, and a more complex fiscal environment suggest the need for accountability and transparency in government more widely and continuously.
- 4.11 There is a growing case for the PBO's mandate to be extended beyond elections and across more functions that would serve to enhance the level of public finance scrutiny. This would be in line with international best practice. PBOs across the OECD contribute a range of such functions²⁵:
- policy costings
 - fiscal sustainability analysis
 - program evaluation, which considers budget and value for money
 - economic forecasting

²⁵ L von Trapp, I Lienert & J Wehner, [OECD Journal on Budgeting](#), pp 11-19.

- briefing on budget and other economic issues (for both parliamentarians and a wider audience).
- 4.12 International counterparts, including the United Kingdom's Office of Budget Responsibility and the United States' Congressional Budget Office, have evolved over time to perform a number of the functions outlined above, which are now seen as central to the value of these well-established institutions. A comparison of the NSW PBO's functions to those in a sample of other jurisdictions is at [Appendix 6 – Comparing the NSW PBO with other Independent Fiscal Institutions](#).
- 4.13 In NSW, similar conditions exist that warrant these IFIs overseas undertaking at least some of the above functions. Here, the last decade has seen the rise of large and long-term infrastructure investment programs and funds, non-conventional approaches to the financial structuring of public assets, higher levels of public procurement, increasing use of grants as a channel for government expenditure, and a wider variety of policy proposals coming from an expanding Parliamentary crossbench.
- 4.14 Additional areas of public finance review and analysis where the PBO could complement the existing roles of Parliament, Treasury and the NSW Audit Office are:
- **Extending election policy costings to include those of all political parties.**
Currently the PBO Act only provides for costing of policies of the Government and Opposition. An expanding crossbench and the likelihood of more minority governments suggest an increasing number of policies from outside the Government and Opposition parties would potentially become a reality after an election – and indeed, during the course of a parliamentary term. Thus, there is a growing gap in the independent costing of policies that may be adopted by a current or future government and an additional area of service that can be provided by a permanent PBO (see the *Case for costing election policies for all parties* below).
 - **Preparing submissions and advice on economic, financial or fiscal matters as requested by Parliamentary Committees.**
A PBO with the legal ability to obtain information from agencies and with the skills and experience in financial and fiscal analysis could increase the quality of objective information and independent assessment provided to Committees and, in turn, improve their oversight of government policies and performance. The Financial Accountability Office in Ontario, Canada, provides public information and advice to parliamentarians on the details of the budget and how the budget works, supplemented with related explanatory materials. It has invested in a detailed communications function.
 - **Reviewing the accuracy of Government expenditure projections and costings.**
Recent experience in NSW has raised questions over the accuracy of cost estimates for large scale, multi-year capital and recurrent expenditure programs, often with the result of cost overruns burdening the state budget. Independent scrutiny of fiscally significant expenditure programs when they are proposed and as they progress would support improved fiscal

management and planning of expenditure by Treasury, Infrastructure NSW and other agencies.

- Preparing medium term fiscal sustainability reports.**
Treasury provides annual budgets detailing the government's fiscal program over four years with expenditure projections out to ten years as well as an intergenerational report every five years, which looks at the long-term sustainability of the state's finances over 40 years. These provide a level of transparency about how public money is being spent and planned. However, these reports are produced according to the priorities of the government of the day. The credit ratings agencies also provide assessments of the government's fiscal sustainability but these are not public processes. Consultations with other leading IFIs in the OECD suggest this is a prime area where a PBO could add value to the state's public finance management.
- Preparing information papers and guidance on key policy areas, including financial, economic and budget risks.**
More informed policy debate and higher quality policy proposals would be supported if stakeholders (including Ministers, shadow ministers, MPs, the media, advocacy groups and the general public) were able to access a greater quantity of publicly available research papers, guidance, and economic and financial analysis. The PBO would be well placed to undertake this work. This specialist work would go beyond the work the Parliamentary Library currently does.

Case for costing election policies for all parties

- 4.15 Minority governments, where no one party has an absolute majority, are an increasingly common feature of Australian democracy at both national and state or territory level. There are currently minority governments in NSW, Tasmania and at the Commonwealth level, with the Commonwealth, NSW, Western Australia, South Australia, Tasmania and the Northern Territory all having experienced minority governments, some more than once, over the last 15 years.²⁶ This largely reflects a declining primary vote for the two major parties over many decades.²⁷
- 4.16 In previous decades, the policies of minor parties and independents had little or no chance of being implemented unless they happened to coincide with the priorities of the major party forming government. In the current makeup of many of Australia's Parliaments, including that of NSW, policies of minor parties and independents are more likely to be considered for implementation as part of the give and take in negotiations around passage of a government's legislative agenda. This is routine in other advanced democracies. In the Netherlands, for example, where coalition governments are the norm, a key role of its PBO

²⁶ Gareth Griffith, *Minority Governments in Australia 1989-2009: Accords, Charters and Agreements*, Background Paper No 1/10, NSW Parliamentary Library Research Service, p 8, table 2.

²⁷ Scott Brenton, Heath Pickering, 'Trustworthiness, Stability and Productivity of Minority Governments in Australia', *Parliamentary Affairs*, (2022) 75(2) pp 308–339, figure 1.

equivalent, the CPB, is to cost policies that arise from coalition agreements, to ensure that they are fiscally responsible.²⁸

- 4.17 In these circumstances there are two important considerations for the role of a Parliamentary Budget Office:

Accountability

In principle there seems no good reason why a minor party or independent should be exempt from the discipline of PBO processes for costing as set out in the PBO Act – that is, an obligation on a parliamentary leader (presumably the individual member of parliament in the case of an independent) to submit any policies to the PBO for costing, and for those costings to be published after the policy is announced. If the PBO was to become an ongoing body, this would apply not only in the pre-election period but at other times.

As it currently applies with pre-election costings for the major parties, the PBO would be able to cost policies for minor parties and independents confidentially – with costings only released if those policies were announced publicly. This would have the further benefit of encouraging development of policies that were realistic, affordable and consistent with overall NSW fiscal sustainability.

Publication of the costings would help ensure the policy proponents were held accountable for the financial impacts of their proposed policies and could be questioned on this by the media and other interested parties.

Better Information

At present, when negotiating on whether or not to agree to policies proposed by minor parties and independents, the major parties who participate in those negotiations have no information on what the costs of the policy are likely to be. Agreeing to a policy without knowledge of its potential costs poses a fiscal risk.

If the counterparty to the negotiations is the party in government, they do have access to the resources of the public service to help cost a proposed policy; but that is not necessarily a process with which a minor party or independent would be comfortable. This is because in the normal course of a PBO costing there will often be numerous conversations between PBO staff and the representatives of the parliamentary leaders to clarify the policy's intention, and sort out details such as timing, location, coverage, target group, eligibility and so on.

These are done confidentially by the PBO to ensure the costing accurately reflects the proposed policy. While a PBO can undertake this role confidentially, that option is not available to a government department which under normal conventions of responsible government will be obliged to disclose details to its Minister if asked.

- 4.18 In the lead up to the 2022 federal election, the Commonwealth PBO published 119 policy costing requests by parties other than the Government and Opposition. This was 38 per cent of all published costings (noting the Government used

²⁸ CPB Netherlands Bureau for Economic Policy Analysis, [What we do](#), viewed 18 May 2023.

Treasury to cost its policies outside the caretaker period, as is the norm). Since 2015 the PBO has also costed numerous policies for members from minor parties and independents outside the caretaker period.²⁹

- 4.19 This suggests there could be significant demand for PBO costing of policies by minor parties and independents in NSW. It would be up to the Parliament to consider whether any limits to the volume of PBO costings outside election periods is warranted. Any tendency towards overuse of the PBO's resources by minor parties and independents could be managed by adopting a prioritisation framework similar to that used by the Commonwealth and Victorian PBOs.³⁰
- 4.20 A further benefit arising from a permanent PBO is that the process of costing election commitments for the major parties should become easier. The major parties, particularly the Opposition, would have four years, rather than six months or so, to confidentially test and refine their policies ahead of an election. This would allow for a more even spread of the PBO resourcing and workload over the parliamentary term.

A permanent PBO and alternatives

- 4.21 In conclusion, there is a strong and growing case for an expanded PBO mandate to keep pace with evolving fiscal challenges and demands for accountability and transparency in public finances. The five broad functions listed above are particularly relevant to the NSW context. To effectively carry out some or all of these functions, the PBO would ideally become a permanent institution. While unnecessary duplication of effort across the public sector should be avoided, this should not be at the expense of increased transparency of public finances that comes from having an independent PBO involved in these functions.
- 4.22 The PBO is not the only statutory authority that could take on these independent functions. An obvious alternative is the Audit Office of NSW. However, the Audit Office's primary role is the audit of the use of public resources. There is currently no remit for the Audit Office to assess the government's financial expenditure plans or to provide an overall assessment of fiscal policy and its sustainability.
- 4.23 These functions more naturally fit with an IFI like the NSW PBO. It may be more cost effective to have the PBO carry out this function rather than expand the mandate of the Audit Office. This would require further investigation and consultation to determine.

²⁹ Commonwealth PBO, [Costings](#), viewed 25 May 2023.

³⁰ Victorian PBO, [Prioritisation Framework](#), viewed 25 May 2023; Commonwealth PBO, [PBO costing processes, timeframes and prioritisation framework](#), viewed 25 May 2023.

Appendix 1 – Summary of PBO Operations

The PBO successfully delivered high quality costings that met the needs of parliamentary leaders and provided crucial information to the voters of NSW.

This was achieved through the efforts of a team of outstanding staff seconded from agencies across NSW government who brought a diverse and complementary skill set together. They also possessed a willingness to learn and innovate to get the job done.

A summary of the PBO's operations in 2022-23 is provided below.

Chief of staff

The role of the Chief of Staff is to support the Parliamentary Budget Officer to fulfill key functions by: managing recruitment; supporting engagement with political offices, secretaries and the media; leading preparation of the BIS; managing the costing workload and reporting; leading engagement activities to raise public awareness of the PBO; and ensuring the smooth running of the office. During the 2023 PBO the Chief of Staff also managed the Transport costings.

The above activities were in practice too high a workload for the Chief of Staff. While it is difficult to anticipate the volume of work each PBO will receive and which cluster will receive the most costing requests, the role of a future Chief of Staff should not include management of costings of a particular cluster.

A future PBO should continue to have a Chief of Staff role as, aside from being able to directly support the functions of the Parliamentary Budget Officer, it also provides continuity for that role.

Chief economist and chief accountant

Both the chief economist and chief accountant roles were suggested in feedback from the 2018-19 PBO after its work on a policy with complex accounting treatment. This policy drew significant media attention because there were differences in opinion of the accounting treatment used.

While the 2022-23 PBO did not experience the same issue, there were a number of policies that benefited from accounting advice and expert review.

The PBO was unable to recruit a chief accountant through public advertising. However, to assist with high level accounting advice, an emeritus professor of accounting with a strong background in accounting research in the NSW public sector was contracted. Dr James Guthrie was called on as needed to review specific policies.

Dr Michael Warlters was appointed as Chief Economist during the 2022-23 PBO and provided significant expertise and review of a number of key policies and models. Given the complexity and significant numbers of options the PBO received, his advice was invaluable.

Future PBOs should continue to employ both a Chief Economist and Chief Accountant as either ongoing roles or as a contractor on an hourly basis as required.

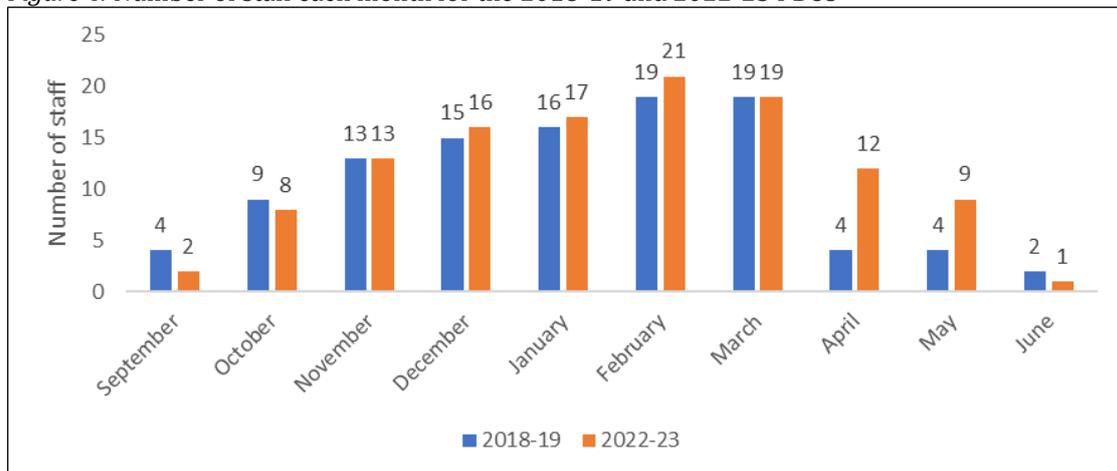
Analysts

The role of senior budget analysts and budget analysts is to prepare costings requested by the major political parties. The work is done both in-house and by requesting information from NSW Government agencies. Often the PBO also liaises with nominees of the Parliamentary leaders as needed. This process can be very complex and may require a large amount of time communicating with stakeholders. Costings often also require modelling to estimate costs of the proposed policies.

Senior budget analysts may supervise analysts especially for complex costings and are a source of expertise for the PBO team.

The PBO has increased its number of staff at each election, particularly at the peak of operations. *Figure 4*, which shows the breakdown of staff by election and month, demonstrates that the 2022-23 PBO had the highest number of staff at its peak (21 staff), compared to 19 staff in 2018-19.

Figure 4: Number of staff each month for the 2018-19 and 2022-23 PBOs



In the 2022-23 PBO, staff were seconded from Parliament, the NSW Audit Office and NSW Government departments including Treasury, Planning and Environment, Transport, Communities and Justice, Education, and Health. There were also retired government employees and a contractor from KPMG hired.

Secondments continue to be a preferred way to recruit staff as they have the best match of skills and cluster knowledge, which improves the information request process with agencies. In this PBO, however, it was more difficult to encourage clusters to second staff.

This could be for a number of reasons including staff burnout from COVID-19, reluctance to take on a demanding role (even for a short time period), poor awareness of the work of the PBO and delays of employment opportunities filtering down to interested staff. In addition, a number of clusters had undergone extensive and lengthy restructures that may have reduced staff's desire to take temporary roles, even despite the career growth opportunities.

Going forward it would be ideal to ensure that PBO staff represent a wide range of Government agencies as this brings the appropriate knowledge and skillset required for the work of the PBO.

Onboarding and training

Recruitment

While recruitment of PBO staff began in August 2022 and continued until late January 2023, it was challenging to attract and recruit suitable staff.

Roles were advertised a number of times; however, only a small number of suitable staff applied. In one case there was no response to an advertisement. To assist, senior PBO staff and cluster contacts shared job listings on LinkedIn; however, this still had limited impact.

The reason for challenges during recruitment could be due to a tight job market, the lack of attractiveness of a temporary and demanding role for less than six months, sector-wide staff burnout from COVID-19 and poor awareness of the work of the PBO. As outlined in [Chapter 1](#), the number of staff in the PBO was barely enough to complete the policy costing requests received.

It would be ideal for a future PBO under its current mandate to ensure a staffing level of at least 30 employees including the Parliamentary Budget Officer.

Further, there were only two PBO staff employed in September, to set up the PBO office and recruit staff at the same time. This number grew to eight in October, which is the same month costing requests began. At the same time the PBO needed to draft an operational plan to be presented to the presiding officers.

In hindsight, given the tasks required and the volume of work, it would have been ideal to begin the recruitment process ten months before a general election. There would then be appropriate time to:

- contact previous PBO staff
- run advertisements for three weeks
- screen and short-list possible candidates
- process secondments by other agency HR departments
- complete handovers by secondees within their agencies
- enable more of the new PBO team to have input into the operational plan
- train PBO staff well before requests for costings are received in October.

Onboarding

DPS provided admin support to onboard staff and internal training was carried out by the PBO. IT services were provided by DPS, which delivered admin support for the onboarding process.

However, the staggered nature of recruitment meant that staff were trained on an ongoing basis and in-depth training could not be provided to the full team at one time. Feedback from staff was that further training is desired across PBO procedures, including guidelines for costings, managing cluster relationships and quality assurance checks, as well as HR matters like flex time, hours of work and working from home arrangements.

Training

The PBO has taken this feedback on board and has prepared a manual to provide guidance on the costing process. This manual, "*The process of a costing*", covers preparation and quality assurance processes for costings. Further, an "*Administration handbook*" has also been prepared that contains topics needed to set up a future PBO, including key contacts, instructions for the Content Manager records management database, and other key administrative processes.

Throughout the 2022-23 PBO, large improvements were made to templates, BIS preparation processes, and information and costing request trackers. The Office is currently re-established every four years, hence there is a real risk that knowledge and experience is lost between each iteration of the PBO. This was noted in 2022-23, where a number of files from previous PBOs had not been saved or could not be made available to the 2022-23 PBO. To ensure that this does not occur again, all improved templates and trackers, guidance manuals and a comprehensive '*lessons learnt*' document will be archived in Content Manager for a future PBO.

With regards to other training, the *Operational Plan 2022-23* stated that reports written by the PBO would be in plain English. As a result, a "Plain English" training session was run. This proved to be informative and should be implemented as a mandatory training for all staff recruited.

Once the PBO team was formed, team building activities were organised which proved very useful. A highlight of the 2022-23 PBO, commented on by all staff, was that this PBO had a great team that worked together very well, had good camaraderie, and everyone enjoyed their time – even with the challenging work required.

Meeting with key stakeholders

Expectation management was a key priority for the PBO. As a result, regular meetings were held with parliamentary leaders, key political staff members and, secretaries in NSW Treasury and DPC.

The Parliamentary Budget Officer and Chief of Staff presented at the Secretaries Board on 20 October 2022 and also met individually with the Secretaries and cluster representatives in November and December 2022.

These presentations were highly beneficial to both the PBO and cluster agencies as they were used to emphasise key issues, such as confidentiality (noting the significant improvements in this area in 2022), provided information about the work of the PBO, set expectations for completing information requests and provided an opportunity to answer any questions.

The Chief of Staff also presented at senior executive leadership group meetings in clusters (for example Planning and Environment) and at the NSW Government Community of Practice for Finance Professionals (attended by more than 300 NSW Government finance staff).

Feedback from clusters and NSW Government staff was that the presentations were engaging, provided important information, and highlighted that there was little awareness of the PBO in NSW. The PBO notes that increased and earlier engagement with key stakeholders around the PBO's operations, functions and requirements is needed.

While the 2022-23 PBO was fortunate to have previous PBO staff as cluster representatives, this may not be the case for future elections. Therefore, future PBOs should continue to expand on this engagement with clusters and NSW Government staff.

Budget

A total budget of \$2.8 million was allocated by NSW Treasury to meet the capital, operational and staffing requirements of the PBO in 2022-23. By June 2023, the PBO is forecast to spend \$2.6 million, leaving an underspend of around \$230,000, or less than 10 per cent of the budget.

This underspend is driven by lower employee-related expenses. The PBO did not spend the full budgeted employee expenses due to challenges in recruiting suitable staff (see [Chapter 3 – Learnings for the next PBO](#) for details).

IT

Though the PBO successfully delivered the BIS and election policy costings on the required statutory deadline, there were a number of key concerns noted as part of the 2022-23 PBO.

Considering the issues noted below, a future PBO requires at a minimum a full Microsoft SharePoint licence, a full Teams licence and Adobe Acrobat DC software.

Workflow management

The PBO managed all costing requests and election policy costings in Microsoft Excel, with costings completed in Excel and published costings supplied to stakeholders in PDF form to review.

Excel, though ideal for preparing calculations, is not as functional for reviewing the notes to the costing. Similar commentary was provided by stakeholders, who also found PDFs to be less ideal for review (see [Appendix 5 - Stakeholder Feedback](#) for details).

The PBO has considered that the use of an electronic platform would improve the efficiency and timeliness of costings prepared. This platform could be used to send, review and receive costing requests, completed costings and information requests and returns, as well as used for workflow management. Such platforms are already used by Parliament, such as at the Parliamentary Counsel's Office.

Publishing challenges

At present, only one user can access and edit the PBO website at any given time. On 20 May 2023, the statutory deadline for the BIS, over 370 individual documents were required to be uploaded. Due to the large quantity of documents that required upload, Microsoft SharePoint also encountered serious issues. Ultimately, the PBO re-uploaded documents in small batches to Microsoft SharePoint to ensure they were successfully uploaded into the library. However, this opened up the risk of documents being missed or where there was an upload fail. An external vendor and the DPS IT team were approached about resolving this issue in a timely manner.

To ensure the statutory timeframe was upheld, the PBO made a late decision to upload the documents as four bulk PDF files, Coalition Costings, Coalition Requests, ALP Costings, ALP Requests.

The individual documents were then publicly released on the PBO website the next day, 21 May 2023.

Use of collaborative software

This PBO used Microsoft Teams as the key application to collaborate internally and with NSW Government agencies. However, the Office was not provided with a full Microsoft Teams licence. This restricted the 2022-23 PBO's ability to work at optimal efficiency.

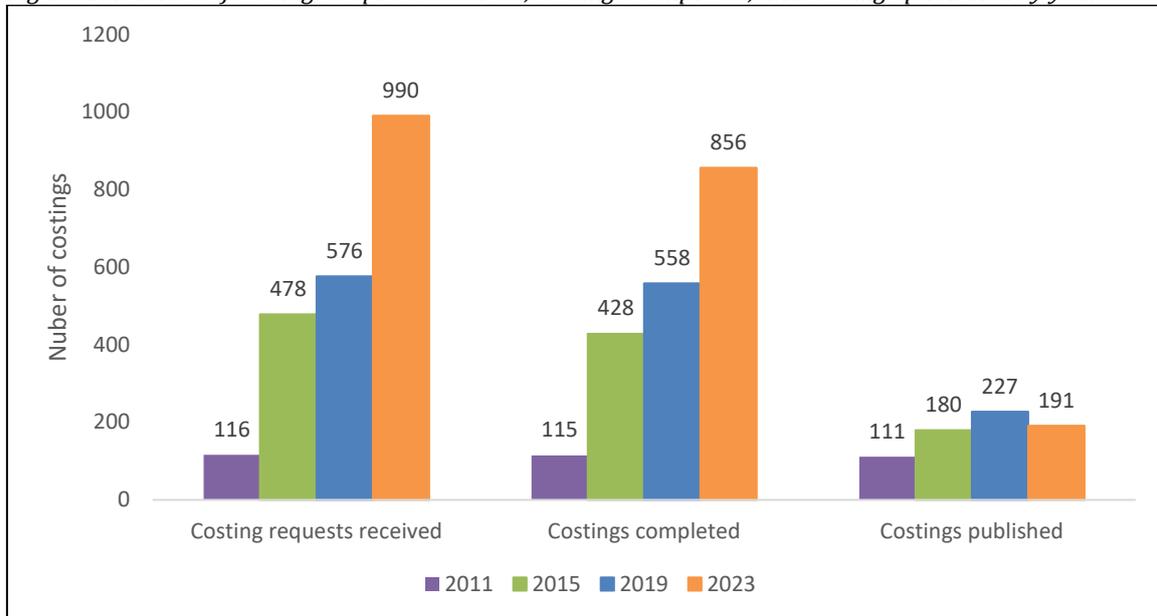
The PBO should also have access to shared virtual working spaces that have Microsoft Teams integration, rather than Webex by Cisco (such as meeting rooms and pop-in rooms to make calls). Most NSW Government agencies (and certainly the ones with which the PBO had the most interactions) use Microsoft Teams and have decommissioned Webex applications. This meant that PBO staff could not be contacted with ease and where the free version of Microsoft Teams was not working, staff had to use their personal mobile phones.

Appendix 2 – Costings

The PBO received 990 costings in 2022-23, which is 72 per cent more than 2018-19 (576 costings) and 107 per cent more than 2014-15. In line with the PBO Act, these costings were submitted by the Premier and the Leader of the Opposition. The higher volume generally reflected the parliamentary leaders' greater use of the PBO costing process to refine their initial policy ideas and inform their final list of election policies.

In 2022-23, the PBO completed 86 per cent of all costing requests, which is lower than the 97 per cent and 90 per cent in 2018-19 and 2014-15, respectively. The decrease in the proportion of completed costings in 2022-23 reflects a greater number of requests being withdrawn by the leaders after discussion with PBO analysts, and often resulting in a revised request subsequently being submitted.

Figure 5: Number of costings requests received, costings completed, and costings published by year



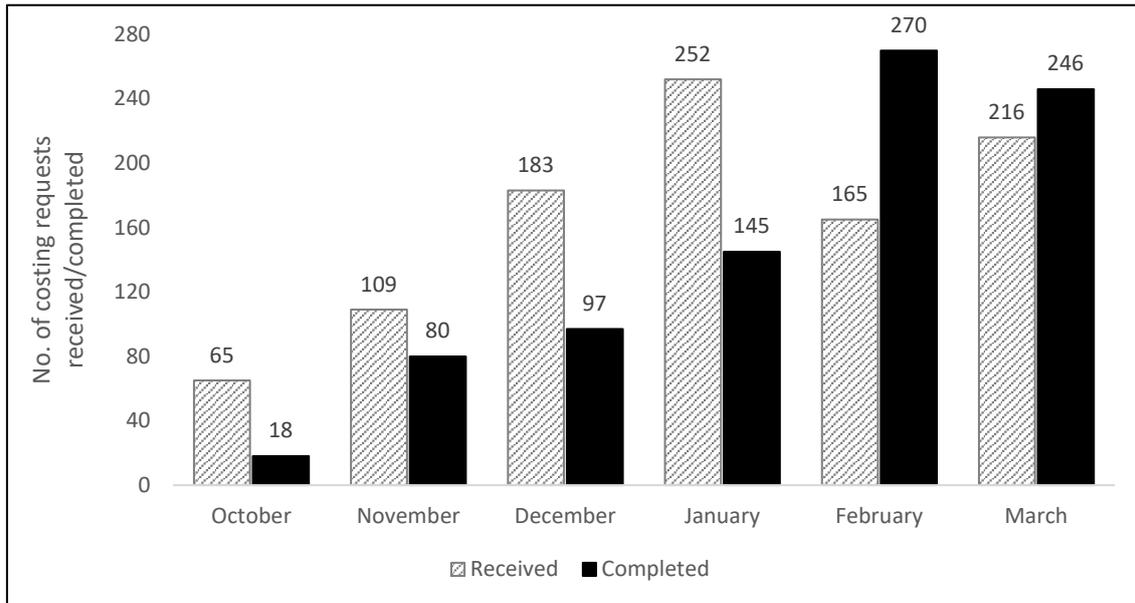
Although the number of policies submitted for costing was higher than in previous years, the number of costings that were published was lower than the previous election. There are several reasons for this:

- For one of the major parties, many previously separate policies (with associated costings) were consolidated into policy packages close to the election date. The consolidated policy published included all the detail of the underlying completed costings.
- There was a higher volume of costing requests than in past years, which often reflected multiple initial options and alternatives for one policy. Each was costed, but only one costing was ultimately published – the costing for the final policy position adopted after consideration of the costs of the options.

- The observed pattern in recent NSW elections has been that the major parties limit the number of announcements they make, to maintain focus on key messages in their election campaigns.

The graph below (*Figure 6*) shows a monthly total of the costing requests received and completed by the PBO in 2022-23. The peak periods for completing costings were February and March 2023 where 60 per cent of the total costings were completed.

Figure 6: Number of costing requests received and completed, by month

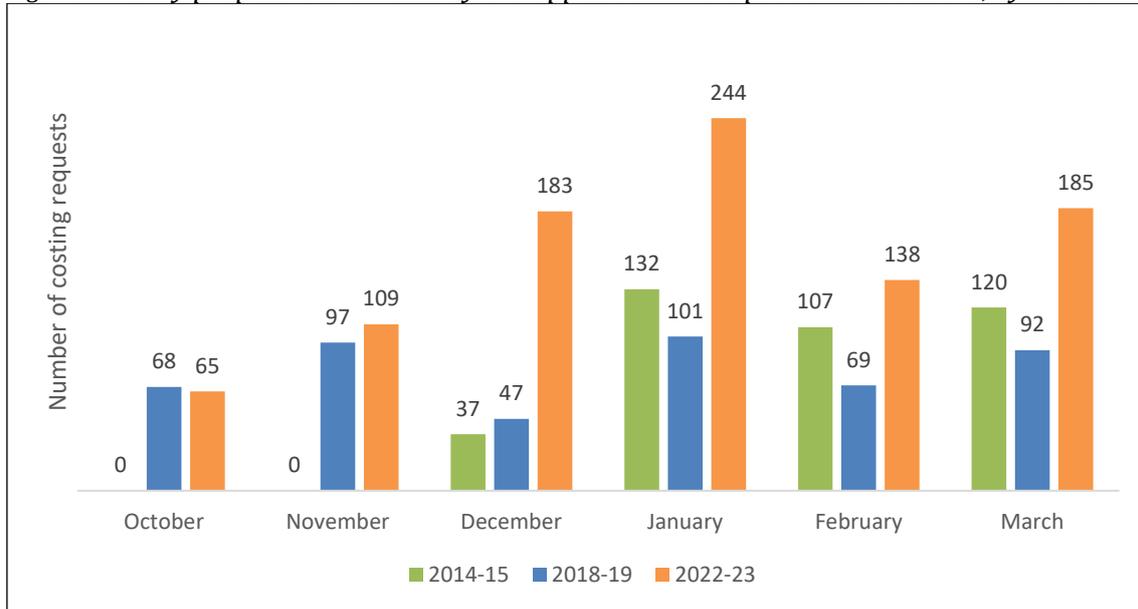


Opposition costings

The Opposition submitted their costing requests earlier compared to the Government in this PBO and when compared to 2018-19.

More than one-third of requests were sent to the PBO in the first three months as shown in *Figure 7* below. With the exception of October, 2022-23 saw the greatest number of costing requests received per month from the Opposition, compared to previous elections.

Figure 7: Policy proposals submitted by the Opposition in the past three elections, by month



Policy proposals submitted by the Opposition in this PBO were typically more complex than in 2018-19 and 2014-15. The 2022-23 costing requests generally required the PBO and agencies to collect more complicated data, undertake more elaborate modelling and report more detailed costing outputs with greater sensitivity to changes in input assumptions.

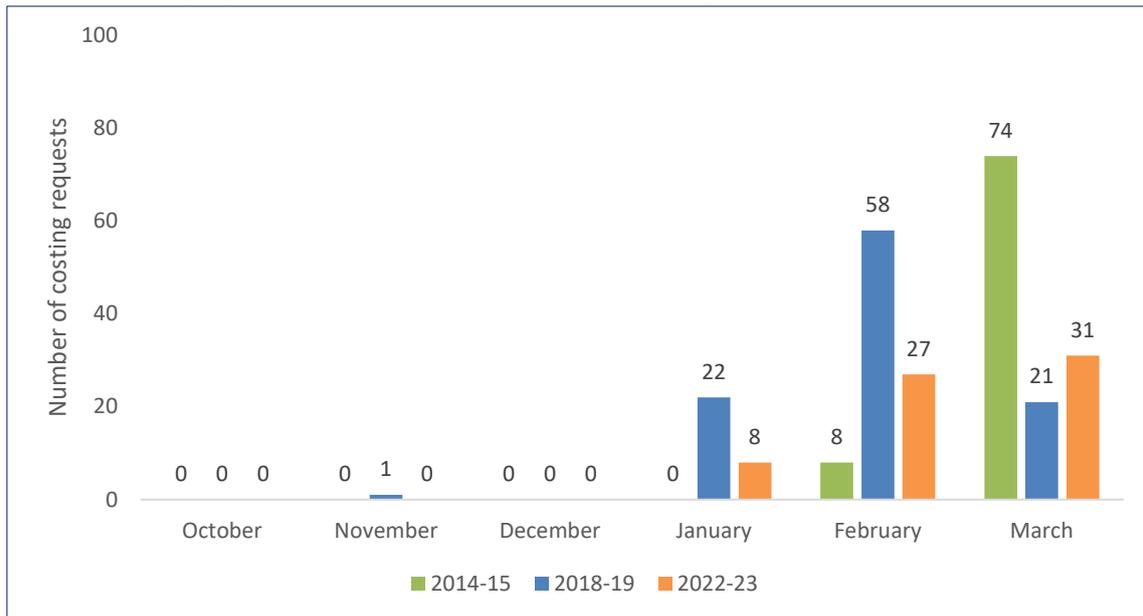
Further, the majority of Opposition election policies submitted in March 2023 were variations on previously costed policies, which allowed the PBO to publish all but two of the announced policies in the BIS.

Government costings

In this PBO the Government submitted most policies for costing later in comparison to the 2019 and 2015 elections. This is likely because the 2022-23 HYR was much later when compared to previous election years, that is, in February rather than December. The Government used NSW Treasury and agencies to prepare costings for its policies until this time.

The Government submitted eight requests in January, with the majority received in February and March. *Figure 8* below compares the number of policies submitted by the Government for the 2015, 2019 and 2023 elections.

Figure 8: Policy proposals submitted by the Government in the past three elections, by month



Government policy proposals generally included costing information from Treasury and agencies; however, this was not accepted without question and was only used to inform PBO costings. On some occasions the assumptions differed between the Government policy proposal and costing advice received from agencies.

The PBO independently assessed Government policy assumptions and costed all Government policies using the same method and process as used for the Opposition. It tested results from its independent work against Treasury and agency advice.

Capital costs, associated operational expenditure and depreciation

In 2022-23, a number of policy proposals stated that only capital costs were to be costed. In almost all cases, capital spending leads to future recurrent spending, such as maintenance, depreciation and operational costs (like the expense of the staff needed to operate the new capital assets).

To provide the full budget impact of a policy, the PBO considers that policy costings involving capital spending should also include estimates of associated recurrent spending that may occur over the forward estimates. This should be broken down as depreciation and other operating expenses. Where these costs do not occur within the forward estimates, an indication of these annual costs in the years beyond should be provided (see [Finding 3](#) in *Chapter 3 - Learnings for the next PBO*).

In providing depreciation costs, it would be useful for the PBO to gain an understanding from Treasury about how any central provisioning for depreciation expenses might be relevant for assumptions made by the PBO on individual costings.

Appendix 3 – Information requests

During the 2022-23 PBO period, information returns from agencies were generally of a high quality. Where data was not able to be provided, alternate data and costing options were discussed with agency contacts. Where a new information request was not sent in relation to a costing, the PBO would often leverage off previous information returns – particularly where there were a number of options submitted by parliamentary leaders to the PBO for costing.

Many costings required continuous discussion and clarification, both with the relevant political party team or with the agency completing the information request, which used up time within the statutory deadline. As a result, there were numerous instances where extensions were required to complete information requests.

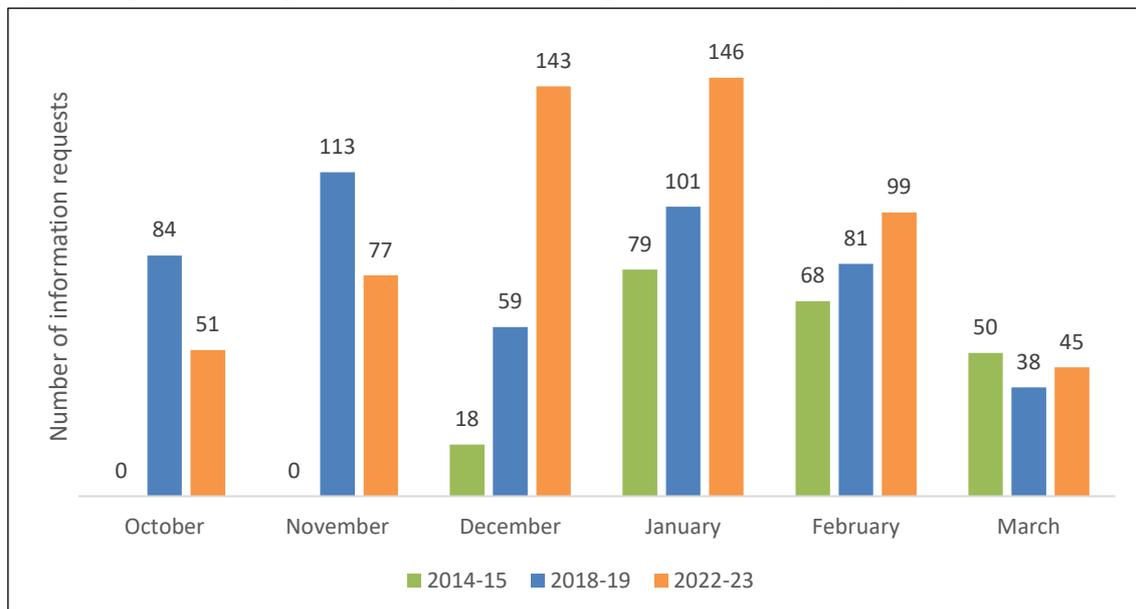
The PBO finds great value in continuous communication and in having direct access to agency subject matter experts for complex and time-consuming costings.

There were two former PBO staff working as cluster representatives in 2022-23 that managed the information requests sent by the PBO on their end. This was of great benefit, as these agency staff members understood the constraints the PBO operate under and were able to manage the internal processes and procedures excellently. A key message here for clusters is that providing secondees can assist both agencies and the PBO in future pre-election periods.

Number of information requests

The chart below (*Figure 9*) shows the information requests sent to agencies by month in 2022-23 with a comparison to the previous two PBOs. In total, 561 unique information requests were sent by this PBO to agencies. This is an eighteen per cent increase from 2018-19 (476 information requests) and a 161 per cent increase from 2014-15 (215 information requests). These increases reflect higher volumes and greater complexity of costing requests in 2022-23, compared to previous PBOs.

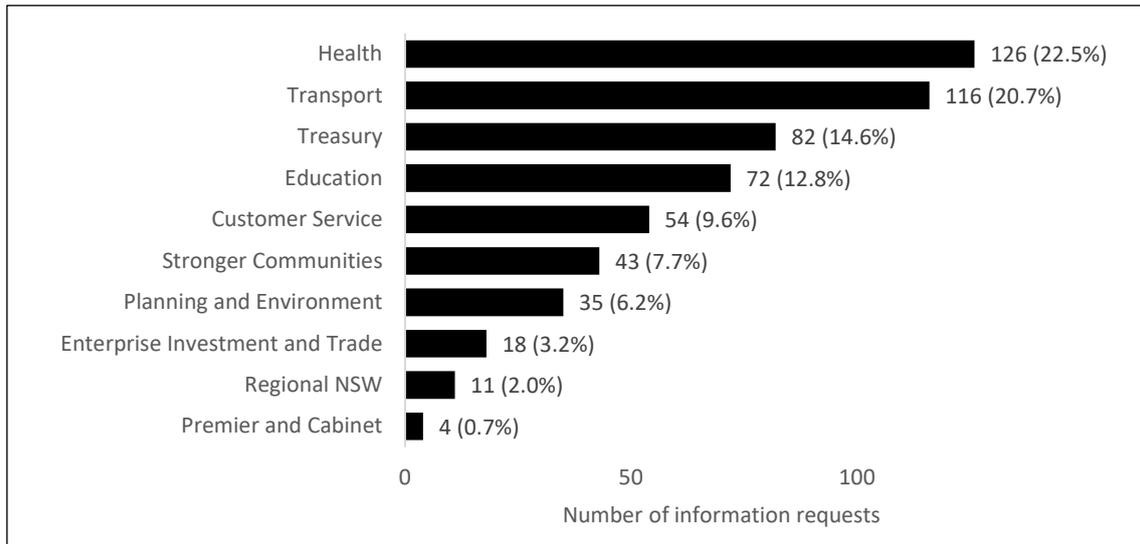
Figure 9: Information requests sent to agencies in the past three election cycles by month



In 2022-23, the information returns received from agencies were often used by PBO staff to prepare more than one costing. This includes where data was sourced from agencies that would be relevant to more than one costing and where the information return would be used to complete costings for a number of options for one policy submitted by parliamentary leaders. This includes multiple situations where the PBO sought agency information for an initial costing request and then used the same information to cost a subsequent request after the leader had refined the policy or settled on a final option. There was a low proportion of costings that were prepared without first seeking input (including raw data or other information) from agencies.

Figure 10 below shows information requests sent by the PBO to each cluster in 2022-23. Based on this data, and the distribution of costings by cluster for previous PBOs, the 2026-27 PBO should expect a large number of policies concerning Health, Transport, Treasury and Education. Ideally, the next PBO should plan to have secondees from each of these agencies to better assist with the requests.

Figure 10: Information requests by cluster in 2022-23



Return of information requests

Out of 561 information requests sent to agencies in 2022-23 there were two instances of agencies missing the statutory ten-day response deadline without a formal extension being granted by the Parliamentary Budget Officer. This is a significant improvement over the 21 responses that missed the deadline in 2018-19. In the two instances above, the PBO notes there were discussions between the agencies concerned and PBO analysts over the need for extra time.

Agencies have stated that supplying information for a complex policy in ten days can be too short to provide accurate information and appropriate quality assurance. The PBO accepts this and notes that heads of agencies can request an extension from the Parliamentary Budget Officer.

There were twelve agency requests for extensions in 2022-23 and the PBO encourages agencies to make use of this option.

Figure 11: Number of information returns by days taken to respond each year

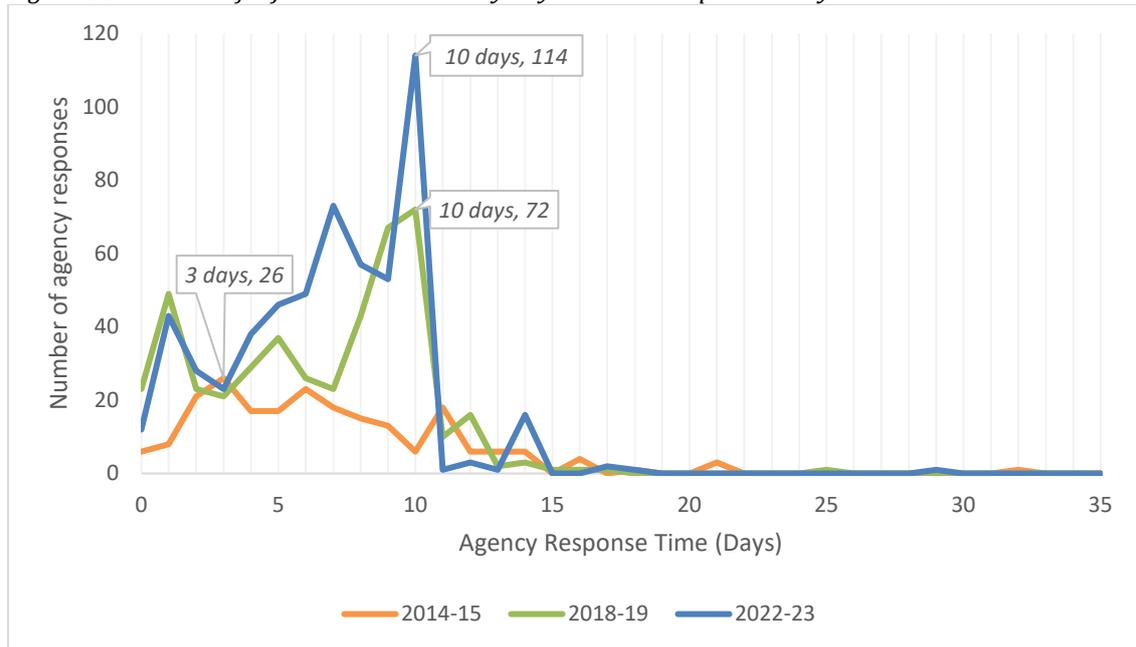
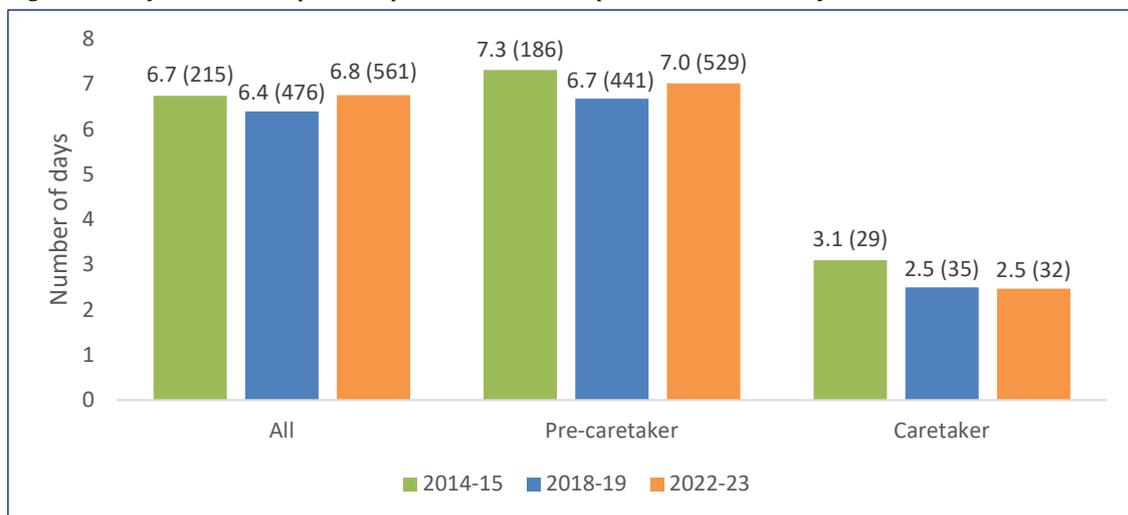


Figure 12 below shows the overall average agency response time for information requests was 6.8 days in 2022-23. This is only slightly longer than the response times in 2018-19 (6.4 days) and 2014-15 (6.7 days). This is despite the increased volume and complexity of costing requests in 2022-23.

Figure 12: Information request response times in the past three election cycles



While the overall average response time was higher in 2022-23, during the caretaker period agencies were able to maintain the same 2.5-day completion rate as in 2018-19 which was less than in 2014-15.

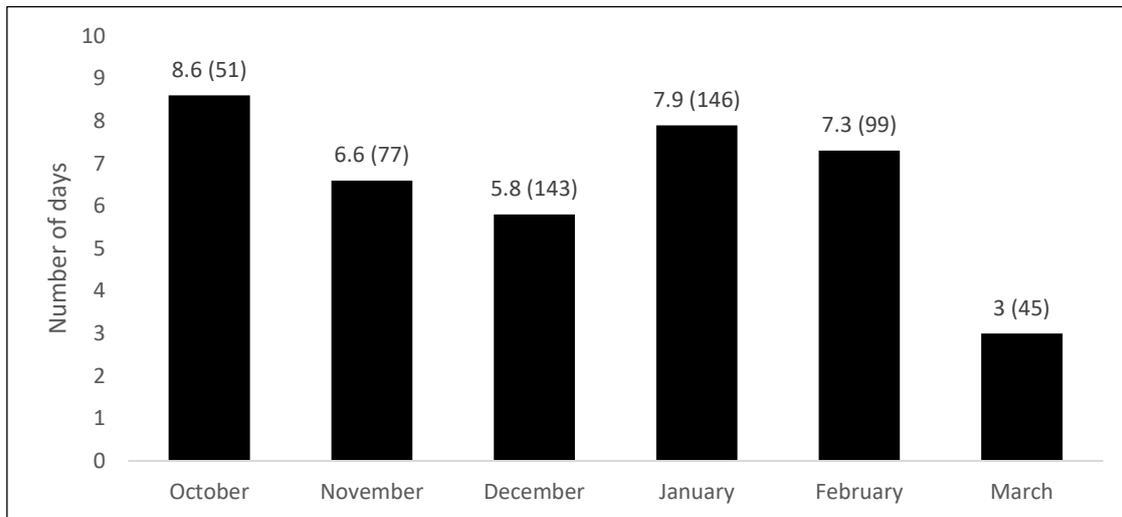
The faster completion time during caretaker period is generally related to the fact that 'new' costing requests are generally variations of previous costings, so it is easier and faster for agencies to supply information than when doing a completely new costing.

The PBO Act requires agencies to complete costings within six days during caretaker period which may also have assisted in improving response times in March.

Figure 13 below shows the agency completion times for information requests by month. There was strong improvement in average completion times over the period, other than January and February.

Average turn-around times improved from 8.6 days in October to 7.3 days in February and three days in March, suggesting agencies did observe the need to supply information more quickly as the election approached.

Figure 13: Agency completion times for information returns by month, in 2022-23



Completing costings that require information requests

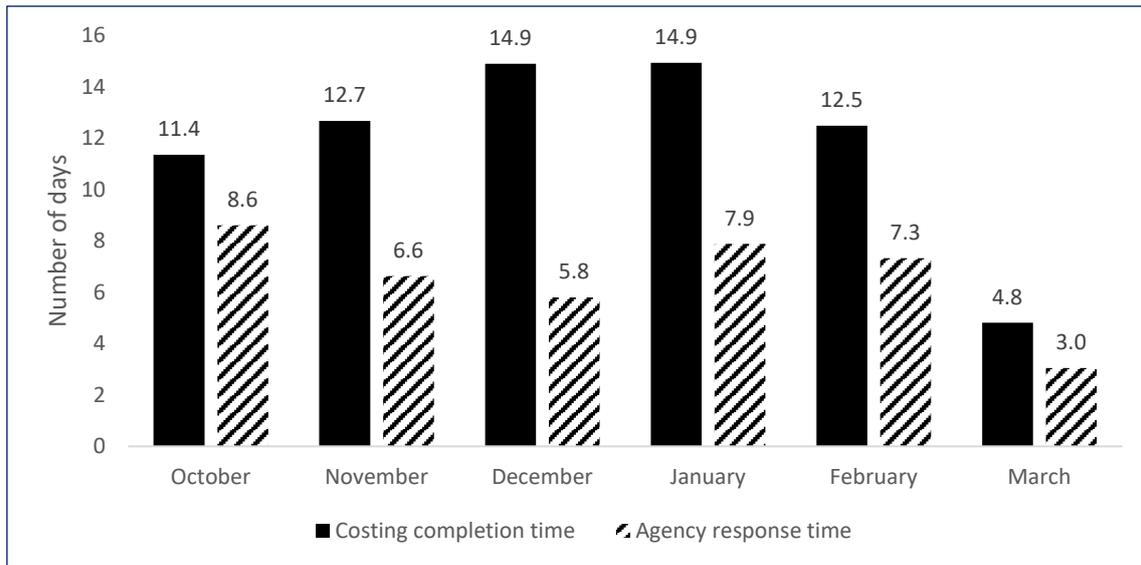
Figure 14 below shows the time taken by the PBO to complete costings where information requests were sent to agencies. It also shows the time taken for agencies to respond to these requests. PBO completion times improved from January 2023 onwards.

The longer completion times were primarily caused by:

- The large volumes of costing requests received in December and January (see Figure 9)
- The PBO building up its staffing resources over the first three months
- PBO staff upskilling and developing agency relationships
- Greater complexity in policy proposals submitted early in the process which required significantly more analysis and modelling
- PBO staff acquiring an understanding of the detailed modelling data provided by agencies and then refining the models to accurately cost the proposed policy.

In hindsight, the data shows the PBO could have benefited from a higher number of staff in place by October 2022.

Figure 14: PBO time to complete costings by month where information requests were sent



Access to agency models

When a complex model has been used by an agency to provide information and costings to the PBO, the PBO staff typically request access to the model. In 2022-23, agencies were less willing to provide models to the PBO than in the previous PBOs. This resulted in the costing process taking longer to complete with more agency and PBO time used liaising to gather and clarify information.

Examples of models that were not provided include the Transport Asset Holding Entity (TAHE), tolling, and revenue models for tax policies. However, where models were provided – such as the Farm Innovation Fund and First Home Buyers Choice – the PBO was able to work more effectively to complete relevant costings.

Access to agency models is especially useful for the PBO as variations of policies are requested over the costing period. If PBO staff have access to the model, they can more efficiently update costings, check these updates with the agency and quickly return the costing to the party. Having access to the models also improves the transparency, independence and rigour of the costing process.

The next PBO Operational Plan should state that when a model has been used by an agency to cost a policy, this model should be supplied to the PBO with the agency response to the information request.

Confidentiality in information requests

When requesting information from an agency, the PBO takes care to only disclose as much detail as is required to cost the policy. Despite the PBO's efforts, a policy analyst in an agency who has knowledge of the subject area could generally fill in any gaps. This means that any information request has the potential to lead to the unauthorised release of a policy.

In 2022 the Parliamentary Budget Officer and Chief of Staff met with the Secretaries Board, the DPC Election Working Group, cluster representatives and cluster senior executive leadership groups. The importance of confidentiality was stressed many times. This resulted in an

improvement in breaches or reported breaches in confidentiality compared to the 2019 election.

In some cases, parliamentary leaders specifically requested that the PBO not consult with agencies to seek costing information for policy proposals. The PBO understands that parliamentary leaders are concerned about confidentiality and information leaks; however, the PBO believes that not seeking information from agencies and costing a policy based on publicly available information presents risks. These include:

- Publicly available information may not be up to date
- Only high level or aggregated data may be available, which requires the PBO to make assumptions on breakdowns of costs
- Detailed assumptions on how aggregate data was consolidated is usually not publicly available.

The PBO has noted in its costings any cases where it was not permitted to seek advice from agencies. Future PBOs should consider whether this approach is acceptable.

Set against the confidentiality requirements of the PBO Act is the need for agencies to be provided with enough information about a proposed policy in order to provide the most accurate and useful information to the PBO for the costing. This was a significant issue of concern raised by agencies during the costings period and in post-election feedback.

Some agencies requested the PBO provide them details of the costing request so that they could confirm the request for information was a valid request, which the PBO was unable to do.

The ability for the PBO to discuss requests in a more detailed and transparent manner would result in more accurate and timely costings (see [Finding 5](#) in *Chapter 3 - Learnings for the next PBO*).

See [Appendix 5 - Stakeholder Feedback](#) for further discussion of these issues.

Appendix 4 – Changes to the Budget Impact Statements

Progress against 2019 Post-Election Report Recommendations

As part of the *2019 Post-Election Report*, a number of recommendations were supported by the then Government³¹ around BIS processes.

- Draft lists of election policies for the BIS should be provided at least eighteen days prior to the election (*PAC Recommendation 8*, Supported in Principle).

PBO: As part of the 2022-23 PBO, a draft list of policies was received from the Opposition on 8 March 2023, seventeen days before the 2023 election. No draft list of policies was received from the NSW Government.

Obtaining a draft list of policies a few days before the draft BIS is due proved extremely useful for the PBO as it allowed time for quality assurance and completeness checks to be run. The PBO considers three days sufficient to conduct these checks and to prepare the draft for submission to each party. This is noted in [Finding 1](#) of this report.

- The Operational Plan should require a final list of election policies from parliamentary leaders at least three days prior to the publication of the BIS (*PAC Recommendation 9*, Supported); and the PBO Act should be amended such that a final list of election policies for the BIS be provided by parliamentary leaders on the twelfth last day before the election (*PAC Recommendation 15*, Supported in Principle).

PBO: Both parties provided a final list of election policies on 16 March 2023 (nine days before the election). However, after this date there were requests for changes to costings by both parties, including changing policy names and consolidating policies.

As changes to final policies were noted after the statutory deadline, restricting the PBO's ability to perform quality assurance over the BIS contents, the PBO suggests legislative changes under [Recommendation 1](#) of this report.

- The PBO publish the BIS on the eighth last day prior to the election (*PAC Recommendation 15*, Supported in Principle)

PBO: This was supported in principle as part of the 2019 Post-Election Report. However, due to receiving amendments to the final list of election policies from both parliamentary leaders up until the sixth last day before the election, under current legislation it is not possible for the BIS to be published earlier (such as the eighth last day).

To make changes to the statutory deadline and provide NSW voters with greater transparency and timeliness of fiscal policy analysis, the PBO has suggested legislative changes under [Recommendation 1](#) of this report.

³¹ NSW Government, [Government response – Parliamentary Budget Office 2019 Post-Election Report](#), 2020.

- The BIS should include a separate section that reports on the individual and aggregate impacts over ten years of policies that have significant effects beyond the forward estimates (*PAC Recommendation 12, Supported*)

PBO: The PBO drafted a table with policies that had impacts beyond the current forward estimates, however, this was not supported by both parliamentary leaders.

Instead, a “Commitments beyond the forward estimate period” section was added to each parliamentary party’s BIS, which included detail on the impact of the two large infrastructure projects with costs over a ten-year period.

Although this solution did not fully meet the recommendation of the last PBO, supported by the former Government, it is a step toward providing this information publicly. No further recommendations noted as part of this report.

Other improvements to the 2023 Budget Impact Statements

Two other additions to the 2023 BIS were:

- **Appendix A** which provided users with information about budget pooled funds used to cover the cost of election policies, and
- **Table 16** which detailed the total costs of election policies to be absorbed by clusters over the current forward estimates.

These improvements were the result of feedback from agencies as part of the 2019 election. Here, agencies stated that it was not possible to absorb all costs assigned to them and that totals of these costs could not be found in the BIS. Providing this information in the BIS provides greater transparency and keeps the public informed.

A further improvement to the 2023 BIS, particularly to Appendix A, could be the disclosure of offset amounts for individual policies affected. The PBO has revised the costing template to facilitate the identification of these offsets for inclusion in the next BIS.

The 2023 BIS also included three new graphs with an aim to provide readers with a visual explanation of the impact of election policies:

- **Figure 1:** New expenditure initiatives by cluster over the forward estimates
- **Figure 2:** Impact of policies on net lending/(borrowing) over the forward estimates by cluster
- **Figure 3:** Impact of net capital expenditure on net operating balance and net lending.

Appendix 5 – Stakeholder Feedback

Following the election and the publication of the BIS and costings the PBO sought feedback from key contacts in clusters and agencies on their experiences working with the PBO over the 2022-23 pre-election period. The PBO sought feedback via:

- An online survey, which ran from 11 April 2023 to 26 April 2023 and received nine responses from seven departments and agencies.
- An in-person discussion forum conducted on Thursday 27 April in the Preston Stanley Room, Parliament House, with 32 agency staff in attendance. Representatives from all ten extant principal departments or clusters were present at this forum (Premier and Cabinet, Regional NSW, Enterprise, Investment and Trade, Treasury, Health, Education, Stronger Communities, Transport, Customer Service, Planning and Environment).

Departmental and agency stakeholders raised several items of feedback outlined in the section to follow. Online survey feedback was sought in a de-identified capacity to facilitate candid responses. This feedback from agencies on their experience working with the PBO during the 2022-23 election was generally positive. The PBO was rated well for:

- management of the process of sending requests to agencies for information (3.8/5, n = 9)
- management of the timing of information requests and associated deadlines (4/5, n = 9)
- writing information requests that were easy to understand (3.5/5, n = 9)

Agency contacts rated the PBO less highly on the quality of published final costings (2.9/5, n = 9). The section to follow addresses suggestions from agency staff on shortcomings of the existing process and how costings could be improved for future elections. PBO comments on the feedback received are included in each sub-section.

Unbudgeted costs that agencies must absorb

The most consistent feedback expressed by agencies was concern over the significant number of published election policies costed by the PBO that assumed the relevant agency could absorb part or all of the costs. Agencies said that the total in costs they are being expected absorb is non-trivial and can cause significant budgetary challenges, necessitating cuts elsewhere to accommodate the impact. Agency and other stakeholders said these impacts are not clear at the time of the election and this does not allow the public to properly weigh up the full budget impact of each party's policy platform.

“Absorption of costs is often used to disguise the true cost of policies. I would propose that the Budget Impact Statement present the GROSS cost of implementing the policies”

PBO response:

The PBO does not take a position on whether absorbing costs is appropriate or not if this is a stated element of a leader’s policy, unless it becomes clear that the total amount to be absorbed exceeds what an agency could in practice implement. This is a matter for judgement in each case, based on the amount of other non-discretionary activity in the agency concerned.

The PBO seeks however to make any absorption of costs as transparent as possible. For the 2022-23 BIS, the PBO did provide total estimates of costs to be absorbed by agencies, although hard numerical estimates in the case of each costing (particularly administration costs) were not always available. To further strengthen this area of costings, the PBO should work with agencies to quantify absorbed costs and keep each leader updated on the running total of costs being absorbed under their policies (see [Finding 7](#) in Chapter 3 - Learnings for the next PBO). As part of this process the PBO should engage in discussions with agencies about the practicality of leaders’ policies that specify absorption of administrative costs – and do so at an earlier stage and in more detail than occurred in 2022-23.

Tension between confidentiality vs accuracy of costings

Agencies noted that some costings published by the PBO were not considered accurate, including from Transport for NSW, Department of Planning and Environment and NSW Police Force. These stakeholders suggested the PBO’s costings did not account for all necessary considerations or that the costs assumed to be absorbed by the cluster may be unachievable. The agencies recommended that all final costings should be reviewed by relevant agencies prior to publication.

PBO response:

The PBO supports this feedback, however, notes that this would require parliamentary leaders to provide their list of final costings and costing requests at an earlier date to facilitate the review by agencies (see [Recommendation 1](#) in Chapter 2 - Optimising the PBO).

Scope of information requests

Related to the feedback above, several agencies, including DPC and Transport for NSW, suggested that information sought across requests did not cover a wide enough scope – often being highly specific. Agencies suggested information then returned to the PBO may not cover wider costs or identify issues that could impact the PBO’s costings. This, combined with the restricted timeline to publish costings, results in announced costings that may not include all required assumptions or costs.

“Some information requests were oblique questions to answer a much bigger, related question. A lack of scope clarity made it, on occasion, difficult to produce the right answer within the timeframe allotted.”

PBO response:

The PBO acknowledges that an appropriate balance should be found between the confidentiality requirements of the PBO Act and the need for agencies to be provided with enough information about a proposed policy in order to provide the most accurate and useful

information to the PBO for costing purposes. The PBO agrees that in some cases, particularly earlier in the 2022-23 costing period, more information should have been provided to agencies, either in the written request or in subsequent clarifying discussions. The ability to discuss requests in a more detailed and transparent manner would result in more accurate and timely costings (see [Finding 5](#) in Chapter 3 – Learnings for the next PBO).

Confidentiality limiting consultation

Of the 990 costings prepared by the PBO, 40 required input from more than one agency. The current legislation requires that prior to agencies collaborating the PBO must send an information request to each involved agency. This often resulted in agencies bearing a greater administrative burden and having less time to provide information returns. This was due to the time required for scope clarification and then understanding which agencies and teams would provide what input. Agencies proposed that legislation be amended to allow for greater and more flexible collaboration, particularly when agencies are within the same cluster.

PBO response:

The PBO notes these difficulties and supports such legislative changes to ease administrative tasks (see [Recommendation 7](#) in Chapter 2 - Optimising the PBO). The PBO considers this may need to be revisited in light of the cluster model being dismantled.

Funding envelopes and “laundry” lists

Multiple agency stakeholders raised concerns about policies that included a fixed funding envelope, where either:

- the policy proposed a fixed funding envelope with a specified set of outcomes. Agencies expressed the view that either the funding envelope should be fixed, or the outcomes fixed, to allow an accurate and independent costing to be completed.
- the policy proposed a fixed funding envelope and asked for a list of what could be achieved within that limit. Agencies expressed concern that this would be encroaching into policy advice and not necessarily achieving optimal policy outcomes.

PBO response:

In the 2022-23 election period, a number of costings did stipulate a fixed funding envelope. The PBO advises that guidance should be provided to leaders in future that costing requests specify the desired policy outcome(s) only as far as possible with no funding limit (although leaders are welcome to include their estimates of the cost of the policy in supporting information to the request). The PBO agrees with the view that a policy costing request should not stipulate both a fixed funding envelope and a fixed set of outcomes if it is to be properly costed (see [Finding 3](#) in Chapter 3 – Learnings for the next PBO).

The PBO Act prohibits the PBO from providing policy advice. Where a fixed funding envelope is stipulated in a policy without clear policy detail, the PBO will consider that an assumption of the policy and seek to ‘cost’ what outcomes can be delivered for the fixed amount of funding. In these instances, some agencies felt they were being asked to provide a ‘laundry list’ and policy advice. However, the PBO was seeking to understand what could be achieved for the given funding envelope from existing approved agency priorities.

Assuming established funds can offset spending

Several agencies, including the Department of Planning and Environment, Transport for NSW and NSW Treasury expressed concern around costs of election policies that were proposed to be offset by drawing down on large budget funding pools, such as Restart NSW, WestInvest, the Climate Change Fund or the NSW Hospitals Growth Fund. These stakeholders stated that due to existing reporting around these funds, it was not often clear or verifiable whether all relevant election policies could be met from existing fund balances. Agencies also raised concerns around the legality of the PBO seeking fund balances as part of information requests, stating that it was not explicitly clear in legislation.

PBO response:

The PBO does not consider that there is any legal problem under the PBO Act in seeking information around uncommitted fund balances, if that information is necessary to complete a costing of a policy submitted by a parliamentary leader. The PBO Act does not explicitly limit what type of information can be requested from agencies. The PBO should seek clarity from Treasury on the balances of these funds at the beginning of, and during, the costings period.

Capital spending unpaired from operational budget

Several agencies expressed concern about capital expenditure not always being paired with relevant operational expenditure that would be required to make use of new capital assets. An example might be a capital allocation for the construction of a hospital, not being provided along with allocated budget for staffing and maintenance. Agencies expressed the view that cumulatively this could create significant, avoidable budget shortfalls.

PBO response:

The PBO acknowledges that during the 2022-23 campaign there were costings where the policy specified funding towards the construction of a capital asset and did not allow for the associated operational costs. The PBO agrees that operational costs should be included in costings within the forward estimates wherever possible, and ideally beyond.

As part of the preliminary discussions with parliamentary leaders noted in [Finding 3](#), the PBO should agree with the leaders that operational costs, like maintenance and staff costs, will be included in the costings for capital projects unless the policy specifies an alternative source of funding for those costs.

Seeking information about unpublished costings

Some stakeholders raised concerns about the ongoing confidentiality of unpublished costings and questioned if they could be requested under the GIPA Act. This would compromise the confidentiality of information requests and unpublished costings.

PBO response:

The PBO sought advice from the Crown Solicitor's Office (below), which confirms that seeking access to unpublished PBO election policy costings and relevant information requests is not possible under the current GIPA Act. Hence, the PBO is not seeking any further changes to legislation around seeking access to unpublished costings.

NSW Crown Solicitor’s advice

The following advice was received on 9 May 2023

1. *The PBO is an “agency” for the purpose of the GIPA Act, as it is a “public office” established for a public purpose by a legislative instrument: see s. 4 definition of “agency” and Sch. 4 cl.3 definition of “public office”. Accordingly, it is subject to the requirements of the GIPA Act and may receive applications for any government information contained in records that the PBO holds, including information relating to unpublished costings.*
2. *However, any information that is subject to the prohibition on disclosure in s. 17 of the PBO Act is conclusively presumed to be subject to an overriding public interest against disclosure under the GIPA Act. That is because:*
 - a. *section 14(1) of the GIPA Act provides that it is to be conclusively presumed that there is an overriding public interest against disclosure of information described in Schedule 1;*
 - b. *Schedule 1, cl. 1 provides that it is to be conclusively presumed that there is an overriding public interest against disclosure of information, the disclosure of which is prohibited by any of the “overriding secrecy provisions” listed in cl. 1, whether or not the prohibition is subject to specified qualifications or exceptions; and*
 - c. *section 17 of the PBO Act is one of the overriding secrecy provisions listed in Sch. 1, cl. 1.*
3. *The GIPA Act authorises the release of government information except where there is an overriding public interest against disclosure. Accordingly, the PBO (and any other agency) must refuse access to information where it is conclusively presumed to be subject to an overriding public interest against disclosure.*

Unpublished costings

4. *Any unpublished costings would be subject to the prohibition against disclosure in s. 17 of the PBO Act, as “information or documents prepared by the [PBO] for the purposes of” an election policy costing under Part 4 of the PBO Act. Accordingly, under the GIPA Act, it is conclusively presumed that there is an overriding public interest against disclosure of this information. Any application for such information under the GIPA Act must be refused.*

Information related to a published costing

5. *I do not consider that the prohibition against disclosure in s. 17 of the PBO Act would extend to information relating to a published costing of the PBO. That is because s. 17(3)(a) provides that s. 17 does not apply to “any information or document...(a) if the information or document relates to an election policy costing or election policy request that the [PBO] is authorised or required to publicly release by this Act”. As a result, the conclusive presumption for which s. 14(1) and Sch. 1, cl. 1 provides would not apply to such information.*
6. *There may, however, be other grounds for an agency that holds such information to find that there is an overriding public interest against disclosure, applying the public interest test for which s. 13 of the GIPA Act provides. Whether or not one or more of the public interest considerations against disclosure set out in the Table to s. 14 of the GIPA Act applies to such information would depend on the nature of the information, and the likely prejudice that would arise from its disclosure under the GIPA Act. This is a question that would need to be considered on a case by case basis by the agency. This consideration would be assisted by any advice provided by the PBO in the course of consultation conducted pursuant to s. 54A of the GIPA Act.*

7. *I do, however, consider that the conclusive presumption would apply to information held by an agency, where that information had been provided by a parliamentary leader to the PBO for the purpose of an unpublished election policy costing. That is because the information to which the prohibition in s. 17 applies includes “information or documents provided to the [PBO] by a parliamentary leader (or on his or her behalf) for the purposes of an election policy costing under Part 4”: s. 17(1)(a) of the PBO Act.*

Significant spending outside the forward estimates

Several agencies and Treasury noted concern with considerable expenses being allocated to the 2026-27 year, or the years to follow, and not being recognised in the headline figures for costings or in the BIS.

It was suggested that:

- any annual ongoing costs should be disclosed in the costings
- the 2026-27 year beyond the current forward estimates should have been included in PBO costings
- while the current legislation constrains the PBO to estimating costs for the forward estimates period only, costing on a 10-year basis would ‘save time’

PBO response:

The PBO agrees these costs should be accurately reflected in 10-year forecasts and does include 10-year impacts in costings where they can be estimated.

To begin addressing this concern, the PBO has recommends that costs in the year *after* the current and relevant budget forward estimates should also be included in the BIS and published costings ([Recommendation 4](#)). This would mean that in an incoming government’s first year in office all costs across the new forward estimates period would have been independently costed by the PBO, increasing budgetary transparency.

The PBO notes that this was also raised in Recommendations following the 2019 Post-Election Report ([PAC Recommendation 12](#)). In response, the PBO included a section for “Commitments beyond the forward estimate period” to each parliamentary party’s BIS, with detail on the impact of the two large infrastructure projects with costs over a ten-year period (see [Appendix 4 - Changes to the Budget Impact Statements](#) for details). This is a step toward increasing transparency around significant spending outside of the forward estimates.

Clarity on information request deadlines

The cluster-lead contacts stated that although the statutory deadline for agencies to provide information returns is included in legislation, there is no specified deadline for queries that seek clarification on information returns (i.e., where the PBO has follow up questions on the information received from an agency). This results in potential confusion with agency contacts who may consider that the follow-up requests “restart the clock”. Agencies seek that the PBO provide further clarification on the timeline of follow-up requests within the Operational Plan 2026-27, suggesting a maximum one- to two-day turnaround.

Agencies also communicated that for numerous information requests, the PBO sought information “as soon as possible” without specifying a due date. Considering the number of

stakeholders involved across agencies, feedback was provided that the PBO should provide specific deadlines for improved delivery management.

“It would be great to have specific response date preferably within the ... statutory timeline”

PBO response:

The PBO agrees clarification that would support agencies in delivering quality and timely responses should be supported. The PBO providing more specific deadlines for information returns and follow-ups in future Operational Plans will likely support agencies in managing internal timelines (see [Finding 4](#) and [Finding 5](#)).

Short turnaround times for information during caretaker

Agencies noted that there were substantial time pressures for information requests in the weeks approaching the BIS publication. Information from agencies was often sought within a one- to two-day turnaround period to be considered by parliamentary leaders in a timely manner. Agencies stated that this resulted in a compromise between the timeliness and quality of information being provided to the PBO to complete costings. Agencies propose a blackout period, after which there can be no further costing requests, which may result in improved quality of information returns and more accurate PBO costings.

PBO response:

The PBO considers that a more formal blackout for when parliamentary leaders can no longer submit costings may allow agencies to provide higher quality information returns. However, a blackout period results in a further delay in providing timely and quality information to the public, including NSW voters and the media. As a result, the PBO has recommended that BIS publication be brought forward from five to eight days before the election, rather than institute a formal blackout period (see [Recommendation 1](#) for further details).

"Unseen" costings

Agencies expressed concerns about costings they had not been privy to prior to publication, in particular:

- costings to which they had not provided input and they felt were not accurate
- having insufficient time to prepare incoming ministers briefings with those costings, as they were released very close to the election.

Agencies expressed the view that, if they were not given an opportunity to provide input to a costing, then at least the opportunity to review or sight the costing prior to publication would be beneficial.

“New costings were published subsequently without our knowledge - would be great to have been given a heads up.”

PBO response:

Where time and resources allowed, the PBO often did seek agency review of final costings. However, the strong preference of party leaders for tight confidentiality during the campaign, the high volume of costings, and very short time periods available for review in the final days of the campaign, often precluded opportunities for agency review. Moving to an ongoing or extended PBO would help address the problem, allowing more time for costings to be developed.

Improving the IT environment

Stakeholders advised that the PBO should be supported by greater IT infrastructure. Agencies, including the Department of Planning and Environment, noted that unlike previous election years, each parliamentary leader's costings were uploaded as a bulk PDF attachment, rather than individually on the date of the statutory deadline (20 May 2023). This was due to an IT problem encountered by the PBO (detail included in [Appendix 1 – Summary of PBO Operations](#) and [Appendix 7 - Media and public engagement](#)). Although this was resolved the next day, agencies said that reviewing one large PDF document increased administrative burden on agencies to produce incoming government briefings.

Treasury said the PBO should be supported by more sophisticated reporting systems. Treasury noted that the parliamentary budget offices in the Victorian and Federal jurisdictions have stronger IT systems to lodge, track and report on costings, including auditing of how costings were prepared. Due to the PBO's current IT environment, agencies had to review PDF versions of costings and the BIS, which presents challenges in providing commentary and reviewing calculations.

PBO response:

The PBO supports the need for a stronger IT environment and supporting systems to improve the costing tracking, preparing, and reviewing process. In all iterations of the PBO, costings have been prepared and tracked in excel, with the 2022-23 PBO being the first year to use collaborative software (Microsoft Teams). A platform similar to that used by the Parliamentary Counsel's Office would improve the PBO's ability to prepare higher quality, more timely costings. However, the PBO notes that this would require development and testing at least six months before the PBO is reinstated for the 2026 Election.

Greater IT support may also ensure that the BIS and election policy costings can be released without encountering similar IT issues as detailed in [Appendix 1 – Summary of PBO Operations](#).

Training for agency staff

One principal agency, the Department of Planning and Environment, said that knowledge of PBO information and data requirements in some subject-area teams across the network of agencies was variable. And, due to the time constraints involved in responding to information requests, time to provide that training was limited. A simple slide deck or video to explain the process of preparing an information return would be helpful to those who may be unexpectedly called on to prepare a cost estimate.

“A short, recorded video/webinar ... developed early on and provided to each agency liaison to incorporate into training [would be beneficial]”

PBO response:

The PBO acknowledges understanding of the election costings process is limited within the public service and during the 2022-23 election period undertook several strategies to address this, including:

- conducting several rounds of briefings with agencies and the media to raise awareness of the process and requirements
- supporting the formation of the election costings working group across agencies to foster collaboration and sharing of learnings
- producing several ‘explainer’ videos published on social media to explain the function and process of the PBO in plain English

The PBO acknowledges that more plain English resources distributed internally within agencies would be beneficial and looks forward to working with agency contacts to produce effective materials for the next election period.

Other feedback received about the experience of seeking clarification with the PBO as required during the election period was positive.

“The PBO team was always helpful and provided advice via phone calls, Teams calls and emails whenever I reached out to them. I’d like to commend them on that – Thank you!”

Appendix 6 – Comparing the NSW PBO with other Independent Fiscal Institutions

As part of considering the role and potential scope of a future PBO in NSW, a comparison has been made between the key functions and mandates of other publicly funded, independent bodies that provide oversight and analysis of fiscal policy. The PBO has reviewed the following IFIs:

- NSW Parliamentary Budget Office (NSW PBO)
- Victorian Parliamentary Budget Office (VIC PBO)
- Commonwealth Parliamentary Budget Office (Commonwealth PBO)
- UK Office of Budget Responsibility (UK OBR)
- Canadian Parliamentary Budget Office (Canadian PBO)
- Netherlands Bureau for Economic Analysis (Netherlands CPB)

In preparing *Table 3*, the PBO has examined each IFI’s website, authorising legislation, and any relevant OECD reviews.

Table 3: Comparing function and operations of Independent Fiscal Institutions to NSW PBO

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Scope and Function	Narrow scope and function	Broad scope and function	Broad scope and function	Broad scope and function	Broad scope and function	Broadest scope and function
Parties supported	Supports the Government and Opposition parties	Supports all parties	Supports all parliamentarians but makes a report about major parties only (from next election the minor parties can “opt-in”)	Only supports the elected Government	Supports all parties	Supports all parliamentarians (Netherlands has a long history of coalition governments of up to 4 or 5 parties)
Election commitment tracking	Doesn’t track election commitments	Tracks election commitments	Tracks election commitments	Comments on Government election commitments	Tracks election commitments	Costed commitments become policies through coalition-forming process

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Costings	Costs policies	Costs policies	Costs policies	Does not cost policies Scrutinises and certifies the government’s policy costings as part of its overarching independent fiscal analysis.	Costs policies	Costs: 1) the measures proposed in the parties’ election manifestos 2) any policies that arise after a coalition is formed (very common in Netherlands). 3) particular proposals at the direct request of Parliament
	Only during election period	During election and throughout term	During election and throughout term	n/a	Only during election period	1) these are published in an overview of the budgetary and economic consequences of the policy choices 2) these are costed after the election, based on coalition agreement. 3) these occur throughout the Parliamentary term.
	The parliamentary leaders of the Government and Opposition parties are obliged by legislation to submit all their election promises for costing	Policies costed by request of Parliamentary leader at their discretion	Policies costed by request of Parliamentary leader at their discretion	n/a	Policies costed by request of Parliamentary leader at their discretion	Policies costed by request of Parliamentary leader at their discretion. By historical custom most political parties present their election platforms to CPB for an evaluation of their economic and budgetary implications
	PBO must publish when the PBO is notified by the Parliamentary leader	Based on public announcements by the leaders in the media. Has to monitor media sources.	All policies submitted for costing can be either “confidential”, “not confidential”, or “scheduled for public release at a certain time.”	n/a	PBO must publish when the PBO is notified by the Parliamentary leader	CPB publishes the cost of policies arising from the coalition agreement at the request of the person responsible for forming a new government

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Pre-election reports	Policies have to be costed and published by the PBO pre-election	Parliamentary leader can choose whether to release a pre-election report at their discretion. The pre-election report is not comprehensive – relies on parties’ voluntary submission of policies pre-election.	No pre-election report	No pre-election costings or report	No pre-election report	One year before the election: report by advisory group on fiscal policy and GDP estimates over the medium and long term. Pre-election: analysis of party manifestos 2 months before the election. Immediate post-election: analysis of new policies under coalition agreement.
Post-election reports	Replaced by a pre-election report (the BIS)	Prepares post-election reports for both Government and Opposition (2 months after the election)	Prepares a post-election report showing the fiscal implications of major parties’ election commitments. From next election this report will be over the medium term (10 years).	Produces an annual report examining the trends and drivers of welfare spending. Produces economic and fiscal forecasts over medium-term (at least 5 years). Assesses how government’s fiscal targets are being achieved alongside each forecast. Assesses the long-term sustainability of the public finances.	No post-election report (BIS equivalent), although publishes all election policy costings	Post-election report with new medium-term economic framework

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Other reports	n/a	n/a	n/a	n/a	Produces a range of reports including economic and fiscal outlooks, reports on program spending, reports on climate change, an independent assessment of the Budget, risk scenario analysis, and fiscal sustainability reports.	Produces three large reports with projections of national and global economic developments. At the start of each general election cycle, the CPB publishes a medium-term outlook, which covers a four-year period and provides a starting point for political parties in their policymaking.
Advice	No advisory function	Provides advice on fiscal, economic and financial matters	Advises all MPs on financial implications of their policies Conducts self-initiated research and advises the public on budget and fiscal policy settings (often in conjunction with Parliamentary Committees)	Advisory function only in the context of its other products	Provides economic and financial analysis for all of Parliament; analyses the estimates of the government and, if requested, estimates the financial cost of any proposal over which Parliament has jurisdiction. Advisory function ceases during the election period.	Provides policy-relevant economic analyses and projections. Conducts research on themes chosen for that particular year, which the CPB determines itself, based on economic policy trends.
	n/a	Advises over the medium/long term (10 years)	Advises over the medium/long term (10 years)	Advises over the medium term (at least 5 years)	Advises over the medium term	Advises over the short, medium, and long term
	n/a	Advises MPs throughout term and during election	Advises MPs throughout term and during election (not policy advice)	n/a	Advises MPs throughout term and during election (not policy advice)	Advises MPs throughout term and during election

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Relationship with agencies	<p>Good relationship with agencies</p> <ul style="list-style-type: none"> Relies heavily on advice/ modelling from agencies. Requirements codified in legislation under s.16 of the NSW PBO Act. Requirements relatively simple compared to other Australian jurisdictions.³² Timely responses to information requests received. 	<p>Not yet good relationship with agencies</p> <ul style="list-style-type: none"> Agencies refuse to provide models despite being within the meaning of information and documents within the Victorian <i>PBO Act</i>.³³ PBO can make arrangements to receive information from agencies under s.25(1) of the Victorian PBO Act. Agencies' requirements achieved through memorandum of understanding (MoU). Agencies heavily rely on exceptions to providing information under s.26 of the Act.³⁴ 	<p>Relatively good relationship with agencies, especially Treasury and Department of Finance.</p> <ul style="list-style-type: none"> The CTH PBO uses its own independent methodology using its own "best professional judgement" but will use and rely on the data and models provided by agencies.³⁵ Agency's requirements achieved through MoUs and Protocols. Access to information from agencies is mostly forthcoming and has improved over time, but there have been instances of problems.³⁶ 	<p>Good relationship with agencies</p> <ul style="list-style-type: none"> Highly reliant on the government departments for input into its forecasts and analysis. The Act gives the OBR "right of access (at any reasonable time) to all Government information which it may reasonably require for the performance of its duty".³⁷ MoUs signed between OBR and Treasury, HM Revenue and Customs, and the Department for Work and Pensions; as well as with the Scottish Fiscal Commission and the Welsh Government. 	<p>Good relationship with agencies</p> <ul style="list-style-type: none"> Highly reliant on advice/ modelling from agencies. The Act makes the PBO "entitled, by request... to the head of a department... to free and timely access to any information... that is required for the performance of his mandate."³⁸ MoUs lay out the requirements from agencies between election periods and during election period. The PBO has access to numerous agency databases.³⁹ 	<p>Independent, uses several advanced models for estimating the macro economy, the collective sector, social security and labour market, etc.</p> <p>The models are based on an extensive historical database, which dates back to 1970 and is available upon request for further analysis and research.</p> <p>Has access to confidential information, since the CPB itself technically falls under a government agency.</p>

³² Victorian Parliamentary Budget Office, Submission no. 10b to the Public Accounts and Estimates Committee, Parliament of Victoria, *Inquiry into the Parliamentary Budget Officer* (7 May 2021), p 29 [6.3].

³³ OECD, Submission no. 12a to the Public Accounts and Estimates Committee, Parliament of Victoria, *Inquiry into the Parliamentary Budget Officer* (7 May 2021), p 29 [6.3].

³⁴ OECD, Submission no. 12a to the Victorian Inquiry into the Parliamentary Budget Officer (7 May 2021), p. 29 [6.2].

³⁵ Commonwealth Parliamentary Budget Office, [About the PBO](#), viewed 18 May 2023.

³⁶ Commonwealth Parliamentary Budget Office, Submission no. 2 to the Joint Committee of Public Accounts and Audit, *Inquiry into the operations of the Parliamentary Budget Office*, Parliament of Australia, p. 15.

³⁷ *Budget Responsibility and National Audit Act 2011* (UK) s 9(1).

³⁸ Office of the Parliamentary Budget Officer (Canada), [Information requests](#), viewed 18 May 2023.

³⁹ OECD, Briefing Note to the working party of senior budget officials and network of Parliamentary Budget Officials and Independent Fiscal Institutions, *Access to information for Independent Fiscal Institutions (IFIs)*, p 4.

	NSW PBO	VIC PBO	Commonwealth PBO	UK OBR	Canada PBO	Netherlands CPB
Submissions to Parliamentary committees	Cannot submit to Parliamentary committees	Can make submissions to Parliamentary committees	Can make submissions to Parliamentary committees. Can do independent self-initiated work/research on behalf of some Parliamentary committees.	Can make submissions to Parliamentary committees	Can make submissions to Parliamentary committees	CPB participates in many advisory groups
Funding arrangement	Intermittent PBO - Does not get funding for professional development or ongoing systems and data collection.	Fixed funding means it struggles to cater for professional development and ongoing systems and data collection.	Highest funding in Australia. Election surge funding every third year guaranteed in legislation. Access to additional rolling special appropriation fund that can be carried across years.	Resources remain modest but the OBR has so far been able to secure additional resources in line with expansions to its remit.	Sufficient funding to deliver its mandate.	Well-funded. Eighty per cent of funding comes from a lump-sum subsidy from the government. The other 20 per cent involves monies earmarked for specific projects for the Dutch government and European Commission.

Appendix 7 – Media and public engagement

Media coverage

Coverage of the output of the PBO across print, online, television and radio totaled 132 items between 10 March and 13 April 2023, as recorded by media monitoring agency *Stroom* for NSW Parliament. These included 19 in-depth print and online articles focusing on the overall budget impact of each leader’s policies and the PBO’s costing of signature individual policies. The majority of media coverage occurred on 20 and 21 March 2023, following the release of each parliamentary leader’s BIS and the 191 published election policy costings.

There were 102 TV and radio reports between 20 and 25 March 2023 referencing PBO costings and overall budget impacts. *Stroom’s* estimate of the Potential Audience Reach across TV and radio, showing the maximum possible audience on a cumulative daily basis, was 3.4 million people over the period 20 to 25 March 2023.^f

A common theme among journalists, news presenters and party interviewees was emphasis on the independence of the PBO in its costings work. Costings attracting in-depth coverage and/or high volumes of reporting included those on lifting the public sector wages cap, motorway toll caps, cashless gaming, and nurses and paramedic recruitment.

Media releases and engagement

In 2022-23 six media releases were published on the PBO website, detailed in *Table 4*.

Table 4: 2022-23 Media releases

Date	Media Release	Description
12 October 2022	PBO Operational Plan tabled and starts operating	Relates to tabling of the PBO’s Operational Plan 2022-23, and costing work begins
20 March 2023	Budget Impact Statement released	Relates to BIS being released, with information around content
	Correction - 2023 Budget Impact Statement released	Relates to revision around correction to the ALP BIS (page 8)
21 March 2023	Additional Coalition policy costing released	Relates to one Coalition election policy not included in the BIS.
	Additional ALP policy costings released	Relates to two ALP election policies not included in the BIS.
24 March 2023	Misrepresentation of the PBO	Relates to aforementioned correction around the social media tile distributed by the Liberal Party NSW Division.

The PBO also held a media briefing on 17 January 2023, providing procedural information about the role of the PBO and key deliverables (the BIS and election policy costings). Eight journalists attended the briefing (two in-person at Parliament House, and six online via videoconference).

In addition, the PBO released two educational videos on the PBO’s website and social media, titled “*The PBO - Who we are and what we do*” and “*Key PBO published documents*”. The first video was shared with the media at the briefing on 17 January and sent to all Members of Parliament. While positive feedback on the video was received via email, none of the members or media chose to share the video.

Misrepresentations

As discussed in *Chapter 2*, if the PBO considers that an election policy costing provided by the PBO has been publicly misrepresented, the PBO may issue a public statement to correct the misrepresentation.

Under section 22(3) of the PBO Act “If the Parliamentary Budget Officer considers that an election policy costing provided by the Officer has been publicly misrepresented the Officer may issue a public statement to correct the misrepresentation”. The 2022-23 Operational Plan provides 48 hours for any misrepresentations to be corrected.

During the 2023 election campaign there was one significant misrepresentation⁴⁰.

The PBO approached the Liberal Party Branch about a social media tile that referenced the PBO as a source of information that was incorrect. The social media tile said “Labor have cut more than \$2 billion from the WestInvest Fund. Source: Parliamentary Budget Office”. The PBO wrote to Mr Stone, Head of the Liberal Party Branch asking for a correction within 48 hours, however Mr Stone did not reply. The PBO issued a media release 48 hours later correcting the misrepresentation, see *Media releases and engagement* below.

Email from Parliamentary Budget Officer to NSW Liberal Party

The Parliamentary Budget Officer sent an email to the NSW Liberal Party on 22 March 2023 (1:45PM), as follows:

I have been given this email by the Premier’s office to contact you in relation to correction of a misrepresentation of the Parliamentary Budget Office’s costings.

The Daily Telegraph has asked for my comment on a flyer distributed by the Liberal Party which says “Labor have cut more than \$2 billion from the WestInvest Fund. Source: Parliamentary Budget Office”. Image attached.

The PBO has not made that statement. The \$2 billion number is not one that could reasonably be derived from PBO costings.

I would like to offer you an opportunity to correct this misrepresentation.

⁴⁰ There was one other instance where a comment from the Health department in a costing was attributed by the Treasurer to the PBO; he corrected this within a day. The PBO did not treat this as a misrepresentation – the quote from the costing had been accurate and the correct attribution of it to the originating department was done quickly.

If you could let me know before 3pm today, that would enable us to respond to the Daily Telegraph within their story deadline. I appreciate however that is a very short timeframe driven by a media request and may be difficult. I note that under the PBO Operating Plan I have undertaken to give people up to 48 hours to correct a misrepresentation.

Under s.22(3) of the Parliamentary Budget Officer Act 2010, if the Parliamentary Budget Officer considers that an election policy costing provided by the Officer has been publicly misrepresented, the Officer may issue a public statement to correct the misrepresentation.

LIBERAL PARTY OF AUSTRALIA

NEW SOUTH WALES DIVISION

State Director

22 March 2023

Mr Stephen Bartos
Parliamentary Budget Office
Parliament House
Macquarie Street
SYDNEY NSW 2000

Dear Mr Bartos

I refer to your email of 22 March 2023.

We are disappointed that the independent Parliamentary Budget Office (PBO) saw fit to speak with journalists in relation to this matter some 24 hours before it made any contact with the Liberal Party organisation. The subject matter of your complaint - a social media tile - carries my authorisation, along with the street address of the Liberal Party's offices. It is reasonable to conclude that officers from the PBO could have readily located my contact details well before now.

In relation to the substance of your complaint, we refer you to Labor Party submissions:

- C1014
- C1023
- C1041
- C1223
- C1229
- C1441
- C1524
- C1541
- C1544
- C1571

The Labor Party has indicated that these projects would be funded by surplus WestInvest funds. Additionally, in a press conference on 20 March 2023, the Shadow Treasurer, the Hon Daniel Mookhey MLC, stated that the Government component of WestInvest would be discontinued by the Labor Party if it is elected.

The cost of these projects over the forward estimates is \$1.4 billion and over the life of the projects is \$3.8 billion. We also note that the PBO Budget Impact Statement states:

"...and \$114.5 (sic) over four years for the delivery of projects out of the WestInvest Fund offset by an adjustment to the existing program allowance for WestInvest."¹

¹ Page 4, Budget Impact Statement 2023, Australian Labor Party.

LIBERAL PARTY OF AUSTRALIA

NEW SOUTH WALES DIVISION

State Director

Funding for projects already announced as part of the NSW Government Allocation and listed on the WestInvest website² totals \$2,116,500,000.

To fund projects from surplus funds would require cancelling projects for which funding is already allocated. Therefore, it is reasonable to source the statements published by the PBO in that this funding of more than \$2 billion is not included in Labor's costings. Our statement is confirmed by Labor's own submissions to the PBO.

We also note that Labor has used the PBO Budget Impact Statements to misrepresent the Government's energy policy, and we trust that you have taken steps to seek a correction from the NSW Labor Party.

Yours sincerely



Chris Stone
State Director

² <https://www.nsw.gov.au/grants-and-funding/westinvest/nsw-government-projects>



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street, Sydney 2000

23 March 2023

Mr Chris Stone
 State Director
 Liberal Party of Australia, New South Wales Division
 L2 131 Macquarie St
 Sydney NSW 2000

by email

Dear Mr Stone

I refer to your letter of 22 March in response to my email to your organisation concerning a public misrepresentation of a Parliamentary Budget Office (PBO) election policy costing.

Your social media tile

On the substantive issue, I consider the statement on the social media tile you authorised saying "Labor have cut more than \$2 billion from the WestInvest Fund. Source: Parliamentary Budget Office" is a misrepresentation.

As indicated in my email to your organisation of 1.45pm Wednesday 22nd March, I would like to offer you an opportunity to correct the record.

You identified a number of ALP policies that have been costed by the PBO. The table below sets out the cost of those policies. We note in the costings that the ALP proposes these will be funded from WestInvest.

ID	Policy	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	4-year total \$'000
C1014	Additional Beds at Mt Druitt Hospital		2,000	10,000	23,000	35,000
C1023	Additional beds at Blacktown hospital		2,000	10,000	23,000	35,000
C1041	Rouse Hill Expansion of Scope		15,000	85,000	70,000	170,000
C1223	Canterbury Hospital Redevelopment		25,000	75,000	125,000	225,000
C1229	Fairfield Hospital Redevelopment		5,000	30,000	80,000	115,000
C1441	Rapid buses to Western Sydney Airport		137,000	106,000	62,000	305,000
C1524	Labor Capital Commitment to NSW Schools (Western Sydney)		185	148,518	192,177	340,880
C1541	More accessible, safe and secure train stations		5,000	70,000	75,000	150,000
C1544	Active Transport		5,000	10,000	15,000	30,000
C1571	Labor's Western Sydney Flood Plan		75,000	75,000	75,000	225,000
	Total		271,185	619,518	740,177	1,630,880

The PBO has confirmed that there is sufficient legally uncommitted funding available from WestInvest to allow the policies proposed by the ALP to be fully funded within the forward estimates period. To do this a new Government would need to decide not to proceed with some already announced projects. It would have the capacity to do this in cases where no legally binding commitment has been made.

As we indicate in Appendix A to the Budget Impact Statements, a government announcement is not a legally binding commitment. Where there is no legal obligation to proceed with announced projects, an alternative government – or indeed a re-elected government - would be able to put in place processes to discontinue, change timing, or alter the scope of projects to be funded from WestInvest. By reallocating budgeted funds that are not legally committed the ALP's policy would have zero net cost.

None of this makes it accurate to say "Labor have cut more than \$2 billion from the WestInvest Fund". The ALP's proposals would mean a reallocation of priorities within WestInvest. To state the Fund would be cut, as your social media tile does, is a misrepresentation. It would be accurate to state that some projects previously announced by the government may no longer proceed.

On a minor matter, the quote you attribute to the PBO in relation to a \$114.5 million adjustment to the WestInvest came from the Pre-election Budget Update (PEBU). That source is clearly cited in the Appendix to the Budget Impact Statement.

We have been unable to find a reference to a total spend of \$2,116,500,000 on the WestInvest website you mention in your letter, but that number appears to be the the total of costs of individual projects shown on the NSW government projects page of that website. It appears likely this figure includes proposed spending outside the forward estimates period.

I note that the Treasurer in his statement on the matter used more careful language. He suggested, accurately (if colourfully), that the ALP proposals would require "raiding from the state government allocation". I also note that the Treasurer, properly, does not attribute this claim to the PBO. This stands in contrast to your social media tile.

Timing issues

Your suggestion that the PBO "saw fit to speak with journalists in relation to this matter some 24 hours before it made any contact with the Liberal Party organisation" is not correct.

I was contacted about your social media tile by a journalist from the Daily Telegraph on 22 March 2023 at 11.00am. It was one of several documents he sent me, but the only one that quoted the PBO as a source. Prior to that contact at 11.00am I had no idea this material existed. Clearly, nobody in the PBO could have discussed this matter with journalists prior to that; and there is only one journalist I have had contact with since then.

I thought about the statement your tile attributed to the PBO, then emailed our key contact in the Premier's office about it at 12.15pm. At 1.39 pm she responded to me that "as this

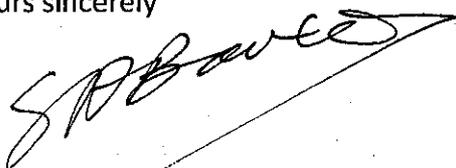
material is produced and authorised by the Liberal Party, this enquiry will need to be managed by them." At 1.45 that same day I emailed you.

Other matters

Finally, you note that "Labor has used the PBO Budget Impact Statements to misrepresent the Government's energy policy". I have not seen any media reporting on this. If you have a concern that there has been a misrepresentation, could you please send me the details.

I have provided a copy of this letter to the Treasurer.

Yours sincerely

A handwritten signature in black ink, appearing to read 'S Bartos', written over a diagonal line that extends from the signature down towards the typed name below.

Stephen Bartos
Parliamentary Budget Officer

PBO Media Release on misrepresentation

The 2022-23 PBO then released the “Correction of Misrepresentation” Media Release on 24 March 2023.

The Parliamentary Budget Officer wishes to correct a misrepresentation of a PBO costing. On Wednesday 22 March the PBO’s attention was drawn to a social media tile distributed by the Liberal Party NSW Division saying “Labor have cut more than \$2 billion from the WestInvest Fund. Source: Parliamentary Budget Office”.

The PBO has costed a number of ALP election promises that propose projects to be funded from the WestInvest Fund with a neutral impact on the budget bottom line. The PBO costings confirmed this assumption is feasible because there are sufficient funds available.

In total, this will require changes involving some previously announced projects. The PBO considers this feasible where there is no legal obligation committing the government to those projects.

An alternative government – or indeed a re-elected government - would be able to put in place processes to discontinue, change timing, or alter the scope of projects announced to be funded from WestInvest where there is no legal obligation to proceed.

The PBO has pointed out to the Liberal Party that a government announcement is not a legally binding commitment.

None of this makes it accurate to say, “Labor have cut more than \$2 billion from the WestInvest Fund”. To state the Fund would be cut is a misrepresentation. The ALP’s proposals would mean a reallocation of priorities within WestInvest, not a cut to the Fund.

It is also a misrepresentation for the Liberal Party to quote the PBO as the source of this claim. The PBO contacted the Liberal Party at 1.45pm on 22 March 2023 suggesting the misrepresentation be corrected. The PBO has not received advice from the Liberal Party that a correction will be issued.

Under the Parliamentary Budget Officer Act 2010 (section 22(3)) “If the Parliamentary Budget Officer considers that an election policy costing provided by the Officer has been publicly misrepresented, the Officer may issue a public statement to correct the misrepresentation.”

Social media engagement

The 2018-19 PBO Post-Election Report recommended the development of a social media strategy. Hence, the 2022-23 PBO developed a Communications, Engagement and Education Strategy, based on NSW Parliament’s strategy⁴¹, with two key goals:

- 1 Costing election policies and preparing BIS for both major political parties that inform public debate prior to the election.

⁴¹ NSW Parliament, [Communications, Engagement and Education Strategy 2020-2023](#), viewed 18 May 2023.

- 2 Increasing public awareness of the PBO and the information available for the people of NSW to inform voting.

During this election the 2022-23 PBO used LinkedIn as its preferred social media platform (rather than Twitter, as used in 2014-15). PBO gained 192 followers on LinkedIn, which is more than two and a half times the number of Twitter followers (74 followers).

PBO LinkedIn page had 46 page views in March 2023 with the peak being 16 views on 20 March 2023, the day the BIS was published. Over the month of March, the 46 page views included 37 from a desktop browser and nine from mobile.

Twitter was not used during the 2022-23 and the 2018-19 elections. With increasing politicisation and changes to both Twitter management and account verification, the PBO considered that further investment in a Twitter strategy would not be without reputational risks to the PBO and NSW Parliament.

PBO Homepage

The PBO began publishing 2022-23 content on the PBO website from 11 October 2022. The number of page views⁴² and unique views⁴³ for the PBO homepage were relatively consistent from September 2022 to February 2023 – with 445 views on average each month (see Figure 15).

The unique views grew more than 13 times in the month of the election (from 402 monthly unique views on average to 5,426 views in March). This is due to the release of the BIS which included both parliamentary leader’s election policy costings and their impact on the budget.

Figure 15: Number of Page Views and Unique Page Views of the PBO Home Page in 2022-23

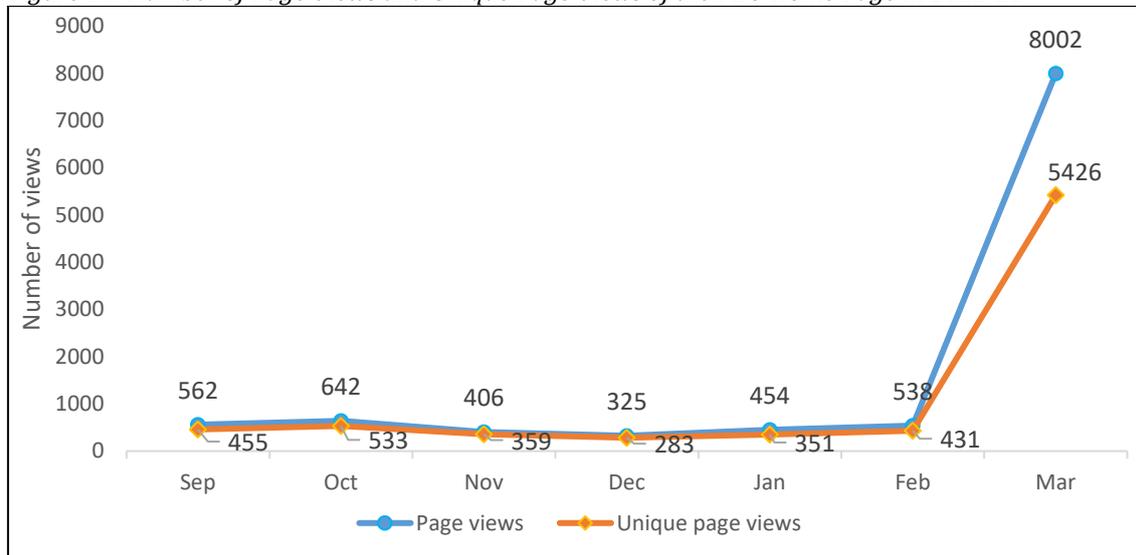


Table 5 provides a comparison of unique page views of the PBO homepage between 2018-19 and 2022-23, where notably there has been an overall increase in traffic to the site. The most

⁴² Page views refer to the number of times the page was visited. It counts multiple views from the same user more than once.

⁴³ Unique page views refer to the number of unique users who visited a page. It counts multiple views from the same user as one.

significant increase in unique page views was March 2023, with views more than double that of March 2019.

Table 5: Comparison of Unique PBO homepage views in 2018-19 vs 2022-23

Month	2018-19	2022-23	Difference +/-
September	253	455	79.8% ↑
October	378	533	41.0% ↑
November	311	359	15.4% ↑
December	292	283	3.1% ↓
January	263	351	33.5% ↑
February	333	431	29.4% ↑
March	1740	5426	211.8% ↑

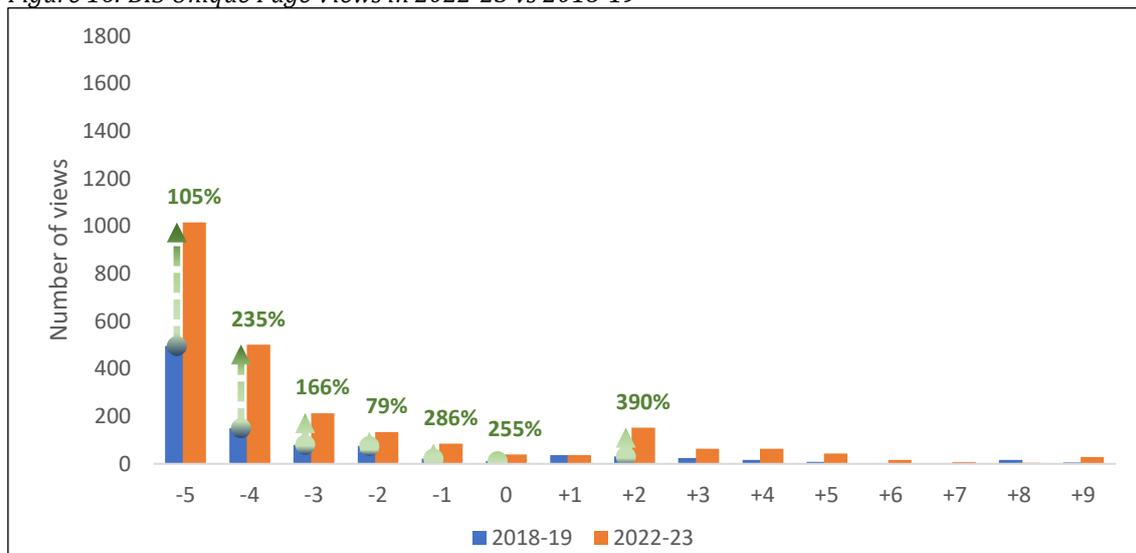
The only exception is in December. Here, the higher 2018-19 figure reflects a misrepresentation in the previous election, addressed by the PBO in December 2018.

Budget Impact Statements Webpage

The number of visits to the BIS webpage was collected from the date of its publication, five days before the election and until nine days after. As expected, the highest number of views took place on the day of its release on 20 March, followed by 21 March when additional costings were published (see *Media Releases and engagement* for details).

Following the 2023 Election Day (25 March) there was a small spike in views (see 2 days after Election Day), which suggests that the BIS remains relevant even after the election. *Figure 16* shows unique BIS views.

Figure 16: BIS Unique Page Views in 2022-23 vs 2018-19



Costings Webpage

The PBO experienced technical issues on 20 March 2023, such that the PBO was unable to post the costings individually on the statutory release date. Therefore, the PBO as a temporary work around solution did a bulk uploading of the costings for both parties. The issue was subsequently resolved on 21 March 2023.

Figure 17 and Figure 18 show a comparison of total page views and unique page views for ALP and Coalition costings in the 2019 and 2023 elections. Here, the views of the ALP’s costings were higher than the former Government’s before Election Day – for both total and unique page views in both elections. However, views of the elected Government’s costings were higher post-Election Day. This is aligned with the expectation that the media and public are more interested in the cost of policies for an elected government after Election Day.

Figure 17: Total page views for ALP and Coalition costings in 2022-23 vs 2018-19

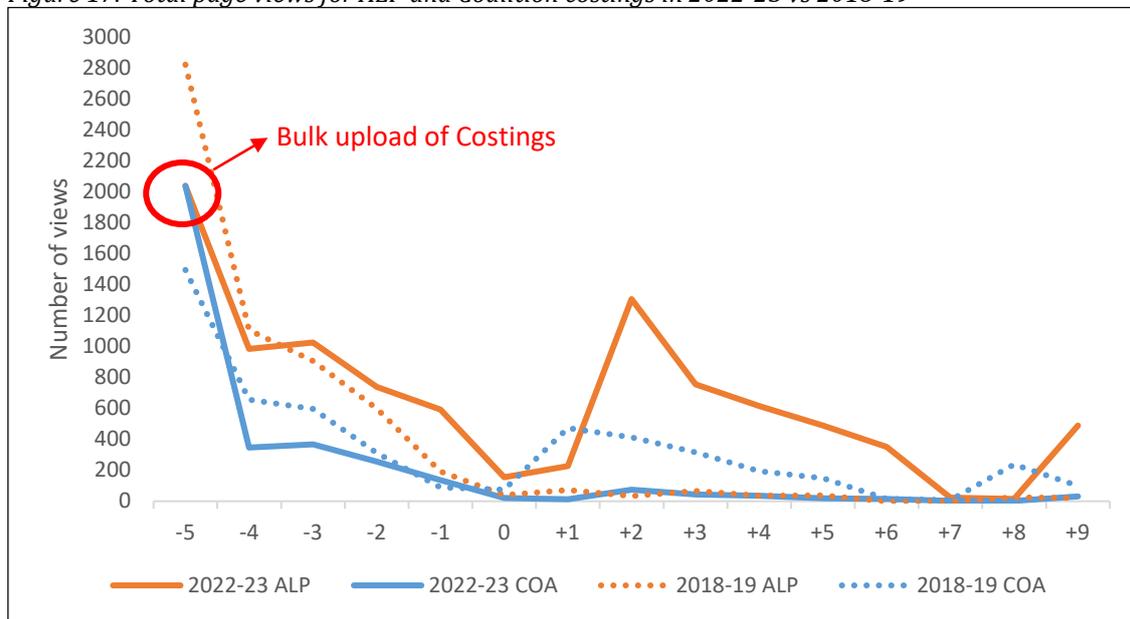
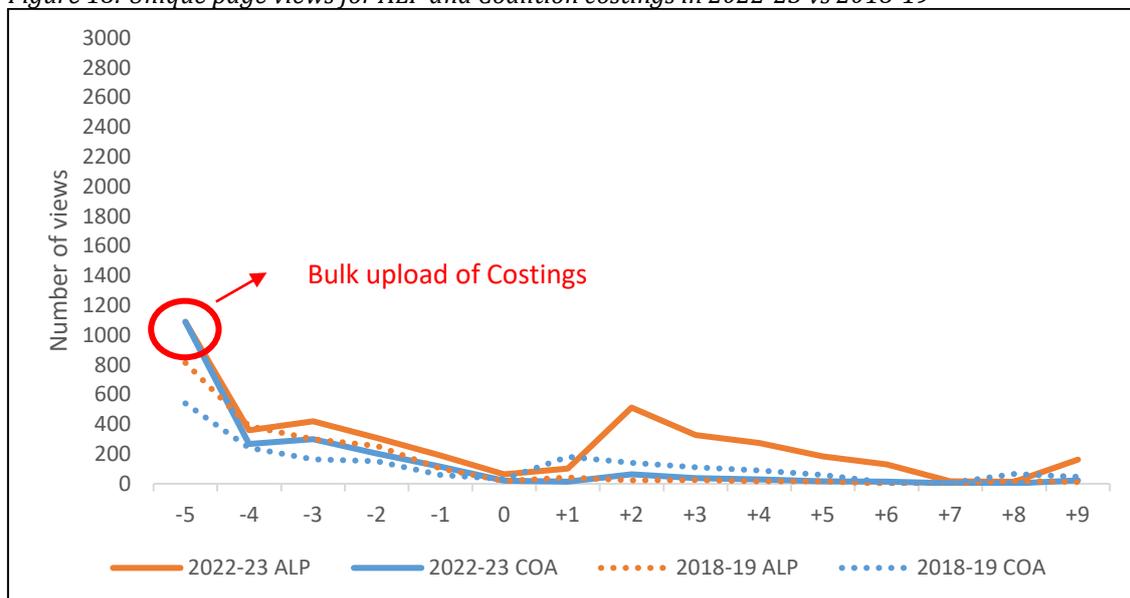


Figure 18: Unique page views for ALP and Coalition costings in 2022-23 vs 2018-19



Due to the technical issue and resulting bulk upload on 20 March 2023, the views and unique views for that day cannot be distinguished between ALP and Coalition costings.

While *Figure 17* indicates that there were more page views on publication day in 2019 vs 2023, *Figure 18* shows the opposite when considering only unique page views. This suggests that the potentially higher number of page views in 2019 was because more page visits were required to view the individual costings – as opposed to viewing a single file of consolidated costings in 2023.