

Submission

No 5

INQUIRY INTO THE PARLIAMENTARY BUDGET OFFICE

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Submission by Unions New South Wales Inquiry into the Parliamentary Budget Office

History and Role

The Parliamentary Budget Office Act 2010 was established by the previous State Government. It was the first time in Australia an independent officer of parliament was established to cost election policies and proposals which political parties and independent members of parliament might submit during the run-up to a general election.

The Parliamentary Budget Officer (PBO) is also charged with providing parliamentarians with technical briefings on financial, fiscal and economic matters, and may cost proposals submitted outside election periods.

The creation of an independent PBO is intended to overcome objections which had been expressed about previous arrangements under which NSW Treasury provided estimates of costs of election promises. Similar schemes have operated in the USA and Canada, and an equivalent agency is being established in the United Kingdom. The Commonwealth parliament is also setting up a similar agency and this has the support of all political parties federally.

In the period immediately prior to a general election, the PBO can receive requests for costing proposed policies and when those estimates have been undertaken he or she is required to publish them after the relevant political party or independent member announces them. The PBO is required to publish this list of policies and their budget impact for the current financial year and the three following financial years.

Although the current scheme does not require political parties or independent members of parliament to provide their election policies for costing, the goal of the Parliamentary Budget Office is to try to ensure that all election promises are costed accurately and quickly so that NSW voters can exercise their voting responsibilities in an informed manner.

Outside of the election cycle, the PBO aims to ensure that members of parliament are accurately and promptly advised on the estimated costs of their proposals and on economic, financial and fiscal matters in which they have expressed an interest. In practical terms the PBO has only existed for a very short period of time and carried out some work just prior to the last state election and after the state election when it scrutinised the Premier's assertion that the previous government had left a budget black hole. The PBO independently found that no such black hole existed.

Unions NSW Position

Unions NSW questions the timing of the review given the PBO's short life. Unions NSW is not opposed to reviewing the PBO but this should occur every 4 years and at least one year after an election.

Unions NSW is very concerned that the PBO, which was set up to act in the public interest and provide an important resource to our public office holders might be abolished, or not resourced properly to carry out its functions simply because it doesn't suit the government of the day.

In our view not only should the PBO remain in place and be properly resourced but it should have the confidence and support of the whole of the Parliament. In this regard the head of the PBO should be selected on merit and the person to be appointed should be endorsed by 2/3rds majority vote in both the Legislative Assembly and Council. This would ensure the head of the PBO will have credibility across the political spectrum and that the findings the PBO makes can't be seen to be partisan.

It terms of the PBOs current role Unions NSW believes its reports should not only deal with economic assessments, which are primarily a cost analysis, but should evaluate the social impacts of particular proposals by preparing a community impact statement which would also deal with whether any proposal is likely to meet any social objective it seeks to address.

By way of example if a proposal is put up to privatise or outsource particular government services eg Sydney Ferries, then the PBO should not only scrutinise whether the proposal will actually lower costs but also analyse whether services will in fact be improved and whether there are any social impacts as a consequence, e.g. , job losses or lose of services to the public. To accommodate this expanded role 2 additional positions to those contemplated under the existing structure should be created.

Recommendations

- 1. The PBO should remain and be supported by all parties.*
- 2. A Parliamentary Review of the PBO should occur every 4 years being at least 1 year after each state election.*
- 3. The head of the PBO should be selected on merit and the person to be appointment should be endorsed by 2/3rds majority vote in both the Legislative Assembly and Council.*
- 4. The role of the PBO should be expanded to incorporate community impact statements and whether particular proposals are likely to meet any social objective they are promised to address.*
- 5. In addition to the original proposed structure of the PBO a Senior Social Analyst and Social Analyst should be added to the structure.*