

**Submission**

**No 6**

## **INQUIRY INTO THE PARLIAMENTARY BUDGET OFFICE**

**Organisation:** CPA Australia Limited  
**Name:** Mr Paul Drum  
**Position:** Head, Business and Investment Policy  
**Date Received:** 19/08/2011

19 August 2011



Committee on the Parliamentary Budget Office  
Parliament House  
Macquarie Street  
Sydney NSW 2000

By email: [budgetofficecommittee@parliament.nsw.gov.au](mailto:budgetofficecommittee@parliament.nsw.gov.au)

CPA Australia Ltd  
ABN 64 008 392 452

Level 20, 28 Freshwater Place  
Southbank VIC 3006  
Australia

GPO Box 2820  
Melbourne VIC 3001  
Australia

Phone 1300 737 373

Outside Aust +613 9606 9677

Website [cpaaustralia.com.au](http://cpaaustralia.com.au)

Dear Mr. Elliott

### **Inquiry into the NSW Parliamentary Budget Office**

CPA Australia represents the diverse interests of more than 132,000 members in 111 countries throughout the world. Our vision is to make CPA Australia the global accountancy designation for strategic business leaders.

Against this background, we provide the following submission to the abovementioned Inquiry by the Joint Select Committee on the Parliamentary Budget Office. This submission is made not only on behalf of our members but also for the accounting profession generally and in the broader public interest.

In making this submission we have taken particular account of the following:

- the recent Inquiry into the proposed Parliamentary Budget Office (PBO) by the Federal Parliament's Joint Select Committee on the Parliamentary Budget Office, and
- the submission to the current Inquiry into the NSW Parliamentary Budget Office by the former NSW Parliamentary Officer (Mr. A. Harris).

We note that the recent Federal Parliamentary inquiry referred to above recommended that the Australian Government establish a Parliamentary Budget Office dedicated to serving the Australian Parliament to primarily undertake fiscal analysis, research and costings and also have a public awareness role. More generally, it was proposed that the PBO would provide information to assist the Parliament in its consideration of matters related to the budget by undertaking fiscal analysis and other relevant research and by providing policy costings advice. It was also envisaged that the proposed PBO would also promote greater public awareness of key budget and fiscal policy issues.

We further note, however, that the proposed Federal PBO has not been established at this stage.

In relation to the submission by Mr. Harris to the current Inquiry into the NSW PBO, he noted that PBOs in overseas jurisdictions generally have three broad functions:

- the provision of advice and assistance to the parliament, its members and committees on matters related to the jurisdiction's budget and its fiscal situation (including economic modelling and a review of all relevant government financial and economic reports);
- the costing of proposals being considered by members of a legislature both within and outside the election cycle; and
- a promotion and public awareness role (as advocated for the proposed Commonwealth PBO by the Commonwealth Treasury and the Department of Finance and Deregulation) to assist the community generally and parliamentarians in particular to better understand economic, fiscal and financial issues facing the community.

He noted also that existing NSW legislation provides a more limited role to its PBO than that envisaged for the Commonwealth by the joint select committee and that it is also significantly narrower than the role of most equivalent overseas bodies.

We understand that the two roles of the NSW's PBO are broadly:

- the costing of revenue/spending proposals submitted by parliamentary leaders in the election period and by any member outside of that period and, with the permission of parliamentary leaders, may publish the costs of election proposals and possibly their impact on the state's budget; and
- the provision of economic, fiscal and financial advice but only as requested by a member of parliament, as it is specifically excluded from providing such advice to a parliamentary committee and the relevant enabling legislation does not permit the PBO to publish its analyses; and
- unlike that recommended for a Commonwealth PBO, there is no provision for a pro-active role to deepen community or parliamentary understanding of economic, fiscal or financial matters.

It appears, therefore, that the primary function envisaged for the NSW PBO when the legislation was being developed was to undertake election-time costings, although the briefing role provided by the legislation might in time become the more important task.

In this context, however, Mr. Harris argues that the existing law provides no certainty that the PBO can effectively advise the electorate of the costs of or fiscal implications of election promises made by any parliamentary leader. He concludes that in the absence of appropriate remedial legislative changes, there is a high risk that the PBO's costing powers will continue to be more symbolic than effective.

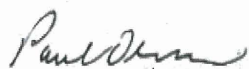
Nevertheless, while noting some apparent defects in the current PBO legislation relating to the office's briefing function, Mr. Harris noted that if the NSW Parliament continued to support this function, or even strengthen it, the role could develop into a facility of benefit to parliamentarians.

Other comments made by Mr. Harris in respect to Budget Impact Statements would also seem to be worthy of further consideration in the context of the current Inquiry.

We would, of course, be happy to discuss these issues further with the Committee at an appropriate stage.

If you have any questions regarding the above, please contact Garry Addison, Senior Tax Counsel on (03) 9606 9771 or via email at [garry.addison@cpaaustralia.com.au](mailto:garry.addison@cpaaustralia.com.au).

Yours sincerely



Paul Drum FCPA  
Head – Business and Investment Policy  
T: +613 9606 9701  
E: [paul.drum@cpaaustralia.com.au](mailto:paul.drum@cpaaustralia.com.au)