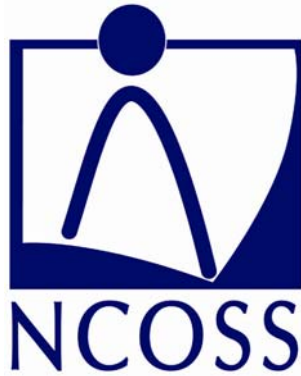


**Submission**

**No 10**

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

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**Position:** Director  
**Date Received:** 23/08/2011



## **Committee on the Parliamentary Budget Office**

### **Inquiry**

### **Parliamentary Budget Office**

**August 2011**

**Council of Social Service of NSW (NCOSS)**

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## **Recommendations**

1. That the joint Committee acknowledge that factors such as social and environmental impacts are equally important in considering proposed policies.
2. That the Office consider as part of its Operational Plan how it can, through its core functions, provide an educative role to members of the public regarding the financial, fiscal and economic considerations of policy proposals.
3. That the budget for the Parliamentary Budget Office be set to recognise the required staffing and other resources necessary to enable the Office to carry out its functions and that this be reviewed as the Office develops

## **About NCOSS**

The Council of Social Service of NSW (NCOSS) is an independent non-government organisation (NGO) and the peak body for the non-government human services sector in NSW.

NCOSS has a vision of a society where there is social and economic equity, based on cooperation, participation, sustainability and respect. NCOSS works with its members on behalf of disadvantaged people and communities towards achieving social justice in New South Wales.

Established in 1935, NCOSS is part of a national network of Councils of Social Service, which operate in each State and Territory and at the national level.

NCOSS membership is composed of community organisations and interested individuals. Member organisations are diverse including unfunded self-help groups, children's services, registered training authorities, emergency relief agencies, chronic illness and community care organisations, family support agencies, housing and homelessness services, mental health, alcohol and other drug organisations, local indigenous community organisations, church groups, peak organisations and a range of population-specific consumer advocacy agencies.

## **Introduction**

NCOSS advocates for and gives voice to the needs of disadvantaged, vulnerable and marginalised people. In this work, NCOSS recognises the important role Governments and parliaments play in shaping the environment in which people live and in the provision of particular services. Improved understanding and transparency of decision making at this level assists organisations such as NCOSS to engage in dialogue with others about how best to meet the needs of people as well as build their own capacity to understand and take part in decisions affecting their lives. NCOSS, therefore supports in principle mechanisms such as the Parliamentary Budget Office which are aimed at improving the understanding of the financial and budgetary implications of proposals being put forward by our elected representatives.

## **Purpose of the Office and whether the terms of the Act are appropriate**

The object of the Parliamentary Budget Officer Act (the Act) is to establish the Parliamentary Budget Officer as an independent officer of the Parliament with the functions of:

- a) Preparing costings of election policies for Parliamentary leaders and independent members in the period prior to a State general election
- b) Preparing costings of proposed policies of members of Parliament at the request of the member at any time
- c) Providing to members of Parliament analysis, advice and briefings of a technical nature on financial, fiscal and economic matters (including in relation to the costing of proposals included in the State Budget).

The Act sets out how the Parliamentary Budget Officer is to be appointed, how long the person can hold that office and the functions to be carried out. The provisions seek to ensure the independence of the Officer by having candidates proposed by three other independent office holders and appointed by the Presiding Officers and by having the term of office limited to 9 years.

The Parliamentary Budget Officer is also given powers to request information from the head of Government agencies to assist in the preparation of costings requested under the Act. This is an important provision that will not only assist in the preparation of such costings but also improve understanding of current policy settings and alternatives.

While giving the Parliamentary Budget Officer scope to prepare an Operational Plan this is subject to a review by the Presiding Officers of Parliament. The Act also provides oversight of the Office by a committee of the Legislative Assembly and a committee of the Legislative Council.

NCOSS submits that the terms of the Act are appropriate to ensure the independence of the Parliamentary Budget Officer and also to support its core functions of preparing independent costings and analysis of policies and proposals made by members of Parliament.

**Role of the Office, including and not limited to its:  
i) functions and powers**

The core functions and powers of the Office are to provide independent financial, fiscal and economic advice to Parliament. This can be with respect to proposed policies advanced by members or in relation to election policies or to “provide any analysis, advice or briefing of a technical nature on financial, fiscal and economic matters (including in relation to the costing of proposals included in the State budget)”<sup>1</sup>. The Act makes clear that it is not the role of the Office to engage in policy development.

NCOSS notes that these functions are limited to the provision of financial or economic advice and analysis. While understanding the financial impact of any proposed policy is an important part of decision making, it is only one element. The social and environmental impacts are also important considerations that must be balanced against the cost. It is acknowledged that such considerations can often be harder to assess but they must also be taken into account when considering

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<sup>1</sup> Section 13(1) Parliamentary Budget Officer Act 2010

proposals. Agencies such as the Auditor General do have power to analyse policies and programs on a broader basis than financial but this is generally not done prior to consideration of such policies by the Parliament. Parliamentary Committees are also important avenues of considering the impact of different policy options to address particular issues. NCOSS would be concerned if the establishment of the Parliamentary Budget Office were to place primacy on the financial or fiscal considerations of policy proposals without recognition of other factors that are equally important if well founded and informed decisions are to be made.

**Recommendation: That the joint Committee acknowledge that factors such as social and environmental impacts are equally important in considering proposed policies.**

In debating the Bill<sup>2</sup> to establish the Office, there was widespread support for the Office and general agreement that its' establishment would improve the decisions taken by Parliamentary members through facilitating greater understanding and clarity about particular proposals. It was argued that this greater understanding would allow for informed debate, improve the democratic process and help increase public confidence in that process.

NCOSS notes that while the functions of the Office are designed to facilitate greater transparency and understanding of the financial, fiscal and economic amongst Parliamentary members, the consequences are that there will be an opportunity to enhance the understanding of the general public on such matters as well. While not explicit, there is no doubt that the Office can have a broader educative role regarding the financial, fiscal and economic considerations underpinning decisions made by Parliament. NCOSS would urge that the Office consider as part of its Operational Plan how it can, through its core functions, provide an educative role on such matters to members of the public.

**Recommendation: That the Office consider as part of its Operational Plan how it can, through its core functions, provide an educative role to members of the public regarding the financial, fiscal and economic considerations of policy proposals.**

## **ii) structure, staffing and resourcing**

Questions regarding details about the appropriate structure, staffing and resourcing of the Parliamentary Budget Office are not matters that NCOSS has particular expertise in or can directly comment on. However, NCOSS believes that the independence and effectiveness of the Office will be enhanced by a clear budget that is sufficient to meet the needs of the Office including the capacity to employ qualified staff and to engage other professional expertise as required. NCOSS is concerned that staffing and structure may be determined by a given budget allocation rather than first determining what is required to carry out the work and setting the budget accordingly.

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<sup>2</sup> Hansard Legislative Assembly 19/10/10 and 28/10/10 Legislative Council 26/10/10 (accessed 9/8/11)

Debate in the previous Parliament regarding the Bill noted that the proposed budget for the Office was less per capita than other similar institutions in other jurisdictions. While this may be a point of comparison with other similar institutions it is not necessarily the case that setting a budget by such a benchmark would be appropriate to ensure that the work of the Office is able to be carried out efficiently and effectively.

Given that the Office is new, it may be appropriate to provide some flexibility in both a budgetary and staffing sense to allow the Office to develop and determine a suitable structure with staffing levels and other resources to meet its objectives.

**Recommendation: That the budget for the Parliamentary Budget Office be set to recognise the required staffing and other resources necessary to enable the Office to carry out its functions and that this be reviewed as the Office develops.**

### **iii) accountability and oversight mechanisms**

NCOSS notes that the Act also provides oversight of the Office by a committee of the Legislative Assembly and a committee of the Legislative Council. The Act also gives power to the Presiding Officers to act and decide jointly matters such as the appointment of the Parliamentary Budget Officer, employment of staff and to approve the Operational Plan prepared by the Officer. NCOSS views such provisions as appropriate.