



PARLIAMENT OF NEW SOUTH WALES

PARLIAMENTARY BUDGET OFFICE

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Media Briefing
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Acknowledgement of Country

I would like to acknowledge we meet on Gadigal Country and pay my respects to Elders past and present.

We celebrate the diversity of Aboriginal peoples and their ongoing cultures and connection to the lands and waters of NSW.

I would also like to acknowledge any Aboriginal people in the audience here today or joining us online.



Housekeeping

- This presentation and the PBO introductory video will be shared with you via email after the session
- If you are joining online please post any questions in the chat and we will ask them at the Q & A section of the briefing
- Afternoon tea available for those joining in person



What is the NSW PBO?

- Re-established every four years in the lead up to the NSW State election
- The PBO publishes the costs of election promises made by the Government and Opposition prior to the election
- This allows voters to know the impact of the promises on NSW finances



Legislative Foundation

Parliamentary Budget Officer Act 2010

- Established the Parliamentary Budget Officer as an independent Officer of the Parliament to provide costings of election promises
- NSW was the first Australian jurisdiction to have a PBO (followed by Commonwealth in 2012 and Victoria in 2017)
- NSW is unique amongst Australian PBOs as it publishes the costs of policies before the election



What does the PBO do?

- Costs 'announced or proposed' election policies for the Premier and Leader of the Opposition
- Does not cost policies for minor parties, independents, Ministers or Shadow Ministers
- Applies the same approach to costings to both the Premier and Leader of the Opposition



PBO and Parliamentary Leaders

- The PBO Act requires Parliamentary leaders to have all election policies costed (s18)
- Each leader nominates a representative to liaise with the PBO on their behalf
- Once a leader notifies the PBO of an election policy being announced, the PBO will publicly release that costing request and its costing



What is a costing?

- The best estimate of the impact of a policy on the forward estimates
- Considers expenses, revenues and capital
- Reports on the impact on the budget and total state finances
- Outlines all of the assumptions needed to calculate the costs of a policy



How does the PBO cost a policy?

- Calculates the likely cost over the current and forward estimates years: 2022-23, 2023-24, 2024-25 and 2025-26
- Uses the latest Treasury update as the baseline
- The costing estimates how much the policy changes the budget via either spending or savings
- The PBO can also obtain information from government agencies to assist with costing a policy
- The PBO has a small team of staff seconded from the NSW Parliament and various government agencies



Assumptions

- Costings can vary enormously depending on the assumptions behind the policy concerned
- Assumptions are set by the parliamentary leaders
- As a general rule, the PBO will accept the assumptions used by the leader for their policy, unless there is an error, or the assumption is clearly unrealistic
- The PBO uses Treasury's forecasts for factors like inflation, economic growth and population that will impact on future costs of policies



Risks and uncertainties

- Many costings are uncertain or subject to risks. For example:
 - *How many people will take up a new benefit*
 - *Timing for completion of a major project*
 - *Future building costs*
- The PBO cannot predict the future
- We make the best ***point in time*** estimate we are able to and note any risk and uncertainty in the costing notes



Confidentiality

- By law, PBO and Agency staff are required to keep information highly confidential
- Penalties apply for unauthorised disclosure
- Ensuring confidentiality of policy costings is essential to politicians' trusting the public service
- This also allows the parties to consider different options and select the most cost effective
- Discarded options will remain confidential forever



Budget Impact Statements

- Are published 5 days before the election
- Provide the total budget and financial impact of the Government and Opposition policies
- The starting point will be the *Pre-election Budget Update* issued by Treasury



PBO and the media

- All PBO procedures are published on our [website](#)
- Work in-progress on costings is completely confidential and never discussed
- Once a costing is published, it will be self-explanatory
 - All the workings used to calculate the costs are provided
 - The PBO can be contacted if anything is unclear
 - The PBO will not comment about the merits of the policy
- The PBO may issue a public statement in the case of public misrepresentation about the PBO's role and/or costings



Questions and comments



Further information

- A copy of this presentation along with a link to a brief video about the PBO will be emailed
- Updates will be posted on our [website](#)
- Connect with us on [LinkedIn](#)