



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Parliamentary Budget Office

Operational Plan 2014

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1. Background and requirements of the Act

The Parliamentary Budget Officer

The Parliamentary Budget Officer is appointed according to the *Parliamentary Budget Officer Act 2010* (the Act). The current Parliamentary Budget Officer, Mr Stephen Bartos, was appointed to the role for the period from 22 September 2014 up to 26 June 2015.

The functions of the Parliamentary Budget Officer are to prepare and publish election policy costings at the request of parliamentary leaders in the period before a State general election.

The operational plan

The *Parliamentary Budget Officer Act 2010* (s.14) requires the Parliamentary Budget Officer to prepare an operational plan that includes: the objectives of the Officer in exercising his or her functions; a broad outline of strategies to achieve those objectives; and, a schedule of activities that the Officer proposes to undertake.

The operational plan must be prepared as soon as practicable after the appointment of the Parliamentary Budget Officer and the Officer is to provide a draft of the plan to the Presiding Officers of the Parliament for their approval. Once approved by the Presiding Officers, the operational plan is to be tabled in both Houses of Parliament.

Context – accountability and transparency

The NSW Parliamentary Budget Office (PBO) was established in 2010. It is an important independent assurance mechanism for the costs of the various policies proposed by the major parties in advance of NSW general elections. The work of the PBO helps voters become better informed and enhances the accountability of the major political parties for the costs of their policies.

When established in 2010 a key aim of the PBO was to ensure there would be a high quality and independent election costing process in place, which was beyond any criticism concerning impartiality or independence. The costing of election policies by the PBO seeks to ensure that the electorate has accurate, timely and independent information on the cost of election commitments prior to voting.

Although the 2013 Bill changed the original 2010 Act in several important ways¹, the underlying intent of ensuring that NSW has an independent source of information on the costs of election policies was maintained. The PBO continues to be independent and impartial in its work.

¹ The key amendments to the Act included: restricting the term of office of the Parliamentary Budget Officer to the period between 1 September of the year before a general state election and a date no more than three months after the election; and omitting functions of the Officer related to the preparation of non-election time policy costings and the provision of analysis, advice and briefings of a technical nature on financial, fiscal and economic matters.

Transparency is a key element of PBO operations and one of the ways it demonstrates its impartiality. All of its key documents – including costings of publicly announced policies, budget impact statements, guidelines and this operational plan – are made public.

2. Objectives

The Act requires this plan to include the objectives proposed by the Officer in exercising his or her functions. As a general principle of good management, objectives should set specific, measurable goals against which the Parliamentary Budget Officer and the Office can be held to account for performance of their functions.

With this in mind, and against the background of the requirements of the Act, the objective of the Parliamentary Budget Office is:

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.

In order to achieve this high level objective the PBO has a number of associated objectives to:

- quickly and accurately complete election policy costing requests from parliamentary leaders
- publish election policy costings and budget impact statements as speedily as possible within the timeframes required by the Act
- maintain confidentiality of information and documents in relation to election policy costings.

The following sections of the Operational Plan set out the strategies and activities to be undertaken to achieve these objectives.

3. Strategies

This section of the plan provides a broad outline of the strategies proposed by the PBO to achieve the objectives. It covers strategies for:

- the preparation of costings
- reporting and publication (not only of costings but also of other reports)
- managing relationships with important stakeholders including the parliamentary leaders and their representatives, the Public Accounts Committee, the parliamentary departments, and other government departments
- confidentiality
- media, and
- resource management.

3.1 Costings

One of the most important roles of the PBO is to provide estimates of the costs of announced or proposed policies.

Who can submit policies?

Policies can be submitted for costing only by the parliamentary leaders, defined in the Act as the Premier and the Leader of the Opposition. Leaders of minor parties or independent members of Parliament cannot submit policies for costing.

The leaders may nominate a person to exercise his or her functions (s.27). The nominee must be advised in writing to the Parliamentary Budget Officer. The PBO intends to interpret this in a practical fashion, suggesting to the leaders that to ensure smooth flow of documentation and minimise the risks of miscommunication there be a very small number of people nominated and a central contact person in the office of each leader be designated as the main contact to be copied in to any messages.

What will the base against which costs will be estimated?

The Act specifies that leaders are to have costed all policies “that are likely to impact on the current and relevant forward budget estimates” (s.18 (1A)). This indicates that the basis for costings will be the published forward budget estimates.²

What this means is that the costing will take account of the current forward estimates for the policy area concerned, and the published cost will be the variation that the policy will produce in those forward estimates. So for example if a policy is proposed to complete an expenditure project with a total cost of \$10m and there is already a provision in the forward estimates for preliminary work to the amount of \$2m, the costing will specify the impact of the policy at \$8m.

² Section 23 of the Act also specifies that the Treasury is to release a pre-election half-yearly budget review and a statement of uncommitted funds prior to the election. Costings by the PBO will take into account these two publications.

Costings will only estimate the direct impact of a policy, not any further effects on the NSW economy or government revenues. These “second round” effects cannot be estimated precisely; they are likely to arise from any policy, and are often unpredictable:

The impact of a policy is like a stone thrown into a pond. There is an initial direct impact: the splash, but the resulting ripples will cause less predictable consequences as they spread out. In much the same way, the initial direct impact of a policy can set up a chain reaction of secondary and subsequent impacts that may enforce, distort or lessen the original effect of the policy change.

World Bank – Poverty and Social Impact Analysis Sourcebook at www.worldbank.org

This approach is in line with the accepted practice of election policy costings prepared by treasuries in other states and the Commonwealth PBO.

The PBO will endeavour to use the same assumptions and costing methodologies as the NSW Treasury, to ensure consistency and reliability. If there do happen to be any instances where there is a divergence between the PBO and the Treasury on a methodological question related to a costing, the reasons for that divergence will be disclosed in the published costing report.

The PBO will apply the same parameters for economic growth, inflation and other key economic indicators as those used by Treasury in the pre-election half yearly budget review.

Asset sales

NSW practice is that proceeds from asset sales are not included in the forward estimates until after the sale; the PBO will apply the same practice. Where new spending as a result of projected asset sales is proposed, and included in a policy submitted for costing, the PBO will provide a costing of that policy with a note to the costing indicating how that new spending is proposed to be funded.

Impacts outside the forward estimates years

The PBO is required in its costings to show the impact on the current year’s State budget and on the forward estimates for the period to which the pre-election half-yearly budget review relates (s.23 (2)). Often a policy will have an impact on later years outside the forward estimates. For many policies the impact on later years will be simply a continuation of the spending or revenue patterns, adjusted for changes in the NSW economy, into later years. Where however the pattern of expenses or revenue will be very different in later years (for example, where a start date late in the forward estimates period is proposed) a costing that includes only the forward estimates may give a misleading picture of the policy’s impact on NSW finances. Where this is the case, the PBO will aim to provide, for information, an indicative estimate(s) showing the later years’ impacts. This will be dependent on the assumptions used for the costing and the availability of data.

Guidelines

The PBO will issue guidelines to the leaders - and publish those guidelines on the PBO website – specifying how costing requests are to be submitted. A draft of the guidelines is attached at Appendix 1; these guidelines will be refined following feedback from the leaders’ offices.

An important aspect of the guidelines is that assumptions required to cost the policy should be spelt out in the request. The cost of a policy will often be dependent on assumed responses to the policy (for example, levels of take up of a spending program, compliance with revenue measures).

The basic principle that the PBO will be applying is that the information should be sufficient to provide the reader with an indication of what the drivers are of the costs of a policy. Almost any

conceivable major policy, other than the very simplest of spending proposals, will potentially have a differing impact on the forward budget estimates depending on the assumptions behind it. The important thing is that such assumptions are shown in the costing (whereas other kinds of assumptions, for example about social or community impacts that do not affect costs, are not needed).

The PBO will examine assumptions for reasonableness. If the assumption is clearly unrealistic the PBO will seek to clarify it with the parliamentary leader or nominee concerned. However, the PBO will not express any view on the merits of election policies. The role of the PBO is not to develop the policy but to cost it.

Timing

The turnaround time on costings requests will vary depending on the quality of the supporting information submitted with the request and the subject matter. The PBO will endeavour to cost policies as quickly as possible, and will liaise with the leaders or their nominees on timetables in cases where delays are experienced due to external factors (for example, unavailability of key personnel in NSW departments whose advice is needed before a policy can be costed).

The target timetable for completion of a costing for a straightforward policy (for example, a spending proposal with a clearly defined target group and timetable) is two working days; more complex policies will require additional time.

Where a policy is submitted close to the election date with insufficient time to complete a reliable costing, the PBO will advise the leaders that the policy cannot be costed.

3.2 Reporting

The reporting provisions for the PBO are outlined in the Act. In addition to this operational plan, which is tabled by the Presiding Officers (s.14(6)), the reporting requirements are to:

- publish election policy costings (s.22)
- publish budget impact statements (s.23) and
- prepare a post-election report for the Public Accounts Committee (s.15(3)).

The approach the PBO intends to take in relation to each of these requirements is set out below. The common element is that all reports will be: published as quickly as possible in accordance with the requirements of the Act, written in plain English, and easily accessible online.

Costings

As required by the Act, election policy costings will be published when the relevant parliamentary leader notifies the PBO that the policy has been publicly announced. The costings will be published according to a standard format, set out at Appendix 2 – noting that the format may vary in some details if the PBO considers this is needed to explain particular costings or provide additional supporting information. As per section 22(2) of the Act, the PBO is required to publish both the election costing request and the election policy costing.

Budget Impact Statements

Budget impact statements will be published according to the timeframes set out in the Act. Namely, a budget impact statement will be prepared for each parliamentary leader and published on the fifth last day before the election.

The budget impact statement will show the financial impact of all of the costed policies of a parliamentary leader on the State budget for the current year and over the forward estimates period. This will include the impact on the general government sector net operating result, capital expenditure, net lending/borrowing and net financial liabilities, as well as the impact on total state sector net financial liabilities.

Post-election report

The Parliamentary Budget Officer will prepare a post-election report for the Public Accounts Committee following the 2015 state election. The report will include details of the activities of the PBO during the pre-election period, along with recommendations about the future operational arrangements of the PBO.

Reporting formats – online only

Reports and costings that are published by the PBO will be published on the PBO's website. They will not be circulated in hard copy or on other portable media such as USB drives or DVD.

In the interests of transparency, the PBO will publish this operational plan, once approved by the Presiding Officers, and its post-election report, once provided to the Public Accounts Committee.

Operational reports

In addition to the reporting requirements set out in the Act, the PBO will also prepare regular operational reports for the Presiding Officers. Such reports will relate only to operational matters – such as resourcing, staffing, and organisational issues – that may have an impact on the Presiding Officers' role in managing the affairs of the Parliament. Operational reports will not include any information about costing requests or activities related to the election policy costing function of the Parliamentary Budget Officer.

3.3 Confidentiality

Maintaining the confidentiality of election policy costings prepared by the PBO, prior to their public announcement, is of vital importance to the operations of the PBO, particularly in establishing the trust of parliamentary leaders who request those costings.

Two sections of the Act include confidentiality provisions relating to election policy costings. Section 16 of the Act relates to requests for information that the PBO may make to the heads of Government agencies and requires that the head of an agency must not disclose information provided by the PBO, except to other staff of the agency.

The PBO will reinforce the importance of confidentiality when requesting information from other agencies, and suggest that the head of the relevant agency ensure limited distribution of the request and draw other staff members' attention to the need for confidentiality.

Section 17 of the Act relates to information prepared by or provided to the PBO for election policy costings and requires that the Parliamentary Budget Officer and staff of the PBO must not disclose such information to anyone except the relevant parliamentary leader or other staff of the PBO.

Protocols and systems to address confidentiality

The PBO will establish protocols and systems to ensure that the confidentiality requirements of the Act are met. This will include the development of protocols for fielding and responding to confidential enquiries, including logging and tracking enquiries. The PBO will also define and assign levels of authority within PBO for responding to enquiries, ranging from general enquiries to more complex, sensitive or confidential issues.

The secure management of information and records within the PBO will be maintained through the utilisation of TRIM (an electronic document and records management system) with appropriate security restrictions in place. Physical documents and files will be protected through a secure office environment.

All staff of the PBO, including staff seconded from other Government agencies, will be required to sign the PBO staff code of conduct, which includes specific reference to the confidentiality provisions of the Act. A copy of the staff code of conduct can be found at Appendix 3.

The PBO will also establish protocols for requests of information from the heads of Government agencies, highlighting the relevant confidentiality provisions set out in the Act and seeking to ensure that relevant staff of an agency will maintain the confidentiality of PBO requests for information.

3.4 Develop open and productive relationships

Liaison with parliamentary leaders

The PBO has arranged an introductory meeting with the Premier and Leader of the Opposition. The purpose of these is to introduce the work of the PBO, confirm protocols for interaction, and seek written notice of a nominee to exercise the functions of the parliamentary leader that are set out in the Act. As the election date approaches the PBO expects most or probably all of the interaction to be via the nominee(s) of the leaders.

The guiding principle of interaction with the leaders and their nominees is that the PBO will be even handed, offering the same levels of access and information to both parties. The extent to which they choose to use the PBO for costings and the timeframes in which they do so is clearly a matter for each to decide.

Liaison with government agencies

The PBO has met with the Secretary of the Treasury, and a number of other departmental heads. The intention is to work closely with Treasury on costings, using common data and methodologies.

The Act specifies that the PBO can at any time request information from the heads of government agencies (s.16 (1)). The head of the agency must respond to such a request “within 10 business days or such other period as is agreed” (s.16(2)); the practical demands of the costing process in the six to eight weeks prior to the election mean that the turnaround time will need to be far quicker than 10 days, and the heads of government agencies contacted to date are fully appreciative of this.

Relationship with Parliamentary departments

The PBO has already developed good working relationships with the other Parliamentary departments, and these are expected to continue. All of the basic operational needs, including accommodation, IT, communications, HR support and the like are being met by the Department of Parliamentary Services.

The PBO has also agreed a protocol with the Parliamentary library research service that in the unlikely, but possible, event that a member of the parliament seeks to have a policy costed via that service, the member concerned will be advised to contact the PBO.

Accountability - Working with the PAC

Section 15 of the Act gives the Public Accounts Committee a key role in the oversight of the PBO. The PAC “may monitor and review the operations of the Parliamentary Budget Officer” (s.15(1)), and the PBO is required to provide a report to the PAC as soon as practicable after the election.

This operational plan has been provided to the PAC.

3.5 Media Strategy

As noted in this operational plan, a key aim of the PBO is to inform the public about the costs and budgetary implications of election policies of the two major political parties. The media is likely to play a role in disseminating information developed by the PBO, through reporting on the election policy costings and budget impact statements that are published by the PBO.

The PBO’s media policy and the Parliament’s Media Enquiries Policy will guide the interactions of the Parliamentary Budget Officer and PBO staff in their interactions with media, and provide the media with an appreciation to the type of information and communications that they can expect from the PBO.

Media statements by the Parliamentary Budget Officer

As a general principle the PBO will not issue media releases or make comments to the media other than via the publication of policy costings, budget impact statements, corrections and other reporting required under the Act. If necessary, the Parliamentary Budget Officer, Mr Stephen Bartos, will be the media spokesperson for the PBO in relation to these.

The PBO will publish election policy costings and budget impact statements on its website which will be the primary source of information about the PBO for both the media and public.

The PBO may issue a media release advising of the publication of budget impact statements. It will not issue media releases for each costing that is published on the PBO’s website.

The PBO will not comment on policy issues or engage in other political commentary. However, as per the provisions of the Act, the Parliamentary Budget Officer retains the right to issue a public statement if he believes that an election policy costing provided by the PBO has been publicly misrepresented.

Media enquiries

Media enquiries should be directed to the Parliamentary Budget Officer, in the first instance. However, in the interests of transparency and ensuring quick turnaround, staff of the PBO will be able to respond to factual enquiries from the media (for example, in relation to PBO processes and timetable) based on publicly available information. Responses to such enquiries might involve directing the media to the relevant section on the PBO website.

PBO staff will ensure that interactions with the media are appropriate, professional, accurate, timely and authoritative.

Media access

Media access to the PBO in Parliament House will be guided by the Parliament's Guidelines for the NSW Press Gallery.

3.6 Manage resources effectively

Setting up the PBO work space

The Office will be established from 22 September 2014 within the Parliamentary precinct, initially occupying a small office footprint in the PBO's establishment phase. Additional workspace capacity will be accommodated within the precinct to support its anticipated expanding workload and staff numbers in the lead up to the State general election.

Key expenses in establishing and operating the PBO will include:

- Office start-up and ongoing running costs, including office space fit out, rental and technology
- Staffing costs, including for seconded staff and (if necessary) consultancy services
- PBO travel and subsistence provided for under *Parliamentary Budget Officer Act 2010*.

Allocation of resources

The funds allocated to the PBO will be managed effectively through various means, including:

- Developing a PBO budget with planned expenditure allocations
- Developing budgetary monitoring and monthly reporting mechanisms
- Developing protocols for expenditure authorisation, including a formal delegations process approved by the Presiding Officers
- Controlled budget spending
- Maintaining a small core staff to minimise staffing overheads

- Factoring and maintaining budgetary capacity to meet expected peak staffing budget allocations in month/s prior to State general election
- Providing for staged engagement of specialist staff to meet growing and/or peak workloads of PBO
- Harnessing assistance of in-house expertise where appropriate from House Departments or Parliamentary Services for office establishment, staffing, recruitment and technology requirements
- Minimising travel costs by using most economical options
- Minimising printing costs by publishing documents only on the PBO website

Human resources/staffing

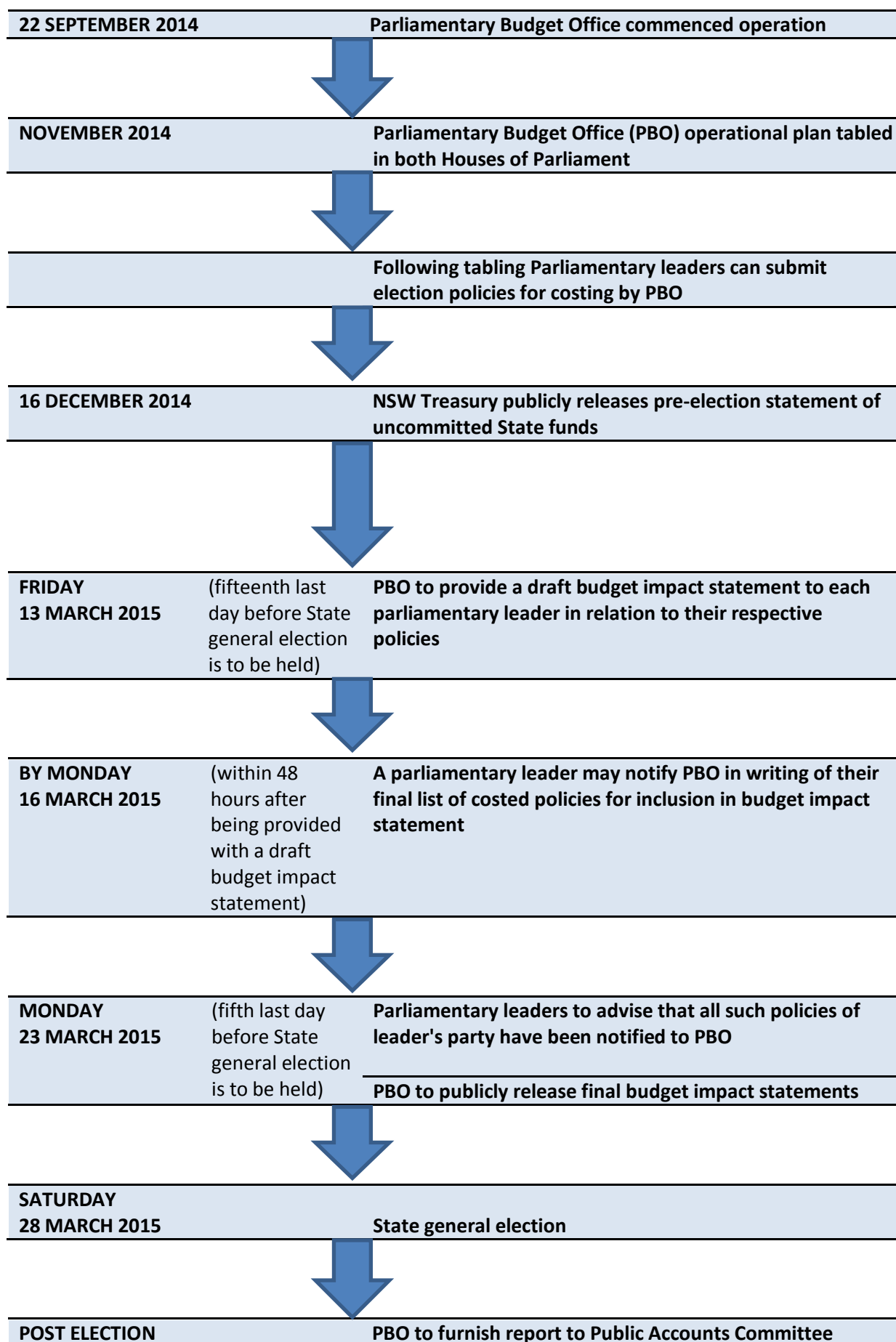
- The PBO will maintain a small core staff for the duration to assist its consistent operation
- PBO operational needs will be met by engaging staff with key competencies through secondments from other government agencies or consultancies as required
- Recruitment of staff will be led by the PBO supported by Human Services Branch, Department of Parliamentary Services

4. Schedule of Activities

Schedule of activities for each strategy
<p>Develop open and productive relationships</p> <ul style="list-style-type: none"> • Liaise with parliamentary departments re staffing, office fit out, website, systems, telephone listings, web site and other related matters – well progressed • Meet with parliamentary leaders – preliminary meetings held and appointments set • Meet with the Secretaries and relevant staff of Treasury and the Department of Premier and Cabinet - completed • Meet with heads of other government departments - completed • Meet with NSW Auditor-General - completed • Meet with representatives of professional accounting bodies – well progressed • Establish links with key contact persons at government departments – well progressed • Address staff at internal parliamentary staff meetings – addressed whole of LC staff, others to be organised
<p>Implement a transparent and consistent approach to costings</p> <ul style="list-style-type: none"> • Prepare and issue costing request guidelines – draft guidelines developed for consultation – refer to Appendix 1 (Page 14) of draft Operational Plan • Develop internal manual for the costing of proposals - underway • Develop systems for receiving, registering and managing costing requests - underway • Develop systems/templates for costings and budget statement - underway • Preparation work for costings, including trial costings – testing/review underway • Review Commonwealth and Victorian Treasury costing guidelines and copy best practices as identified - completed
<p>Reporting</p> <ul style="list-style-type: none"> • Draft operational plan and provide to Presiding Officers for approval – provided • Provide operational plan to Public Accounts Committee after approved by the Presiding Officers and publish on website – see above • Prepare regular operational reports for the Presiding Officers – limited to operational matters only – reporting process implemented • Publish election policy costings, when notified by the relevant parliamentary leader that policies have been publicly announced – for future action • Provide parliamentary leaders with a draft budget impact statement 15 days prior to the election – for future action • Publish budget impact statement five days prior to the election – for future action • Draft post-election report, provide to the Public Accounts Committee and publish on website – for future action
<p>Media engagement</p> <ul style="list-style-type: none"> • Draft media policy – completed - refer to Section 3.5 (Page 8) of draft Operational Plan • Respond to media enquiries as required – see point above • Review media reporting of policy costings – for future action

<ul style="list-style-type: none"> • Issue corrections if costing reports have been misrepresented – if required
<p>Confidentiality</p>
<ul style="list-style-type: none"> • Develop systems for managing costing requests, heeding confidentiality provisions – completed – refer to Section 3.7 (Pages 6 & 7) of draft Operational Plan • Reinforce importance of confidentiality when approaching other departments - ongoing • Inform staff of confidentiality provisions of the Act and require staff to sign form acknowledging understanding of confidentiality provisions - ongoing • Seek advice on employment status of staff seconded from other Government Departments – coordination/liaison process with Human Services DPS in place
<p>Manage resources effectively</p>
<ul style="list-style-type: none"> • Develop budget for the PBO - completed • Regular budget reporting and monitoring – implemented and ongoing • Engage staff – parliamentary team in place, first round of recruitment for external staff underway • Staffing strategy based on secondments on an “as needed” basis – in place
<p>Other operational activities</p>
<ul style="list-style-type: none"> • Develop induction plan for new staff including information on: the functions and purpose of the PBO, operations of the PBO and the Parliament, preparation of costings, confidentiality provisions of the Act, etc –planning commenced • Carry out induction for new staff – see above • Establish protocols for record keeping and workflow – see above • All other activities as necessary to give effect to this operational plan and to carry out the functions of the PBO – underway and ongoing

5. Timeline with key dates



Appendix 1 – Guidelines for the Preparation of Election Costing Requests

These guidelines are designed to assist those preparing election costing requests to facilitate the processes set down in Part 4 of the *Parliamentary Budget Officer Act 2010* (the Act).

Who may make an election costing request?

Election costing requests may be made by a parliamentary leader.

A parliamentary leader is defined as either the Premier or the Leader of the Opposition. This function of the parliamentary leader may be exercised by a person nominated by the leader. Notice of the person nominated must be given in writing to the Parliamentary Budget Officer.

What can be costed?

Parliamentary leaders may request costings for policies that are proposed or publicly announced for implementation after the next election. Leaders may only make requests relating to their own party's policies.

The Parliamentary Budget Officer will only prepare costings of policies for which a request has been received in writing from a parliamentary leader, or their nominee. Statements or promises made by candidates for election or other members of parliament will not be costed, except if requested through their parliamentary leader.

How are requests to be made?

Requests should be made using the attached Election Costing Request Form and emailed to BudgetOffice@parliament.nsw.gov.au. Alternatively, hard copies of requests may be mailed to: The Parliamentary Budget Officer, Parliament House, Macquarie Street, Sydney NSW 2000. Requests should include contact details for follow up questions.

The costing request form is for guidance only and is intended to facilitate requests for costing election policies. Additional information may be separately attached.

When can requests be made?

Election costing requests may be made any time after the Parliamentary Budget Officer's operational plan has been tabled in Parliament.

Costing requests are to be made in sufficient time before the election for the Parliamentary Budget Officer to prepare election policy costings for all of a parliamentary leader's election policies.

The later a request is made, the higher the risk that a costing will not be provided. On 13 March 2015, the Parliamentary Budget Officer is to provide a draft budget impact statement to each parliamentary leader; requests made too close to that date may not be able to be costed or included in that statement.

If requests cannot be met for reasons of timeliness (or for other reasons) the Parliamentary Budget Officer is to advise the parliamentary leader of the reason or reasons for not meeting that request.

Methodology for costings

The baseline for costings will be the latest published forward estimates, and the PBO will use the same economic assumptions as the NSW Treasury in preparing costings. Second round effects (flow on of policies through the economy) will not be costed, and generally costings will assume no changes in NSW costs of borrowing.

The PBO will obtain information from other NSW government agencies as necessary to complete a reliable costing. The more complete a set of assumptions that can be provided by a leader or nominee, the easier the task of gathering further information will be.

Withdrawal of costing requests

Parliamentary leaders can withdraw an election costing request, by giving notice in writing to the Parliamentary Budget Officer, any time before the costing is completed and provided to the leader.

Obligations of parliamentary leaders

A parliamentary leader is to have costed all the policies of the leader's party that are proposed to be implemented if the party is elected and that are likely to impact on the forward budget estimates. The leader must advise the Parliamentary Budget Officer on 23 March 2015 that all such policies have been notified to the Parliamentary Budget Officer.

A parliamentary leader is required to notify the Parliamentary Budget Officer of the public announcement of an election policy that has been costed by the Officer.

When a parliamentary leader has received a draft budget impact statement for all costed policies, the leader is invited to identify in writing, within 48 hours, his or her final list of costed policies for inclusion in the final budget impact statement.

When are costings published?

Election policy costings will be published by the Parliamentary Budget Officer after the Officer has received notification from the relevant parliamentary leader that the policy has been publicly announced.

Costings will not be released unless, under section 22(2) of the Act, the leader notifies the Parliamentary Budget Officer that the relevant policy has been publicly announced.

Note: all published election costings will be aggregated into the budget impact statement; see the operational plan for further details.

Election Costing Request Form

Details of request	
Party:	
Name of Policy:	
Date of request:	

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	
What is the purpose or intention of the policy?	
Has the policy been publicly released yet?	

Your estimated costing of the policy ³						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	Other years ⁴ \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ⁵						
Impact on GGS capital expenditure ⁶						
If different from above, impact on total State Sector net financial liabilities ⁷						

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

³ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

⁴ Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

⁵ Negative for a saving that reduces expenditure

⁶ Negative for a reduction in capital expenditure.

⁷ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	
Is there a range for the costing or any sensitivity analysis that you have undertaken?	
Are there associated savings, offsets or expenses? If yes, please provide details.	

Administration of policy	
Intended date of implementation:	
Intended duration of policy:	
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	
Are there any specific administrative arrangements for the policy that need to be taken into account?	
Are there transitional arrangements associated with policy implementation?	

If the policy is mainly an expenditure⁸ commitment	
Demand driven or a capped amount:	
Eligibility criteria or thresholds:	

If the policy is mainly a revenue commitment	
Transaction based or capped:	
Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	

⁸ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

If the policy is mainly a capital costs⁹ commitment	
Type of work, size and capacity:	
Proposed start and completion date of work:	
Intended construction schedule/cashflow:	
Offsetting expenditure savings:	
Associated asset sell off (if any):	
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	

Checklist for key assumptions (please be comprehensive and include all relevant assumptions). Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
 - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
- Will additional staff be needed in the agency responsible for the policy?
 - How many and at what approximate levels?
- Are there other resources required?
- Are you assuming administrative costs will be absorbed within the agency?

Please note that:

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.
- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.

⁹ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance. The capital cost of the asset to be acquired will however be included in the net financial liabilities statement.

Glossary

The Election Costing Request Form uses various terms and expression which have specific meanings. Attached is a glossary of the terms. The wording has been taken from the Glossary in the *Budget Statement 2014-15 - Budget Paper 2*.

Capital expenditure – is expenditure relating to the acquisition or enhancement of property, plant and equipment (including land and buildings, plant and equipment and infrastructure systems) and intangibles (including computer software and easements).

General government sector (GGS) – is an ABS classification of agencies that provide public services (such as health, education and police), or perform a regulatory function. General government agencies are funded in the main by taxation (directly or indirectly). A list of General Government agencies is included in Budget Paper 2, Appendix B – Classification of Agencies.

Net financial liabilities – is the total liabilities less financial assets, other than equity in public corporations.

Net operating result (net operating balance) – represents the difference between expenses and revenues from transactions for the general government sector.

Nominal dollars – shows the dollars of the relevant period. No adjustment is made each time period for inflation.

Total state sector (TSS) – represents all agencies and corporations owned and controlled by the NSW Government. It comprises the general government, public trading enterprises (also referred to as public non-financial corporations) and public financial enterprises.

Appendix 2 – Election Policy Costing

Referred By:
Referred Date:

Proposal No: COA/ALP001
Released Date:

Proposal Title:

Lead Agency:

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses					
Depreciation					
Less: Agency offsets					
Agency revenue					
Net Operating Result:					

Capital expenditure					
Capital offsets					
Net Capital Expenditure:					

Net Lending/Borrowing:				
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Net Financial Liabilities:				
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Total State Sector Impacts

Net Financial Liabilities:				
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Notes and costing assumptions used:

Appendix 3 – Staff code of conduct

NEW SOUTH WALES PARLIAMENT

STAFF OF THE PARLIAMENTARY BUDGET OFFICE CODE OF CONDUCT

EMPLOYEE DECLARATION

I have received and read the Parliamentary Staff Code of Conduct, November 2012 which applies to my employment with the Parliamentary Budget Office. I agree to abide by the Code. I also understand and agree that I am engaged as a member of staff of the Parliamentary Budget Officer (either directly, or as a contractor) and as such I am aware of my obligations under the *Parliamentary Budget Officer Act 2010* (including, but not limited to section 17 in relation to confidentiality of information or documents relating to election policy costings).

Signed

Print Name

Date

Please return this page to your manager or Human Services, so that it can be placed on your Personal file.