



Parliament of Australia

Parliamentary Budget Office

PARLIAMENTARY BUDGET OFFICE
WORK PLAN 2012-13

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CONTENTS

Foreword	i
1. Background	1
2. Priorities for 2012-13	2
3. Allocation of Resources	2
4. Initial Steps to Establish the Office	2
5. Working with the JCPAA and other Parliamentary Committees	3
6. Working with Senators and Members	4
7. Policy Costings	4
8. Access to Information	5
9. Self-Initiated Work Program	6
10. Human Resource Management	6
11. The PBO's Accountability and Performance	7

Attachments:

PBO Guidance 01/2012: A Summary Guide to Policy Costings – Procedures, Information Requirements and Methodology

Memorandum of Understanding between the Parliamentary Budget Officer and the Heads of Commonwealth Bodies in relation to the Provision of Information and Documents

Foreword

The establishment of the Parliamentary Budget Office (PBO) provides a new opportunity to help strengthen policy development and sharpen the focus of public debate on substantive policy issues rather than on the accuracy of policy costings. All Senators and Members of the House of Representatives have access to the services of the PBO. There is now a more level playing field from which members of Parliament may obtain independent, non-partisan analyses of the budget and costings of policy proposals.

Policy proposals are able to be costed by the PBO over the entire course of the electoral cycle. During the caretaker period for a general election the PBO is subject to the same rules that apply to the costing of publicly announced policies under the *Charter of Budget Honesty Act 1998* (the Charter). However, outside of the caretaker period, the PBO may cost policy proposals for any Senator or Member at their request.

This marks a significant departure from the previous arrangements, particularly for non-government parties who previously under the Charter were only able to have their publicly announced policies costed during the approximately four to six weeks of the caretaker period. It also represents a new service for independent members of Parliament and parties with fewer than five members in the Parliament who have no access to costings under the Charter arrangements.

Outside of the caretaker period the PBO is able to prepare costings on a confidential basis if so requested. This means that the PBO can work interactively with the requestors of policy costings to ensure that the assumptions underlying the policies are properly understood and taken into account by the PBO in its costings. This approach has the potential to foster a more measured and robust approach to policy development and enhance budget transparency.

In line with its mandate, the PBO will operate in an independent and non-partisan manner with complete objectivity and utmost discretion. The PBO will work closely with Senators, Members and authorised members of Parliamentary parties to ensure that it has a deep understanding of their requirements and can respond effectively to their requests.

The PBO's performance will be judged on the quality, timeliness and relevance of its outputs as assessed by feedback from its Parliamentary stakeholders.

Phil Bowen PSM FCPA
Parliamentary Budget Officer

12 October 2012

PARLIAMENTARY BUDGET OFFICE

WORK PLAN 2012-13

1. Background

- 1.1. The Parliamentary Budget Office (PBO) was established as the fourth Parliamentary Department under Section 64A of the *Parliamentary Service Act 1999* (the Act).
- 1.2. The PBO is a prescribed agency under Section 5 of the *Financial Management and Accountability Act 1997* (the FMA Act).
- 1.3. The inaugural Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, took office on 23 July 2012 for a term of four years. The PBO commenced operations from that date.
- 1.4. The purpose of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.
- 1.5. Specifically the Act gives the Parliamentary Budget Officer the following functions:
 - outside the caretaker period for a general election, to prepare policy costings on request by Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor;
 - during the caretaker period for a general election, to prepare costings of publicly announced policies on request by authorised members of Parliamentary parties or independent members;
 - to prepare responses (other than policy costings) to requests relating to the budget by Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor;
 - to prepare submissions to inquiries of Parliamentary committees, on request by such committees, with the requests and the PBO's responses to be made publicly available; and
 - to conduct, on his or her own initiative, research on the budget and fiscal policy settings, with the results of this work to be made publicly available.
- 1.6. The Parliamentary Budget Officer is required to prepare a work plan for the PBO for each financial year. The work plan is to be prepared in consultation with the Joint Committee of Public Accounts and Audit (JCPAA). The PBO's first work plan is required to be prepared before 23 October 2012. Thereafter work plans must be prepared before 1 October each year. The PBO's work plans are required to be made publicly available.

2. Priorities for 2012-13

- 2.1. The key priorities for the PBO in its first year of operations are as follows:
 - to place the PBO on a fully operational footing with the capacity to fulfil its mandate as a responsive and effective independent institution of the Parliament; and
 - to gain the trust of the Parliament in the PBO as a valued source of budget and fiscal policy analyses and policy costings that strengthen the policy development process and enhance the transparency of the budget and fiscal policy.
- 2.2. Details of how the PBO proposes to pursue these priorities are set out in subsequent sections of the Work Plan.

3. Allocation of Resources

- 3.1. As outlined in its 2012-13 Portfolio Budget Statements, the PBO has been provided with a special appropriation of \$6 million and an annual appropriation for 2012-13 of \$6.083 million.
- 3.2. These appropriations will be utilised to meet the PBO's start-up costs, including accommodation and IT system requirements. The PBO's budget will enable it to employ approximately 30 to 35 staff, access commercial information services and engage temporary staff and specialist consultants or advisers to help fill skills gaps and meet peak workloads.
- 3.3. Outside of the caretaker period, priority will be given to responding to requests from Senators and Members for policy costings and budget analyses. During the caretaker period for a general election, priority will be given to responding to requests for publicly announced policies to be costed by the PBO under the provisions of the *Charter of Budget Honesty Policy Costing Guidelines* (the Charter Guidelines).
- 3.4. Since a general election must be held before 30 November 2013, and given that the PBO is still gearing up to become fully operational, in its initial year of operations the PBO will focus heavily on its policy costing role and develop its capability to respond effectively to requests from Senators and Members.
- 3.5. The PBO will also allocate resources in 2012-13 to its self-initiated work program. The PBO's approach to this program is discussed in Section 9 of the Work Plan.

4. Initial Steps to Establish the Office

- 4.1. During its first three months of operations the PBO has recruited a number of temporary staff with appropriate skills and experience and has commenced the recruitment of its permanent workforce. Pending the appointment of permanent staff the PBO has adopted a task-force-like approach to its work. This has enabled the PBO to operate with maximum flexibility pending a clearer appreciation of the full nature and extent of the workload that it is likely to be faced with in the future.

- 4.2. The PBO will adopt a relatively flat organisational structure around the following key functions: fiscal policy analysis; revenue analysis; and program analysis. Responsibility for corporate strategy and services will be allocated to one of the PBO's senior executives in addition to his/her responsibilities for one of the above functional areas. Staff will work flexibly across the PBO in response to workload demands.
- 4.3. The obligations placed on the PBO by the FMA Act to establish a financial framework and related policies have been substantially met. The PBO's Chief Executive's Instructions and internal and external delegations are all in place. A fraud control plan and a risk management framework will be developed and an audit committee and arrangements for the provision of internal audit services will be established.
- 4.4. To enable the PBO to maintain its focus on its core responsibilities and to minimise cost, an interim shared services agreement has been entered into with the Department of Parliamentary Services (DPS) for the provision of the PBO's back-office services, including finance, human resources, procurement and IT services. Particular attention is being paid to the PBO's need for a secure IT system. The PBO will also seek to utilise the information resources of the Parliamentary Library when relevant.
- 4.5. A formal Memorandum of Understanding (MOU) is close to being finalised with DPS. It will cover the services to be provided by DPS, the service level standards that will apply, and the basis for DPS to charge the PBO for the services it provides. The intention is to keep these arrangements as administratively simple and cost effective as possible.
- 4.6. The PBO has accepted a proposal from DPS to make available permanent accommodation for the PBO in Parliament House. The JCPAA and other Parliamentary stakeholders have expressed a strong preference for the PBO to be located in Parliament House and it is the most cost effective option. The PBO's permanent accommodation will be self-contained and physically secure and is expected to be available for occupation by the end of June 2013.

5. Working with the JCPAA and other Parliamentary Committees

- 5.1. The JCPAA, as the oversight committee for the PBO, has an important role to play in helping the PBO to establish itself as an effective arm of the Parliament. The PBO will meet with the JCPAA on a regular basis, particularly during its establishment phase, to keep the Committee abreast of the PBO's progress.
- 5.2. The PBO will appear regularly before the Senate Finance and Public Administration Legislation Committee. The PBO will also respond to requests for assistance from other Parliamentary Committees on issues that fall within its mandate.

- 5.3. Under Section 64U of the Act, submissions made by the PBO to inquiries of Parliamentary committees must be made publicly available. Under the *Parliamentary Privileges Act 1987*, however, where a committee directs that a submission is to be treated as evidence taken in camera, public disclosure of the submission is not permitted.
- 5.4. The PBO will work closely with the Chamber departments to resolve this apparent inconsistency between the two pieces of legislation.

6. Working with Senators and Members

- 6.1. Early consultations have been held with key Parliamentary stakeholders. It will be essential for the PBO to maintain an ongoing dialogue with the Parliament through effective channels of communication.
- 6.2. The PBO will do this by actively seeking out opportunities to engage with Senators and Members, having an open door policy and being readily accessible to its stakeholders. It will also establish other regular forms of communications, including through the PBO website.

7. Policy Costings

- 7.1. Under Section 64G of the Act, the Parliamentary Budget Officer may, with the agreement of the Secretaries of the Treasury and the Department of Finance and Deregulation (Finance), issue written principles setting out approaches and costing conventions to be used in preparing policy costings. In the absence of such principles the Parliamentary Budget Officer must prepare policy costings using approaches and costing conventions recommended in the most recent Charter Guidelines.
- 7.2. The Charter Guidelines have evolved over the past decade or so and were revised earlier this year by the Secretaries of Treasury and Finance. In these circumstances the PBO does not propose to adopt its own costing conventions at this time.
- 7.3. The PBO will supplement the Charter Guidelines with more detailed internal costing methodologies and protocols. These methodologies and protocols will be consolidated in an operating manual for staff. This will help to ensure that the PBO adopts a consistent and methodologically sound approach to all of its budget analyses and policy costings.
- 7.4. The attached *Summary Guide to Policy Costings – Procedures, Information Requirements and Methodology* dated 28 August 2012 was developed to assist Senators and Members in their dealings with the PBO. It can also be found on the PBO's website. The Guide is consistent with the Charter Guidelines. The PBO will publish further guidance material as issues requiring clarification come to the fore.

- 7.5. Outside of the caretaker period, it is envisioned that there will be considerable scope for the PBO to work with the requestors of policy costings in a measured and interactive manner. This will help to ensure that the assumptions underlying the policy proposals are well understood and fully taken into account in the PBO's costings. It should also help to strengthen the policy development processes, resulting in better informed public policy debates and enhanced budget transparency.
- 7.6. The PBO will ensure that it takes all reasonable measures to maintain the confidentiality of requests and related responses when directed to do so by the requestor. These measures will include putting in place appropriate levels of physical and IT security, ensuring that staff hold appropriate security clearances, encouraging a strong culture of discretion within the PBO, and applying a strict need-to-know policy.
- 7.7. Peer reviews will be a feature of the PBO's approach to its work. Internal and external peer reviews will be utilised on a case-by-case basis depending on the nature and complexity of the work being undertaken.

8. Access to Information

- 8.1. Under Section 64F of the Act, the Parliamentary Budget Officer may make an arrangement in writing with the head of a Commonwealth body to obtain from the body information and documents relevant to the Parliamentary Budget Officer's functions. Such an arrangement may make provision for the confidentiality of the information disclosed or the documents provided.
- 8.2. *A Memorandum of Understanding between the Parliamentary Budget Officer and the Heads of Commonwealth Bodies in relation to the Provision of Information and Documents* was posted on the PBO's website on 10 October 2012. A copy is attached. The MOU provides the basis for the Parliamentary Budget Officer to obtain from heads of Commonwealth bodies the information that is necessary for the Officer to fulfil his/her mandate.
- 8.3. The MOU has a pro-disclosure bias. It provides in part that "In keeping with the spirit of this MOU the Head (of a Commonwealth body) should aim to provide sufficient relevant information to satisfy each request..." It also provides that "Where, however, it is not possible to release certain information, the Head should provide a written explanation outlining the reason for the non or partial release..." Further, the MOU states that "Prior to the explanation being provided to the Officer, however, the Head should consult with the Secretaries (of Treasury and Finance) to determine whether there are alternative ways of satisfying the request from the Officer."
- 8.4. The MOU places strict obligations on the Parliamentary Budget Officer and the heads of Commonwealth bodies to protect the confidentiality of requests that are made in confidence and the information that is provided in confidence in response to such requests. The Government issued *Australian Government Protocols Governing the Engagement between Commonwealth Bodies and the Parliamentary Budget Officer*

(the Protocols) on 28 September 2012. The Protocols mandate that Ministers and their staff will not ask heads of Commonwealth bodies for any information which would disclose the nature of a confidential request from the Parliamentary Budget Officer. The Government also introduced legislation into the House of Representatives on 10 October 2012 to amend the *Freedom of Information Act 1982* (FOI Act) so that information is not able to be released contrary to the intention of the PBO legislation.

9. Self-initiated Work Program

- 9.1. The PBO's self-initiated work program provides an avenue for the PBO to help to improve budget transparency and promote a better understanding of the budget and fiscal policy settings. As noted in Section 3 of the Work Plan, while immediate priority in 2012-13 will be given to responding to requests from Senators and Members, the PBO's self-initiated work program will represent an important aspect of the PBO's work.
- 9.2. In determining what issues to include in its self-initiated work program in 2012-13 and future years the PBO will, as provided by the Act, seek to anticipate requests for work, including requests by Parliamentary committees. The PBO will also seek to throw more light on the underlying structure of the budget and the factors that could affect the sustainability of the budget over the medium to longer term.
- 9.3. In undertaking this work the PBO will review methodologies used in other jurisdictions and analyse longer term trends in key components of the budget. It will also examine areas of the budget that do not receive regular scrutiny by the Parliament through the annual appropriations process. These areas include special (ongoing) appropriations, accounting for nearly 80% of budget outlays, and tax expenditures that in 2012-13 are estimated to total \$119.3 billion.
- 9.4. Selected post-budget analyses of key aspects of the budget may also be helpful in contributing towards a better understanding of the budget and its key impacts on the economy. The PBO may also publish occasional technical papers on its analytical and costing methodologies.
- 9.5. Senators and Members are encouraged to make suggestions for inclusion in the PBO's 2012-13 and future work programs.

10. Human Resource Management

- 10.1. The PBO's capacity to fulfil its mandate effectively will depend heavily on the skills-base, experience and commitment of its staff. Accordingly, the PBO will seek to attract and retain appropriately qualified, experienced and high-performing staff. It will do this by adopting progressive HR policies, offering competitive remuneration packages, and providing an attractive work environment that is conducive to the nature of the PBO's work.

- 10.2. The PBO will provide equal opportunities for women and men and seek to ensure that there are no barriers to the employment of disadvantaged groups. It will encourage staff development and training, including for the purpose of obtaining and maintaining currency of relevant professional qualifications. The PBO will have a strong focus on performance. It will also make a conscious effort to foster professionalism and a culture of fairness, openness, constructive questioning of the status quo and respect for the individual and their views. The PBO's HR strategy will be underpinned by the Parliamentary Service Act Values and Code of Conduct.
- 10.3. Flexible working arrangements and the recruitment of multi-skilled staff will be important to give the PBO the ability to deploy staff across work groups to meet peak workload demands.

11. The PBO's Accountability and Performance

- 11.1. Under Section 65 of the Act, following the end of each financial year the Parliamentary Budget Officer must provide an annual report to the President of the Senate and the Speaker of the House of Representatives on the activities of the PBO for presentation to both houses of Parliament. This report will relate directly to the activities included in the PBO's annual work plan and other activities that the PBO has undertaken throughout the course of the year. The content of the PBO's annual report will be subject to the confidentiality provisions of the Act.
- 11.2. The PBO will also be held to account through regular dialogue with the JCPAA and appearances before the Senate Finance and Public Administration Legislation Committee.
- 11.3. In addition, Section 64T of the Act provides that after a general election the JCPAA may call for an independent review of the operations of the PBO to be undertaken.
- 11.4. The PBO's performance will be judged by the quality, timeliness and relevance of its outputs as assessed by feedback from key Parliamentary stakeholders. The ongoing demand for the PBO's services will also be an important indicator of the PBO's ability to add value to the work of Senators and Members and the policy development process.



A SUMMARY GUIDE TO POLICY COSTINGS PROCEDURES, INFORMATION REQUIREMENTS AND METHODOLOGY

The Parliamentary Budget Office's Policy Costing Role

Policy costings to be undertaken by the Parliamentary Budget Office (PBO) fall into two categories:

1. outside the caretaker period for a general election, policy costings on request by Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor; and
2. during the caretaker period for a general election, policy costings of publicly announced policies on request by authorised members of Parliamentary parties or independent members.

In both cases the PBO is required to prepare policy costings using approaches and costing conventions recommended in the most recent *Charter of Budget Honesty Policy Costing Guidelines*, unless the PBO, with the agreement of the Secretaries of Treasury and Finance issues its own written principles. The PBO has not issued its own costing principles. Hence the requirements of the *Charter of Budget Honesty Policy Costing Guidelines* apply to the PBO's costings.

This guide summarises the key aspects of the policy costing process. It should be read in conjunction with the 2012 *Charter of Budget Honesty Policy Costing Guidelines* issued jointly by the Secretaries of Treasury and Finance. That document includes a pro-forma for requesting policy costings during the caretaker period.

Procedures for Requesting Policy Costings

The procedures for submitting requests for policy costings are set out below. Each request must:

1. be in writing (addressed to the Parliamentary Budget Officer);
2. outline fully the policy to be costed giving relevant details; and
3. state the purpose or intention of the policy.

Outside of the caretaker period the request may include a direction to treat the request, the policy costing or any other information relating to the request as confidential. It is important that this direction be clearly stated in the written policy costing request from the outset of the process.

A pro-forma policy costing request for use outside of the caretaker period is attached. It provides a guide as to the more detailed information that should be provided to help ensure that the PBO is able to process the request as quickly as possible.

The PBO may need to seek additional information to complete a costing. In these circumstances the PBO must request the information in writing.

These procedures reflect the PBO's formal requirements. In addition, the PBO is available to meet with requestors, both to clarify any issues before a request is made and to discuss any additional information requirements after a request has been submitted.

Timelines for the Provision of Costings

Consistent with the *Charter of Budget Honesty Policy Costing Guidelines*, the PBO will endeavour to provide routine costings within five business days of receiving a request. However, in the case of complex costing requests requiring more time to obtain and analyse data, the PBO will make its best estimate of the time frame at the outset and provide timely updates to the requestor if this time frame is likely to be extended.

If the PBO does not have sufficient information, or has not had sufficient time to prepare a policy costing before a general election, the request for the policy costing is taken to have been withdrawn immediately before the start of the caretaker period for the election.

Costing Methodology

The costing methodology adopted by the PBO will be consistent with the *Charter of Budget Honesty Policy Costing Guidelines*. Consistent with these Guidelines costings will be provided for the current financial year plus the following three years. The Guidelines also provide that where a revenue or expense is likely to be significantly different beyond the forward estimates period, it may be necessary to include a statement about the financial impact of the policy in the relevant years beyond the forward estimates. A listing of conventions for the preparation of fiscal costings is attached.

Confidentiality

When outside the caretaker period a direction is given to the PBO to keep a policy costing request confidential, the PBO will take all reasonable measures to keep confidential the request, any related written or other interactions with the requestor, and the PBO's response. These measures will include appropriate levels of physical and IT security, the requirement for staff to hold appropriate security clearances, a strong culture of discretion within the Office, and the strict application of the need-to-know principle.

The PBO is currently in the process of negotiating a MOU with the Heads of Commonwealth bodies in relation to the provision of information and documents to the PBO. The MOU will place strict obligations on the Parliamentary Budget Officer and the Heads of Commonwealth bodies to protect the confidentiality of requests that are made in confidence by the PBO, and the information that is provided in confidence in response to such requests. When finalised, the MOU will be publicly released.

Phil Bowen PSM FCPA
Parliamentary Budget Officer



**PRO-FORMA POLICY COSTING REQUEST
 OUTSIDE THE CARETAKER PERIOD**

Name of policy:	
Person requesting costing:	
Date of request to cost the policy:	
Is this policy costing or any other information relating to the request to be treated as confidential?	
Description of policy:	
Summary of policy (as applicable, please attach copies of relevant policy documents):	
What is the purpose or intention of the policy?	
What are the key assumptions that have been made in the policy including:	
Is the policy part of a package? If yes, list and outline components and interactions with proposed or existing policies.	
Where relevant, is funding for the policy to be demand driven or a capped amount?	
Will third parties (for instance the States/Territories) have a role in funding or delivering the policy? If yes, is the Australian Government contribution capped, with additional costs to be met by third parties, or is another funding formula envisaged?	
Are there associated savings, offsets or expenses? If yes, please provide details.	
Does the policy relate to a previous budget measure? If yes, which measure?	
If the proposal would change an	

PRO-FORMA POLICY COSTING REQUEST – OUTSIDE THE CARETAKER PERIOD

<p>existing measure, are savings expected from the departmental costs of implementing the program? Will funding/cost require indexation? If yes, list factors used.</p>	
<p>If applicable, what are the estimated costs each year? Are these provided on a cash or fiscal basis?</p>	
<p>What assumptions have been made in deriving the expected financial impact in the party costing (please provide information on the data sources used to develop the policy)?</p>	
<p>Has the policy been costed by a third party? If yes, can you provide a copy of this costing and its assumptions?</p>	
<p>What is the expected community impact of the policy? How many people will be affected by the policy? What is the likely take up? What is the basis for these impact assessments/assumptions?</p>	
<p>Administration of policy:</p>	
<p>Who will administer the policy (for example, Australian Government entity, the States, non-government organisation, etc.)?</p>	
<p>Should departmental expenses associated with this policy be included in this costing? If no, will the Department be expected to absorb expenses associated with this policy? If yes, please specify the key assumptions, including whether departmental costs are expected with respect to program management (by policy agencies) and additional transactions/processing (by service delivery agencies).</p>	
<p>Intended date of implementation.</p>	
<p>Intended duration of policy.</p>	

PRO-FORMA POLICY COSTING REQUEST – OUTSIDE THE CARETAKER PERIOD

Are there transitional arrangements associated with policy implementation?	
List major data sources utilised to develop policy (for example, ABS cat. no. 3201.0).	
Are there any other assumptions that need to be considered?	
<p>NOTE: <i>Please note that:</i></p> <ul style="list-style-type: none">• <i>The costing will be on the basis of information provided in this costing request.</i>• <i>The PBO is not bound to accept the assumptions provided by the requestor. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requestor in advance of the costing being completed.</i>	



COSTING CONVENTIONS

The following are standard conventions for the preparation of fiscal costings:

- Costings will focus on the effect of a policy on the Australian Government's key Budget aggregates (both cash and accruals). They will be produced in a manner consistent with normal Budget costing methodologies.
- Economic data and forecasts used in the preparation of costings will be consistent with the most recent relevant reports released under Parts 5, 6 and 7 of Schedule 1 to the *Charter of Budget Honesty Act 1998*.
- Costings will be on a current price basis.
- Costs will be on a June financial year basis and costings will be provided for the current financial year and the following three financial years.
- Full year, part year and one off effects (the steady state full year cost will be made clear) will be distinguished.
- Costings will generally be best point estimates. However, in some cases the Parliamentary Budget Officer may consider it appropriate to report ranges rather than point estimates.
- Costings will be prepared in accrual and cash terms. For each policy, the impact on the fiscal balance and underlying cash balance (and headline cash basis as appropriate) will be reported.
- Where relevant, the revenue and expense components of a policy costing will be identified separately (it is expected that most costings will typically involve revenue elements or expense elements only).
- In undertaking costings, departmental expenses will be included where analysis of the policy shows that these are material. Existing programs/policies of a similar nature will be used as a guide. Costings will not generally account for the impact on Public Debt Interest payments, except in those circumstances outlined in Part 4 of the *Charter of Budget Honesty Policy Costing Guidelines*.
- Assumptions used in costings will be based on the best professional judgment of the Parliamentary Budget Officer.

**Memorandum of Understanding
between the
Parliamentary Budget Officer and the Heads of Commonwealth
Bodies in relation to the
Provision of Information and Documents**

DATED 24/9/12

NOTE: This MOU template has been developed to inform negotiations between the Secretaries to the Department of the Treasury and of the Department of Finance and Deregulation (Finance), with the Parliamentary Budget Officer about arrangements for the provision of information. Other Commonwealth entities, including agencies under the *Financial Management and Accountability Act 1997* and bodies under the *Commonwealth Authorities and Companies Act 1997*, may elect to be covered under this agreement, as identified at Attachment A. Specific schedules may be developed under this MOU to reflect specific issues that arise for Commonwealth bodies.

NOTE: Where bodies elect to negotiate a separate arrangement with the PBO Officer, they must use this template as the basis for the development of an alternative arrangement, in consultation with the Treasury and Finance Secretaries.

STATEMENT OF INTENT

This Memorandum of Understanding (MOU) is made between the Heads of the Department of the Treasury (Treasury) and the Department of Finance and Deregulation (Finance) - and on behalf of the Heads of those Commonwealth bodies listed at Attachment A - and the Parliamentary Budget Officer (Officer) (the Parties) in relation to the provision of information and documents to support the functions of the Parliamentary Budget Office (PBO) (the Activity).

The purpose of this MOU is to facilitate the formation of a collaborative, productive and collegiate working relationship between the Parties.

This MOU assists by supporting the ready and open exchange of information, documents, knowledge and views between the Parties. The MOU also outlines the roles and responsibilities of each Party.

In establishing this MOU, the Parties undertake to engage in a cooperative manner which supports the provision of high-quality advice and support to Australian Senators and Members of the House of Representatives, and which supports the maintenance and improvement of government systems.

The MOU is consistent with the *Australian Government Protocols Governing the Engagement between Commonwealth Bodies and the Parliamentary Budget Officer*.

Signed by:



Mr Phil Bowen PSM
Parliamentary Budget Officer

Date: 24 / 9 / 12

Signed by:



Dr Martin Parkinson PSM
Secretary, Department of the Treasury

Date: 24 / 9 / 2012

Signed by:



Mr David Yune PSM
Secretary, Department of Finance
and Deregulation

Date: 24 / 9 / 12

1. PURPOSE

1.1 The purpose of this MOU is to outline the arrangement between the Parties for the Officer to obtain information to perform his or her statutory functions. Specifically, this MOU covers:

- (a) the commitment by the Head to provide information to the Officer;
- (b) the format for both requesting information from the Head and for providing information to the Officer;
- (c) the circumstances under which the information is to be provided;
- (d) the use of the information by the Officer; and
- (e) administrative arrangements governing the operation and conduct of the Parties.

1.2 The statutory functions of the Officer are established under section 64E of the *Parliamentary Service Act 1999*, as amended, namely:

- (a) outside the caretaker period for a general election - to prepare policy costings on request by Senators or Members of the House of Representatives;
- (b) during the caretaker period for a general election - to prepare policy costings on request by authorised members of Parliamentary parties or independent members;
- (c) to prepare responses (other than policy costings) to requests relating to the budget by Senators or Members of the House of Representatives;
- (d) to prepare submissions to inquiries of Parliamentary committees on request by such committees;
- (e) to conduct, on his or her own initiative (including in anticipation of requests referred to in paragraphs (a) to (d)), research on and analysis of the budget and fiscal policy settings.

2. COMMENCEMENT AND DURATION

This MOU commences on the date it is signed by both Parties.

3. STATUS OF THIS MOU

3.1 Non-legally Binding

This MOU does not create legally enforceable obligations between the Parties.

3.2 Legislative Authority

This MOU is intended to be an arrangement for the Officer to obtain information and documents from Commonwealth bodies for the purposes of section 64F of the *Parliamentary Service Act 1999*.

4. ROLES AND RESPONSIBILITIES OF PARTIES TO THIS MOU

4.1 Mutual Assistance

The Parties will be open, honest, cooperative and responsive to each other, respecting each other's functions and roles, and assisting and supporting each other whenever possible.

4.2 Roles and Responsibilities of Parties

The Parties have a number of specific roles and responsibilities in relation to this MOU.

The roles and responsibilities of the **Heads** are to establish appropriate arrangements to ensure:

- compliance with the *Australian Government Protocols Governing the Engagement between Commonwealth Bodies and the Parliamentary Budget Officer*;
- a cooperative working relationship is maintained with the Officer and employees/staff of the PBO on all matters related to this MOU;
- efforts are made by the Heads, or a person authorised by the Heads, to respond to requests received from the Officer with sufficient information and in an appropriate timeframe, as appropriate;
- information provided to the Officer is the most relevant, accurate and current information held or utilised;
- a pro-disclosure approach is maintained to enable open discussion of information sources, methodologies and analytical approaches; and
- where specifically requested by the Officer, all requests for information and documents, including the details of each request, are treated confidentially consistent with the need-to-know principle.

The roles and responsibilities of the **Officer** are to establish appropriate arrangements to ensure that:

- a cooperative working environment is maintained with the Heads, and their employees/staff, on all matters related to this MOU;
- reasonable contextual detail is provided in relation to each request for information provided to the Heads to allow a response to be relevant, accurate and current;
- consistent with section 64V of the *Parliamentary Service Act 1999*, appropriate safeguards are established to ensure that all information received from the Heads is treated confidentially at all times; and
- all employees/staff/contracted officers of the PBO maintain appropriate security classifications and treat information in a confidential manner at all times.

5. ACCESS TO INFORMATION

5.1 Requesting Information and Documents – The Officer requesting information from the Head

In relation to submitting requests for information to the Head, the **Officer** is to ensure that:

- (a) each request for information is submitted via email to the Head, or a person authorised by the Head;
 - i. in circumstances where the Head is not the Secretary of either the Department of the Treasury (Treasury) or the Department of Finance and Deregulation (Finance), the Officer is also to ensure that the Heads of both Treasury and Finance receive a copy of such requests to facilitate co-ordination and liaison in processing and responding to requests;
- (b) each request for information is made using the 'Request for Information' form at Attachment B including an Information Request Reference Number;
- (c) each request for information contains a clear and specific description of the information requested and how the information will be used;
- (d) each request for information identifies whether the request is routine or urgent in nature; and
- (e) each request for information identifies whether the request is to be treated as confidential because a direction to keep the request confidential has been made under 64H(3)(d) or 64M.

The Officer, or a person authorized by the Officer, may make direct contact with the Head, or a person authorised by the Head, to discuss a request for information.

5.2 Providing Information and Documents – The Head providing information to the Officer

In relation to providing information in response to a request received from the Officer, the **Head** is to ensure that:

- (a) each request for information received from the Officer is acknowledged, via email, within 24 hours of its receipt on the next business day;
- (b) relevant consultation is undertaken with other Commonwealth bodies, as required, to ensure that the Officer is provided with the appropriate information and documents in response to each request;
- (c) relevant and accurate information is provided to the Officer in response to each request; and
- (d) a response is provided within a reasonable timeframe using the 'Provision of Information' form at Attachment C, with the indicative timeframe being that:
 - a. urgent requests are responded to within 5 working days of receipt, depending on complexity; and
 - b. routine requests are responded to within 10 working days of receipt, depending on complexity.

The Head may negotiate alternative timeframes with the Officer based on factors such as the complexity of the request, the level of involvement of other agencies, and workload pressures, including where an unusually large number of requests have been received from the PBO. Further, there may be circumstances when additional time

constraints arise - for example, during an estimates update, or during an election period. In these circumstances, the Head may seek to discuss with the Officer the critical workload pressures and alternative arrangements for the provision of information.

The Head may negotiate specific confidentiality requirements with the Officer, in relation to particular information provided to the Officer, as per clause 7.1.

In keeping with the spirit of this MOU, the Head should aim to provide sufficient relevant information to satisfy each request but provide, at a minimum, those documents that would be made available if a formal request was made under the *Freedom of Information Act 1982*. Where, however, it is not possible to release certain information, the Head should provide a written explanation outlining the reason for the non or partial release – this might include commercial- or cabinet-in-confidence information, intellectual property rights or the application of other relevant legislative provisions relating to the handling of government information and data such as the *Privacy Act 1988*.

Prior to the explanation being provided to the Officer, however, the Head should consult with the Secretaries to determine whether there are alternative ways of satisfying the request from the Officer.

5.3 Using Information

The Officer may only use information and documents provided by the Heads to support the Officer's statutory functions as established under section 64E of the *Parliamentary Service Act 1999*, and outlined in clause 4.2 of this MOU.

The Parties may discuss and agree on issues related to the timing of the release of certain data, models or information, and any limitations or restrictions that may apply to the release of the data, models or information.

5.4 Fees

No fees are payable by the Officer or the PBO for the provision of, or for access to, information under this MOU.

Specific arrangements may need to be negotiated between the parties to obtain information held under license.

6. QUALITY OF INFORMATION

6.1 Data Integrity and Protection – Information provided to the Officer

In relation to the information provided to the Officer under this MOU, the **Heads** will:

- (a) take reasonable measures to ensure that information provided is free from malicious computer codes or viruses; and
- (b) review and, as required, amend information provided to the Officer within a reasonable time of being formally notified by the Officer of a possible inaccuracy, omission, defect or error in that information.

6.2 Data Integrity and Protection – Information received from the Heads

In relation to any information received from the Head under this MOU, the **Officer** will:

- (a) take all reasonable measures to maintain the confidentiality of the information, including any confidentiality requirements negotiated with the Head;
- (b) ensure that the information is only used for the purposes for which the information was provided, and is only accessed by employees/staff of the PBO in accordance with the need-to-know principle;
- (c) notify the Head as soon as practicable of any possible errors or defect in that information;
- (d) ensure that the information is safeguarded against loss, destruction, transfer, or unauthorised access, modification, disclosure, or use; and
- (e) notify the Head as soon as practicable of any actual or potential breach of security or confidentiality in relation to the information.

6.3 Review of Data Integrity Procedures and Systems

The Parties recognise that the integrity of the information provided under this MOU relies on both Parties implementing and maintaining appropriate security procedures and systems.

The Head may ask the Officer for information about the procedures and systems that the Officer has in place for maintaining the confidentiality and integrity of the information provided by the Head. In requesting this information:

- (a) the Head is to make a request in writing; and
- (b) the Officer is to respond to a request within 10 working days of its receipt.

The Parties may meet to discuss issues related to the security procedures and systems established to maintain data integrity.

7. USE AND RELEASE OF INFORMATION

7.1 Confidentiality

The Parties undertake to maintain the confidentiality of information provided to them under this MOU in accordance with the requirements of the Party providing the information; and to comply with all laws that govern the use and release of information.

The *Parliamentary Service Act 1999* allows for the Officer to provide confidential advice to parliamentarians on non-costing matters at any time, as well as confidential policy costings during non-caretaker periods, upon request.

To support this arrangement and ensure the confidentiality of requests for information:

- the Heads of Commonwealth bodies and their staff must not disclose the details of a request for information and the subsequent response to the Government if the request is specifically requested to be treated confidentially;
- Government Ministers and their staff will not ask the Heads of Commonwealth bodies or their staff to provide them with any information which would disclose the nature of a confidential request from the Officer; and
- the Heads of Commonwealth bodies and their staff must not disclose the details of a request for information and the subsequent response to a third party, other than a Commonwealth body, unless required to do so by law.

However, it is appropriate for Commonwealth bodies to provide information to their Minister/s on the resourcing impacts of their interactions with the PBO in aggregate terms, so long as confidential information is not disclosed by the provision of such advice.

Where a Head has provided information to the Officer, the Officer may only disclose the information as provided to a Non Party if that disclosure is made:

- (a) with the prior written approval of the Head including complying with any terms and conditions requested by the Head; and
- (b) as required by applicable government direction, policy or law.

7.2 Security

The Parties undertake:

- (a) to maintain the security of information provided to them according to the requirements of the Party providing the information;
- (b) to ensure that all employees/staff/contractors have, and maintain at all times, appropriate security clearances to access Australia Government information; and
- (c) to meet the requirements of the *Australian Government Protective Security Manual*, at a minimum, in relation to the storage and handling of information provided by the other Party.

7.3 Intellectual property

The Parties agree that pre-existing intellectual property will be recognised and respected under this MOU and will only be used as authorised by the owner of the intellectual property as permitted under law.

7.4 Sub-contracts and third party contracts

If a Party to this MOU (the first Party) contracts with another party to carry out any part of the activities the first Party is to perform under this MOU, the first Party will be solely responsible for:

- (a) compliance with all legal and regulatory requirements in relation to subcontracting;
- (b) the engagement, management, coordination, and payment of, and all communications with, such contractors;
- (c) all other matters in connection with that contract and/or those contractors; and
- (d) maintaining security as per this MOU.

8. GOVERNANCE ARRANGEMENTS FOR THIS MOU

8.1 Monitoring and Evaluation

Parties may appoint an MOU Manager to monitor and evaluate the operation of this MOU on their behalf. In the absence of a specific appointment, the Head and the Officer are taken to be the MOU Managers.

Parties agree to monitor the workload implications, for both themselves and the other Party, of providing, exchanging and discussing information and data requests, including processes related to submitting and responding to requests for information. Where distinct workload pressures emerge, either Party may seek advice from the other Party about prioritising requests for information.

8.2 Review of MOU

The terms and conditions of this MOU are to be reviewed by the Parties within four years of the date of commencement of this MOU.

Either Party may seek to review the terms and conditions of this MOU at any time.

8.3 Variation

Either Party may undertake to negotiate changes to this MOU. All variations must be documented in writing, and agreed by both Parties in writing. All variations agreed by both Parties will be included as an Attachment to this MOU.

8.4 Notices

Notices under this MOU are to be made in writing, marked for the attention of the recipient MOU Manager, and sent to that MOU Manager's address by e-mail transmission or facsimile.

Notices will be taken to be received by the recipient on the business day next following the day on which the transmission was sent in its entirety to the recipient's email address or facsimile machine.

9. DISPUTE RESOLUTION

Parties agree to attempt to resolve any dispute arising in relation to this MOU by negotiation. Parties agree that dispute resolution will be at the lowest, most informal level practicable, and will incorporate alternative dispute resolution procedures.

As a starting principle, the Parties agree to continue to perform their obligations under this MOU pending resolution of any dispute.

In the first instance, the MOU Managers are responsible for undertaking to resolve a dispute.

Where a dispute is not resolved by the MOU Managers:

- (a) either Party may provide the other with a written notice setting out the specific details of the dispute and reporting the failure of negotiations to resolve it; and
- (b) both Parties are to refer the dispute to the Officer or Head, as appropriate, for resolution.

Where the dispute is not resolved by the Officer and Head, both parties shall refer the dispute to the Secretaries of Treasury and Finance for resolution.

Where the Head is the Secretary of Treasury or Finance, the Head is to refer the matter to the Secretary of the Department of the Prime Minister and Cabinet.

At any time either Party may request the appointment of an independent mediator - for example the Australian Public Service Commissioner - to resolve a dispute, whose appointment is to be agreed between both Parties. The outcome of any negotiated dispute is to be documented in writing.

The Parties agree to bear their own costs in complying with this clause.

10. INTERPRETATION

10.1 In this MOU, unless the contrary intention appears:

- (a) an attachment, schedule or other annexure to this MOU forms part of this MOU; and
- (b) the singular includes the plural and vice versa, and each gender includes the other gender.

10.2 The following definitions apply to this MOU and any attachments, schedules or annexure:

Caretaker period – has the same meaning as in Schedule 1 to the *Charter of Budget Honesty Act 1998* being “the period starting when the House of Representatives expires or is dissolved, and ending:

- (a) when it is clear that the Government has been re-elected; or
- (b) if there is a change of Government, when the new Government has been sworn in”.

Commonwealth body – means:

- (a) an Agency within the meaning of the *Financial Management and Accountability Act 1997*; or
- (b) a Commonwealth authority within the meaning of the *Commonwealth Authorities and Companies Act 1997*; or
- (c) a Commonwealth company within the meaning of the *Commonwealth Authorities and Companies Act 1997*; or
- (d) the High Court of Australia.

Head – means the Chief Executive/Secretary/CEO, or equivalent, of a Commonwealth body, however described.

Information – includes models that are involved in the generation of the information.

Intellectual Property – means all rights and interests arising from intellectual activity in the scientific, literary, artistic and industrial fields, including those in the nature of copyright, patents, designs, trade and service marks, and trade and business names, whatever they are called and wherever and however they arise.

Non Party – means persons that are not Parties to this MOU and are not contracted by a Party to this MOU.

Officer – means the holder of the statutory office of the Parliamentary Budget Officer as established under section 64C of the *Parliamentary Service Act 1999*, or a person authorised by the Parliamentary Budget Officer.

Parties – means the Officer, and the Head, that are parties to this MOU.

PBO – means the Commonwealth Parliamentary Budget Office as established under section 64A of the *Parliamentary Service Act 1999*.

Presiding Officer means:

- (a) in relation to the Senate—the President of the Senate; and
- (b) in relation to the House of Representatives—the Speaker of the House of Representatives.

Unless the contrary intention appears, a reference to the Presiding Officers means the Presiding Officers acting jointly.

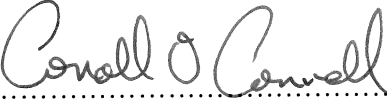
Third parties – means persons that are not Parties to this MOU but are contracted by a Party to this MOU to carry out any of the activities of that Party under this MOU.

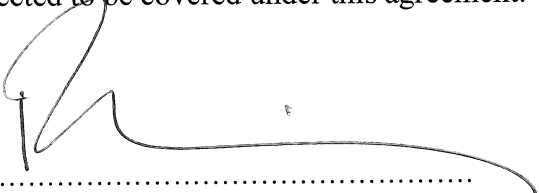
ATTACHMENT A

COMMONWEALTH BODIES COVERED BY THIS
MEMORANDUM OF UNDERSTANDING

The Commonwealth bodies listed below have elected to be covered under this agreement.

Signed by:


.....
Name Dr Conall O'Connell


.....
Name Mr Roger Wilkins AO

Secretary
Designation

Department of Agriculture, Fisheries and Forestry
Commonwealth body

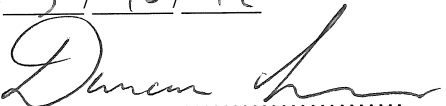
Date: 3 / 10 / 12


.....
Name Mr Peter Harris

Secretary
Designation

Department of Broadband, Communications and the Digital Economy
Commonwealth body

Date: 3 / 10 / 12


.....
Name Mr Duncan Lewis AO DSC CSC

Secretary
Designation

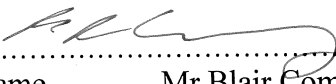
Department of Defence
Commonwealth body

Date: 3 / 10 / 12

Secretary
Designation

Attorney-General's Department
Commonwealth body

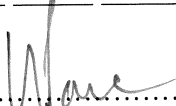
Date: 3 / 10 / 12


.....
Name Mr Blair Comley PSM

Secretary
Designation

Department of Climate Change and Energy Efficiency
Commonwealth body

Date: 10 / 10 / 12


.....
Name Ms Lisa Paul AO PSM

Secretary
Designation

Department of Education, Employment and Workplace Relations
Commonwealth body

Date: 3 / 10 / 12

Name Mr Finn Pratt PSM

Secretary
Designation

Department of Families, Housing,
Community Services and Indigenous Affairs
Commonwealth body

Date: 3 / 10 / 12

Name Ms Jane Halton PSM

Secretary
Designation

Department of Health and Ageing
Commonwealth body

Date: 15 / 10 / 12

Name Mr Martin Bowles PSM

Acting Secretary
Designation

Department of Immigration and Citizenship
Commonwealth body

Date: 9 / 10 / 12

Name Dr Don Russell

Secretary
Designation

Department of Industry, Innovation, Science,
Research and Tertiary Education
Commonwealth body

Date: 3 / 10 / 12

Name Mr Dennis Richardson AO

Secretary
Designation

Department of Foreign Affairs and Trade
Commonwealth body

Date: 3 / 10 / 2012

Name Ms Kathryn Campbell CSC

Secretary
Designation

Department of Human Services
Commonwealth body

Date: 5 / 10 / 2012

Name Mr Mike Mrdak

Secretary
Designation

Department of Infrastructure and Transport
Commonwealth body

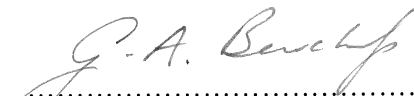
Date: 3 / 10 / 12

Name Dr Ian Watt AO

Secretary
Designation

Department of the Prime Minister and
Cabinet
Commonwealth body


Date: 3 / 10 / 12


.....
Name Ms Glenys Beachamp PSM

Secretary
Designation

Department of Regional Australia, Local
Government, Arts and Sports
Commonwealth body

Date: 3 / 10 / 12


.....
Name Dr Paul Grimes PSM

Secretary
Designation

Department of Sustainability, Environment,
Water, Population and Communities
Commonwealth body


Date: 3 / 10 / 12


.....
Name Mr Stephen Sedgwick AO

Public Service Commissioner
Designation

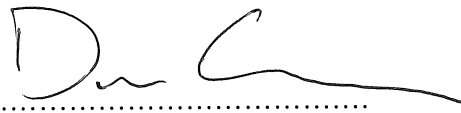
Australian Public Service Commission
Commonwealth body

Date: 10 / 10 / 12


.....
Name Mr Michael Carmody AO
MR MICHAEL PEZZULLO
Chief Executive Officer - ACTING
Designation

Australian Customs and Border Protection
Service
Commonwealth body

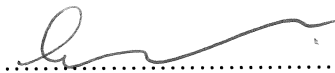
Date: 10 / 10 / 2012


.....
Name Mr Drew Clarke PSM

Secretary
Designation

Department of Resources, Energy and
Tourism
Commonwealth body

Date: 3 / 10 / 12


.....
Name Mr Ian Campbell PSM

Secretary
Designation

Department of Veterans' Affairs
Commonwealth body

Date: 3 / 10 / 12


.....
Name Mr Brian Pink

Australian Statistician
Designation

Australian Bureau of Statistics
Commonwealth body

Date: 10 / 10 / 12


.....
Name Mr Michael D'Ascenzo AO

Commissioner of Taxation
Designation

Australian Taxation Office
Commonwealth body

Date: 10 / 10 / 12

REQUEST FOR INFORMATION TEMPLATE

This template is to be utilised by the Parliamentary Budget Officer when submitting a request for information to a Commonwealth Government body.

REQUEST FOR INFORMATION BY THE PARLIAMENTARY BUDGET OFFICER

Page 1 of 2

1. Information Request Reference Number:	For example, 001-2012
2. Request submitted to:	For example, Department of Finance and Deregulation
3. Date request submitted:	For example, 1 January 2012
4. <u>PBO</u> Contact Officer for this request:	For example: John Smith Work contact number Work email
5. Is this request confidential? (Y/N)	For example, Y
6. Is this request routine or urgent?	For example, Routine
7. Description of request:	For example, the PBO has been asked to prepare a costing on a change Family Tax Benefit Part A <i>PBO to insert relevant detail</i>

REQUEST FOR INFORMATION BY THE PARLIAMENTARY BUDGET OFFICER

Page 2 of 2

8. Description of the specific information and/or data that is requested:	For example, models containing indexation parameters and demand trends. <i>PBO to insert relevant detail</i>
9. How does the request relate to the work and mandate of the PBO?	For example, preparation of policy costings outside the caretaker period (section 64E(1)(a) of the <i>Parliamentary Service Act 1999</i>).
10. Date information required by:	15 January 2012
11. Request cleared by:	For example, Parliamentary Budget Officer

PROVISION OF INFORMATION TEMPLATE

This template is to be utilised by Commonwealth Government bodies when submitting information to the Parliamentary Budget Officer.

PROVISION OF INFORMATION TO THE PARLIAMENTARY BUDGET OFFICER

Page 1 of 3

1. Information Request Reference Number:	For example, 001-2012
2. Date of request :	For example, 10 October 2012
3. Date response requested by:	For example, 15 October 2012
4. <u>PBO</u> Contact Officer for this request:	For example: John Smith Work contact number Work email
5. Was the request marked confidential? (Y/N)	For example, Y
6. Was the request routine or urgent?	For example, Routine
7. Description of the request received:	For example, request for a costing on a change to the eligibility for Family Tax Benefit Part A.
8. Date information provided to the PBO (including, if relevant, the reason for any delay in submitting the information)	For example, 15 October 2012.
9. Details of any external parties consulted in preparing this response:	For example, Not applicable.

PROVISION OF INFORMATION TO THE PARLIAMENTARY BUDGET OFFICER

Page 2 of 3

10. Summary of the response in relation to this request:

11. Is the detailed response attached? (Y/N)

For example, Yes.

12. Are there any restrictions or sensitivities on the use or public disclosure of the information? If so, please specify:

For example, forecasts provided in-confidence, privacy laws, taxpayer confidentiality laws, third party licensing or IP arrangements

13. Indicate currency of information and expiry date for information:

For example, data current as at 15 June 2012 based on population for 2009-10. Data updated twice a year in July and January; relies on forecasts updated at Budget and MYEFO.

Expiry date for information: eg 31 December 2012

Note: This information is deemed suitable for use until the expiry date, however, other unexpected events such as <insert as necessary, eg changes in the economy or populations> may render this information unsuitable prior to that date.

14. Are there any other notes, qualifiers or sensitivities associated with the information?

For example, reliability may be low due to volatility of input data; impact of behavior changes; uncertainty over parameter forecasts etc.

PROVISION OF INFORMATION TO THE PARLIAMENTARY BUDGET OFFICER

Page 3 of 3

15. Agency response contact officer: For example,
Betty Smith,
<insert agency name and section>
Work contact number
Work email

16. Agency response cleared by: For example,
Assistant Secretary, Budget
Work contact number
Work email