



**Parliament of Australia**  
**Parliamentary Budget Office**

# Consultation paper: Allowing minor parties to opt in to the PBO's post-election report of election commitments

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# 1 Context and consultation process

## 1.1 Context

Section 64MA of the *Parliamentary Service Act 1999* requires the Parliamentary Budget Officer to release a report within 30 days of the end of the caretaker period for a general election outlining the financial impact of all the election commitments that have a material impact on the budget for all designated Parliamentary parties – that is, parties with 5 or more members.

The *Parliamentary Budget Office Review 2016–17 – Report of the Independent Review Panel* recommended that the Parliamentary Budget Office (PBO) ‘should provide parliamentary political parties with fewer than five Members or Senators the option to have the financial impact of their election commitments included in the PBO’s post-election report of election commitments’ (recommendation 13).

The Independent Review Panel’s recommendation was motivated by the observation that minor parties and independent members now have a prominent role on some budget-related issues.

We have interpreted the Independent Review Panel’s recommendation as covering all independent parliamentarians and parliamentary political parties with fewer than five Members or Senators. We agreed to this recommendation and committed to explore options to give effect to it.

This consultation paper provides information on the process for preparing the post-election report, including the requirements placed on the PBO and designated Parliamentary parties by the *Parliamentary Service Act 1999*, and the factors we will need to consider in allowing non-designated Parliamentary parties to opt in to the report. It seeks feedback from parliamentarians and their staff, as well as interested stakeholders, on these matters.

We will consider feedback from this consultation process and will publish an information paper in mid-2018 that provides details on how we will allow minor parties to opt in to the next post-election report.

## 1.2 Closing date for submissions and contact details

Submissions are requested by 13 April 2018. Submissions can be emailed to [PBO@pbo.gov.au](mailto:PBO@pbo.gov.au) and will be made public unless otherwise requested. Enquiries can be directed to Tim Pyne on (02) 6277 9560.

## 2 The process for preparing the post-election report

An election year is the busiest and most resource intensive year of the Parliamentary cycle for the PBO. The lead up to caretaker, caretaker and immediate post-caretaker period generally represent the peak work load of the Parliamentary cycle for the PBO due to the legislative obligations we must fulfil during this period.

This section details the work of the PBO in the periods on either side of a general election, culminating in the publication of the post-election report.

### 2.1 Prior to the caretaker period

#### *Tracking election commitments*

In the lead up to a general election, we maintain a register of publicly announced election commitments. The register tracks and records those policies that are publicly announced as election commitments by Parliamentarians and candidates of parties that are expected to be designated Parliamentary parties.

We do this as the post-election report must include, for each designated parliamentary party, costings of all the election commitments of that party that the Parliamentary Budget Officer, in his or her best professional judgement, reasonably believes would have a material impact on the Commonwealth budget.

During this period, we continue to prepare policy costings for Parliamentarians, including those that have been submitted on a confidential basis. Information on our policy costing role is outlined in the information paper, *What is a Parliamentary Budget Office Costing?* (PBO, 2017).

### 2.2 The caretaker period

The *Charter of Budget Honesty Act 1998* provides for the Secretary to the Treasury and the Secretary of the Department of Finance to publicly release a Pre-election Economic and Fiscal Outlook report (PEFO) within 10 days of the issue of the writs for a general election.

The purpose of the PEFO is to provide updated information on the economic and fiscal outlook. The information in the report takes into account, to the fullest extent possible, all Government decisions made before the issue of the writs for the election and all other circumstances that may have a material effect on the economic and fiscal outlook.

As a general rule, we will not finalise any costings during the caretaker period until after the release of the PEFO to ensure that they take into account the latest information available.

#### *Continued tracking of election commitments*

During the caretaker period, we continue to monitor the election commitments of designated Parliamentary parties and maintain the register of publicly announced election commitments.

### ***Continued preparation of confidential costings for Parliamentarians***

Costing requests submitted to us before the commencement of the caretaker period may be completed and provided to a Parliamentarian on a confidential basis after the caretaker period has commenced, provided the costing can be completed before the general election.

### ***Caretaker costings***

During the caretaker period, we may be asked to cost election commitments either by an authorised member of a parliamentary party (including a minority party) or by an independent member.

The legislation requires that the Parliamentary Budget Officer must, as soon as practicable after the request has been made and before polling day, publicly release the request and a costing of the policy. All caretaker costing requests and responses to those requests are published on the PBO election costing webpage.

The Treasury and Department of Finance can also be asked by the relevant party Leader to cost the election commitments of a parliamentary party during the caretaker period (unless it has already been lodged with the PBO). Our post-election reporting function means that we will be required to scrutinise all costings undertaken by Treasury and Finance in the caretaker period in order to ensure that the Parliamentary Budget Officer is satisfied that those costings accurately reflect the budgetary impact of the election policy commitments.

### ***List of election commitments from parties***

Each designated Parliamentary party must, before 5pm on the day before polling day in the election, provide the Parliamentary Budget Officer with a list of its publicly announced election commitments.

## **2.3 The post-election period**

### ***Finalising the list of election commitments***

On the day after polling day, the Parliamentary Budget Officer must release the list of election commitments that has been provided by each designated Parliamentary party, or where no list has been provided, a statement to that effect.

Within three days after the end of the caretaker period, the Parliamentary Budget Officer must prepare a list of those election commitments that in his or her best professional judgement would have a material impact on the budget for each designated Parliamentary party. In preparing this list, the Parliamentary Budget Officer must have regard to the list provided to us by the party and we use our register of publicly announced election commitments to cross-check the list provided by the party.

The Parliamentary Budget Officer must give the list to the party and include a statement explaining the reasons for any differences between the list provided by the designated Parliamentary party and the Parliamentary Budget Officer's list.

The party has three days to provide the Parliamentary Budget Officer with any comments on the list of its election commitments. The Parliamentary Budget Officer may take account of such comments, but is not required to do so.

### ***Preparing the Post-Election Report***

The post-election report must be released within 30 days of the end of the caretaker period for a general election.

The post-election report must include, for each designated party, costings of all the election commitments of that party that the Parliamentary Budget Officer believes would have a material impact on the Commonwealth budget for the current financial year and the following three financial years, along with the total combined impact of those commitments on the budget.

We use the period after the caretaker period to:

- prepare policy costings of election commitments of designated Parliamentary parties
- calculate the combined impact of each designated Parliamentary party's election commitments, including taking into account the financial impact of interactions between a party's election commitments where appropriate and aggregate public debt interest (PDI) costs
- finalise the post-election report.

In addition to the legislative requirement for the post-election report to include the financial impact of election commitments for the current financial year and the following three financial years, we have agreed to the Independent Review Panel's recommendation to extend the reporting of the financial impacts of election commitments to include the medium-term period (current financial year and the following ten financial years) in the next post-election report (recommendation 11).

The Parliamentary Budget Officer is required to give each designated Parliamentary party a confidential copy of the part of the post-election report which sets out costings and totals for that party's election commitments at least 48 hours before publicly releasing the report. The parties have the opportunity to provide comments on the report. If we are given comments from the party, we may include the comments in the report, or revise the report to take account of the comments, if it is practicable to do so.



### 3 Considerations for minor parties opting in to the post-election report

This section outlines the factors that we will need to consider in allowing non-designated Parliamentary parties to opt in to the post-election report. It includes propositions on how the PBO would implement the expanded scope of the report. We welcome feedback on these propositions.

#### ***Engaging with the PBO early***

The earlier a party engages with us on a policy costing request, the better placed we are to incorporate it into the post-election report if it is publicly announced as an election commitment. We will also need sufficient notice from minor parties of their intention to opt in to the post-election report to allow us to plan for the production and release of the report.

Simple policies and updates to previously costed policies can generally be completed more quickly than complex policies or policies that have not been costed before. The factors that affect the time it takes us to prepare policy costings are outlined in the PBO information paper, *PBO costing processes, timeframes and prioritisation framework* (PBO, 2018).

We require an adequate level of policy specification to be able prepare a policy costing and early engagement with us can help to ensure that we have that information. The costing request template gives an indication of the type of information we need and is available on the [PBO website](#).

The information paper *What is a Parliamentary Budget Office costing?* (PBO 2017) looks at what a policy costing is and how it is prepared.

#### **Proposition 1**

In order to allow us to plan for the production of the post-election report, minor parties would be required to notify us of their intention to opt in to the post-election report by COB on the first day of the caretaker period.

#### ***Timing of release of the post-election report***

The preparation of the post-election report within the legislated timeframes fully utilises the resources of the PBO. There is little scope to significantly expand the scope of the post-election report within the existing legislative framework and our current resourcing profile and still meet the legislated timeframes.

#### **Proposition 2**

If minor parties choose to opt in to the post-election report, we would release the post-election report consistent with its legislative requirements and then release an addendum to the report containing minor party commitments as soon as possible after the release of the main report.

### ***Providing the Parliamentary Budget Officer with a list of election commitments***

Designated Parliamentary parties are required to provide the Parliamentary Budget Officer with a list of election commitments on the day prior to election day.

#### **Proposition 3**

Consistent with the requirements for designated Parliamentary parties, any minor party wishing to opt in to the post-election report would be required to provide a final and complete list of election commitments to the Parliamentary Budget Officer by 5pm on the day before polling day in the election.

The Parliamentary Budget Officer would publicly release the list of election commitments provided by any minor parties at the same time as releasing the lists from the designated Parliamentary parties.

### ***Identifying all election commitments that have a material impact on the budget***

In the lead up to the election, we allocate resources to the tracking of election commitments made by parliamentarians and candidates of designated Parliamentary parties to provide the Parliamentary Budget Officer with the information required to ensure that, in his or her best professional judgement, all election commitments that have a material impact on the Commonwealth budget are included in the post-election report.

Expanding the monitoring of election commitments to parliamentarians and candidates from minor parties would be a significant task and would not be possible within our current resourcing profile.

#### **Proposition 4**

If minor parties provide a list of election commitments to be included in the post-election report, the Parliamentary Budget Officer would accept that list as final and not make any judgements about whether the list includes all of the election commitments of that party that would have a material impact on the budget.

### ***Interactions between election commitments***

For each designated Parliamentary party, the post-election report is required to include the combined impact of each party's election commitments in the budget year and the following three years. This requires us to calculate, document and include the financial impact of interactions between a party's election commitments in the post-election report where the interactions are significant.

Where a party has election commitments that involve very large changes in Commonwealth programs and revenues, significant uncertainty about the financial implications can result from data limitations, costing assumptions, behavioural responses and the potential broader impacts on economic activity. In these circumstances, the magnitude, timing and direction of the direct and flow-on effects to the budget may be highly uncertain and depend on implementation details.

### **Proposition 5**

While the PBO will endeavour to calculate, document and include the financial impact of significant interactions between election commitments for minor parties, we may need to make judgements about whether these can be estimated with sufficient confidence. Where they cannot be confidently estimated, we would note why this is the case. The combined impact of the parties' election commitments may not be provided in such circumstances.

### ***Parliamentarians or parties no longer represented in the Parliament following the election***

The post-election report is required to include the financial impacts of the election commitments of designated Parliamentary parties regardless of each party's representation in the Parliament following the election. However, it is not unreasonable to expect that a designated Parliamentary party will have some representation in the Parliament following an election, even if its representation is diminished.

The Independent Review Panel's motivation for recommending that minor parties be given the option to opt in to the post-election report is that minor parties and independent members now play a prominent role on some budget-related issues.

Given their lower level of representation prior to the election, the likelihood that minor parties are no longer represented in the Parliament following the election is greater than for designated Parliamentary parties. This is particularly true for independent Members and Senators.

There is also a need to be able to contact representatives of Parliamentary parties in the post-election period, including for the purposes of finalising the list of election commitments, clarifying policy specifications and providing a confidential copy of the relevant parts of the post-election report prior to its publication. The fact that Parliamentarians and their staff lose access to their Parliamentary information technology accounts if they are not re-elected provides a practical challenge to ongoing engagement with unsuccessful candidates.

### **Proposition 6**

If a minor party opts in to the post-election report and no longer has a representative in the Parliament following the election, their election commitments would be excluded from the post-election report on the basis that they will no longer have an ongoing role in budget-related deliberations.

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