



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

MEDIA RELEASE

Update on Parliamentary Budget Office costings

FOR IMMEDIATE RELEASE

Date 22 March 2019

The PBO has been approached this week by stakeholders requesting clarification around election costings and election commitments for both political parties.

A particular area of concern is how existing budget provisions, the starting point for costings, relate to election commitments announced by both political parties.

Some statements about the PBO reflect the rhetoric of the late stages of the election campaign.

This release seeks to provide clarity on these issues.

Election commitments and announcements of policies by political parties

The PBO is only required to cost policies with an impact on the budget and forward estimates. If a program is already included in the Budget, the PBO is not required to cost it.

A [Budget Update](#) was released by the NSW Treasury on 5th March. This is the baseline for policy costings.

To provide voters with an understanding of the relationship between the PBO costings and election commitment announcements, the PBO has commented on a number of examples below.

Example

A commitment to provide an additional \$1 billion for a Safe Water Safe Future fund to improve water security and quality in regional communities.

This is part of the [Regional Jobs Plan](#) that was submitted to the PBO to cost by the ALP. The policy was costed at \$300 million over the forward estimates, and \$500 million by 2022-23.

Labor has advised that the \$1 billion refers to its total commitment under than plan including approximately \$500 million already in the budget.

Only the costs of the policy in excess of the existing budget (the \$500 million) are only shown in the PBO costing's financial impacts table. Existing funding would be included in the budget regardless of which party formed government.

Example

A commitment made by the ALP to add \$350 million to the Farm Innovation Fund and maintain current funding levels of direct drought assistance.

This is a policy that was submitted to the PBO to cost by the Coalition and available on the [PBO website](#). The PBO has costed this policy as having nil net budget impact.

Section 18 (3) of the *Parliamentary Budget Officer Act 2010* (PBO Act) states:

A parliamentary leader may only make an election costing request in relation to a policy publicly announced or proposed by that leader.

The PBO is not able to cost a Coalition policy for the ALP, and vice versa. Therefore, this policy will not appear in the list of policies that have been costed by the PBO for the ALP. Commitments made by political parties to match each other's announced policies are at the discretion of political leaders. As this policy has nil net impact, matching it does not affect the budget result. Desirably, any statements about matching commitments should make that clear.

Example

The ALP's [Demountable Replacement Program](#) allocates \$500 million from July 2019 to March 2023 in addition to the Department of Education's existing capital works program. Only the costs of the policy in excess of the existing budget (the \$500 million) are only shown in the PBO costing's financial impacts table. Existing funding would be included in the budget regardless of which party formed government.

Example

A commitment to extend the Wild Dog Fence made by the ALP and the Coalition.

This is a policy that was submitted to the PBO to cost by the Coalition and available on the [PBO website](#).

The ALP did not request the PBO to cost a specific Wild Dog Fence policy, and under Section 18 (3) of the PBO Act is unable to ask the PBO to cost the Coalition's policy. However the PBO, after inquiring about an ALP announcement which included this policy, was informed that it would be funded from the Community Catch Up Fund. This was mentioned later in the media statement concerned, but was not mentioned specifically against this item.

Example

A media release from a Minister with a list of policies that will or will not be included in the budget

Where policies are already in the budget, the PBO is not required to cost them. Therefore the absence of a PBO costing does not imply a program has been cut.

A number of policies were included the Pre-Election Budget Update but not individually outlined. These policies would already be funded in the budget regardless of which party is elected, as such they are not required to be included in the election costings.

Example –lists of election commitments

The PBO cannot comment on whether policies have been costed or not where they are not specifically included in the Budget Impact Statements. Section 17 (2) of the *Parliamentary Budget Officer Act 2010* requires that requests to cost policies to be handled confidentially. A comprehensive list of all policies that have an impact on the budget result is on the [PBO website](#).

For further information call Stephen Bartos, Parliamentary Budget Officer on 0423 808 313