



PARLIAMNTARY BUDGET OFFICE

D11/00210  
LCR4

## Proposed Operational Plan

*hand upon the Table by the Speaker*  
*3/5/2011*

Introduction

The Parliamentary Budget Officer Act 2010 received assent on 1 November, 2010 and an acting Parliamentary Budget Officer was appointed by the President of the Legislative Council and the Speaker of the House of Assembly on 3 February, 2011.

The first operational plan of the Parliamentary Budget Officer is required by law to be prepared as soon as practicable after the commencement of the relevant legislation and after each state election. This operational plan thus covers the period from February 2011 to April 2011.

The plan is required to canvass the objectives of the officer and to include a broad outline of the strategies to be used to achieve those objectives together with a schedule of activities which the officer proposes to undertake.

### Objectives

There are two principal functions of the Parliamentary Budget Officer in the Act and there are thus two key objectives.

At this point in the election cycle, the first goal is to meet quickly and accurately requests of leaders of political parties and independent members of parliament for a costing of announced or proposed election policies. An associated objective is to provide to party leaders and independents on 11 March 2011, the date set down in the legislation with respect to the 2011 state elections, a draft report on the budget impact of their election proposals and to publish on 21 March 2011 a final document on the budget impact of the policies they have approved.

The second main objective - this primarily relates to activity outside of the election cycle - is to provide members of parliament with properly based and timely costings of submitted proposals and to prepare within an agreed timetable technical briefings on fiscal, economic and financial matters in which they have expressed an interest.

In addition to these key objectives there are those which are more procedural in nature. One is to fulfil legislated functions in a manner which ensures that confidentiality requirements of the act are met. A

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further objective is to establish the Parliamentary Budget Office (PBO) to assist the Parliamentary Budget Officer to meet the above-mentioned goals.

### Broad Strategies

In order to meet the timetables set out in law, a small number of staff with general skills will immediately be seconded from within the NSW Parliament. As soon as practicable and following a selection process, staff with costings skills and economic and financial training will be seconded from government agencies.

In the medium term, the Parliamentary Budget Office will advertise for a small number of permanent staff who will be recruited from applicants from within and outside government.

There will be a need for manuals or procedural documents to guide parliamentary budget officers in how to receive, register and manage requests for costings in the lead-up to the state election and requests for costings and briefings outside of the election cycle.

Legislation also allows the development of guidelines for the preparation of costing requests and the development of such a guideline is an early priority of the office. The guideline should facilitate the making of requests so that the tight timetable envisaged in the first year of operations can be met.

Although it would be feasible for staff to start work on costing policy proposals only after receipt of costing requests, there is merit in preparing for requests in the period before a state election so that, should requests be received late in the process, they can be answered more quickly and accurately.

Budget office staff will need to be briefed on office procedures, with particular emphasis given to the confidentiality provisions of the legislation. System development will also need to recognise these provisions so that electronic information and documentation can be properly protected.

Establishing the parliamentary budget office requires a number of steps additional to recruitment of staff. These include obtaining office space and integrating the new office into parliamentary systems. The Department of Parliamentary Services is overseeing this task on behalf of the Parliamentary Budget Office.

To function effectively, the Parliamentary Budget Office will need to establish relationships with the three existing parliamentary departments and with government agencies, importantly in the first instance with Treasury and the Department of the Premier and Cabinet.

Treasury and the Parliamentary Budget Officer have overlapping functions: during the election period, Treasury is also required to cost promises which an incoming government might wish to implement. It is also plain that the Treasury has much of the available skills and staff which the Parliamentary Budget Officer will need to use in the first months of its work. It thus makes practical and economic sense that the two agencies work as closely together as is permitted by the requirement that the Parliamentary Budget

Officers remain independent of government and with the understanding that the Treasury has been established to serve the legitimate needs of government.

Because of its co-ordinating, whole-of-government role, the Department of the Premier and Cabinet is well placed to assist the operations of section 16 of the Act which allows the Parliamentary Budget Officer to request information from government agencies.

#### Schedule of Activities

Liaise with parliamentary departments on seconding parliamentary staff, on systems needed to support a Parliamentary Budget Office, including on office fit-out, directory listings, web-site presentation, long-term office accommodation needs and on the recruitment of seconded staff from government agencies.

Review applications for secondment to the Parliamentary Budget Office, conduct interviews, select staff to be seconded and negotiate with government agencies the start dates of selected seconded staff. Submit recommended names of staff to be seconded to presiding officers.

Meet with the senior staff of the departments of the Treasury and of the Premier and Cabinet on protocols which facilitate work of the Parliamentary Budget Office.

Prepare and issue guidelines to assist leaders of political parties who wish to request costings of announced or proposed election policies.

Develop systems for receiving, registering and managing requests for costing of election promises and proposals in a way which meets the confidentiality requirements of legislation.

Develop a broad guide to the costing of proposals submitted to the Parliamentary Budget Office, including on treatment of interest costs or savings, specification of detailed assumptions, inclusion of overheads and of incidental but necessary linked costs, and the provision of authorities on which reliance has been placed for the costing exercise.

Develop IT systems for recording cost elements of individual proposals and for totalling the impact on the budget for the election proposals of each party leader.

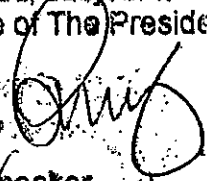
Commence election-time costing exercise by reviewing the publicly advised policy proposals of each leader of a political party, including minor parties and independents. List for each proposal the assumptions needed to be included and the resource factors that need to be used to determine costs and the sources of data to determine these assumptions and factor costs.

Manage the budget of the Parliamentary Budget Office for 2010-11 (\$1 million for capital and \$1.5 million for recurrent spending) and for 2011-12 (provisionally, \$3 million for recurrent expenditures).

Develop an organisation chart and position descriptions for permanent staff of the Parliamentary Budget Office.

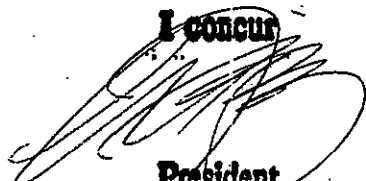
A C Harris  
Acting Parliamentary Budget Officer  
17 February 2011

Approved, subject to  
concurrence of The President



Speaker  
14/20 11

I concur



President  
Date: 2/4/11