

Operational Plan

2018 - 19



Parliamentary Budget Office

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Foreword

On 27 June 2017, with the passage of the *Parliamentary Budget Officer Act 2017* (Vic.) (the Act), Victoria became the first Australian state or territory to enact legislation for a permanent Parliamentary Budget Office (PBO). On 23 April 2018, I commenced as Victoria's first Parliamentary Budget Officer. I appreciate the opportunity to be of service, and acknowledge the significant step forward made to the system of government in Victoria through this legislation.

The objectives of the PBO are simple, yet demonstrate a nonpartisan commitment to improving the sophistication of the parliamentary process:

- for members of Parliament to be provided with ongoing, authoritative, independent and credible policy costing and advisory services
- for those policy costing and advisory services to be delivered in a timely, relevant and readily understandable manner
- to inform policy development and public debate in Parliament and the Victorian community.

Previously, only government members could access public sector expertise and information for fiscal analysis. Now, all members of Parliament can request the services of the PBO to understand the fiscal impact of their policies. This will 'level the playing field' for political parties, improving fairness between those that seek office and those that are in office. But their chance of success remains contingent on the policies they put forward. As an independent office, we will cost policy proposals and provide fiscal advice to all parties, but never comment on the merits of the policies themselves.

For the people of Victoria, we will support them in understanding the fiscal impact of each party's publicly announced election commitments, through post-election reports. Where a political party requests public release prior to an election of a policy costing or a report on the net material financial impact of their election commitments, we will inform them. As we shape our advisory services, we will pursue ways to raise awareness within our mandate and increase public debate.

The close proximity of the state general election represents our key strategic risk. My immediate focus is to establish our policy costing service and the organisational foundations of the PBO. The PBO will utilise systems and technology to be responsive, minimise administrative burden, and provide a high level of confidentiality to our parliamentary clients. At the heart of our approach will be a focus on client service to achieve our vision of 'trusted independent fiscal advice'.

To this end, I am pleased to note that we started policy costing services on 28 June 2018.

Under section 22 of the Act, I must prepare and publish an operational plan for the financial year in consultation with the Victorian Parliament's Public Accounts and Estimates Committee. This plan is to contain our priorities for the year and protocols for requesting our services.

This is the inaugural PBO Operational Plan for 2018-19.



Anthony Close

Parliamentary Budget Officer

27 July 2018

Background

The Parliamentary Budget Officer is an independent officer of the Parliament of Victoria and Chief Executive of the Parliamentary Budget Office (PBO).

The PBO has the following legislated functions:

- to engage with parliamentary leaders to prepare election policy costings, pre-election reports and post-election reports
- to engage with members of Parliament:
 - to prepare costings of other policies
 - to provide advisory services about financial, fiscal or economic matters.

The following documents are prepared by the PBO and tabled in Parliament:

- Operational plan (this document) – prepared in consultation with the Public Accounts and Estimates Committee, it contains priorities for the upcoming financial year and protocols for members of Parliament to access PBO services
- Annual report – contains information about PBO performance for the previous financial year, and the organisation’s current state, outlook and direction
- Report of operations during election costing period – produced within three months after an election, it contains information about PBO performance related specifically to the production of election costings, pre-election reports and post-election reports.

Confidentiality and legislative requirements limit the information that the PBO releases. However, all information that is made publicly available, is published to the PBO website.

Organisational priorities

Under the *Parliamentary Budget Officer Act 2017* (Vic.) (the Act), during an election costing period, the PBO is required to prioritise preparing election policy costings, pre-election reports and post-election reports above all other services.

The PBO has identified priorities critical to effectively managing its strategic challenges. These are listed in the following table with information against each about:

- key achievements over the last three months
- actions for 2018-19.

PBO achievements and actions for 2018-19

Priority	Key achievements	Actions for 2018-19
Establish the office	<ul style="list-style-type: none"> ▪ Accommodation designed and fit-out implemented to support activity-based working ▪ Office technology purchased and installed to support digitisation ▪ Corporate brand designed ▪ Website delivered, administration procedures developed and technical environments built ▪ Department of Parliamentary Services established as shared service provider ▪ Priority corporate functions, policies and processes established ▪ Operational budget established 	<ul style="list-style-type: none"> ▪ Review initial website implementation and security ▪ Build additional website content and functionality for PBO clients and other stakeholders ▪ Establish records management capability using implemented technology ▪ Implement remaining corporate functions, policies and processes
Establish a trusted policy costing service	<ul style="list-style-type: none"> ▪ Business process and deliverables designed and procedures manual for policy costing team delivered ▪ Prioritisation framework defined to determine which policy costing requests to progress where demand for policy costings exceeds supply ▪ Memorandum of Understanding (MoU) drafted to support standing arrangements with public sector body Heads ▪ Designed and developed workflow and document management system to manage policy costing request process and deliverables ▪ Commenced election policy costings with parliamentary leaders ▪ Media monitoring capability established to identify election policy commitments 	<ul style="list-style-type: none"> ▪ Finalise MoU with public sector body Heads for the provision of information and documents ▪ Implement website functionality for use by members of Parliament to request and inspect policy costings ▪ Engage collaboratively with clients to develop policy costing requests ▪ Prioritise policies for costing ▪ Seek information from public sector body Heads ▪ Deliver independent policy costings, completing as many as possible within resource constraints ▪ Develop approach and processes for amalgamating policy costings into pre and post-election reports ▪ Prepare pre-election reports for political parties when requested ▪ Prepare post-election reports
Establish a valued advisory service		<ul style="list-style-type: none"> ▪ Undertake market scan of advisory services and information available to members of Parliament and the Victorian community ▪ Design advisory service positioning and processes ▪ Implement website content and functionality to support advisory services

Priority	Key achievements	Actions for 2018-19
Attract the right talent	<ul style="list-style-type: none"> ▪ Accountability mapping completed and organisational structure designed ▪ Positions descriptions completed ▪ Executive and officer employment contracts developed ▪ Executive team recruited – Director PBO (corporate governance and operational oversight), Director Policy Analysis (policy costing) and Director Economic and Fiscal Policy (advisory) ▪ 8 full time team members recruited ▪ 2 Department of Treasury and Finance staff seconded for election costing period 	<ul style="list-style-type: none"> ▪ Recruit remaining team members to total establishment ▪ Activate contingent workforce options as required – additional secondments, contractors or consultancies, within budget constraints ▪ Review capabilities of staff and undertake professional development ▪ Implement knowledge sharing programs ▪ Leverage whole of government graduate program
Build relationships with stakeholders based on value	<ul style="list-style-type: none"> ▪ Engaged with Presiding Officers around PBO services ▪ Developed service agreement with Department of Parliamentary Services around shared service provision ▪ Engaged with public sector bodies to understand level of awareness of PBO and need to establish standing arrangements ▪ Provided draft MoU to public sector body Heads to formalise information requests ▪ Commenced engagement with parliamentary leaders to identify election policies for costing and ways of working 	<ul style="list-style-type: none"> ▪ Finalise MoU with public sector body Heads and maintain effective working relationships with their teams ▪ Engage with members of Parliament to promote policy costing services ▪ Engage with members of Parliament and parliamentary committees to promote advisory services ▪ Engage with the wider Victorian community to build awareness of PBO, its services and value proposition
Review service performance and build for the future		<ul style="list-style-type: none"> ▪ Review first year of shared service provision with the Department of Parliamentary Services ▪ Review PBO service performance to identify improvement opportunities and additional capabilities required to deliver further value to stakeholders ▪ Undertake independent review of PBO legislation

Source: *Parliamentary Budget Office.*

Protocols

This operational plan outlines the PBO protocols to explain how members of Parliament can access our services. These protocols align to detailed procedures and systems the PBO has developed for policy costing services. PBO protocols will be revised and refined in response to experience, and a review of initial service performance for policy costings and the development of advisory services.

The most current PBO protocols are publicly available on the PBO website (pbo.vic.gov.au).

Policy costing service

During an election costing period, the PBO prioritises work with parliamentary leaders to prepare election policy costings, pre-election reports and post-election reports over other services to members of Parliament.

Requesting a policy costing

Any member of Parliament, or their nominated representative, can request policy costing services.

Under the Act, policy costing requests are to be submitted in writing to the PBO. This is done by accessing the PBO website (pbo.vic.gov.au) and completing a new policy costing submission.

The PBO can assist with completing a submission either:

- via email to enquiries@pbo.vic.gov.au
- in writing to 'The Parliamentary Budget Officer Parliament House, Spring St, EAST MELBOURNE VIC 3002'
- by telephone (+613 8682 2699) during business hours.

In each instance, the PBO will support requesters to complete a new policy costing submission and work with them to ensure that submissions represent their policy proposal with sufficient information for the PBO to progress a policy costing. This approach gives the PBO an opportunity to confirm aspects of the policy that are important for costing purposes but may not have been considered or included in a submission.

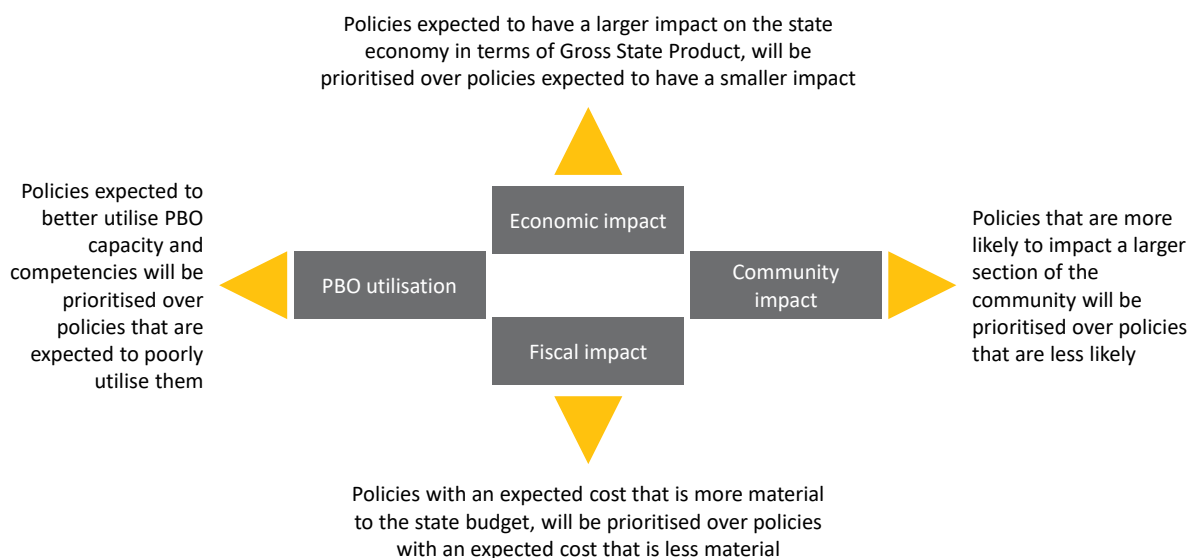
When the PBO is satisfied that a submission is suitably specified to progress, we will classify it as a policy costing request and:

- notify the requester via email
- make an initial assessment to prioritise the policy costing request
- prepare a policy costing response, subject to PBO capacity and priorities
- provide the policy costing response to the requester.

Prioritisation of policy costing requests

The PBO uses the following criteria to prioritise policy costing requests, and maintain alignment between PBO activities and the objectives of the Act:

Prioritisation framework for policy costing



Source: *Parliamentary Budget Office*.

Prioritisation outcomes are used as an input to Parliamentary Budget Officer decision-making and are designed to support the independent and nonpartisan nature of the PBO.

Progress meetings

Where a requestor has multiple submissions or requests in progress during an election costing period, the PBO will schedule a weekly or fortnightly progress meeting via telephone to confirm the requestor's priorities and critical response dates, and advise of progress.

Withdrawing a policy costing request

Under the Act, policy costing requests can be withdrawn in writing to the PBO. This is done by identifying the request to be withdrawn via email to enquiries@pbo.vic.gov.au.

Once withdrawn, the PBO will stop work on the policy costing.

If the PBO is unable to complete a policy costing

Under the Act, if the PBO is unable to prepare a policy costing due to information or time constraints, then we are required to stop work on the policy costing and notify the requestor, this is done via e-mail to the requestor. The PBO will publicly release a statement explaining this decision, if requested.

Pre-election reports

During an election costing period, a parliamentary leader who has more than one election policy costing request in progress, can request the PBO to prepare a pre-election report. The report is to include the policies chosen by the parliamentary leader.

A pre-election report can be requested either:

- via email to enquiries@pbo.vic.gov.au
- in writing to 'The Parliamentary Budget Officer Parliament House, Spring St, EAST MELBOURNE VIC 3002'
- by requesting a meeting with the PBO via email, in writing or by telephone (+613 8682 2699).

Under the Act, if the PBO is unable to prepare a pre-election report due to information or time constraints, then we are required to stop work on the report and notify the requestor, this is done via e-mail to the requestor. The PBO will publicly release a statement explaining this decision, if requested.

For this election cycle, all requests for a pre-election report must be made by a parliamentary leader by close of business Monday 24 September 2018. The request is to include:

- a critical response date for the PBO to provide the report to the parliamentary leader
- a list of election policies to include in the report – where each policy is supported by a new policy costing submission.

A pre-election report will remain confidential unless a parliamentary leader, after receiving the report, requests the PBO to publicly release it. However, the PBO is unable to publicly release pre-election reports after 5:00pm on the Wednesday before the general election.

Post-election reports

Under the Act, the PBO is required to produce post-election reports of election policy commitments of registered parties, subject to these protocols, within two months after the date of the general election.

To meet this requirement, the PBO will:

- monitor the media for publicly announced election policy commitments during the election costing period
- offer to meet with each parliamentary leader according to PBO priorities within 10 business days after the general election to confirm the election policy commitments identified by the PBO with any supporting information relevant for policy costing (for policies not previously submitted for costing)
- prepare post-election reports containing the fiscal impact of all identified election policy commitments of each registered party, whether previously submitted for policy costing or not
- provide each parliamentary leader with a confidential draft of their post-election report at least five business days prior to its scheduled public release, for correction of factual errors or omissions
- publicly release post-election reports by publishing them to the PBO website (pbo.vic.gov.au).

Parliamentary leaders are strongly encouraged to engage with the PBO during this process to ensure post-election reports best represent, to the Parliament and the Victorian community, the fiscal impact of their election policy commitments.

Advisory service

Any member of Parliament can request PBO advisory services, such as technical analysis or advice, or a briefing of a technical nature, on financial, fiscal or economic matters. This can be done:

- via email to enquiries@pbo.vic.gov.au
- in writing to the Parliamentary Budget Officer Parliament House, Spring Street, EAST MELBOURNE VIC 3002
- by phone (+613 8682 2699) to request a meeting with the PBO.

Advisory service requests provide a basis for further engagement, where the PBO:

- acknowledge receipt of the request for advice
- notify if the PBO needs more information to progress the request
- develop a timeline for response and describe what will be produced
- provide a response to the request
- confirm if the analysis, advice or briefing is to be publicly released.

Under the Act, if the PBO is unable to comply with a request then that we are required to stop work and notify the requester this is done via e-mail to the requestor. The PBO will publicly release a statement explaining this decision, if requested.

Security and confidentiality

When providing our services, the PBO will not disclose information that is:

- protected
- commercial in confidence
- subject to Cabinet confidentiality
- requested to be kept confidential by the public sector body Head who provided the information.

When requesting information from other entities, the PBO will not disclose information about:

- the policy that is the subject of the costing
- the matter that is the subject of the analysis, advice or briefing
- which member of Parliament requested the service.

PBO consent is required before publishing any of the following information related to a policy costing:

- information contained in a draft costing
- information contained in correspondence with the PBO about the preparation of a costing
- information provided to the PBO in response to a request.

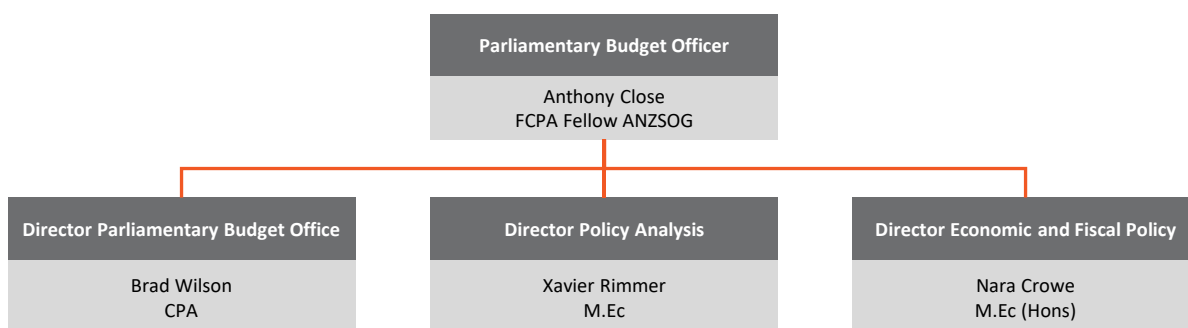
Information prepared specifically for PBO services is exempt from Freedom of Information (FOI) access and disclosure requirements. Therefore, information provided to the PBO (including requests for services and information from public sector bodies) or prepared by the PBO cannot be obtained via a FOI request to the PBO or another entity.

PBO organisation

Structure

The Parliamentary Budget Officer is supported by the PBO Executive – directors providing strategic and operational leadership, being responsible for governance and risk management, and advising on matters affecting the PBO, its clients and other stakeholders.

PBO Executive: Key positions and personnel as at 30 July 2018



Source: *Parliamentary Budget Office*.

Each director leads one of the PBO’s three specialist teams:

- Parliamentary Budget Office team – responsible for corporate strategy and governance performance, managing corporate services and compliance obligations
- Policy Analysis team – responsible for preparing policy costings
- Economic and Fiscal Policy team – responsible for preparing pre and post-election reports, and technical analysis, advice and briefings about financial, fiscal and economic matters.

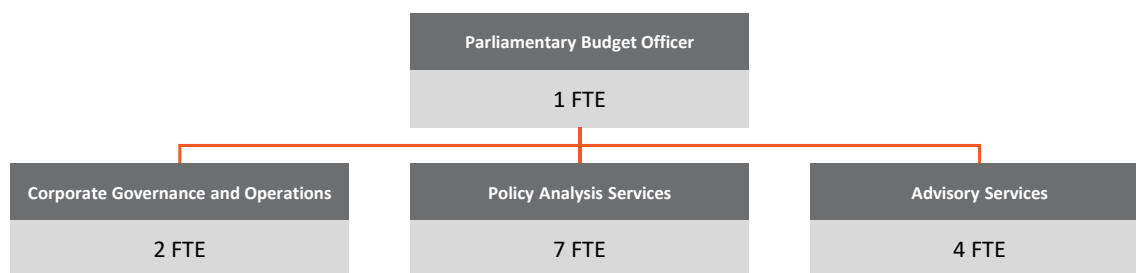
The Director Parliamentary Budget Office will act as the Parliamentary Budget Officer when the Parliamentary Budget Officer is unable to perform the duties of office.

Resource allocation

The PBO has funding for 14 full time positions which are allocated between the PBO’s three specialist teams. The highest demand is anticipated for policy costing services, so the Policy Analysis team has been allocated more positions than other teams.

Because of the complimentary nature of the skills and experience required in the PBO’s specialist teams, workload sharing will occur in periods of high demand.

PBO establishment for 2018-19



Source: *Parliamentary Budget Office*.

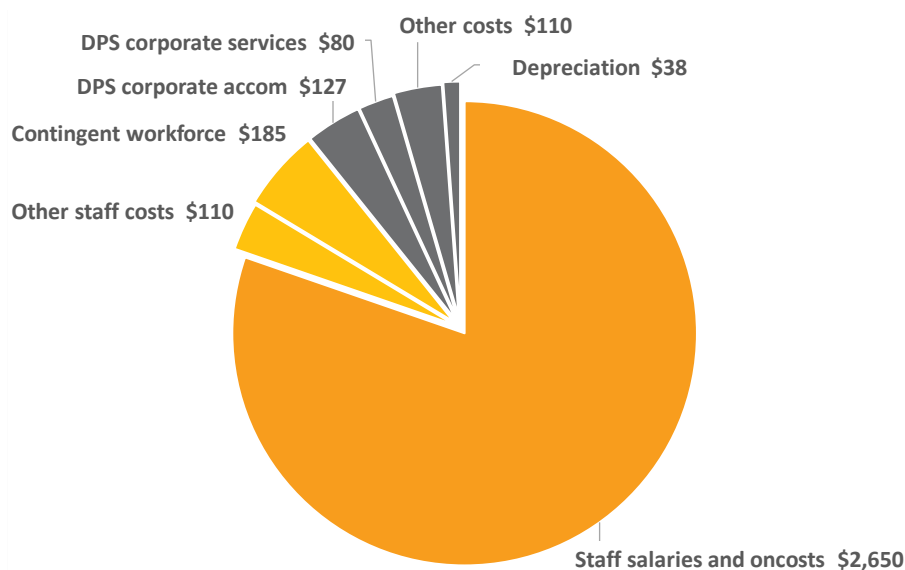
Note: FTE = Full time equivalents.

Budget

The PBO has an operating budget for 2018-19 of \$3.3 million, which is funded by Parliament and allocated as follows:

- \$2.945 million (89 per cent) for resources – staff salaries and related costs for 14 full time positions, and contingent workforce costs.
- \$0.355 million (11 per cent) for support costs – corporate accommodation and services from the Department of Parliamentary Services (\$0.207 million), and PBO administrative costs (\$0.148 million).

PBO 2018-19 operating budget by expense category



Source: Parliamentary Budget Office.

Note: Figures are in thousands.

Public Accounts and Estimates Committee

The PBO focuses on delivering value to members of Parliament and the Victorian community. We are committed to managing within approved financial and resourcing constraints, and meeting our compliance obligations.

The Parliamentary Budget Officer will ensure that the Public Accounts and Estimates Committee are informed, in a timely manner, of any significant matters that are impacting or may impact the PBO value proposition or service performance.

Measuring performance

Performance measures previously identified for the PBO are included in the *Victorian Budget 18/19, Service Delivery, Budget Paper No. 3* (page 342).

These output measures and targets for 2018-19 are:

- 80 per cent satisfaction of Parliamentary stakeholders with policy costings and financial advice
- 80 per cent of costing requests responded to by the due date
- operational framework, including protocols and procedures, established and implemented by 31 March 2019
- total cost \$3.3 million.

These measures and targets were established prior to the commencement of the Parliamentary Budget Officer and will be reviewed during the next planning and budget cycle.