Joint Select Committee on a Parliamentary Budget Office

Opening statement by Professor Scott Prasser, Director, Public Policy Institute, Australian Catholic University

Monday 28 February 2011

My colleagues and I at the Public Policy Institute of the Australian Catholic University appreciate this opportunity to make a contribution to the deliberations of this committee on the important subject of a parliamentary budget office.

Although the academic incentive system does not place a very high value – or, indeed, any value - upon submissions to parliamentary or public inquiries, we think they are important and we see it as a significant part of our activity to participate when we have expertise relevant to particular terms of reference.

We strongly support the proposed establishment of a parliamentary budget office. As was most aptly said by Stephen Bartos in his recent evidence to this committee,

“this is an idea whose time has come.”

At the PPI, we have a strong interest in the Parliament in its role as overseer of executive government, and we wish to see it strengthened. Only last week, indeed, we organized and hosted a three day round table on the subject of the official Opposition, its role and its resources.

One of our faculty, John Nethercote, advocated a parliamentary budget office in a paper delivered five years ago at a conference about second chambers, later published in Restraining Elective Dictatorship. His concern in that address was the great necessity of improving estimates hearings by Senate committees.

Though a show case activity of the Senate committee system, the substance too often falls far short of the reputation.

The need for enhancement was clearly illustrated by Senator Hogg as long ago as 2000 in his account of his struggles to come to terms with Defence expenditure.

There has been no perceptible effort to address the concerns then raised by Senator Hogg.

We see it as essential that this new office, when established, becomes an integral support to the committee work of the two Houses, especially but not just estimates examinations by Senate committees.

The present structure has simply been unable to provide essential support to senators and members particularly where matters of finance and economics are concerned.
Nearly two decades ago, the Senate department did in fact make an effort to provide briefings for estimates hearings.

This initiative did not prosper, not, as has been suggested to this committee, because of dangers of involving staff in partisan activity.*

The ostensible reason was simply that the workload was considered too burdensome!

We do not find this outcome either convincing or satisfactory.

We would, therefore, strongly urge the committee to think imaginatively and laterally about the structure of this new office, upon what basis it should be founded, and where it should be located among the arrangements for supporting the Parliament.

If it is located within the existing structures of support for senators and members, individually and in committee, we do not hold much optimism that the result will be conspicuously to the advantage of the Parliament.

We note that in earlier hearings a number of members were very interested in the question of costing policies, not least in the context of elections.

We think, further, that what the Treasury and Finance had to say about the skills and experience needed for effective costing of policies was accurate, and that it would be unlikely that a PBO could perform this task adequately.

In our view, a parliamentary budget office has two important roles to play in relation to costings.

The first is to advise parliamentarians about the shape and structure of their ideas – basically, about how to formulate policies so that they are reasonably amenable to prompt and authoritative costing by the relevant expert institutions.

The second role complements the first – the PBO should advise parliamentarians on the veracity or otherwise of whatever advice they are given by the professionals in the field.

In short, the PBO will, in the first instance, expedite and clarify costings; and, subsequently, to provide a quality assurance on the advice ultimately received.

On that note, Chairman, can I say that we welcome whatever questions the committee may wish to put to us.

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*Laing, JSCPBO, p 29.