

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Parliamentary Budget Officer

Melbourne—Monday, 26 April 2021

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

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Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Dr Samantha Ratnam, MLC, Leader, and

Ms Clare Ozich, Chief of Staff, Victorian Greens.

The CHAIR: We reopen this hearing of the Public Accounts and Estimates Committee and welcome Dr Ratnam on behalf of the Victorian Greens. We welcome you to the public hearings for the Public Accounts and Estimates Committee Inquiry into the Parliamentary Budget Officer. The committee is reviewing and reporting to Parliament on the operational and resourcing arrangements for the Parliamentary Budget Officer, including how well the Parliamentary Budget Officer's functions are performed. Mobile telephones should be turned to silent.

All evidence taken by this committee is protected by parliamentary privilege. Therefore you are protected against any action for what you say here today, but if you repeat the same things outside this forum, including on social media, those comments may not be protected by this privilege.

Witnesses will be provided with a proof version of the transcript to check. Verified transcripts, presentations and handouts will be placed on the committee's website as soon as possible. The hearings may be rebroadcast in compliance with standing order 234.

We invite you to make a brief opening statement of no more than 10 minutes. We ask that you state your name, position and organisation represented for broadcasting purposes, and this will be followed by questions from the committee. Thank you, Dr Ratnam.

Dr RATNAM: Thank you very much, Chair. Thank you for the opportunity to present to the committee today. I am Samantha Ratnam, a Member for Northern Metropolitan and Leader of the Victorian Greens representing my Greens MP colleagues in the Victorian Parliament. I am also joined by my Chief of Staff, Clare Ozich, here today as she has the most direct contact with the PBO on a daily basis. The Greens submitted a submission on Friday that I hope the committee has seen; regardless I will speak briefly to the submission on three main areas today: firstly, the importance of the PBO, our engagement with the PBO and issues we believe need addressing for the PBO to function as intended.

On the first area that I would like to discuss, the importance of the PBO, the Greens were very pleased when the Victorian PBO was established and supported the legislation that brought it into being. We saw the importance of the PBO at the commonwealth level in relation to policy costings being on the public record for elections. At a federal level the Greens have used the PBO to cost their election platform in every election since 2013. The commonwealth PBO has also demonstrated its value to public debate with its analysis of commonwealth budget and fiscal policies, and there are various forms of PBOs across other jurisdictions that play similar roles of independent policy costing and independent fiscal analysis that contribute to public debate and accountability of all politicians and political parties. We believe the PBO has an important role to play in contributing to Victorian democracy, particularly by how its work can be used to further public debate, including outside election times; levelling the playing field between government and the opposition, minor parties and Independent MPs in relation to financial expertise; and in relation to election costings, providing the community with credible, independent and timely information to help inform their voting decisions. Victorians should be very proud we had only the second permanent PBO in Australia.

The second point I would like to discuss today is our engagement with the PBO to date. I was struck from the moment that the PBO began its operations by its professionalism and how much it has strived to produce a high quality of work through a culture of dialogue, collaboration and feedback. From day one they were keen to build a working relationship that invited constructive criticism and opportunities for improvement in how they operated, and they have kept us constantly updated. To me this demonstrates very good leadership, and they provide an exemplar for any independent or public body.

The Greens have indeed kept the PBO busy from when it first started. We were keen to cost our 2018 election policies and ensure the public could assess our platform with the backing of independent costing advice. We submitted all our policies to the PBO and released them publicly as we announced our policies. If publication of costings on the PBO website, including last election's costings, is any indication, we are likely the party that use the PBO the most. As mentioned in my opening statement, we have been very impressed with their

professionalism and communication, and the process itself of getting the PBO to cost a policy enhances the robustness of our policy development. We are continuing to use the PBO in developing policy and releasing costings as we discuss our positions in public. We have had a number of our costings referred to in media stories since the election, contributing to public debate on important issues—for example, our costing of the budget savings to be made from bringing forward the end of native forest logging and the transition payments and plan, also our work on waste policy, such as the container deposit scheme and enhanced recycling, and the cost of trialling pill testing in Victoria.

We also note that PBO work has been used by parliamentary committees in their deliberations on issues of importance to the Victorian community. Further to costings and the advice service to MPs, the PBO has played an important role in promoting transparency in public finances with its analysis of the budget and its tracking of COVID policies. We regularly refer to their work in these areas.

While we have been very happy with the work of the PBO and the way it conducts its work, there is one area that we believe needs to be addressed, which brings me to the third point I want to raise in this submission, which is on the improvements that can be made. The main issue we have had with the process of costings is timeliness, particularly as it relates to the PBO receiving responses to their information requests from government departments and agencies. We have tasked the PBO with some complex costing and advice requests and have been understanding when costings take some time due to the needs, for example, to develop a particular model.

We have made requests that the PBO has been unable to complete because of the complex nature of the policy we are developing, and this is frustrating but understandable. In those instances the PBO has worked with us to find a way through and always communicated well and constantly throughout that process. However, we have been quite frustrated when requests are held back by the lack of cooperation by the government in complying with information requests. We understand this is not a problem unique to Victoria; governments can tend towards secrecy. However, our view is firmly that open and transparent government is the best form of democratic government, and so it has definitely been disappointing when the independent work of the PBO has been hampered.

The other improvement we believe could be made to the Victorian PBO is to explicitly provide in legislation the capacity of the PBO to conduct, on its own initiative, research and analysis of the budget and fiscal policy settings. The commonwealth PBO has this explicit power, and some of its reporting has been invaluable in public debate.

On the issue of resourcing of the PBO, the main point I want to make is that going into the next election there is very likely to be a much bigger call on the resources of the PBO, given the expanded number of political parties and crossbenchers, especially in the upper house. And these resources are needed throughout the term, not just during an election period.

In summary, the Greens have found the work of the PBO to be of a very high standard and feel they have contributed to public debate in Victoria significantly. However, we remain concerned that they will not be able to fulfil their functions to the standard expected if government departments continue to frustrate their work and they are not resourced adequately, particularly going into the next election. Thank you, and I am happy to receive questions.

The CHAIR: Thank you, Dr Ratnam. Mr O'Brien.

Mr D O'BRIEN: Thanks, Chair. Dr Ratnam, thanks for your evidence. That accords with some of the other things we have been hearing for a while. Could you perhaps describe, as far as you are aware, what departments have been the most difficult in terms of providing that information? Has that come back to you through the PBO, or can you deduce it anyway in terms of what your policy costings are?

Dr RATNAM: Certainly. There have been significant delays and we have had costings that have traversed a wide range of government departments, but our experience is what is reflected in the annual report, with the departments of transport and housing being the main ones that we have had significant delays with consistently.

Mr D O'BRIEN: Do you get any explanation from the PBO or the departments to that effect as to why?

Dr RATNAM: To my knowledge we get feedback about a delay in information being received or the information not being responsive to the questions that we have asked.

Mr D O'BRIEN: Welcome to our world.

Dr RATNAM: I might defer to my Chief of Staff, who has a much more daily relationship with the PBO.

Ms OZICH: Yes, there are definitely occasions where we have put in quite complex requests and they have taken time due to the complexity of the request, and in those instances the PBO is very good at keeping us informed that the work is progressing but that it is complicated. And that is great—it is good to know that. But there have been other occasions where it is just, 'We're still waiting to hear back from the department on the information request', 'We're still waiting to hear back from the department on the information request', you know, month after month after month. And in those instances the PBO does not necessarily have any further information either. It is just that the department is not responding to the information request.

Mr D O'BRIEN: Yes. Do you have any specific instances you would like to share publicly—on straightforward ones, not the complicated: I think we all accept that there are going to be issues, but where you are asking for a simple policy option to be costed that has been delayed.

Ms OZICH: Look, I can give you one example which was in our submission, and that was around constructing some bike paths. I do not think that is necessarily a particularly complicated request, and in the end no information was received from the Department of Transport after a number of months and so we ended up just asking the PBO to cost it on the information that they could otherwise source publicly.

Mr D O'BRIEN: Going to a commercial operator perhaps.

Ms OZICH: Yes.

Mr D O'BRIEN: Yes. For example, was there a quantum that you were looking at ultimately of how much in terms of bike paths in dollars?

Ms OZICH: No. In this case we were actually just wanting to know: what would it cost? We have subsequently made public that costing. It is on the PBO website and it was around a bike path down Sydney Road, so it was a very specific—

Mr D O'BRIEN: Was there a cost, though, on that? I am just trying to get an idea of—

Ms OZICH: Yes, there was a cost. The PBO costed it. I cannot tell you off the top my head what it was, but you can look at up on the PBO website.

Mr D O'BRIEN: And those delays—what sort of impact has that had on your policymaking? Does it just simply mean that a policy you would like to release in July has to wait until September or has it been more significant than that?

Dr RATNAM: I think in terms of the intention of the Parliamentary Budget Officer and their role as it was envisaged to add to public debate, I think it does have an impact on the timeliness of the public debate. For example, we know public debate moves. There is a currency often to an issue. To be able to get that advice in a timely way has a really significant impact on whether you can contribute to that debate meaningfully, so sometimes it means that you will not be able to contribute to it. You may not be able to refer to that advice in parliamentary debates, for example. I think that is really crucial and one that the committee should start looking at as well, because the Parliamentary Budget Office has the potential to really contribute to our parliamentary debates should it be able to provide the advice in a bit more of a timely fashion and not be delayed by information requests being delayed. Sometimes it means that you cannot contribute at all because you have to change the request because sometimes you do not get the information at all. It is not just a delay; you are not given that information.

And just to add to Ms Ozich's previous statement: yes, complexity we understand, and the PBO has been very clear and up-front with us—when it is complex and we need to work on the models and they are developing a model from scratch. There are times when it is commercial-in-confidence, so you kind of hit against the legislation. We understand that too, and that is information that PBO provide us and says, 'This is the stumbling block or the barrier that we have experienced'. Those things are communicated, in our experience, in a very

timely, very up-front manner and we know what we are dealing with. It is this other category that is the most significant category where information is being requested and we are not hearing back for such prolonged periods that it stymies our ability to contribute to public debate.

Mr D O'BRIEN: I would not normally ask a witness a directly political question in these hearings, but given that you are a politician and one of our colleagues: do you get the sense that the difficulties that the PBO is having are at a bureaucracy level or do you have any evidence or ideas that it is actually at a political level that things are being blocked?

Dr RATNAM: Oh, I cannot speak to that. We just hear that the information has not been provided or has been delayed or sometimes it is not provided all, but I cannot speak to where that delay is coming from.

Mr D O'BRIEN: And, similarly, in your dealings with the PBO have you been comfortable that you can trust the information that you are seeking and that until it is public it will remain private and has not been shared with any other parties?

Dr RATNAM: Yes, certainly. We have been very happy with the level of confidentiality and integrity of that process right throughout.

Mr D O'BRIEN: Great. Thank you. That is all from me.

The CHAIR: Thank you. Are there any further questions from—

Ms VALLENCE: Do you have any suggestions on legislation change and perhaps penalties in terms of information supply from the public sector?

Dr RATNAM: I think there are a couple of approaches that the committee could consider in terms of recommendations for: how do we improve what we are experiencing? You can do that through culture or you can do that through legislation.

Ms VALLENCE: You are welcome to table that if you would like.

Dr RATNAM: Certainly.

The CHAIR: Thank you. Mr Limbrick.

Mr LIMBRICK: Thank you, Chair, and thank you, Dr Ratnam, for your submission and appearing today. One of the things that you mentioned that I wanted to touch on was the ability of PBO analysis to contribute to parliamentary debate rather than policy. That requires some really clever timing to be able to do that, and we have heard evidence this morning that there have been a number of members of Parliament that have decided not to attempt it because of these timeliness issues—because you need to get the analysis in and you do not always know exactly when it is going to be debated in Parliament. I would like to ask: do you feel that there are a lot of opportunities, from your point of view—from the Greens point of view—where you could have used things in parliamentary debate but you did not actually put them forward? Is there some unmet demand that you are not actually requesting because you just do not think you can get it in time?

Dr RATNAM: Yes. I certainly think that we have observed the way the Parliamentary Budget Office has been able to work, and from day one, as I mentioned, we have had a really good working relationship—very up-front communication. I think we have had realistic expectations about how quickly things could be delivered, particularly because of those delays that we experienced right from the start. I have certainly used costings kind of post hoc, so, you know, in a speech a few months down the track when we have been able to get all of the information, when a moment has arisen in the Parliament where I have been able to use it. I have certainly used it whenever I possibly could, because I think it does add very significantly to the debate, particularly in budgetary debates. But I think what happens is you develop a set of expectations based on this set of problems that has set in, which has been outside the control of the Parliamentary Budget Office. And then all members use that service differently if they know that that this problem is going to be, you know, heaped at every single point that they ask for information. So that is why I think it is worth the committee really deliberating on it and trying to find a solution through it.

Mr LIMBRICK: Thank you, Dr Ratnam.

The CHAIR: Mr Hibbins.

Mr HIBBINS: Thank you, Chair, and thank you both for appearing this afternoon. I might just ask that you continue on in responding to Ms Vallence's question in terms of legislative responses to the timeliness and quality of the responses from departments.

Dr RATNAM: Certainly. So, yes, I think there are a couple of approaches to address the issue that we have at hand. You can try to change the culture of responsiveness so that information comes in a more timely and responsive way. You can do it through rules and legislation. I think, ideally, you want to get the cultural change. You want government and its departments to provide that information that often it has at hand. Often there is information, and we do not see why they do not have that information—they should be able to provide it. So ideally you want government to be willing to create the culture—from its ministers to its department secretaries and all the way down—where information transparency and accountability are part of the culture that you are really proud of and not something you are shying away from. And if that does not work, then there are legislative tools. The Canadian Parliament, for example, has a legislative tool. I believe they can appeal to their president or speaker should an information request not be complied with in time. So there are precedents that can be followed, but let us try and get the culture change if we can.

Mr HIBBINS: In terms of your experience about the PBO having the resources to actually fulfil its functions, particularly in the pre-election period, what are your thoughts in terms of the resources allocated to the PBO?

Dr RATNAM: As mentioned, I know that the committee is canvassing those issues and hearing different submissions. What I will say is that, particularly going into the next election, just looking at the make-up of this Parliament, which is quite different to the make-up of the last Parliament when the Parliamentary Budget Office was just established the year before the election, it is very, very likely that more resources are going to be drawn from the PBO—I think, without doubt. Just looking at the sheer number of the different types of political parties and crossbenchers who are asking for costings and advice—which is a really good thing for our Parliament, that this is happening—to be able to service all those requests, the Parliamentary Budget Office will need more resources than it currently has.

Mr HIBBINS: Thank you.

The CHAIR: Thank you. Ms Taylor.

Ms TAYLOR: Hello. I am just wondering if you could just add a little more precision to how often you use the PBO for costings. I know you listed out some of the items that you had used them for in your presentation, but it would be good to know more.

Dr RATNAM: At any given time we have a costing, or various costings, at the Parliamentary Budget Office. Clare might be able to provide a bit more detail on that.

Ms OZICH: Yes. At any given time we have got at least a handful of costings before the Parliamentary Budget Officer. In the lead-up to the 2018 election I think we were keeping them very, very busy, because we did cost all of our election announcements. Since then there have been fewer new requests. We have also routinely asked for our costings to be updated, post budget, in new budget cycles. As I am sure you are aware, costings have a limited shelf life; they go from budget to budget. So after the budget we do also seek that the PBO recost some of our costings to keep them current. And now that we are 18 months out from the next election, we are looking to, I guess, ramp up our use of the PBO with costing requests as we prepare our platform.

Ms TAYLOR: Okay. Just for the purpose of the record, you are saying you intend to do at any one time a handful.

Ms OZICH: Ten to 12.

Ms TAYLOR: So would that be in a six-month period?

Ms OZICH: Week to week even.

Ms TAYLOR: Okay. It was a little bit broad, that is all. I just think for the purpose of the inquiry it probably would have been good to—

Dr RATNAM: Essentially we have policies—

Ms OZICH: We would have at least a dozen at any one time.

Ms TAYLOR: Okay. Would you say that you have already sort of canvassed the issues that you have requested for costings so far? I suppose I am just looking at the types of issues that you tend to have costed. But, I was saying, in your presentation would you say you have pretty well canvassed the items that you would like to have costed?

Dr RATNAM: We have a really broad range of items that we have costed. Our full policy platform is costed. But I have spoken about the areas that we have had particular delays in, in terms of departments, when I talked about the Department of Transport and housing. So we have experienced particular delays. Some departments are better than others, but they are the departments that we have had the most delays in. That does not tell you all the departments that we have asked for information from because we do ask for information from a wide range of departments.

Ms OZICH: Just to add to that, we will certainly continue to build on work that we have previously put into the PBO in relation to certain areas of public policy, but there are always new areas of public policy that we are seeking to explore as well. We will between now and the next election, I am sure, be putting in costing requests that cover areas that we have not canvassed with the PBO before.

Ms TAYLOR: Okay. Probably just to round it off, because I will allow my colleague to ask some questions as well if we have got some time—yes, we do; good-o—you might have alluded to this already in your presentation, and forgive me if I might have overlooked it, but do you consider the establishment of the PBO as a good reform of itself?

Dr RATNAM: Yes, it has been an invaluable reform to our ability to do our work as members of Parliament but most significantly to public debate, which is why I think the endeavour to get more timely information to resolve this issue that we are experiencing has a really significant consequence. To have a good debate, to level the playing field: that is what the Treasurer mentioned as one of the intentions around setting up the Parliamentary Budget Office, so that all political parties and MPs can have a similar level of information when they are entering the public debate. That makes for much better public debate, much better scrutiny of all members of Parliament, which I think is only good for democracy. So we found it an invaluable resource not just in its concept and what it theoretically does, but in practice we have found it a highly professional service, really communicative, very collaborative and engaging. That is where we feel it could live up to even further potential should these delay issues be resolved.

Ms TAYLOR: Thank you.

The CHAIR: Mr Richardson.

Mr RICHARDSON: Thank you, Chair. Thank you, Dr Ratnam and Ms Ozich. Thank you for giving a bit of insight into the Parliamentary Budget Office. I am just interested: obviously it is four years since its inception, the Parliamentary Budget Office; has it started to change the approach to election costings that you put forward for the campaign or the debate leading up to the election or are you exclusively looking to rely on the Parliamentary Budget Office coming into 2022 for your costings and information?

Dr RATNAM: Can I just ask you in terms of the question: were you asking us whether the Parliamentary Budget Office has changed its approach or whether we have changed our approach?

Mr RICHARDSON: Whether you have changed your approach.

Ms OZICH: No. We will continue to use the Parliamentary Budget Office. It is an independent office that has the legislative framework and ability to get information in a way that other particular costing services you get in the commercial market just would not have. It is a public advice service really. We will continue to rely on the PBO for our election costing advice—we believe that it will provide the most robust and credible costings for us going into an election period—rather than relying on any other kind of service external.

Mr RICHARDSON: So do you see the Parliamentary Budget Office's predominant purpose being election costing rather than supporting members maybe with their legislative obligations to the Parliament?

Dr RATNAM: Look, I think it has all those roles equally. Obviously given that it was set up a year before the election, we have seen its election work in the most pronounced way. That being said, I think the work that it does between elections in our experience has been just as valuable, and I think that is where the impetus is to resolve some of the issues that we are experiencing. And there is so much impetus on that because it has got incredible potential. It is doing really good work already, but I think it could add even more. Members of Parliament would be able to use it more should it be able to get information in a timely way that can contribute to current debates both in the Parliament and outside the Parliament as well.

Ms OZICH: Perhaps if I can just add there that there are two types of requests that MPs can put into the Parliamentary Budget Office: one is costings and one is these advice requests. In 2018 we predominantly just did costing requests in the lead-up to the election. Since then we have been utilising that broader advice service of the PBO to a much greater extent, and that has been very important for our internal policy development, but we have also released a number of those advice requests publicly as well in relation to issues of public debate, so it serves those two purposes.

Mr RICHARDSON: I appreciate that perspective because I think that is important for the different sequences in timing along the parliamentary term. We heard from the Secretary to the Department of Treasury and Finance that the Parliamentary Budget Office exceed their expectations, exceed their targets, and that was most recently put forward in the state budget. How does that reconcile with the view around timeliness when their own metrics indicate that they are meeting and exceeding their targets that are set down by themselves in the state budget?

Dr RATNAM: Thanks for that question. I was listening to some of that evidence provided earlier today, and I think there is a really important missing piece in that argument, which is a measure of timeliness, which I do not think is a metric that has been reported. So yes, there is a high level of satisfaction with the service—we have been highly satisfied with the level of service we have received—but that does not mean that there have not been issues of information not being received by government departments in time, which then delays what you might have been able to do with that costing. So if that is not measured and is not coming up in those metrics, well then it is not being taken into account, and I think it is something that should be taken into account. I think their level of service is so high that people feel really satisfied with their service, including ours, but we still understand and experience an issue which is often outside the PBO's control, which is they are not able to get the information in time, which then means that we change the way we have to use that costing, which is unfortunate because you could have actually contributed a lot more to the public debate should that information have been provided on time and we could have contributed to the parliamentary debate should it have been provided on time. So there is something missing in what has been measured there.

Mr RICHARDSON: I think you indicated before the degree of complexity in policy, and what is set forward is an interesting discussion, because time allocation—and your point before, Dr Ratnam, around diversity of views in the Parliament—how does the PBO prioritise that? Because in theory now with a range of different political parties, particularly represented in the upper house, you could have thousands of policy costing requests land in a moment. How should that be balanced? And with the complexity and the reasonableness of certain requests, how should the PBO and indeed the Parliament balance that?

Dr RATNAM: I cannot speak to that internal process they would use, but our experience is they have been highly professional and truly independent in that process, and I think the annual report speaks to the volumes of requests they have received and what they are able to turn around, which is why you are getting those satisfaction levels at quite high levels. But it does not mean that there is not still a big problem, and they have to work around it and we all have to work around it and use information in a different way. It does not mean that there is not still an area to improve. Although we are happy with the level of service, there is much more to be able to do.

Mr RICHARDSON: Thank you. Thanks for your time.

The CHAIR: Thank you, Mr Richardson, and thank you, Dr Ratnam and Ms Ozich. That concludes the time we have available for consideration with you this afternoon, so thank you to you both for appearing before us today. The committee will follow up on any questions taken on notice in writing, and responses will be

required within five working days. The committee will now take a short break before moving to consideration of the next witness. Thank you.

Witnesses withdrew.