
Government Responses to the Recommendations of

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE'S

Report for the Inquiry into the Parliamentary Budget Officer

Pursuant to Section 36 of the *Parliamentary Committees Act 2003*, this paper provides a response to the recommendations contained in the Public Accounts and Estimates Committee's (PAEC) Report for the Inquiry into the Parliamentary Budget Officer.

Guide for readers - Following is the explanation of the format of this paper.

1 PAEC recommendation	2 Response	3 Action taken to date and commitment to further action
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Row 1: Indicates the title of this paper.

Row 2: Indicates the number and topic of the response to the PAEC recommendations.

Column 1: Contains PAEC's recommendations as published in its Report for the Inquiry into the Parliamentary Budget Officer.

Column 2: Indicates the Government's response to each recommendation: 'Support', 'Support-in-Principle', 'Not Support', or 'Under Review'.

Column 3: Provides an explanation of the Government's position on the recommendation, indicates the actions that have been taken to date relevant to the implementation of the recommendation, and outlines commitment to further action relevant to the implementation of the recommendation.

PAEC recommendation	Response	Action taken to date and commitment to further action
<p>RECOMMENDATION 1</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to define the role of the Parliamentary Budget Office in relation to public awareness advice.</p>	Not Support	<p>The Government's policy position when the <i>Parliamentary Budget Officer Act 2017</i> ('the PBO Act') was developed was that PBO's role should be confined to responding to requests from members, and that the Parliamentary Budget Officer (PBO) would not be empowered to undertake self-initiated work. Subsequent advice from the Solicitor-General has confirmed that this policy position is enacted in the PBO Act.</p> <p>The Government's policy position on this issue is unchanged.</p>
<p>RECOMMENDATION 2</p> <p>The Parliament consider whether it is appropriate to amend the Parliamentary Budget Officer Act 2017 (Vic) to provide a mandate for the Parliamentary Budget Officer to publish self-initiated research.</p>	Not Support	Refer to the response to Recommendation 1.
<p>RECOMMENDATION 3</p> <p>The Parliament consider whether it is appropriate to amend the Parliamentary Budget Officer Act 2017 to allow the Parliamentary Budget Office to provide assistance to parliamentary committees.</p>	Support-in-Principle	<p>The PBO Act specifically provides (section 47(5)(a)) that the Act does not empower the PBO to respond to requests from Parliamentary committees, although this does not preclude individual committee members from making requests to the PBO which relate to matters before the committee.</p> <p>However, given that one of the purposes of the PBO is to provide information to assist members, the Government will consider a targeted role in this area.</p>
<p>RECOMMENDATION 4</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to include a mandate for the Parliamentary Budget Officer to conduct an assessment of the Budget.</p>	Not Support	The Budget is already subject to review and sign-off by the Victorian Auditor-General, who is best placed to form judgements about the appropriateness of the budget estimates.

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<p>RECOMMENDATION 5</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to include a mandate for the Parliamentary Budget Office to cost budget policies.</p>	Not support	Refer to the response to Recommendation 4.
<p>RECOMMENDATION 6</p> <p>The Parliamentary Budget Office record the number of Member of Parliament requests not assigned a critical response date, and include this in its Annual Report.</p>	-	The Government has no position on this Recommendation as it is addressed to Parliamentary Budget Office and is a matter for the Parliamentary Budget Officer and his staff to consider.
<p>RECOMMENDATION 7</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to provide for regular review of the Parliamentary Budget Office's operations, performance, resourcing, and legislative functions.</p>	Support-in-Principle	The Government supports the intent of this recommendation. However, it is not clear what this proposal is intended to add to the existing powers of the Public Accounts and Estimates Committee under section 54 of the PBO Act that is not already able to be undertaken.
<p>RECOMMENDATION 8</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to require that the audited financial statements of the Parliamentary Budget Office be included in its annual report of operations.</p>	Not Support	<p>The Government notes that although the PBO Act does not require it, neither does it preclude the PBO publishing the audited financial statements of the Parliamentary Budget Office within the annual report of operations.</p> <p>The Parliamentary Budget Office is considered to be a department of the Parliament for budgetary and financial purposes, i.e. it is not part of the executive government. Its annual financial statements are audited by the Auditor-General on a voluntary basis, as is the case with other departments of the Parliament and the courts. Any proposal to bring one of these entities formally within the powers and responsibilities of the Auditor-General under the <i>Audit Act 1994</i> raises constitutional issues which would need to be carefully considered in respect of all such entities, not just for one particular entity.</p>

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<p>RECOMMENDATION 9</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (the Act) to provide a means of recourse where responses to information requests are not received or breach Section 26(3) of the Act.</p>	Not Support	<p>Section 26 of the PBO Act imposes a statutory duty on public sector body heads to provide information, subject to specified constraints such as legality and practicability, who are also required by codes of conduct issued under the <i>Public Administration Act 2004</i> to provide information in accordance with all statutory requirements.</p> <p>Any consideration of this duty must recognise that the primary function of public sector bodies is to support the executive government, and requests for information from the PBO should not be given legislative priority over other functions undertaken by those bodies.</p>
<p>RECOMMENDATION 10</p> <p>The Executive consider the approval of protocols that clearly outline expectations of how information held by the Victorian public sector will be shared with the Parliamentary Budget Officer, including timeframes for responses, confidentiality, and levels of access.</p>	Support-in-Principle	<p>Under section 25 of the <i>Parliamentary Budget Officer Act 2017</i> the Parliamentary Budget Officer may establish protocols of this nature with any public sector body head.</p> <p>In 2018, the Secretary of the Department of Treasury and Finance, acting on behalf of all Secretaries at the request of the Victorian Secretaries Board, began negotiations with the Parliamentary Budget Officer to develop a template Memorandum of Understanding which would include protocols addressing information-sharing arrangements and confidentiality requirements between the Parliamentary Budget Office and the heads of public sector bodies.</p> <p>Unfortunately, these efforts were not successful. In May 2021, the Parliamentary Budget Officer informed the Secretary of the Department of Treasury and Finance that he would not engage in further discussions to establish a template Memorandum of Understanding.</p> <p>The Government remains willing to resume work on the development of protocols at any time that the Parliamentary Budget Officer advises that he is willing to resume discussions.</p>
<p>RECOMMENDATION 11</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic) to further outline the kinds of information that can be accessed by the Parliamentary Budget Officer.</p>	Not Support	<p>Although ‘information’ is not formally defined in either the PBO Act or the <i>Interpretation of Legislation Act 1984</i> (‘the IL Act’), it is clearly intended to have a very wide meaning. ‘Document’ is defined in the IL Act with an extremely broad meaning to capture all forms of storage of information. The Government considers that any attempt to codify the definition of ‘information’ risks narrowing rather than expanding the range of information which the PBO may obtain.</p> <p>The Government notes that while a definition of “information” is not required, certain items aren’t captured as “information” under the PBO Act. In particular, modelling tools operated by departments are not captured and required to be provided. Only data inputs underpinning the model, assumptions used, and outputs from modelling work, are provided. The PBO Act could be amended to include an express confirmation to that effect to prevent misunderstanding.</p>

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<p>RECOMMENDATION 12</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act 2017 (Vic), or the Executive consider the implementation of protocols, in order to introduce confidentiality requirements on public sector bodies and public sector body heads when dealing with the Parliamentary Budget Office's requests for information and documents.</p>	Support-in-Principle	Refer to the response to Recommendation 10.
<p>RECOMMENDATION 13</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act (2017) (Vic) to provide for greater financial independence.</p>	Not Support	The PBO is funded through the annual Parliamentary appropriation Act, and therefore has the same degree of financial independence as other departments of the Parliament. The <i>Constitution Act 1975</i> provides that all appropriation Bills must be introduced to Parliament by the Executive Government, as it requires the introduction of such Bills to be preceded by a Governor's Message, and only the executive Government of the day is empowered to provide formal advice to the Governor in this respect.
<p>RECOMMENDATION 14</p> <p>The Parliament consider amending the Parliamentary Budget Officer Act (2017) (Vic) to provide for surge funding in the financial years prior to and including an election, to allow the Parliamentary Budget Office to appropriately plan for an election costing period.</p>	Support-in-Principle	<p>The Government supports the intent of this recommendation. However, this issue is best considered through the annual budget process rather than through legislative requirements.</p> <p>For the 2022 election, the Government has already provided \$0.918 million in additional surge funding in 2022-23. This is equivalent to a 28 per cent increase in the PBO's ongoing annual funding and follows a similar decision the Government made in the lead up to the 2018 State Election to provide the PBO with surge funding totalling \$0.741 million in 2018-19.</p>