

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into the Parliamentary Budget Officer

Melbourne—Tuesday, 27 April 2021

MEMBERS

Ms Lizzie Blandthorn—Chair

Mr Richard Riordan—Deputy Chair

Mr Sam Hibbins

Mr David Limbrick

Mr Gary Maas

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESS

Dr Stein Helgeby, Parliamentary Budget Officer, Commonwealth Parliamentary Budget Office (*via videoconference*).

The CHAIR: I declare open this public hearing. 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 being performed.

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.

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I ask that mobile telephones be turned to silent and that photographers and camerapersons follow the established media guidelines and the instructions of the committee secretariat.

We welcome the commonwealth Parliamentary Budget Officer, and we invite you to make a brief opening statement of no more than 10 minutes. If you could please state your name, position and organisation represented for broadcasting purposes, and then this will be followed by questions from our committee. So thank you for joining us today.

Dr HELGEBY: Thank you very much. So my name is Stein Helgeby. I am the Parliamentary Budget Officer at the commonwealth level and I have been since November last year.

The only thing I really wanted to say by way of opening was to acknowledge that we have a good working relationship with the Victorian Parliamentary Budget Office and budget officer, and in fact in many ways I would regard the Victorian Parliamentary Budget Office as having done some things that are a little bit advanced compared to what we do here. In particular the way that the Victorian PBO interacts with parliamentarians on an individual basis I think is much more digital than we do, and I think the way in which things are made accessible on the Victorian PBO website is probably better than what we have got running at the minute. So I regard the Victorian PBO as a partner institution, as a peer and as one from which we seek to learn.

I would say that one of the things that applies to our institutions and many others is there is a network of what are called independent fiscal institutions. There is a network of these things around the world coordinated by the OECD. It is a very valuable network to enable similar institutions to work through issues that they have in common. The point I really wanted to make is that this is a community of people who play similar roles who seek to learn from each other, and we are already learning, as I said, from the Victorian PBO. At that point I am happy to take questions.

The CHAIR: Thank you very much. Deputy Chair, would you like to kick off?

Mr RIORDAN: Thanks, Chair. Thank you, Dr Helgeby. A question I have got is the evidence we have heard the last day or so has been that in Victoria's PBO case there have been very slow response rates from government departments and particularly some of the key government departments. We have heard from the departments that the reason this is is that the PBO asks too complex questions. I note in the briefing that we were given on your agency that you are responding within 12 business days on average, and I was wondering how you deal with departments that say that the questions you ask are too complex. Do you ask questions in a different way or is the federal bureaucracy better at dealing with complex questions? What is your view on that?

Dr HELGEBY: The way these things work—they are systems really. So the question you ask depends on the data you have available to you at the time—that is sitting there waiting for you to use. It depends on the

expectations that the requester has and to what degree those have been informed, and it depends on the practices that exist between ourselves and individual departments. I might say a little bit about each of those.

We have the advantage that we really have in place systems and arrangements at multiple levels that support our work. At the top level there is an MOU between the PBO and government departments that sets out expectations, which largely are about departments providing us with information and us understanding that they have the ability to explain if there are ways in which that data should not be used or to otherwise protect the integrity of that data. That MOU has in it time frames, and we typically strive to meet those time frames. I would say that what we find is, although that 12 days, 15 days that you mentioned earlier is what we aim to do, it is not always possible, and the reason is that the more novel a request is, the more you have to really allow time for data to be gathered and data to be specced up—all these sorts of things. So the more novel in particular a policy request is, the more likely it is to take longer than that. Nevertheless, we work within a framework of an MOU which has been in place throughout our existence and which does a good job. That is backed up by a protocol signed at prime ministerial level when this institution was first created after the 2010 election and signed subsequently after the 2013 election, and that really provides a guarantee to everyone in the process about the ways in which questions and data will be treated with confidence and really the expectations about information being shared and also information not being shared where that is appropriate. So that is, if you like, the first layer.

The second layer is that we have in place what we call standing information requests, and these are things which we know from experience we will be asked about and we need to update regularly. In fact most of our data that we use on a day-to-day basis comes out of these standing information requests. Every time there is a budget or a midyear update or something similar there is an automatic process by which we request updates to the underlying data and we get back updates to the underlying data. So everyone knows that this is coming, everyone knows what is in scope and everyone knows how it is used, and I think that is actually a really important part of our process and one which facilitates the asking of more detailed or targeted questions, I suppose, as they arise. But without these standing information requests I think we would be in quite a different position to what we are.

Third, we have good working relationships and good open lines of communication with individual departments. If we ask for something, we will make clear as far as possible what we are asking for and what the time frames are. We will typically have a conversation over the phone with the relevant department well before I formally write to that department. So there is a process of negotiation or a process of understanding that goes through that. On those occasions, which are fairly rare, when a department has a problem, then we will talk through that and we will even think about—are there alternative ways to do it?

So really the point I wanted to make is it is not one single thing; it is this layering of top-level expectations, standing data, which everyone knows are coming and when they are coming so you can get ready for them, and then these relationships.

Mr RIORDAN: Okay. I have got just one quick question before I hand over to my colleague. The memorandums of understanding—we heard a little bit yesterday about how the Victorian PBO is trying to get those established with the key departments and it has been an ongoing negotiation. Would you say that you would be completely unable to do what you do without memorandums of understanding? I must say I am a little confused why a memorandum of understanding that does not really have penalties or sanctions is so much more powerful than just, you know, the fact that your office exists and can request. So I am just wondering: what does the memorandum of understanding give your agency that allows it to get its job done that you would otherwise not be able to do?

Dr HELGEBY: So it really just is a clarification of expectations. For many agencies in our world, their underlining concern is: how will this data be used, to whom shall it be made available and at what levels will it be made available? So if you like it is a security or a—

Mr RIORDAN: Confidentiality issue.

Dr HELGEBY: Yes, that is right, or a confidentiality thing. And by getting that stuff out of the way and on the table very early, I think we have been able to move through these sorts of questions. Yes, the MOU does not have penalties in it, but it provides some ground rules and it provides some clarification which we all hold to. And it has not been tested particularly, in my understanding, in the years that this institution has existed. There

would have been from time to time an individual agency that would have said, 'I'm really not comfortable giving you this data', but that is the exception, and really what we are able to do then is have a series of escalations of who has conversations with whom and provide varying levels of assurance along the way. So I think an MOU with these other two arms of, if you like, the culture of sharing and the regularity of information provision of a confidential nature, which we handle with due sensitivity—the combination of those things—is what works. It is not the MOU alone.

Ms VALLENCE: Dr Helgeby, thank you for your time today. We have heard little bits already during this inquiry around self-initiated reports and the ability for a PBO to do that, and I noticed that you do publish some of your own motions. The Victorian PBO has started a little bit of that with budget updates and so forth, but the OECD indicates that from a legislative perspective it is a little hamstrung. How important are self-initiated reports, and can you describe some key self-initiated reports that you would recommend the Victorian PBO be able to do?

Dr HELGEBY: So the importance of them really goes back to: what is our function? Our function is to help Parliament to conduct its business by helping them to understand fiscal issues in all their different dimensions. So we really depend upon Parliament having questions that they need answers to and Parliament having concerns that they need answers to, and our self-initiated process is really driven by that. It is not a whimsy thing, it is not just a 'whatever we want' thing, it is within our mandate working with our JCPAA, Joint Committee of Public Accounts and Audit, and others to try and understand what sorts of things Parliament as a whole would get value from and—

Ms VALLENCE: I am just conscious of time, and I am sorry to interrupt, but could you provide a couple, perhaps on notice, of the types of self-initiated reports that are really helpful for members of Parliament and the public? And I will just with the time remaining pass it on to my colleague Danny O'Brien.

Mr D O'BRIEN: Thank you. Thank you, Chair and Dr Helgeby. Just a quick clarification: you mentioned the Prime Minister has signed I think the MOU or another document. Has that had the impact of really enforcing with the bureaucracy that this is to be taken seriously and information provided?

Dr HELGEBY: Yes, and not just with the bureaucracy. The document has now been signed by two prime ministers and under two governments. That document also goes to how ministers and minister's offices' are to behave and how departments are to relate to ministers and minister's offices' when it comes to the work of the PBO. For example, departments normally are under obligations to discuss with their minister's officer' if they have had interesting conversations with some institution; that is normal practice. When it comes to conversations with the PBO, that does not apply. So there is a veil of confidentiality between us and departments and between departments and their ministers, and that is signed off on by prime ministers. I think what is really important here is that everyone in the process can and does operate with confidence about what the boundaries are.

Mr D O'BRIEN: That is great. Thank you. Chair and colleagues, I have to go, unfortunately. Dr Helgeby, apologies, I have to leave. Thank you for your time.

The CHAIR: Thank you, Mr O'Brien. Mr Limbrick.

Mr LIMBRICK: Thank you, Chair. And thank you, Dr Helgeby, for appearing today. Mr O'Brien started on the issue that I actually wanted to touch on around the ministerial support and the Prime Minister's support in this. We have heard some evidence given to this inquiry that there are different ways of getting cooperation between the PBO and different departments. One thing put forward has been the idea of penalties and things like this, but then the other thing is around culture and having that sort of culture. I know you mentioned that culture, and it sounds like you have got that good sort of relationship and culture there. What do you think is key to developing that culture of sharing and making sure that that is a productive relationship rather than an adversarial one?

Dr HELGEBY: Again I would say there are a couple of things here. One is that confidences have been honoured and they have been honoured over a period of time. If that was to erode, then I think we would be in a different position. So confidences have been honoured on all sides. A second is that the people who work here, myself included and everyone else who works here, typically have had some kind of role in the public sector broadly speaking and would often see themselves as going back into the public sector, so if you like, there is an

understanding that we are simply a different part of the ecosystem. We are a part of the ecosystem with particular functions, but we are part of that. I think the third thing is—and I think this is why Parliament has been as supportive as it has of us, of this institution—that parliamentarians consider that it is in all of our interests if there are informed debates in the public arena and informed debates about fiscal matters. Now, if you go back many years, this institution and many similar ones overseas originated at a time when the public debate was very much of the ‘gotcha’ type: ‘Have you got your stuff costed?’; ‘No’; ‘Well, how have you got your stuff costed? What’s your costing?’; ‘It’s this number’, and then someone comes along and says it is something else. The point of these sorts of institutions is to kind of level that a little bit by making comparable expertise available to everyone who is a participant in the system, and that includes parties but also includes individuals, Independents et cetera. It is to make sure that they all have access to a fairly comparable level of information. I think Parliament has accepted that it is in its interests that there be a levelling of information access, and I think if Parliament did not feel that that was in its interests, again we would be in a different place.

Mr LIMBRICK: Thank you. And I think I am sort of almost out of time.

The CHAIR: Thank you, Mr Limbrick. Mr Hibbins.

Mr HIBBINS: Thanks, Chair. Thank you for appearing today. You mentioned earlier the standing information requests. Could you give the committee just some examples of what those standing information requests might be in regard to?

Dr HELGEBY: So, for example, every time there is a complete update of the tax file—as in, all the taxpayers, all their payments, de-identified, all of this stuff; businesses, individuals et cetera; every time there is an update of that—that is shared with us in full. So we have full access to all of that, and we have similar access on the social welfare side. Everything is de-identified. There is a time lag because everything gets cleaned up, so we typically operate with data which is maybe two years on average—a little bit—behind, but it is robust enough for us to do our modelling. And then we have a lot of more program-specific types of things and also economic parameters. So every time Treasury update their economic parameters, standing information requests say, ‘Okay, now you’ve got to share it with the PBO’. They do.

Mr HIBBINS: And have they been a part of the PBO’s operations from the get-go or has it been sort of over time, or have standing information requests developed in response to PBO requests and what have you?

Dr HELGEBY: Yes, they do develop over time because we see our client group changing its interests over time. One thing I would point to is that we have seen a lot of interest in understanding not just fiscal impacts but distributional impacts. So our JCPAA recently issued a report just before Christmas into the PBO, and one of the recommendations was that we up our provision of distributional analysis, particularly in relation to gender and the impacts of policy proposals on gender. So it is changing.

Mr HIBBINS: Yes. In terms of the MOUs you have with departments, from the time line from the establishment of the PBO in the commonwealth and then the establishment of the signing of these MOUs, was there a time difference?

Dr HELGEBY: About three months.

Mr HIBBINS: Three months. Okay. And just finally in terms of your resourcing and, for example, obviously scaling up in terms of a pre-election period, how does that work? Are you provided your entire funding, including what you might need for a busy pre-election period, in one go, or do you seek further additional funding for that period?

Dr HELGEBY: We have rolling forward estimates, and our base level sits at around 44 people, about \$8.5 million. In an election year that bumps up half a million and bumps up about four or five people. Even then, in an election period, because we have particular responsibilities in an election period, almost everyone in this place would down pens on everything else at the moment. So they would down pens on the self-initiated research and they would move across to the costings side for six months, nine months.

Mr HIBBINS: Yes. And that scale-up is provided in your appropriation?

Dr HELGEBY: Yes.

Mr HIBBINS: All right. Thank you. Thanks for appearing.

The CHAIR: Thanks very much, Mr Hibbins. Ms Richards.

Ms RICHARDS: Thank you very much, Dr Helgeby. I am interested in understanding perhaps or maybe stepping back a little bit and understanding your take on the Victorian PBO's functions under the Act as a first part, and then as a second part perhaps I am hoping that you could outline how that differs from your legislative framework.

Dr HELGEBY: To be honest, I have not had a close enough look at the Victorian legislation. I mean, obviously I understand the costings side and I understand the ability to put other information out there, and I think they are pretty comparable. I think we do seem to have a stronger role around self-initiated research than they do, and I think there may be points of detail in terms of our obligations around costing, but I think they are pretty similar, to be honest. So I would say probably the biggest difference is that one in relation to the self-initiated research.

Ms RICHARDS: Thank you. Thanks for that insight. I am interested as well in perhaps having a bit of a discussion about funding, because that has been something of interest to this committee. So I think from your answer to Mr Hibbins it sounds like it is about twice the funding of the Victorian government, which sounds to be on a pro rata basis quite fair. Can you take us through the complexity of the roles that you undertake and perhaps how that might have an effect on the operation of your office?

Dr HELGEBY: Yes. So maybe I could answer that by giving you a little bit of a breakdown. So within our 44, we would have at any one time, let us say, 24, 25 people on the costing side. So that is the confidential side of our business. That is the one that is entirely stakeholder generated, and it is responsive. So we do not know exactly when parliamentarians are going to ask us questions or ask for a costing on something, but we have to maintain a capability of around that, and that then ups dramatically the closer you get to an election.

So on the research side, if we were fully staffed, we would have up to about 11 people, and there are some things that actually we produce on a regular basis. These are, if you like, things that we have formed the view and the Parliament has formed a view that there will always be an interest in. We always do some documents straight after the budget, straight after the midyear, and we have been doing what we call the medium-term projections every year. So these are, if you like, standing things, and they are targeted in particular at providing a regular flow of information to our parliamentary stakeholders.

And then on top of that we find that they have interests in other things. So we have done recently work on JobSeeker. All of these are publicly available. We made that available in September last year. It is a historical survey of what has happened to JobSeeker over the last 20 or so years and in particular looking at the shift—this goes to this issue of distributional effect—away from a more male-oriented client group to very much a female-oriented client group. We have also done one on GST as a tax rather than GST as a distribution amongst the states. This last 12 months we have done periodic looks at the government's financial position on a month-to-month basis or a quarterly basis. We will have a piece of work, which we are working on, which is a piece of work on sustainability. It is fundamental in the current environment and what is happening to debt. That is what Parliament keeps asking us questions about, and so we have been putting a lot of effort into debt.

Ms RICHARDS: Thank you for that. I am interested in understanding to what degree you understand members of Parliament and political parties in the commonwealth Parliament rely on your costings for their election policies?

Dr HELGEBY: I will not speak for them. What I will do, though, is say we have very regular and ongoing contact with our stakeholder group, and the feedback that I have heard since I got into this role and the various reviews that have been done over the course of time all suggest that parliamentarians do value the output and they value the relationship. Often a party will make an announcement about a policy, and then not long thereafter they will ask us to release the costing we did for them on a confidential basis. So, for example, in the last couple of months we probably released four of five of what were previously confidential costings, where the party or the individual has said, 'Actually, I've made an announcement about this and now I want the information out there'. So that all sits on our website.

Ms RICHARDS: That is great. Thank you so much for your time this morning, Dr Helgeby. I will cede my time, Chair, to Mr Maas now.

The CHAIR: Thank you, Ms Richards. Mr Maas.

Mr MAAS: Thank you, Chair. Thank you, Dr Helgeby, for your time this morning. I was just interested in your views about the two different models for PBOs that we have: in essence one that is in place for election years only or the type that the federal government and the Victorian government have. Would you be able to give us your insights on that?

Dr HELGEBY: So I would say that I personally do not understand a model of a part-time PBO. I do not understand it, because I do not see how you build the relationships, build the standing information and kind of access—build all of those things—and build relationships also with the requestors, with the political participants. How you do that on a part-time basis, I do not understand it. I think you have to have credibility in the data you use and how you model. You have to have credibility with the people who are in parliament who want your services, and I cannot see how you can do this on a part-time basis.

Mr MAAS: Thank you. Just on that notion of building relationships and by extension, I guess, building a culture over a period of time, what would your view be on penalties, given that that is the sort of the thing that you seem to—well, the thing is I do not want to put words into your mouth, but in terms of response rates and that kind of thing?

Dr HELGEBY: So penalties is something which myself and my predecessors have all kind of stayed away from, but visibility, accountability, transparency have all been things that have been part of the process. So, for example, as part of our annual report and in other forms we publish by agency how many requests we made of that agency, whether they responded to all of our requests, whether they responded to them on time or not. So we make data visible. To be honest, I think that is often enough. You do not need a penalty on top of that. If you are the agency head of the one agency that consistently does not provide information to us, it is going to draw attention, and it will draw attention in a variety of formats.

I will mention one issue, which is kind of at the extreme of what we have seen so far. So there was a department which had consistently not provided information to the PBO. It was of interest to one of our Independents or one of our crossbench senators, and he then moved a Senate order for the production of documents. So the Senate passed this order, and that department was obligated to provide us with data to meet this information need within a certain period of time. That department did not quite hit the deadline, but it provided that information. So, if you like, it is not a penalty but it shows you the power of exposure and it shows you the power of, if you like, Senate support for this sort of work.

Mr MAAS: Thank you very much. I would just like to move to the digital platforms. You have discussed in your brief presentation about advancements in the Victorian system around digital platforms for I think the supply of information or the request for information. Would you be able to take us through that a little bit or let us know how you think that might improve efficiencies and compare it to your jurisdiction as well? Thank you.

Dr HELGEBY: I will go back to saying I look at the Victorian PBO website and I feel a little bit jealous. If a requester here wants to get us to do a costing, they have to download a form, they have to sign the form physically, they have to convert it to a PDF and they have to then inject that PDF through the email system into our world. We have to print it out, we have to then relog the data back into our workflow systems and then we go through, do the costing and do the same in reverse going all the way out. And in that process, whether you are the requester or you are the manager, it is hard to keep track of exactly where that costing is at, whereas in the Victorian PBO system you enter digitally and the workflow is tracked digitally all the way through until it gets back to you. And I think—obviously I have not done this myself—but my understanding is if you are the requester, you can see where your stuff is at, whereas in our system you cannot. And so I think that is an advance.

Secondly, the Victorian PBO website enables you to put data and undertake data visualisations on the website, and they use Power BI in order to make things more accessible to people in the ways they want to see it. In our place, we basically put PDFs on the website and an Excel spreadsheet sitting behind it. To me, it is like we are a fair way behind on that one. I would like to think that if you were ever to do an inquiry like this again, the Commonwealth PBO would be able to say, 'Actually, we caught up'.

Mr MAAS: Thanks, Dr Helgeby. I think I have got time for one more question, and I would just like to ask you about the performance metrics of the commonwealth PBO. We got some evidence from the Victorian PBO

yesterday that they are exceeding their targets and metrics. I was just wondering about your views on your own performance metrics and that interrelation with funding and what your views are on that. Thank you.

Dr HELGEBY: Yes, so we published this in our annual report and our PBS in particular. On a lot of our metrics, those to do with recognition or those to do with the exposure that our work gets, I think we do consistently pretty well. The metric where we do less well or are doing less well at the minute is actually around the timing of the policy costings and the meeting of requests. We are not going to resile from the fact that the target is there; our job is to try and figure out how to get closer to it and get closer to it over time. One thing I would observe is that in our case there is a definite spikiness in requests. So typically, the earlier you are in a parliamentary cycle, the more complex the requests are but also the fewer they are. The more complex something is, and you know it might have 20 sub-options or something like that, the longer it is going to take. We are at the stage at the minute where our actual timeliness is tracking behind. We may catch up a bit as we get closer to an election, because we may have already done the background work on certain policy areas that enables us to speed up, but we struggle with that one. And to be honest I think if our website was better and the workflows were better, we might actually pick up some of that gap too.

Mr MAAS: Look, I will try and squeeze in one last one if I can, still on the aspirational targets of getting response times back. I think you had previously mentioned it is around 12 to 15 days. How often do you meet that aspirational target, taking into account the variables of expectations of the member and so on?

Dr HELGEBY: I think over the course of an electoral cycle we would get pretty close, but one of the things that gets us there, if you like, is the election period itself or very close to the election period, where we see a lot of requests where we have already kind of done a lot of the background work and where we know how to tackle the problem. And so, if you like, to hit our aspirational target we kind of depend on repeat business. We depend on people asking us similar or the same questions over and over again, because the first time they ask us we struggle with it and we have to test what our data and our modelling can do. The closer we get, if we have seen it before, we can just start plugging things into our models. So we are dependent on repeat business in order to hit that.

Mr MAAS: Thank you, Dr Helgeby, for your time. No further questions from me, Chair.

The CHAIR: Thank you, Mr Maas. That concludes the time we have available for consideration with you, Dr Helgeby, so we thank you very much for appearing before our committee today. The committee will follow up on any questions which were taken on notice in writing, and responses will be required within five working days of the committee's request. I declare this hearing formally adjourned and thank you for your time, Dr Helgeby. I will ask if members of the committee can stay online. Thank you.

Dr HELGEBY: Thank you.

Committee adjourned.