



Ms Lizzie Blandthorn MP
Chair
Public Accounts and Estimates Committee
Parliament of Victoria
Spring Street
EAST MELBOURNE VIC 3002

Dear Ms Blandthorn,

Thank you for your invitation to provide a submission to the Public Accounts and Estimates Committee's inquiry into the Victorian Parliamentary Budget Officer.

We have found the Victorian Parliamentary Budget Officer and his staff (the PBO) to be professional and responsive in their dealings with the Victorian Opposition. We have found that the performance of the PBO has continued to improve with time as the PBO's practices have been refined. I would like to thank the PBO for the work completed for the Victorian Opposition to date.

Despite the PBO's commitment to its legislated objectives¹ – 'ongoing, authoritative, independent and credible policy costings and advisory services', 'delivered in a timely manner...' to 'inform policy development and public debate in Parliament and the Victorian community' – we would submit that the combination of flawed enabling legislation, inadequate funding for the performance of costing and advisory work, and inadequate cooperation from sections of the Victorian public service has undermined the accomplishment of these objectives. This must be remedied.

The ability of the PBO to achieve its objectives is predicated on access to information, data and modelling to complete a policy costing or advisory piece. The Opposition has frequently found that requests for costings and advisory work have been stymied due to the late, incomplete or outright refusal of the public service to provide information to the PBO. These failures have been magnified by the limited funding provided to the PBO to obtain external advice to support the delivery of their costing or advisory services.

The Opposition has chosen to withdraw, or simply not proceeded to make certain requests for, policy costings or advice because of our previous experiences. This will influence our willingness to utilise the services of the PBO for the costings and advice during the pre-election costing period in the absence of an adequate remedy.

¹ *Parliamentary Budget Officer Act 2017 (VIC) s5*

These matters have been highlighted in successive annual reports by the PBO. In 2018-19, the majority of responses from the public sector were late or were not responded to, and even when they were responded to, were incomplete². In 2019-20, the timeliness of public service responses to requests worsened to 75% of information being provided late or not at all, with 42% of responses not being 'useful'³. In fact, the report identified that 31% of PBO information requests were more than 2 months late⁴.

The annual reports further highlight that access to timely, complete and/or useful information from public sector bodies is considerably more difficult if the matter relates to transport infrastructure⁵. For example, the Department of Economic Development, Jobs, Transport and Resources, the Major Roads Projects Authority and Public Transport Victoria overwhelmingly failed to provide responses to requests for information in 2018-19, whilst the Level Crossing Removal Authority, Transport for Victoria and Transport Safety Victoria are examples of entities who failed to even respond to a single request from the PBO. In 2019-20, Public Transport Victoria continued to fail to even respond to the PBO's request for information whilst the Department of Transport overwhelmingly provided late or nil responses to requests.

Even in the context of the 2018 Victorian Election, these same bodies either overwhelmingly failed to provide responses, provided late responses, or failed to provide any response at all⁶.

In contrast, we have found the PBO's analysis of financial matters such as state taxation has been completed comparatively quickly, no doubt aided by the existence of the Memorandum of Understanding between the PBO and bodies such as State Revenue Office.

Despite the *Parliamentary Budget Officer Act 2017* (the Act), requiring the public sector to comply with a request within 3 business days, there are no consequences for failure to comply.

Whilst the PBO has been set up with the intention to have the capability to independently cost a suite of parliamentary parties' or Members' policies prior to a given election, based on our experience of timeliness and completeness to date we are unable to see how this could be achieved. In the fast-paced real world of politics, waiting more than 2 months to be provided advice on a single policy is inadequate and unacceptable.

Again, this is not the fault of the PBO, but the responsibility of Victorian Government departments and agencies which wilfully refuse to cooperate with the PBO in a timely manner, or at all.

² Annual Report 2018-19, Parliamentary Budget Office (VIC), Figure 2, page 7.

³ Annual Report 2019-20, Parliamentary Budget Office (VIC), page 8.

⁴ Ibid, page 9.

⁵ Annual Report 2018-19, Parliamentary Budget Office (VIC) page 8 and Annual Report 2019-20, Parliamentary Budget Office (VIC), page 11.

⁶ Report of PBO operations for the 2018 Victorian general election, Parliamentary Budget Office (VIC), page 15.

Constraints on the PBO's ability to obtain advice from outside public sector bodies has limited the independence of the PBO's policy costings and advice. From time to time, the Opposition has been advised by the PBO that information for requests relating to transport infrastructure require information on costs from relevant transport and infrastructure public sector bodies. In practice, even if a response is provided by these bodies, information provided embeds the current government's tendency to blow out the costs of infrastructure projects into the baseline costs for the Opposition's transport policy proposals. Instead of costing policies that would be delivered by a Liberal National Government with established capabilities to deliver projects on-time and on-budget, the PBO is in effect costing the delivery of projects as if delivered by the current Labor Government with a history of blowing out the costs and timelines of projects around Victoria.

Recent analysis by the Victorian Auditor General shows the tendency of the Victorian Government to have budget blowouts on their major projects⁷. This is consistent with the Opposition's own analysis showing more than \$25 billion in budget blowouts on Victorian Government major projects.

To the extent that the PBO is constrained from obtaining detailed costing information from other sources due to funding constraints, the resulting advice fails to truly independently cost Victorian Liberal National policy proposals.

Further to this, there is an inherent conflict between the public service and their responsible Ministers, and the maintenance of confidentiality with respect to any request from the PBO. The PBO's *Report of PBO operations for the 2018 Victorian general election* (March 2019) identified both real and perceived challenges to maintaining confidentiality to information requests to the public service to allow the PBO to complete its work. Whilst I am confident that the PBO has strived to protect the confidentiality needs of Members, failure of the enabling legislation to address these obvious conflicts, paired with the unresponsiveness of sections of the public service, has significantly constrained the usefulness of the PBO.

These matters also impact the PBO's ability to inform public debate in Parliament. We have at times sought information to understand the cost or impact of proposed Victorian Government legislation and we have found that even with the existence of modelling within the public sector to support such analysis, the public sector has been unwilling to assist the PBO. The PBO has also noted the impact on Members in these circumstances⁸. This ultimately undermines the PBO as an avenue for the Opposition and other Members to obtain advice as to the true impact of Victorian Government policies, in turn reducing the quality of informed parliamentary debate.

The failure to adequately fund the PBO is one more example of Labor's unwillingness to adequately fund agencies that provide a skerrick of accountability to the Labor Government. Both the Independent Broad-based Anti-corruption Commission and the Victorian Ombudsman have highlighted the lack of resourcing for their organisations. IBAC has suffered a \$6.4 million black hole following a \$4.4 million budget cut last year

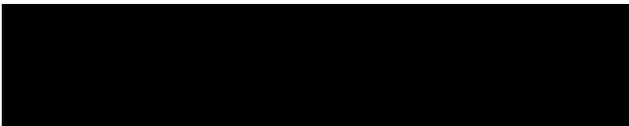
⁷ Victorian Auditor General Office, Major Projects Performance (2021).

⁸ Annual Report 2018-19, Parliamentary Budget Office (VIC), page 1.

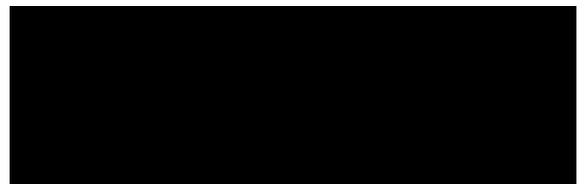
and warned of a critical lack of resources. Similarly, the Ombudsman has repeatedly noted her inability to investigate all matters she would like, given her budgetary constraints.

The PBO has been an important addition to the democratic landscape and has the potential to improve the quality and accuracy of parliamentary and political debate. Failure to address issues of independence, budget and access to information will ultimately undermine achievement of the PBO's legislated objectives and must be remedied. The PBO has demonstrated great professionalism and responsiveness in its dealings with the Liberal Nationals but is being let down by a Government which prefers to avoid scrutiny. This must change.

Yours faithfully,



HON. MICHAEL O'BRIEN MP
Leader of the Opposition
Leader of the Liberal Party
Shadow Minister for Small Business
Member for Malvern



HON. LOUISE STALEY MP
Shadow Treasurer
Member for Ripon

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