

ONE ON ONE

Eyes on the prize

Scrutiny of the federal budget has been given a boost with the establishment of a new office at Parliament House, explains the very first person in the hot seat.

The new Parliamentary Budget Office (PBO) is open for business at Parliament House in Canberra under the stewardship of its inaugural Parliamentary Budget Officer, Phil Bowen.

Mr Bowen started his job in July this year with a staff of just three people. The PBO has now grown to eight staff and under its budget of \$6 million a year is expected to grow to around 30-35 people.

Formerly a member of the Board of Directors of the Asian Development Bank based in the Philippines capital, Manila, Mr Bowen returned to Canberra eight months before his tenure ended in order to take up the role. He was unanimously approved by federal parliament's Public Accounts and Audit Committee for a four-year term.

"I thought long and hard about the role and recognised the risks in taking on such a challenge but I came to the view that the risks were manageable and the challenges were achievable and so I took it on," he said.

The role of the PBO is to inform parliament by shining a light on the budgetary process and making it more transparent and accessible to scrutiny. The PBO will provide independent, non-partisan advice on the budget throughout the entire budget cycle, including fiscal policy and the financial implications of proposals.

One important role the PBO can perform which couldn't happen previously is to prepare budget analyses and policy costings in confidence at the request of senators and members including those from the smaller parties and independents. Previously only Treasury and Finance could cost pre-announced policies during the three-week caretaker period in the lead-up to an election. Under the new arrangements parties can develop their policies in a more measured way and in a confidential manner over the three-year electoral cycle.

"This really places non-government parties and the independents on a more level playing field with the government," Mr Bowen said. "It will also improve the quality of the policy development process and strengthen budgetary transparency."

Mr Bowen's office has already received requests for work, but he's not at liberty to elaborate.

"Anyone can come to me asking for policy costings and they know that they'll get independent non-partisan advice in confidence," he said.

The PBO will also make submissions to parliamentary committees when required and can also initiate work itself to improve transparency of the budget.

"It's a very complicated process and the presentation contains an enormous amount of information which for many people, it's really difficult to understand what the budget is really telling us," Mr Bowen said.



BOOSTING BUDGET TRANSPARENCY:

Inaugural Parliamentary Budget Officer Phil Bowen

"I want to look at how different elements of the budget have changed over time, where the money is going and expose areas of the budget that don't necessarily get regular scrutiny."

One of these areas is the special appropriations – money allocated and enshrined in non-budget legislation. These have a life of their own until they are changed and Mr Bowen said they're not looked at every year with a fine-toothed comb.

"Not many people realise that 80 per cent of the budget is tied up in these on-going programs," he said. "So that's an area where I think we could do some useful work to identify just what's in there. We won't draw conclusions or make recommendations, but we'd bring out the information in a way that others could draw their own conclusions."

Another area Mr Bowen believes could benefit from some exposure is the tax expenditures. These appear in the budget papers every year but are not formally part of the budget. They're not a revenue and they're not an expense; as Mr Bowen explained, they're a sort of revenue forgone.

"It's like the tax deduction you can account for on the depreciation of your computer at home. Total budget expenditure is about \$370 billion and tax expenditures account for around \$170 billion. So it's a question of identifying these things, showing how the trends have emerged over time and allowing people to ponder that information and use it in their policy making."

While there has been much talk of the government delivering a future surplus budget, Mr Bowen says the PBO will not act as a watchdog.

"It's not my responsibility to remind the government if they've met or haven't met their commitments. That's not my responsibility, but I do have a responsibility to improve the general understanding, particularly of the parliament, and maybe the public of the budget process," he said.

Mr Bowen will be looking for highly skilled people with economic backgrounds and those who have real skills in revenue costings and economic modelling. He expects the PBO to be fully operational by the middle of next year. •