

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

Mr David Limbrick

Mr Gary Maas

Mr Danny O’Brien

Ms Pauline Richards

Mr Tim Richardson

Ms Nina Taylor

Ms Bridget Vallence

WITNESSES

Mr David Martine, Secretary, and

Mr Jamie Driscoll, Deputy Secretary, Budget and Finance, Department of Treasury and Finance.

The CHAIR: Thank you very much for appearing before us today, Secretary. We welcome everyone 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.

All mobile telephones should now 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. You will be provided with a proof version of the transcript for you 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 or presentation of no more than 10 minutes. We ask that you state your names and positions and the organisation represented for broadcasting purposes. This will be followed by questions from the committee. Thank you.

Mr MARTINE: Thank you. David Martine, Secretary of the Department of Treasury and Finance. Chair, thank you for the opportunity to appear before the committee this morning. I do so not only in my capacity as Secretary of the Department of Treasury and Finance but also as a representative of the Victorian Secretaries Board, which consists of all secretaries of Victorian government departments.

Since 23 March 2020 the *Parliamentary Budget Officer Act 2017* has been administered by the Treasurer, which means that my department provides administrative support to the Treasurer in that capacity. The Parliamentary Budget Officer's powers, duties and responsibilities under the Act require it to obtain information from state government entities primarily related to government finances and associated matters. My department is naturally one of the primary sources of relevant information. Ministers and their offices are not involved in information requests, which are matters between the Parliamentary Budget Office and the heads of the various government entities. The Act requires that the Parliamentary Budget Officer's work must originate from a request by a member of Parliament, and so it is handled on a confidential basis.

Departments, including my department, have established a professional working relationship with the office with respect to the provision of information. However, the complexity of some requests and the need to ensure that the information provided is accurate and up to date mean that it is sometimes difficult to provide the information as quickly as was requested. This can be due to other competing priorities at the time, such as in the lead-up to finalising the Victorian budget or where the request is not practical to respond to as it is voluminous in its detail. In 2019–20 DTF received 18 requests from the PBO for information of which we provided 17 responses. On the establishment of the Parliamentary Budget Office, \$3.3 million a year was allocated for each of the four years of the 2017–18 forward estimates period, with an additional \$1.1 million for initial establishment costs. In the 2018–19 budget update, the office received a Treasurer's advance of \$770 000 to complete set-up costs and surge resource capacity for the 2018 state election. However, the office has not required all of the allocated funding, particularly with respect to establishment costs and operational funding in its first few years.

Performance data provided by the Parliamentary Budget Office and published annually in budget paper 3 demonstrate that the office met or exceeded each of its performance targets, indicating that the current level of funding is sufficient for the PBO to carry out its responsibilities. Funding allocations for 2021–22 will be published as part of the 2021–22 budget. The Victorian Secretaries Board has given me the responsibility of negotiating with the PBO the establishment of a template memorandum of understanding governing the conduct of information requests. The establishment of such a memorandum is envisaged under section 25 of the Act. Those discussions are ongoing.

I thank you, Chair, and we welcome any questions the committee may wish to ask.

The CHAIR: Thank you very much, and I will pass the call first to the Deputy Chair.

Mr RIORDAN: Yes. Thanks, Chair. Thanks, Mr Martine. You have the burden of the whole government on your shoulders. We note for the record that the Treasurer and all other invited department officials cancelled on us late last week, so you are carrying the can. So we look forward to your answers.

I refer to the fact that in February 2016 the Treasurer, Tim Pallas, said, ‘The PBO will be an authoritative, independent and credible body’ and will ‘have power to obtain relevant information from the Victorian public sector’. After a couple of years of operation the annual report published last year is quite damning. It talks about the fact that the fixed budget in real terms is declining, a declining workforce, no guarantee yet of surge funding for the next election, and most concerningly—and I refer to your very last points in your presentation, where you refer to budget paper 3 and an alleged high response rate to requests as justification for this declining budget—the budget office’s own report says 42 per cent of responses are not helpful from the public sector. That comes on top of a graph which has your department as the second worst performer for usefulness, timeliness and completeness. These are real concerns, and my question to you is: how can you justify the position that what was clearly a landmark piece of legislation from this current government is just being let run so badly into the ground?

Mr MARTINE: Thank you, Deputy Chair, and there are quite a few bits in your question, so I will try to unpick it as best I can. Perhaps if I start with the budget for the PBO, and as you indicated in your question the budget is fixed at \$3.3 million per annum, excluding surge capacity, which I will come back to in a minute—

Mr RIORDAN: An uncommitted surge capacity.

Mr MARTINE: But it is important to note that the general efficiency dividend does not apply to the PBO. So as we have discussed in previous PAEC hearings—

Mr RIORDAN: But public sector wage increases do.

Mr MARTINE: Departments are indexed currently by 2.5 per cent and the general efficiency dividend is 2.5 per cent, so for a lot of areas of existing government departments and agencies, your indexation is actually at zero. So for the PBO, while their budget is fixed, the general efficiency dividend does not apply, so in that sense they are not treated too differently to most other government departments and agencies.

The second point is they did receive a Treasurer’s advance for surge funding for the 2018 election, and obviously the next election is towards the end of next year, so no doubt there will be matters that the government will have more to say between now and then about additional surge capacity.

And I guess the third point I will just make on—

Mr RIORDAN: Just on that point, the evidence we have heard this morning says that unless the government commits to surge capacity in this budget for this next financial year, then it will essentially be a worthless contribution to the members of Parliament.

Mr MARTINE: Well, as you would be well aware we have not yet released the upcoming budget, which will be next month. The other point just on their budget, which I will just draw out, is if you compare the Victorian Parliamentary Budget Office to New South Wales, they have got a slightly different model, but—

Mr RIORDAN: We heard earlier—

Ms VALLENCE: It is quite a different model.

Mr MARTINE: Yes, they set it up for sort of a short-term—nine months—but if you extrapolate their budget out and make that a 12-month pro rata, their funding is actually less than the Victorian PBO.

Mr RIORDAN: Yes, but that was very different—very different, Secretary.

I guess another question I would ask you is: does it concern you that it has been published that in the last year 42 per cent of public sector responses were not useful or only partly useful? Who is not doing their job properly there?

Mr MARTINE: Well, it is hard to form a judgement on why the Parliamentary Budget Office think the data that is being provided is not useful. I mean, obviously when we get the request—

Mr RIORDAN: Well, as PAEC members we can testify to some of the responses that come from departments. They are fairly unuseful, at times. I mean, one-word answers—

Mr MARTINE: Well, I can certainly talk about the requests that my department gets—essentially information and data, which we then provide. Now, whether on receiving that data the PBO considers that that information was not that helpful in preparing the costing, I cannot really make a judgement on.

Mr RIORDAN: Can you make the judgement on your own department? I mean, there it is in the report. You are out there running second only behind the Department of Transport and its infrastructure build. Timeliness is just shocking, to say the least. So with that in mind—and clearly in this report the Parliamentary Budget Officer says every time he has to continue to go back to departments to try and get answers it just consumes resources—is that a deliberate strategy of this government and your department, to just frustrate the Parliamentary Budget Office?

Mr MARTINE: Deputy Chair, definitely not. As I said in my opening statement, some of the requests come at a time when you have got to balance them with other work priorities. So we have actually—

Mr RIORDAN: But the members of Parliament are not a priority?

Mr MARTINE: We have had requests from the PBO in the week or two leading up to our budget, so to answer that information request within three days can be difficult. It might take five days, for example. All departments are doing their best to provide the information in the time frame outlined in the legislation. Where we cannot provide it within the three days we notify the PBO that it is not practical to provide it within that time frame.

Mr RIORDAN: And look, in my last 13 seconds, does it worry you that the Parliamentary Budget Office considers over half your answers not useful?

Mr MARTINE: Well, I would be interested to know why, because the Parliamentary Budget Officer has never raised that with us—that they are not useful. Occasionally they will come back and ask for some additional information. But the other point I would just make which is relevant to what we are discussing here is that the performance indicators of the PBO in terms of the satisfaction of the stakeholders, who are the parliamentarians they are doing costings for, actually exceeds their own targets.

Mr RIORDAN: I notice you say it is 90 per cent satisfaction, but 42 per cent of the responses are not considered useful. I am not quite sure how you get 90 per cent satisfaction with only 58 per cent of things being useful.

Mr MARTINE: No, but essentially what is happening there is while the PBO might be taking the view that the information they are getting is not what they are after—despite that—in their responses to members of Parliament in doing costings they have an 89 per cent satisfaction rating, which is higher than their target of 80 per cent. So they are actually delivering on what they have set out to achieve.

Mr RIORDAN: Ms Vallence.

Ms VALLENCE: Secretary, do the Department of Premier and Cabinet, Department of Treasury and Finance, Department of Transport and Department of Jobs, Precincts and Regions have a memorandum of understanding or an agreement with the Parliamentary Budget Officer?

Mr MARTINE: No, not yet. As I indicated—

Ms VALLENCE: If that is the case, why not?

Mr MARTINE: As I indicated in my opening statement, the Victorian Secretaries Board has delegated to me negotiating a standard MOU with the Parliamentary Budget Office to apply across all departments and agencies. Those discussions are ongoing.

Ms VALLENCE: How long have they been going on for?

Mr MARTINE: They have been going on for some time.

Ms VALLENCE: Some time being?

Mr MARTINE: Since, probably, early on in the establishment of the PBO.

Ms VALLENCE: Do you think it is reasonable to be taking such a long period—years, in fact—to get to a point where you would even have an MOU with the Parliamentary Budget Officer to support it in its legislative role in supporting members of Parliament and therefore the Victorian public?

Mr MARTINE: For the last version that we looked at, we provided comments back to the PBO about a month ago. The fact that you do not have an MOU does not preclude the request for information and the provision of information.

Ms VALLENCE: No, it does not preclude that, but it seems to be precluding your obligation to provide information. We note from the Parliamentary Budget Officer's annual report that there is a significant deterioration in public sector information supply, and you have even just yourself said that there are many occasions where you are not providing information in a timely fashion. What is the total number of requests across all of these portfolio departments made by the PBO to all portfolio departments, and how many have been declined?

Mr MARTINE: If I can answer the first bit of your question, Ms Vallenge, the way the Act is set up, section 26 of the Act provides the powers for the PBO to request information. That is in there because section 25 talks about the provision of information through an MOU and 26 says, 'If an MOU doesn't exist, these are the requirements'. So the fact that there may not be an MOU in no way precludes the Parliamentary Budget Office from requesting information or the requirement that departments and agencies have to provide—

Ms VALLENCE: Exactly. It specifies that there is a requirement on departments, but we see the statistics that that is not occurring. So really I just want to know how many requests have been made across all of these portfolio departments and how many have been declined, and take it on notice if you do not have it.

Mr MARTINE: I will give you the DTF answer, and I will just check with Mr Driscoll about the other departments. We have had 60 requests since the establishment of the PBO and we have responded to 59 of them, and there is one that we have not responded to because it was not practicable to answer the request because it would have just taken far too long to provide that information.

Ms VALLENCE: Yes. Perhaps what we are seeing from the PBO is that responses are being provided but the quality of the response—

In the short time available, if you could take that on notice.

The CHAIR: Sorry, Ms Vallenge, do you want the other information as well?

Mr MARTINE: Yes, I am happy to take that on notice.

Ms VALLENCE: Thank you so much. We understand there is a need for surge capacity in the upcoming budget to adequately deliver for the PBO. Do you anticipate that there will be funding in the upcoming budget for the PBO for surge capacity?

Mr RIORDAN: In the next financial year.

Ms VALLENCE: Yes, in the next financial year.

Mr MARTINE: It is very difficult for me to pre-empt government decisions—

Ms VALLENCE: Understanding that.

Mr MARTINE: and what may appear in the budget next month.

The CHAIR: Thank you, Ms Vallenge. Your time has obviously expired, and I will pass the call to Mr Hibbins or Mr Limbrick.

Mr HIBBINS: Yes, thanks.

The CHAIR: Mr Hibbins.

Mr HIBBINS: Thanks, Chair, and thank you, Secretary, for appearing this morning. One of the issues raised by the PBO in its annual report was the provision of models from the public service. Why are some departments not providing their models to the PBO?

Mr MARTINE: Thanks for your question. We have had many discussions with the Parliamentary Budget Officer about the provision of models. Models are effectively a tool that is used to then manipulate information and data. We have, not surprisingly, in my department many models that we use to forecast key economic variables—to forecast revenue, GST, stamp duty et cetera. When we get requests from the PBO we provide the data that might be relevant to undertake those calculations, but what we do not provide is the actual tool, and the reason we are not providing that is that the Act requires information and data. The tools manipulate that information. Setting aside the issue that some of them are actually under licence and we cannot actually hand them over to a third party—putting that issue aside—they are very complex tools that require dedicated teams. I have probably got 20 or 30 people running these models. With some revenue lines, for example, we might have multiple models, and they are not simply a matter of typing in some numbers, pressing a button and getting a result that you then publish. They require a lot of judgement and interpretation. You then liaise with the Reserve Bank, the commonwealth Treasury, third parties. You line it up with other models. You then exercise some judgement. Our concern has always been that providing quite sophisticated tools without the right expertise and knowledge can actually be more harmful in coming up with incorrect answers. We have always maintained the line: we provide whatever information we are requested. We have early on answered requests from the PBO about how we actually calculate some of these things, and we have provided written answers to provide that guidance. But you are correct: we have not provided the econometric tool or the electronic tool that manipulates the data.

Mr HIBBINS: Obviously at the PBO—in the annual report—the timeliness of responses has been a major concern. What is actually going on? Looking at the annual report, there are departments that are simply barely, if anything, providing responses in a timely fashion. What is actually occurring here?

Mr MARTINE: Well, it depends on the nature of the actual request. Just to give you an example, we were at one point requested to provide every indexation rate that was used on every capital project going back about five years broken down by year. Now, it is very difficult to come up with an answer to that sort of question within a couple of days. Some of these requests are not simply a matter of grabbing some information off the shelf and sending it back to the PBO. Some of them are actually very difficult to—

Mr HIBBINS: But you are saying the word ‘some’. If complexity is the issue, the graph here in the PBO’s annual report would seem to indicate that almost all the requests are complex.

Mr MARTINE: Well, it depends on the nature of the request. In DTF out of the 60 requests we have received so far we have responded to 59 and we have met the three-day requirement for 34 per cent. That is the data for DTF. A number of those were responded to within the following days—you know, four to seven days—but we were at 34 per cent for the three days.

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

Mr LIMBRICK: Thank you, Chair. Thank you, Secretary, for appearing today. I would like to ask a question about the surge funding. Why is that considered an appropriate way of dealing with the workflow? We have heard evidence this morning that it can take a significant period of time for staff members to get up to speed. If the Parliamentary Budget Officer is trying to manage staffing levels—these are highly skilled people; I imagine just getting them in for a short period of time is not a very efficient way to do it. I can sort of see why, when they were first set up, the surge funding was effective for getting things operational. Wouldn’t it make more sense to just alter the ongoing funding and not have this sort of surge funding so they can manage their staff load better?

Mr MARTINE: Well, you would assume that the workload of PBOs varies depending on the electoral cycle. It is not an unreasonable proposition that the workload of a parliamentary budget office would increase and peak in an election year. And in fact the extreme of that is the New South Wales example, where their ongoing funding is zero because it does not exist until the election year, and then they set up that function. This

government went down a different path, which is to set up a permanent PBO with the funding of \$3.3 million and then supplement that as the workload increases.

Mr LIMBRICK: Thank you. And back to the delays, you mentioned that all of the requests had been handled on time. Do you accept, though, that there is significant unmet demand here or the demand is not revealing itself? We have heard from the PBO, and also I know from my own experience, that if we need something for debate in Parliament and if we know it is not going to be possible to deliver it in a certain amount of time, then members of Parliament just will not request it in the first place because they know they are wasting everyone's time by trying to do that. Is your department aware of that?

Mr MARTINE: Not specifically aware of it, but I understand the point you potentially raise. But I am not really in a position to make that judgement as to whether members of Parliament are not bringing forward requests for various reasons.

Mr LIMBRICK: And with regard to the different delays between departments, what do you think is the root cause of that? Is it the complexity of the requests that are coming through or is it the method of engagement, like how much they want to cooperate? What are the differing areas there do you think or the differing factors leading to those delays?

Mr MARTINE: It does not really relate to cooperation. I mean, if we get a request and we do not understand the nature of the request, we do not have any difficulty in picking up the phone and talking directly to the PBO. So that part seems to work. I think it essentially comes down to two things. One is the complexity of the request sometimes means you do not have the information just sitting there; it actually requires quite a bit of work to put it together. And then secondly, in terms of when they come in, if that particular area is then currently doing something else which is really quite time-consuming, you have got these competing priorities and it is all within three working days. So in that sense it can be quite difficult.

Mr LIMBRICK: Considering that you are representing other departments, do you have visibility of those interactions or knowledge of those interactions of other departments with the PBO as well, like transport?

Mr MARTINE: Only in the general sense, that as necessary we have discussions through the secretaries board. I do not get to see, as I should not, requests coming into other departments because I do not need to see them, unless there is some input required from my department that needs to be brought to my attention. But the standard practice is that requests would go to the relevant secretary, they would deal with it and then they would respond.

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

Ms RICHARDS: Thank you, Secretary Martine and Mr Driscoll, for appearing before us today. I am actually going to take a step back for a moment and perhaps ask you to outline for the committee your understanding of the PBO's functions under the PBO Act, and in particular, as a second part, I am interested in understanding the obligations to maintain confidentiality, especially as it relates to matters that are subject to cabinet in confidence.

Mr MARTINE: The objectives of the Act are quite well articulated in section 5 of the Act. I will not read it verbatim, but it is essentially to provide members of Parliament with the ongoing, independent credible policy costing service, for those to be provided to members of Parliament in a timely, relevant manner and to inform the policy development and public debate. There is probably a couple of elements to your question about confidentiality. So firstly, when we receive a request from the PBO, all we get as officials is the request. So we have no information that is provided to us, as it should not be, on who has made the request and why, and we do not need to know that. If it is, 'Please provide some information on payroll tax data', then we will provide that. We do not need to know which member of Parliament wants this and why. So that is an important part of the confidentiality process. As I indicated in my opening statement, there is no involvement of ministers or ministerial offices—so these requests are not seen by them; the responses are not seen by them. We provide that information directly back to the PBO. Where it includes information that is cabinet in confidence, the legislation requires us to provide that information, but then to acknowledge to the PBO that it is cabinet in confidence. So that information is still provided.

Ms RICHARDS: Right. Okay. That provides some clarity to me. Do you see that the PBO is acquitting those functions under the Act?

Mr MARTINE: Well, as I think I answered one of the earlier questions, the PBO's performance indicators in budget paper 3 exceed the targets that they established in the first place. So they were not targets imposed by government or my department; they were the targets that they developed—and they have exceeded their targets, including their timeliness target, which is timeliness in their responses to the members of Parliament. So according to budget paper 3 in the 2020–21 budget, timeliness for the financial year 2019–20, 'Requests responded to by due date' 97 per cent, and their target was 80 per cent.

Ms RICHARDS: And perhaps for the committee's understanding, can you distinguish the PBO's functions from the processes that Treasury goes through when providing cost analyses and advice to government?

Mr MARTINE: Okay. There are probably a couple of bits to that. In between election cycles we do what all government departments do and we provide advice to the Treasurer, which from various times would include costing advice on particular proposals. At budget time we obviously are heavily involved in costing new initiatives, both on the spending side—capital side—and also the revenue side. So that work is ongoing, quite detailed, takes up quite a bit of our time. Then obviously at election time we have as a department provided—in fact for all sides of politics—through the caretaker conventions a service of providing costings, which is quite an open, transparent process. Once we receive a request from a political party we immediately put it up on our website saying the request is there, and then we put together our costing, generally within I think five days. Those services have been outlined in longstanding caretaker conventions that have been around for some time.

Ms RICHARDS: I actually wanted to follow on from Mr Limbrick's questions and perhaps further unpack and get a deeper understanding of the complexity of the tasks that are sometimes involved for departments, because I understand that one of the issues the PBO has raised, and that is included in its annual report, is about the information requests. I was wondering if you could perhaps provide a little bit more context and understanding of the types of requests that perhaps you receive and why some of them are more complex than they may appear if you are reading a one-line analysis or a one-line response.

Mr MARTINE: It does tend to vary a bit. Some of the requests are not too difficult to respond to, and they are generally those requests where they might relate to data for just one year and it is easy to source that information; we have it at hand. It may not be public information, but it is well understood information that we hold. Where it can become a bit more complex is where there is a request for data that goes back in time, that might go back several years, or might involve breaking down information into quite granular detail. That can become quite difficult and time consuming. So it is that sort of information that can be quite difficult to then get people to put together within the three days. Now, in those situations where we do not think we can make the three-day time line, then our general approach is to alert the PBO to that particular point, to say, 'Look, we're just not going to be able to do it by the end of the three working days'.

Ms RICHARDS: Thanks for your responses. Chair, I will cede my time to Mr Maas.

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

Mr MAAS: Thank you. Thank you both for your appearance today. I might go to public transport and more precisely the Mildura rail costings. Look, it is our view that there are a number of bold assumptions in the costing that is regarding the return of passenger services to Mildura. This includes the cancellation of the Overland train service between Adelaide and Melbourne. Do you think it is appropriate for the PBO to assume a number of dependent policy decisions that underpin a costing?

Mr MARTINE: Thanks for your question, and it is probably a slightly difficult one to answer because it was a request that went to the Department of Transport, so I am not fully across either the information they have provided or the detail of the response. I am aware of, in general terms, the costing that the Parliamentary Budget Office did. It is difficult at times to work out what assumptions you do assume on any sort of costing, whether it is a PBO or even my department, whether it is in the normal course of doing costings or at election time. There is a longstanding practice for Treasuries around the country. The general approach you take on the budget and forward estimates, which is relative to costings, is they should reflect current government policy. So whatever the current government policy is forms a baseline on which we would then do a costing, and it also forms a baseline upon which the budget and forward estimates get published. So that is a general longstanding principle that the estimates should always reflect current government policy, and you generally do costings against the most recent budget and forward estimates. In fact I think the *Parliamentary Budget Officer Act*—somewhere in there—actually makes that point, that the high-level assumptions, particularly around the

economy and those sorts of things, should be drawn from the most recent budget publication. That is sort of the general approach that we would take to do a costing.

Mr MAAS: Okay. Thank you. There has also been a fair bit of construction activity that is going on across the eastern seaboard as well. I was just wondering if the PBO has approached DTF for advice on handling market escalation and concentration when it comes to the sorts of capital costings that are involved.

Mr MARTINE: Well, I probably need to be a bit more—

And maybe this is a question I take on notice, because I have also got to be careful not to divulge a request that I cannot divulge. So I probably need to take that on notice, but I guess just in general terms—

Mr MAAS: In a general sense.

Mr MARTINE: In a general sense, I mean, we get requests both on the output side and the capital side and also the revenue side. Transport obviously gets requests for information, and I know that after talking to their secretary. But in terms of that particular question, I would probably prefer to take that on notice to ensure that any response does not sort of breach the confidentiality that that request came with.

Mr MAAS: Okay. Happy to take that on notice. And has the DTF or OPV been approached to assist PBO with unit rates? I am wondering whether there are appropriate unit rates, such as the cost upgrade to a kilometre of regional rail, that may be able to add rigour to a particular costing.

Mr MARTINE: Once again I would probably need to take that on notice. I think in general terms—I am just trying to recall the situations, and I am not sure if it was on the capital side but we have responded to some requests over the last few years in terms of trying to provide some rough benchmarks in terms of, ‘A staff member would roughly cost X’ and those sorts of things, because they are useful in costings. Particularly if you need to do a costing quite quickly, having those benchmarks at hand are quite useful.

Mr MAAS: Thank you. If I could move to the PBO budget now, and the resourcing of the PBO is also very much a relevant topic to this hearing. I understand from the budget papers and the annual report that the PBO regularly achieves its performance requirements. Is it your view that indicates the PBO is adequately resourced?

Mr MARTINE: Well, thanks for your question. In terms of its resourcing, as I think I indicated in my opening statement, the PBO has not actually spent most of the funding—sorry, there is some funding that it has been provided it has not spent. Since it was established they have received in total \$15.07 million. If you take this year into account and the expected spend of this year’s budget of \$3.3 million, they will probably end up spending around \$11 million. Now, some of that underspend relates to its first year of establishment and some of the establishment costs, but generally since it has been up and running, even 2018–19 where there was a Treasurer’s advance of \$0.77 million, the PBO spent just under its \$3.3 million. So it was nearly on budget but just under. Likewise in 2019–20. So it is living within its means and spending most of its \$3.3 million—not quite all of it.

I guess similar to my opening comment and answering some of the questions, the purpose of budget paper 3 is really linking it back to the performance measures. So for \$3.3 million per annum the Parliamentary Budget Office has indicated publicly that it is responding to 97 per cent of all requests by its due date, and 89 per cent of parliamentary stakeholders are satisfied with those responses. And that is the whole point of chapter 2 of budget paper 3—to link the funding with what has been achieved.

Mr MAAS: Okay. Thank you. Acknowledging that there is a budget in a month’s time or so, we heard evidence this morning from the PBO that in terms of surge capacity an extra \$600 000 to \$700 000 would probably be required. Just in terms of the quantum, what is your view on that?

Mr MARTINE: \$600 000 to \$700 000 is not too dissimilar to the Treasurer’s advance that was provided in the 2018 election, which was \$0.77 million. If you go on history for surge capacity, then that is pretty much in the ballpark of what happened in the last election.

Mr MAAS: All right. Thank you. The workload also seems lower in a non-election year by about half, which is what you would expect, but the budget does not reduce in proportion. Are there significant overheads associated with having a stand-by body? Or are there efficiencies, do you think, to be found in that?

Mr MARTINE: This sort of comes back, I guess, to some of the earlier questions and comments about different models. New South Wales, for example, obviously has a very different model where their PBO is just established for an election. You then have got to get that balance between continuity and having a level of expertise in place that is ongoing. I would not say that in years that there is no election the PBO has nothing to do and it is inefficient. I mean, in those years you would assume there is some investment in capability and doing some pre-work in terms of things that you may anticipate might come up in that sort of busy election year. They are the times that I would assume some of the funding is invested in acquiring new data or expertise in certain areas, and that is why we have probably seen that most of the PBO's budget in those non-election years—not quite all of it, but most of it—is spent.

Mr MAAS: Okay. Thank you. Look, with the short time I have remaining, I might leave it there.

The CHAIR: Ms Taylor.

Ms TAYLOR: Overall are you satisfied that the PBO has the resources it needs to see out this parliamentary term?

Mr MARTINE: As I think I indicated in my opening statement, my view is the answer to that is yes. With the \$3.3 million that has been set—as I indicated, the efficiency dividend does not apply to the Parliamentary Budget Office like every other organisation. I just keep coming back to the point I have made a few times about what people are getting for the \$3.3 million, and that is the purpose of budget paper 3. What is being delivered for \$3.3 million is a 97 per cent timeliness satisfaction for members of Parliament and an 89 per cent satisfaction with the quality.

Ms TAYLOR: Thank you.

The CHAIR: Thank you very much, Ms Taylor. And thank you, Secretary and Mr Driscoll, for appearing before the committee today. The committee will follow up on any questions taken on notice in writing, and responses will be required within five working days of the committee's request. The committee will now take a short break. I declare this hearing adjourned. Thank you.

Witnesses withdrew.