



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Guidelines for the Preparation of Election Costing Requests

These guidelines are designed to assist those preparing election costing requests to facilitate the processes set down in Part 4 of the *Parliamentary Budget Officer Act 2010* (the Act).

Who may make an election costing request?

Election costing requests may be made by a parliamentary leader.

A parliamentary leader is defined as either the Premier or the Leader of the Opposition. This function of the parliamentary leader may be exercised by a person nominated by the leader. Notice of the person nominated must be given in writing to the Parliamentary Budget Officer.

What can be costed?

Parliamentary leaders may request costings for policies that are proposed or publicly announced for implementation after the next election. Leaders may only make requests relating to their own party's policies.

The Parliamentary Budget Officer will only prepare costings of policies for which a request has been received in writing from a parliamentary leader, or their nominee. Statements or promises made by candidates for election or other members of parliament will not be costed, except if requested through their parliamentary leader.

How are requests to be made?

Requests should be made using the attached Election Costing Request Form and emailed to BudgetOffice@parliament.nsw.gov.au. Alternatively, hard copies of requests may be mailed to: The Parliamentary Budget Officer, Parliament House, Macquarie Street, Sydney NSW 2000. Requests should include contact details for follow up questions.

The costing request form is for guidance only and is intended to facilitate requests for costing election policies. Additional information may be separately attached.

When can requests be made?

Election costing requests may be made any time after the Parliamentary Budget Officer's operational plan has been tabled in Parliament.

Costing requests are to be made in sufficient time before the election for the Parliamentary Budget Officer to prepare election policy costings for all of a parliamentary leader's election policies.

The later a request is made, the higher the risk that a costing will not be provided. On 13 March 2015, the Parliamentary Budget Officer is to provide a draft budget impact statement to each parliamentary leader; requests made too close to that date may not be able to be costed or included in that statement.

If requests cannot be met for reasons of timeliness (or for other reasons) the Parliamentary Budget Officer is to advise the parliamentary leader of the reason or reasons for not meeting that request.

Methodology for costings

The baseline for costings will be the latest published forward estimates, and the PBO will use the same economic assumptions as the NSW Treasury in preparing costings. Second round effects (flow on of policies through the economy) will not be costed. Generally costings will assume no changes in NSW costs of borrowing, unless it is an explicit policy objective to affect the level of interest payments or the policy involves a financing type transaction where the major Budget impact is through State debt interest payments.

The PBO will obtain information from other NSW government agencies as necessary to complete a reliable costing. The more complete a set of assumptions that can be provided by a leader or nominee, the easier the task of gathering further information will be.

Costings will generally be best point estimates; however, costing ranges will be provided if they will significantly add to the public understanding of the costing.

Withdrawal of costing requests

Parliamentary leaders can withdraw an election costing request, by giving notice in writing to the Parliamentary Budget Officer, any time before the costing is completed and provided to the leader.

Obligations of parliamentary leaders

A parliamentary leader is to have costed all the policies of the leader's party that are proposed to be implemented if the party is elected and that are likely to impact on the forward budget estimates. The leader must advise the Parliamentary Budget Officer on 23 March 2015 that all such policies have been notified to the Parliamentary Budget Officer.

A parliamentary leader is required to notify the Parliamentary Budget Officer of the public announcement of an election policy that has been costed by the Officer.

When a parliamentary leader has received a draft budget impact statement for all costed policies, the leader is invited to identify in writing, within 48 hours, his or her final list of costed policies for inclusion in the final budget impact statement.

When are costings published?

Election policy costings, including the costing request, will be published by the Parliamentary Budget Officer after the Officer has received notification from the relevant parliamentary leader that the policy has been publicly announced.

Costings will not be released unless, under section 22(2) of the Act, the leader notifies the Parliamentary Budget Officer that the relevant policy has been publicly announced.

Note: all published election costings will be aggregated into the budget impact statement; see the operational plan for further details.



PARLIAMENTARY BUDGET OFFICE

NSW Parliament • Parliament House, Macquarie Street Sydney 2000

Election Costing Request Form

Details of request	
Party:	
Name of Policy:	
Date of request:	

Description of policy	
Summary of policy (please attach copies of relevant policy documents):	
What is the purpose or intention of the policy?	
Has the policy been publicly released yet?	

Your estimated costing of the policy ¹						
	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	Other years ² \$'000	Total \$'000
Impact on General Government Sector (GGS) net operating result ³						
Impact on GGS capital expenditure ⁴						
If different from above, impact on total State Sector net financial liabilities ⁵						

Note: Has the policy been costed by a third party?
If yes, can you provide a copy of this costing and its assumptions?

¹ Amounts should be expressed in nominal dollars. GGS - General Government Sector.

² Please provide information on other years if spending occurs outside the forward estimate years and will be required to cost the policy.

³ Negative for a saving that reduces expenditure

⁴ Negative for a reduction in capital expenditure.

⁵ Only required if proposal is outside GGS. Negative for a reduction in net financial liabilities.

Key assumptions made in the policy	
Does the policy relate to a previous announcement? If yes, which announcement?	
What assumptions have been made in deriving the financial impacts in your estimated costing? <i>(See checklist)</i>	
Is there a range for the costing or any sensitivity analysis that you have undertaken?	
Are there associated savings, offsets or expenses? If yes, please provide details.	

Administration of policy	
Intended date of implementation:	
Intended duration of policy:	
Who will administer the policy (e.g. Government entity, non-government organisation, etc.)?	
Are there any specific administrative arrangements for the policy that need to be taken into account?	
Are there transitional arrangements associated with policy implementation?	

If the policy is mainly an expenditure⁶ commitment	
Demand driven or a capped amount:	
Eligibility criteria or thresholds:	

If the policy is mainly a revenue commitment	
Transaction based or capped:	
Thresholds and/or exemptions:	
Collection method:	
Additional expenditure associated with collection:	

⁶ Expenditure is operating expenses, e.g. salaries, interest cost and grants. Expenditures are fully included in the impact on operating balance.

If the policy is mainly a capital costs⁷ commitment	
Type of work, size and capacity:	
Proposed start and completion date of work:	
Intended construction schedule/cashflow:	
Offsetting expenditure savings:	
Associated asset sell off (if any):	
On-going maintenance, depreciation and operational expenses:	
Third party funding involvement:	

Checklist for key assumptions (please be comprehensive and include all relevant assumptions). Assumptions could include, but are not limited to, questions such as:

- What is the expected community impact?
- How many people will be affected by the policy?
- What is the likely take up or other behavioural response you expect?
- Is there a cap on total spending proposed, a funding formula, resource agreement or other mechanism of this nature associated with the policy?
- Will third parties have a role in funding or delivering the policy (e.g. Commonwealth Government)?
- Will funding/program cost require indexation?
 - If yes, do you have any assumptions about the index that should be applied?
- What assumptions have you made about costs of administering the policy?
 - For example, will additional staff be needed in the agency responsible for the policy?
 - If you have assumptions on this, how many and at what approximate levels?
 - Are there other administrative resources required?
 - Alternatively, are you assuming administrative costs will be absorbed within the agency?

Please note that:

- The costing will be on the basis of information provided in this costing request.
- The PBO is not bound to accept the assumptions provided by the requester. If there is a material difference in the assumptions used by the PBO, the PBO will consult with the requester in advance of the costing being completed.
- Where the details of the policy costing request differ from the announced policy, the costing will be on the basis of the information provided in the costing request.
- These guidelines are intended to facilitate requests for costing election policies. Persons preparing such requests who wish further assistance are invited to contact the staff of the Parliamentary Budget Office.

⁷ Capital costs differ from expenditure in that only depreciation will be included in the impact on operating balance. The capital cost of the asset to be acquired will however be included in net financial liabilities.

Appendix 1 – Glossary

The Election Costing Request Form uses various terms and expression which have specific meanings. Attached is a glossary of the terms. The wording has been taken from the Glossary in the *Budget Statement 2014-15 - Budget Paper 2*.

Capital expenditure – is expenditure relating to the acquisition or enhancement of property, plant and equipment (including land and buildings, plant and equipment and infrastructure systems) and intangibles (including computer software and easements).

General government sector (GGS) – is an ABS classification of agencies that provide public services (such as health, education and police), or perform a regulatory function. General government agencies are funded in the main by taxation (directly or indirectly). A list of General Government agencies is included in Budget Paper 2, Appendix B – Classification of Agencies.

Net financial liabilities – is the total liabilities less financial assets, other than equity in public corporations.

Net operating result (net operating balance) – represents the difference between expenses and revenues from transactions for the general government sector.

Nominal dollars – shows the dollars of the relevant period. No adjustment is made each time period for inflation.

Total state sector (TSS) – represents all agencies and corporations owned and controlled by the NSW Government. It comprises the general government, public trading enterprises (also referred to as public non-financial corporations) and public financial enterprises.

Appendix 2 – Sample Election Policy Costing release

Referred By:
Referred Date:

Proposal No:
Released Date:

Proposal Title:

Lead Agency:

General Government Sector Impacts

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	4 Year Total \$'000
Expenses (ex. depreciation)					
Depreciation					
Less: Agency Offsets					
Agency Revenue					
Net Operating Result:					
Capital Expenditure					
Capital Offsets					
Net Capital Expenditure:					
Net Lending/Borrowing:					
Net Financial Liabilities:					
Total State Sector Impacts					
Net Financial Liabilities:					

Notes and costing assumptions used:

List of key assumptions and other notes required to provide the reader with sufficient information to understand the costing. This may include, but is not limited to:

- costing techniques used;
- statistical data used;
- elasticity of supply/demand affecting the costing;
- where appropriate, a range for the costing or sensitivity analysis;
- caveats or qualifications to the costing;
- additional information sought during the costing process;
- external consulting advice commissioned (where relevant).

Approved by Parliamentary Budget Officer on: