

# Experts in bid to end the fighting

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Budget experts have demanded an overhaul of the rules governing the costing of spending promises to avoid political arguments about costings that are detracting from the focus on election policies.

As Labor and the Coalition continued to argue about the cost of their election promises, former Treasury and Finance Department official and former Liberal leader John Hewson said an independent budget office would depoliticise the issue. Experts said Australia should follow the lead of the United States' Congressional Budget Office and the UK Office for Budget Responsibility, so the opposition was on an even footing in obtaining advice and to ensure forecasts were independent.

A budget office with independence, like the Reserve Bank of Australia, Australian Bureau of Statistics and Australian Taxation Office, would provide independent fiscal forecasts and costings of policies during parliamentary terms and election periods.

Stephen Anthony, a former Treasury and Finance official who is now a director of consultancy **Macroeconomics**, said it was a logical step for the Charter of Budget Honesty.

“It’s a very good idea and something that has been strongly supporting in the policy circles for a long time,” he said. “It’s the best way to take the steam and politics out of these costing issues.”

The body would produce fiscal and economic forecasts throughout the year. This would eliminate the opportunity for a treasurer to adjust Treasury’s forecasts, which has been known to happen under both sides of politics.

It's understood Treasury strongly opposes the idea because it would lose power, as it did when the Fraser government split it from Finance in 1976.

Dr Hewson, who proposed an independent budget office during his election campaign in 1993, said yesterday the proposed reform now needed to go a step further so fiscal policy parameters were set by a fiscal consolidation authority, much as the RBA sets interest rates. "In an ideal world you'd have these politicians having to have their projects costed before they announce them," he said.

The opposition now must submit its policies for costing by Treasury and Finance through the Prime Minister's office and can have measures costed by the bureaucracy only after publicly announcing them.

Outlook Economics director and former senior Treasury forecaster Peter Downes said treasurers would benefit from an independent budget office so they did not spend time defending their department's forecasts.

Treasurer Wayne Swan and his department were widely questioned last month after upgrading the terms of trade forecast, which helped the government appear to lose minimal revenue when the mining tax was watered down. In contrast, the RBA slightly downgraded its terms of trade outlook last week.

Dr Hewson said: "Nobody believes the Treasury numbers anyway, because they're seen to be very political."

Former Liberal leader Malcolm Turnbull proposed an independent budget forecasting office when he was an opposition frontbencher.