



Tithe an  
Oireachtais  
Houses of the  
Oireachtas

An Oifig Buiséid Pharlaiminteach  
Parliamentary Budget Office  
**An Overview of the PBO Costing Process  
and our Prioritisation Framework**

Publication 4 of 2023

## Séanadh

Is í an Oifig Buiséid Pharlaiminteach (OBP) a d'ullmhaigh an doiciméad seo mar áis do Chomhaltaí Thithe an Oireachtais ina gcuid dualgas parlaiminteach. Ní bheartaítear é a bheith uileghabhálach ná críochnúil. Féadfaidh an OBP aon fhaisnéis atá ann a bhaint as nó a leasú aon tráth gan fógra roimh ré. Níl an OBP freagrach as aon tagairtí d'aon fhaisnéis atá á cothabháil ag tríú páirtithe nó naisc chuig aon fhaisnéis den sórt sin ná as ábhar aon fhaisnéise den sórt sin. Tá baill foirne an OBP ar fáil chun ábhar na bpáipéar seo a phlé le Comhaltaí agus lena gcuid foirne ach ní féidir leo dul i mbun plé leis an mórfhobal nó le heagraíochtaí seachtracha.

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# Introduction

One of the key functions of the PBO is the provision to Members of the Houses of the Oireachtas of an independent, impartial, and credible policy costing analysis service. Our policy costing analysis service represents the PBO's independent assessment of the estimated impact of a policy proposal on key fiscal indicators (i.e. government revenue and/or spending).

This document provides greater transparency around the PBO's policy costing-related processes.<sup>1</sup> We explain how the costing process works, the factors impacting likely response times, and how costing requests are prioritised internally.

In addition to our confidential costing service, the PBO publishes further analytical material to support Members in their costing analysis. For example, this includes ready reckoners,<sup>2</sup> interactive tools to calculate unit costs for public services, or the impact of budgetary policies on public debt sustainability.<sup>3</sup> The PBO also publishes technical reports presenting costing methodologies. This is done to inform all Members of the Oireachtas and provide access to resources and tools heretofore confined to Government departments.

<sup>1</sup> The structure of this document draws from Australian Parliamentary Budget Office, “*PBO costing processes, timeframes and prioritisation framework*”, Information paper no. 01/2018.

<sup>2</sup> Parliamentary Budget Office, *Pre-Budget 2023 Ready Reckoner*, PBO publication 22 of 2022, 20 September 2022.

<sup>3</sup> These PBO resources are accessible on the following webpage [Data visualisation and analysis – Houses of the Oireachtas](#)

## The PBO costing process

The processes involved, from a request to the completion of a policy costing analysis, can be summarised as follows.

1. Members (or their nominated representative) can submit requests for a confidential policy costing analysis to [pbo-costings@oireachtas.ie](mailto:pbo-costings@oireachtas.ie) using the template available on the PBO website.<sup>4</sup> The PBO is available to assist Members in scoping their policy proposals. This non-partisan advice is supplied to ensure that the policy submitted to the PBO is well specified and includes all the necessary elements to cost it. More information on this is provided in our guideline document.<sup>5</sup>
2. Costing requests are acknowledged, assessed according to our prioritisation framework (discussed later), and an analyst (or a team of analysts if the policy is particularly complex) is assigned to prepare a preliminary analysis. This task involves:
  - determining if the costing request is clear and well specified, and the requestor provides all relevant information. In this regard, we aim to work flexibly with Members to ensure that we have sufficient information to accept costing requests, including information on policy details and costing parameters;
  - scoping out the data/information required to cost the policy and whether this is publicly available or, as is generally the case, it needs to be requested from a government department or an agency; and
  - if the policy proposal has never been costed by the PBO, it is necessary to identify a methodological approach that can be used to produce a cost estimate.
3. Following the steps above, it is determined if we can provide a robust cost estimate subject to identified uncertainties e.g. data availability.<sup>6</sup> When this is the case, an indicative timeframe for completing the costing is returned to the Member.
4. If detailed data/information is required from government departments, the PBO will prepare a request and submit it to the relevant department(s). Depending on the request's urgency and data complexity, the PBO will set a specific deadline for the department(s). It might also be the case that the data is unavailable. The PBO will then consider if it is possible to rely on analytical techniques to simulate or proxy the necessary data. This will be done only if the PBO is confident that the approach can produce a reliable estimate.
5. Once the required data/information is received (this process can entail several engagements with departments), the PBO will work on updating or building a new costing model to produce a cost estimate. In certain instances, preliminary work can be done before receiving the response to the data request.
6. The costing model, the cost estimates, and the draft report will be peer-reviewed within the team and checked by the Head of the Unit, before finally being submitted to the Director of the PBO for final review and clearance.
7. When the response to the costing request is sent to the Member, the PBO is available to provide clarifications or explain the costing analysis. The PBO is available to review any draft public release material by the Member, to avoid the need to correct the public record if the public release does not accurately represent the PBO's analysis.

<sup>4</sup> Parliamentary Budget Office, *Policy Costing Request Template*, 15 June, 2022. Members can submit proposals in their own right, or, if part of the broader party platform, requests should be submitted either via the party or group leader, or via the party's or group's representative as nominated by the party or group leader.

<sup>5</sup> Parliamentary Budget Office, *Policy Costing Service Guidelines*, Publication 15 of 2022, 15 June 2022.

<sup>6</sup> See Parliamentary Budget Office, *Uncertainty Challenges in Budgetary Costing Analysis*, PBO Publication 20 of 2022, 23 August 2022, for an analysis of uncertainty in costings analysis.

## Factors impacting the PBO's average response time

The main factors affecting the PBO's typical response time for a policy costing analysis are listed below:

- how well scoped the policy is upon receipt of the request;
- available resources in light of competing priorities and requests;
- complexity of the policy (e.g., new policy vs. changes to an existing policy);
- extent to which PBO staff have expertise in the policy area related to the costing request;
- availability of necessary data underpinning the analysis;
- status of corresponding data requests; and
- update or development of the required costing model to produce the cost estimates.

Costing requests requiring only minor updates to previous costing analyses generally take less time than requests needing new models or major updates on previous analyses – the PBO has already researched the policy area, identified the relevant data requirements, and built a model to produce the cost estimates. New models or major updates are required generally when costing requests are related to new policies or to complex policies with many costing parameters (e.g. thresholds and rates) and interactions with other conditions or policies.

In general, it will take less time for the PBO to deal with a request if the required sectoral knowledge is already in the costings team. Otherwise, the analyst will need to acquire this through analysis and research.

Costing complex policies tends to necessitate more, and often specific, data and information. The data may not exist in its ideal form for the costing analysis of new policies or significant changes to existing policies. Analytical techniques can be relied upon to mitigate challenges posed to costing analysis when relevant data are scarce.<sup>7</sup> Econometric or modelling estimations may be required where there are significant behavioural effects to be considered. Often the PBO will need to submit a data request to departments to source the required data. The more complex, detailed, or confidential the data is, the more time it will take for the departments to gather and send the data to the PBO. This will, in turn, affect the timeliness of the PBO costing analysis.

If the policy costing request can be managed within the existing analytical tools, this will speed up the response time. Conversely, if a new model must be built to undertake the costing analysis, this will affect the expected response time, ultimately depending on the complexity of the modelling work. New policies may involve a significant degree of model development.

Finally, the PBO reserves the option to put requests on hold if we require clarification concerning the policy specification.

<sup>7</sup> As an example, see Akisato Suzuki, *Costing Analysis with Scarce Data: An Example from the Cycle-To-Work Scheme for E-bikes*, PBO Working Paper Series No. 2 of 2022, December 2022.



## Our prioritisation framework

The PBO endeavours to ensure that political parties are given access to the costing service in a proportional and equitable way. In the context of multiple requests from a single requester, we will ask the requester to highlight high-priority requests or assign an order of priority to their requests.

The PBO aims to fully accommodate all Member costing requests. However, as resources are limited, the following prioritisation framework is used to manage requests and maximise the use of PBO resources. This framework is informed by those used in other PBOs.<sup>8</sup>

**Table 1: Priority setting framework**

<b>Expected fiscal impact</b>	Requests related to policies that are expected to have a more material impact on the State's Budget (cost or revenue impact) are prioritised.
<b>Maximisation of use/skills/expertise in the PBO</b>	The PBO costings unit will try to avoid allocating all resources to a single request and will also prioritise requests that more optimally utilise our knowledge and expertise.
<b>Length of time since a request was submitted to the PBO</b>	Older requests will tend to be prioritised over newer requests.
<b>Frequency of use of the PBO costing service by Party or Group</b>	A higher priority will be assigned to requests made by Members whose Party or Group have made limited use of the PBO costing service in a calendar year. If a Member does not belong to any party or group the frequency will be measured individually.
<b>The priority assigned to their request by Members</b>	In case of multiple requests from the same Member, we will aim to carry out requests according to the priority order set out by the Member in the policy costing request template.

**Source:** PBO

The criteria above are not listed in a particular order of priority but all these criteria will be jointly assessed by the PBO each time a request is received and will be subject to regular review to ensure the delivery of the best possible service for Members.

<sup>8</sup> For example see *Parliamentary Budget Office (Parliament of Victoria)* and Australian Parliamentary Budget Office, PBO costing processes, timeframes and prioritisation framework, Information paper no. 01/2018.



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