



# Budget 2017-18

**Portfolio Budget Statements 2017-18  
Budget Related Paper No. 1.17D**

PARLIAMENTARY BUDGET OFFICE

Budget Initiatives and Explanations of  
Appropriations Specified by Outcomes  
and Programs by Entity

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ISSN 2207-6565 (print); 2207-6573 (online)

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Karen Williams, Assistant Parliamentary Budget Officer, (02) 6277 9520.



**Parliament of Australia**  
**Parliamentary Budget Office**

**Phil Bowen PSM FCPA**  
**Parliamentary Budget Officer**

Senator the Hon Stephen Parry  
President of the Senate  
Parliament House  
CANBERRA ACT 2600

The Hon Tony Smith MP  
Speaker of the House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr President and Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2017-18 Budget for the Parliamentary Budget Office.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

Phil Bowen

27 April 2017

## Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

## Enquiries

Should you have any enquiries regarding this publication please contact Jenny Jacobs, Chief Financial Officer, Parliamentary Budget Office on (02) 6277 9522.

A copy of this document can be located on the Australian Government Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

**USER GUIDE  
TO THE  
PORTFOLIO BUDGET STATEMENTS**

# USER GUIDE

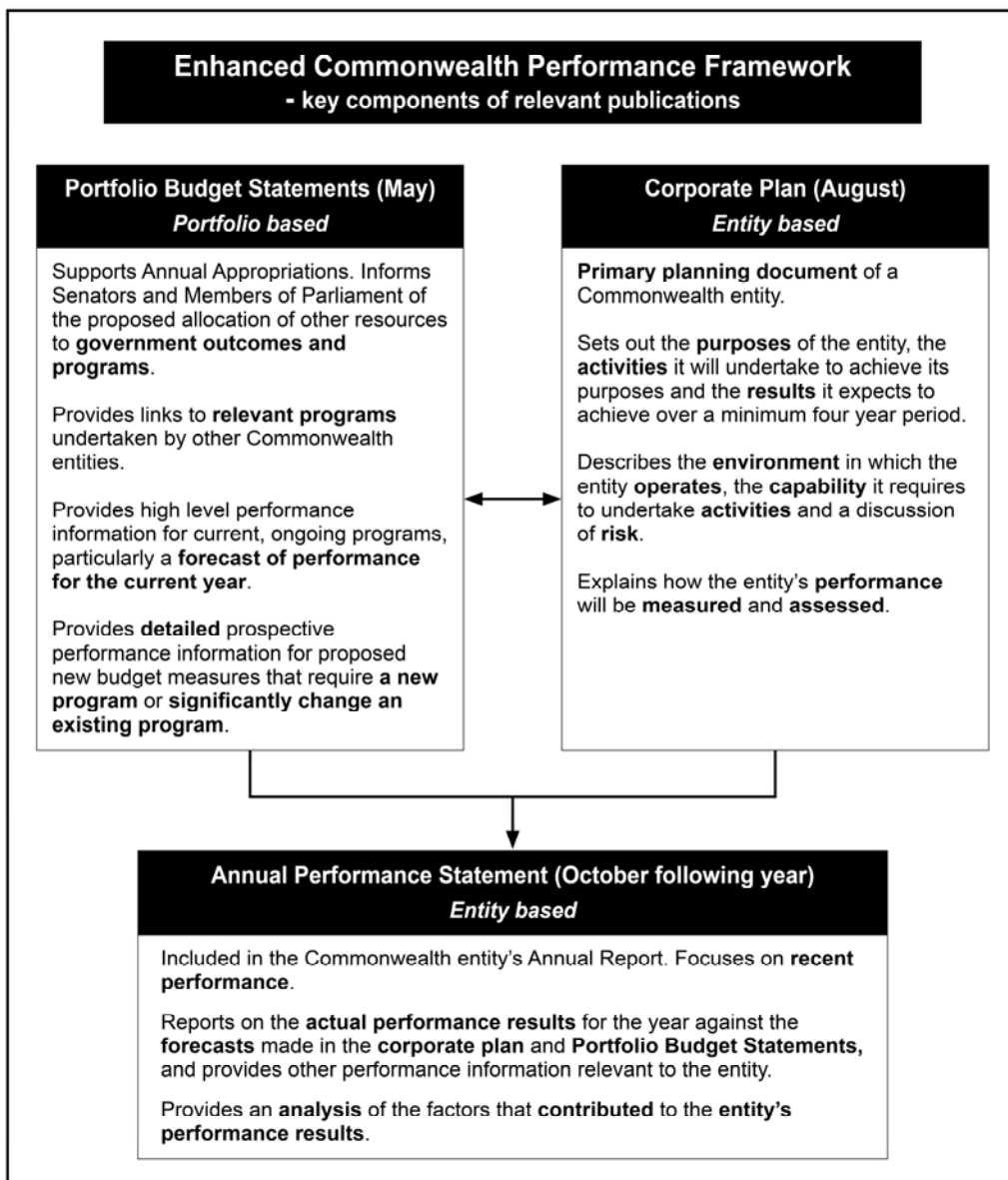
The purpose of the 2017–18 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to the Parliamentary Budget Office (PBO) outcome. The PBO receives resources from the annual parliamentary departments appropriations acts and a special appropriation.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation (Parliamentary Departments) Bill (No. 1) 2017–18. In this sense, the PB Statements are Budget related papers and are declared by the Appropriation Acts to be ‘relevant documents’ to the interpretation of the Acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bills.

## **The Enhanced Commonwealth Performance Framework.**

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them.



In accordance with section 64Q of the *Parliamentary Service Act 1999*, the Parliamentary Budget Officer, in consultation with the Joint Committee of Public Accounts and Audit, will prepare a work plan before 1 October each year, which serves as the corporate plan under section 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.





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# **DEPARTMENT OVERVIEW**



# PARLIAMENTARY BUDGET OFFICE OVERVIEW

## Departmental responsibilities

The Parliamentary Budget Office (PBO) is one of four parliamentary departments supporting the Australian Parliament.

The purpose of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.

The Parliamentary Budget Officer, under the Presiding Officers, is responsible for leading and managing the PBO.

As set out in the *Parliamentary Service Act 1999*, the Parliamentary Budget Officer has the following functions:

- outside the caretaker period for a general election, to prepare policy costings on request by Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor
- during the caretaker period for a general election, to prepare costings of publicly announced policies on request by authorised members of parliamentary parties or independent parliamentarians, with the requests and the PBO's responses to be made public
- to prepare responses (other than policy costings) to requests relating to the budget from Senators and Members, with the requests and the PBO's responses to be kept confidential if so directed by the requestor
- to prepare submissions to inquiries of parliamentary committees, on request by such committees, with the requests and the PBO's responses to be made public
- after a general election, to report on the budget impacts of the election commitments of designated parliamentary parties
- to conduct, on his or her own initiative, research on the budget and fiscal policy settings, with the results of this work to be made public.



# **PARLIAMENTARY BUDGET OFFICE**

## **ENTITY RESOURCES AND PLANNED PERFORMANCE**





# PARLIAMENTARY BUDGET OFFICE

## Section 1: Entity overview and resources

### 1.1 STRATEGIC DIRECTION STATEMENT

The Parliamentary Budget Office (PBO), as an independent and non-partisan institution, engages with the Parliament to help improve the integrity of the policy development process, better inform public policy debates and strengthen budget and fiscal policy transparency.

To support the 2017–18 Portfolio Budget Statements (PB Statements) and in accordance with section 64Q of the *Parliamentary Service Act 1999*, the Parliamentary Budget Officer, in consultation with the Joint Committee of Public Accounts and Audit, will prepare a work plan for the PBO setting out:

- the priorities of the PBO for the 2017–18 financial year
- protocols for the allocation of the resources of the PBO during the financial year.

The PBO's 2017–18 work plan will be released before 1 October 2017.

Ahead of the release of the 2017–18 work plan, section 2 of the 2017–18 PB Statements provides detail on the PBO's outcome and planned performance.

## 1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total funding from all sources. The table summarises how resources will be applied by the PBO.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

**Table 1.1: PBO resource statement — Budget estimates for 2017–18 as at Budget May 2017**

	2016–17 Estimated actual \$'000	2017–18 Estimate \$'000
<b>Departmental</b>		
Annual appropriations—ordinary annual services		
Departmental appropriation (a)	6,992	6,753
Prior year appropriations available	2,359	2,470
Total departmental annual appropriations	<b>9,351</b>	<b>9,223</b>
Total departmental special appropriations (b)	4,991	3,664
<b>Total departmental resourcing</b>	<b>14,342</b>	<b>12,887</b>
	2016–17	2017–18
<b>Average staffing level (number)</b>	45	40

Prepared on a resourcing (that is, appropriations available) basis.

Please note: All figures shown above are GST exclusive—these may not match figures in the cash flow statement.

(a) Appropriation (Parliamentary Departments) Bill (No.1) 2017–18.

(b) *Parliamentary Service Act 1999*.

## Section 2: Outcomes and planned performance

The Parliamentary Budget Office (PBO) outcome is described at section 2.1, specifying the performance indicators and targets used to assess and monitor the performance of the PBO. This performance information will be further detailed in the PBO's work plan.

The outcome described at section 2.1 provides detailed information on expenses broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in the PBO's work plan and annual performance statement – included in Annual Reports – to provide the PBO's complete performance story.

The most recent work plan for the PBO can be found at:

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Corporate\\_publications](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications).

The most recent annual performance statement can be found at:

[http://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/Corporate\\_publications](http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications).

## 2.1 BUDGETED EXPENSES AND PERFORMANCE

**Outcome:**

**Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals**

### Budgeted expenses

This table shows how much the PBO intends to spend (on an accrual basis) on achieving its outcome, broken down by funding sources.

**Table 2.1.1: Budgeted expenses for its Outcome**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>Program:</b>					
Departmental expenses					
Departmental appropriation (a)	6,922	6,753	7,231	6,751	6,784
Special appropriations					
<i>Parliamentary Service Act 1999</i>	1,327	788	762	993	1,121
Expenses not requiring appropriation in the Budget year (b)	682	682	682	682	682
<b>Departmental total</b>	<b>8,931</b>	<b>8,223</b>	<b>8,675</b>	<b>8,426</b>	<b>8,587</b>
<b>Total expenses for program</b>	<b>8,931</b>	<b>8,223</b>	<b>8,675</b>	<b>8,426</b>	<b>8,587</b>
	2016–17	2017–18			
<b>Average staffing level (number)</b>	45	40			

(a) Departmental Appropriation comprises 'Ordinary annual services (Appropriation (Parliamentary Departments) Bill (No.1))'.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and resources received free of charge.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

**Table 2.1.3: Performance criteria for its Outcome**

Table 2.1.3 below details the performance criteria for the PBO program.

<b>Outcome:</b> <b>Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals</b>		
<b>Program:</b> To help level the playing field for all parliamentarians by providing access to costing and budget analysis services, improving the accuracy of election commitments and enhancing the transparency of the budget and fiscal policy settings more generally.		
<b>Delivery</b>	The PBO, as an independent and non-partisan institution, engages with the Parliament to help improve the integrity of the policy development process, better inform public policy debates and strengthen budget and fiscal policy transparency.	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2016–17	The PBO’s performance will be judged by the relevance, quality and timeliness of its outputs as assessed by feedback from key parliamentary and external stakeholders. The independence, transparency and integrity of the PBO’s processes will be another important indicator of performance.	These indicators will be measured by the extent of the demand for the PBO’s services and citations of the PBO in the media.
2017–18	As above	These indicators will be measured by the extent of the demand for the PBO’s services, citations of the PBO in the media and feedback from stakeholders, once in each term of Parliament, via a survey.
2018–19 and beyond	As above	As above
<b>Purposes</b>	The purpose of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.	

## Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2017–18 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 BUDGETED FINANCIAL STATEMENTS**

#### **3.1.1 Explanatory notes and analysis of budgeted financial statements**

The financial statements contain estimates prepared in accordance with the requirements of the Australian Government’s financial budgeting and reporting framework, including Australian Accounting Standards, as well as specific guidelines issued by the Department of Finance.

The financial statements have been prepared on an accrual and fair value basis and are in accordance with the historical cost convention, with the exception of employee entitlements.

#### **Budgeted financial statements**

Under the Australian Government’s accrual budgeting framework, transactions that entities control (entity transactions) are separately budgeted for and reported from transactions entities do not have control over (administered transactions).

Entity assets, liabilities, revenue and expenses are those which are controlled by the entity. Entity expenses include employee and supplier expenses and other administrative costs, which are incurred by the entity in providing its goods and services to the Australian Parliament.

#### **Budgeted comprehensive income statement**

Under the net cash appropriation framework the Parliamentary Budget Office (PBO) receives an appropriation to meet budgeted expenses (except depreciation). This appropriation is recognised as revenue.

The PBO received a special appropriation at the time of its establishment. The special appropriation is recognised as revenue in the year the funds are spent. The associated expense is recognised in the comprehensive income statement except where the PBO has purchased assets, which are recognised in the balance sheet.

The PBO is budgeting for a break-even operating result for 2017–18 and the forward years, after non-appropriation expenses such as depreciation are removed.

The PBO has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due across the forward estimates period.

### 3.2 BUDGETED FINANCIAL STATEMENTS TABLES

**Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>EXPENSES</b>					
Employee benefits	7,103	6,560	7,008	6,740	6,899
Suppliers	1,492	1,327	1,331	1,350	1,352
Depreciation and amortisation	336	336	336	336	336
<b>Total expenses</b>	<b>8,931</b>	<b>8,223</b>	<b>8,675</b>	<b>8,426</b>	<b>8,587</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Other revenue	346	346	346	346	346
<b>Total own-source income</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>
<b>Net (cost of)/contribution by services</b>	<b>(8,585)</b>	<b>(7,877)</b>	<b>(8,329)</b>	<b>(8,080)</b>	<b>(8,241)</b>
Revenue from Government	8,249	7,541	7,993	7,744	7,905
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>

**Note: Impact of net cash appropriation arrangements**

	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	336	336	336	336	336
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>	<b>(336)</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2: Budgeted departmental balance sheet (as at 30 June)**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	34	34	34	34	34
Trade and other receivables	2,436	2,468	2,500	2,533	2,566
<b>Total financial assets</b>	<b>2,470</b>	<b>2,502</b>	<b>2,534</b>	<b>2,567</b>	<b>2,600</b>
<b>Non-financial assets</b>					
Property, plant and equipment	1,785	1,699	1,613	1,527	1,443
Intangibles	1,049	799	549	299	49
Other non-financial assets	36	36	36	36	36
<b>Total non-financial assets</b>	<b>2,870</b>	<b>2,534</b>	<b>2,198</b>	<b>1,862</b>	<b>1,528</b>
<b>Total assets</b>	<b>5,340</b>	<b>5,036</b>	<b>4,732</b>	<b>4,429</b>	<b>4,128</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	255	255	255	255	255
<b>Total payables</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>	<b>255</b>
<b>Provisions</b>					
Employee provisions	2,211	2,243	2,275	2,308	2,341
<b>Total provisions</b>	<b>2,211</b>	<b>2,243</b>	<b>2,275</b>	<b>2,308</b>	<b>2,341</b>
<b>Total liabilities</b>	<b>2,466</b>	<b>2,498</b>	<b>2,530</b>	<b>2,563</b>	<b>2,596</b>
<b>Net assets</b>	<b>2,874</b>	<b>2,538</b>	<b>2,202</b>	<b>1,866</b>	<b>1,532</b>
<b>EQUITY*</b>					
Reserves	50	50	50	50	50
Retained surplus	2,824	2,488	2,152	1,816	1,482
<b>Total equity</b>	<b>2,874</b>	<b>2,538</b>	<b>2,202</b>	<b>1,866</b>	<b>1,532</b>

\*'Equity' is the residual interest in assets after deduction of liabilities.  
Prepared on Australian Accounting Standards basis.



**Table 3.3: Departmental statement of changes in equity—summary of movement (Budget year 2017–18)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2017</b>			
Balance carried forward from previous period	2,824	50	2,874
<b>Adjusted opening balance</b>	<b>2,824</b>	<b>50</b>	<b>2,874</b>
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(336)	-	(336)
<b>Total comprehensive income</b>	<b>(336)</b>	<b>-</b>	<b>(336)</b>
of which:			
Attributable to the Australian Government	(336)	-	(336)
<b>Estimated closing balance as at 30 June 2018</b>	<b>2,488</b>	<b>50</b>	<b>2,538</b>
<b>Closing balance attributable to the Australian Government</b>	<b>2,488</b>	<b>50</b>	<b>2,538</b>

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows  
(for the period ended 30 June)**

	2016–17 Estimated actual \$'000	2017–18 Budget \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000	2020–21 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	8,091	7,509	7,961	7,711	7,905
<b>Total cash received</b>	<b>8,091</b>	<b>7,509</b>	<b>7,961</b>	<b>7,711</b>	<b>7,905</b>
<b>Cash used</b>					
Employees	7,083	6,528	6,976	6,707	6,899
Suppliers	1,008	981	985	1,004	1,006
<b>Total cash used</b>	<b>8,091</b>	<b>7,509</b>	<b>7,961</b>	<b>7,711</b>	<b>7,905</b>
<b>Net cash from/(used by) operating activities</b>	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	34	34	34	34	34
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>	<b>34</b>

Prepared on Australian Accounting Standards basis.

**Table 3.5: Departmental capital budget statement (for the period ended 30 June)**

The PBO does not have any capital expenditure over the forward estimates.

**Table 3.6: Statement of asset movements (Budget year 2017–18)**

	Property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2017</b>			
Gross book value	2,281	1,766	4,047
Accumulated depreciation/ amortisation and impairment	(496)	(717)	(1,213)
<b>Opening net book balance</b>	<b>1,785</b>	<b>1,049</b>	<b>2,834</b>
<b>Other movements</b>			
Depreciation/amortisation expense	(86)	(250)	(336)
<b>Total other movements</b>	<b>(86)</b>	<b>(250)</b>	<b>(336)</b>
<b>As at 30 June 2018</b>			
Gross book value	2,281	1,766	4,047
Accumulated depreciation/ amortisation and impairment	(582)	(967)	(1,549)
<b>Closing net book balance</b>	<b>1,699</b>	<b>799</b>	<b>2,498</b>

Prepared on Australian Accounting Standards basis.