



Budget 2018-19

**Portfolio Budget Statements 2018-19
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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Parliament of Australia
Parliamentary Budget Office

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

Senator the Hon Scott Ryan
President of the Senate
Parliament House
CANBERRA ACT 2600

Dear Mr Speaker and Mr President

I hereby submit Portfolio Budget Statements in support of the 2018–19 Budget for the Parliamentary Budget Office.

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

Yours sincerely

Jenny Wilkinson

2 May 2018

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nfp	not for publication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.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the 2018–19 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) 2018–19. 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.

Enhanced Commonwealth Performance Framework
- key components of relevant publications

Portfolio Budget Statements (May)
Portfolio based

Supports Annual Appropriations. Informs Senators and Members of Parliament of the proposed allocation of other resources to **government outcomes and programs**.

Provides links to **relevant programs** undertaken by other Commonwealth entities.

Provides high level performance information for current, ongoing programs, particularly a **forecast of performance for the current year**.

Provides **detailed** prospective performance information for proposed new budget measures that require a **new program** or **significantly change an existing program**.

Corporate Plan (August)
Entity based

Primary planning document of a Commonwealth entity.

Sets out the **purposes** of the entity, the **activities** it will undertake to achieve its purposes and the **results** it expects to achieve over a minimum four year period.

Describes the **environment** in which the entity **operates**, the **capability** it requires to undertake **activities** and a discussion of **risk**.

Explains how the entity's **performance** will be **measured** and **assessed**.



Annual Performance Statement (October following year)
Entity based

Included in the Commonwealth entity's Annual Report. Focuses on **recent performance**.

Reports on the **actual performance results** for the year against the **forecasts** made in the **corporate plan** and **Portfolio Budget Statements**, and provides other performance information relevant to the entity.

Provides an **analysis** of the factors that **contributed** to the **entity's performance results**.

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DEPARTMENT OVERVIEW

Parliamentary Budget Office overview

Departmental responsibilities

The purpose of the Parliamentary Budget Office (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 and undertake budget analysis 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 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 prepare a post-election report that analyses and summarises the budget impacts of the election commitments of designated parliamentary parties
- to conduct and publish research on budget and fiscal policy issues.

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 2018–19 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 2018–19 financial year
- protocols for the allocation of the resources of the PBO during the financial year.

This information will be incorporated into the PBO's 2018–19 corporate plan, to be released before 31 August 2018.

Ahead of the release of the 2018–19 corporate plan, section 2 of the 2018–19 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 for its Outcome' table 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 2018–19 as at Budget May 2018

	2017–18 Estimated actual \$'000	2018–19 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services		
Departmental appropriation (a)	6,753	7,238
Prior year appropriations available	2,101	2,186
Total departmental annual appropriations	8,854	9,424
Total departmental special appropriations (b)	3,772	2,939
Total departmental resourcing	12,626	12,363
<hr/>		
Average staffing level (number)	41	45

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) 2018–19.

(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 2018-19 corporate 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 an entity's corporate plans and annual performance statements - included in Annual Reports - to provide an entity's complete performance story.

The most recent corporate plan for PBO can be found at:

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications/Work_plan_2017-18

The most recent annual performance statement can be found at:

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications/Annual_Report_2016-17

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 the outcome, broken down by funding sources.

Table 2.1.1: Budgeted expenses for its Outcome

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forw ard estimate \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000
Program :					
Departmental expenses					
Departmental appropriation (a)	6,753	7,238	6,758	6,804	7,347
Special appropriations					
<i>Parliamentary Service Act 1999</i>	788	845	978	1,116	-
Expenses not requiring appropriation in the Budget year (b)	682	682	682	597	508
Departmental total	8,223	8,765	8,418	8,517	7,855
Total expenses for program	8,223	8,765	8,418	8,517	7,855
	2017–18	2018–19			
Average staffing level (number)	41	45			

(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 and 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 2.1.2: Performance criteria for its Outcome

Table 2.1.2 below details the performance criteria for the PBO program.

Outcome: Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals		
Program 1.1 – Parliamentary Budget Office The PBO provides all parliamentarians access to confidential costing and budget analysis services to improve the quality of the public policy debate. The PBO publishes research to improve public understanding of fiscal and budget policy issues and enhances transparency around the financial implications of election commitments.		
Delivery	The PBO undertakes policy costings and budget analysis on request from parliamentarians on a confidential basis. It undertakes robust analysis of fiscal and budget policy issues and publishes this research. The PBO prepares a post-election report of election commitments after each general election. The PBO engages widely with other Commonwealth agencies to obtain information to support its research and analysis, and with a range of experts on its published reports and on methodological issues.	
Performance information		
Year	Performance criteria	Targets
2017–18	The PBO's performance will be judged by the relevance, quality and timeliness of its outputs as assessed via 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 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	As above	A range of indicators will inform the PBO's performance assessment, including: the extent of the demand for the PBO's services; the PBO's contribution to the public policy debate; the transparency of PBO processes; and feedback from stakeholders.
2019–20 and beyond	As above	As above
Purposes	The purpose of the PBO is to: <ul style="list-style-type: none"> • enable fiscal impacts to be appropriately considered during policy development by providing confidential policy costing and budget analysis services to all parliamentarians • improve public understanding of fiscal and budget policy issues • enhance transparency around the financial implications of election commitments. 	

SECTION 3: BUDGETED FINANCIAL STATEMENTS

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of 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 2018–19 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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forw ard estimate \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000
EXPENSES					
Employee benefits	6,560	6,523	6,640	6,759	5,940
Suppliers	1,327	1,906	1,442	1,507	1,753
Depreciation and amortisation	336	336	336	251	162
Total expenses	8,223	8,765	8,418	8,517	7,855
LESS:					
OWN-SOURCE INCOME					
Other revenue	346	346	346	346	346
Total own-source income	346	346	346	346	346
Net (cost of)/contribution by services	(7,877)	(8,419)	(8,072)	(8,171)	(7,509)
Revenue from Government	7,586	8,083	7,736	7,920	7,347
Surplus/(deficit) attributable to the Australian Government	(291)	(336)	(336)	(251)	(162)
Total comprehensive income/(loss) attributable to the Australian Government	(291)	(336)	(336)	(251)	(162)

Note: Impact of net cash appropriation arrangements

	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	45	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations	336	336	336	251	162
Total comprehensive income/(loss) - as per the statement of comprehensive income	(291)	(336)	(336)	(251)	(162)

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forw ard estimate \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	51	51	51	51	51
Trade and other receivables	2,135	2,167	2,200	2,233	2,233
Total financial assets	2,186	2,218	2,251	2,284	2,284
Non-financial assets					
Property, plant and equipment	1,677	1,591	1,505	1,421	1,335
Intangibles	848	598	348	183	107
Other non-financial assets	27	27	27	27	27
Total non-financial assets	2,552	2,216	1,880	1,631	1,469
Total assets	4,738	4,434	4,131	3,915	3,753
LIABILITIES					
Payables					
Suppliers	155	155	155	155	155
Other payables	84	84	84	84	84
Total payables	239	239	239	239	239
Provisions					
Employee provisions	1,934	1,966	1,999	2,032	2,032
Total provisions	1,934	1,966	1,999	2,032	2,032
Total liabilities	2,173	2,205	2,238	2,271	2,271
Net assets	2,565	2,229	1,893	1,644	1,482
EQUITY*					
Reserves	30	30	30	30	30
Retained surplus	2,535	2,199	1,863	1,614	1,452
Total equity	2,565	2,229	1,893	1,644	1,482

*'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 2018–19)

	Retained earnings	Asset revaluation reserve	Total equity
	\$'000	\$'000	\$'000
Opening balance as at 1 July 2018			
Balance carried forward from previous period	2,535	30	2,565
Comprehensive income			
Surplus/(deficit) for the period	(336)	-	(336)
Total comprehensive income	2,199	-	2,229
of which:			
Attributable to the Australian Government	(336)	-	(336)
Estimated closing balance as at 30 June 2019	2,199	30	2,229
Closing balance attributable to the Australian Government	2,199	30	2,229

Prepared on Australian Accounting Standards basis.

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

	2017–18 Estimated actual \$'000	2018–19 Budget \$'000	2019–20 Forw ard estimate \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,554	8,051	7,703	7,887	7,347
Total cash received	7,554	8,051	7,703	7,887	7,347
Cash used					
Employees	6,528	6,491	6,607	6,726	5,940
Suppliers	981	1,560	1,096	1,161	1,407
Total cash used	7,509	8,051	7,703	7,887	7,347
Net cash from operating activities	45	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of intangibles	45	-	-	-	-
Total cash used	45	-	-	-	-
Net cash used by investing activities	(45)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	51	51	51	51	51
Cash and cash equivalents at the end of the reporting period	51	51	51	51	51

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 planned capital expenditure over the forward estimates.

Table 3.6: Statement of asset movements (Budget year 2018-19)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2018			
Gross book value	2,076	1,814	3,890
Accumulated depreciation/amortisation and impairment	(399)	(966)	(1,365)
Opening net book balance	1,677	848	(1,365)
Depreciation/amortisation expense	(86)	(250)	(336)
Total other movements	(86)	(250)	(336)
As at 30 June 2019			
Gross book value	2,076	1,814	3,890
Accumulated depreciation/amortisation and impairment	(485)	(1,216)	(1,701)
Closing net book balance	1,591	598	2,189

Prepared on Australian Accounting Standards basis.