

PORTFOLIO BUDGET STATEMENTS 2022–23
BUDGET RELATED PAPER NO. 1.14D

PARLIAMENTARY BUDGET OFFICE

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

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Parliamentary
Budget Office

Stein Helgeby
Parliamentary Budget Officer

Senator the Hon Sue Lines
President of the Senate
Parliament House
CANBERRA ACT 2600

The Hon Milton Dick MP
Speaker of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Ms President and Mr Speaker

I hereby submit Portfolio Budget Statements in support of the October 2022–23 Budget for the Parliamentary Budget Office.

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

Yours sincerely

Stein Helgeby

19 October 2022

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| nfp | not for publication |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 Tara Stellati, Acting 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 October 2022-23 *Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

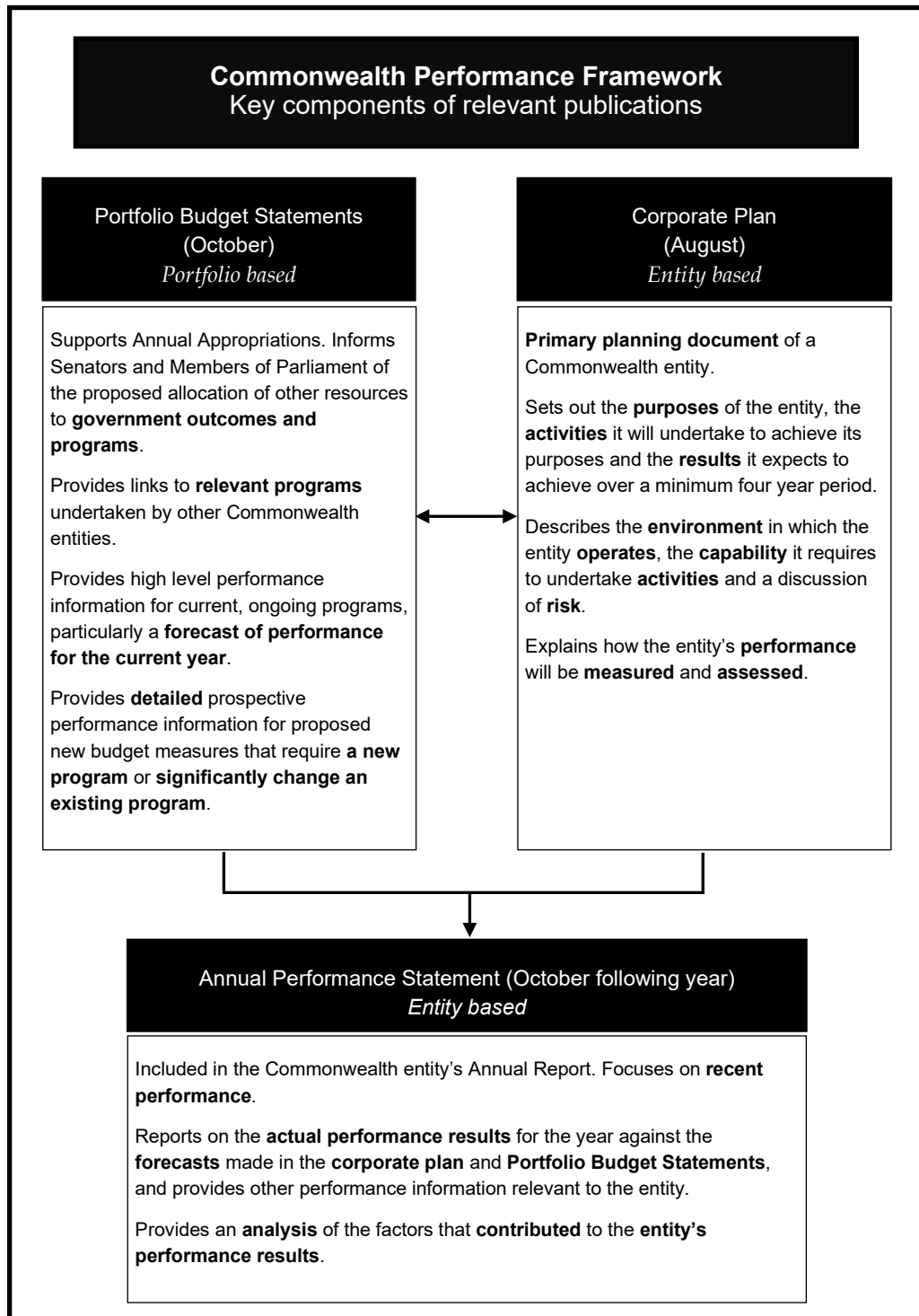
A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2022-23 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2022-23 for the parliamentary departments). In this sense, the PB Statements are Budget related 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.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

The Commonwealth Performance Framework

The following diagram outlines the key components of the Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and planned performance.



Department Overview

Parliamentary Budget Office overview

Department 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 response to be made public
- after a general election, to prepare a report that analyses and summarises the budget impacts of the election commitments of designated parliamentary parties
- to conduct and publish research on the budget and fiscal policy issues.

Entity resources and planned performance

Parliamentary Budget Office

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Parliamentary Budget Office

Section 1: Entity overview and resources

1.1 Strategic direction statement

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. Our vision of enriching Australia's democracy through independent budget and fiscal analysis drives everything we do.

Our work includes supporting the Parliament by providing non-partisan analysis and information, that is factual, and evidence based. We also publish self-initiated research and information papers on the budget to improve public understanding of fiscal policy and budget policy issues and enhance transparency around the financial implications of election commitments.

The PBO is a trusted partner that acts with integrity, transparency, discretion, and mutual respect. We strive for excellence by continuously improving and innovating to provide high-quality, useful and timely information, tailored to the needs of our clients.

Our priorities to achieve this over 2022–23 include:

- Providing high-quality and timely customer service to support our core functions.
- Ensuring that our internal operations are effective and efficient.
- Producing high-value outputs to improve understanding of the budget and fiscal policy issues.
- Attracting and retaining high performing employees who align with our vision and values.

The above information is outlined in the PBO's 2022–23 Corporate Plan, published on 1 September 2022. The Corporate Plan was prepared in consultation with the Joint Committee of Public Accounts and Audit and also serves as the PBO's work plan required under section 64Q of the *Parliamentary Service Act 1999*.

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources. The table summarises how resources will be applied to 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 2022-23 as at Budget October 2022

| | <i>2021-22 Estimated actual \$'000</i> | <i>2022-23 Estimate \$'000</i> |
|--|--|--|
| Departmental | | |
| Annual appropriations - ordinary annual services (a) | | |
| Prior year appropriations available | 4,488 | 4,654 |
| Departmental appropriation | 9,269 | 8,823 |
| Total departmental annual appropriations | <u>13,757</u> | <u>13,477</u> |
| Total departmental resourcing | 13,757 | 13,477 |
| | | |
| Average staffing level (number) | <i>2021-22</i> 51 | <i>2022-23</i> 44 |

All figures shown above are GST exclusive - these may not match figures in the cash flow statement.
Prepared on a resourcing (i.e. appropriations available) basis.
(a) Appropriation (Parliamentary Departments) Bill (No. 1).

Section 2: Outcomes and planned performance

The Parliamentary Budget Office (PBO) outcome is described in section 2.1, specifying the performance indicators and targets used to assess and monitor the performance of the PBO. Performance information is further detailed in the PBO's 2022–23 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 Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure 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 a complete picture of an entity's planned and actual performance.

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

https://www.apph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Budget_Office/About_the_PBO/Corporate_information/Corporate_plans/Corporate_plan_2022-23

The most recent annual performance statement can be found at:

https://www.apph.gov.au/About_Parliament/Parliamentary_departments/Parliamentary_Budget_Office/About_the_PBO/Corporate_information/Annual_reports/Annual_Report_2021-22

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

| | 2021-22 Estimated actual \$'000 | 2022-23 Budget \$'000 | 2023-24 Forw ard estimate \$'000 | 2024-25 Forw ard estimate \$'000 | 2025-26 Forw ard estimate \$'000 |
|---|--|-----------------------------|---|---|---|
| Program 1: PBO - Departmental - Outcome 1 | | | | | |
| Departmental expenses | | | | | |
| Departmental appropriation | 9,101 | 8,823 | 9,093 | 9,725 | 9,291 |
| Expenses not requiring appropriation in the Budget year (a) | 443 | 469 | 476 | 476 | 476 |
| Departmental total | 9,544 | 9,292 | 9,569 | 10,201 | 9,767 |
| Total expenses for Outcome 1 | 9,544 | 9,292 | 9,569 | 10,201 | 9,767 |
| | 2021-22 | 2022-23 | | | |
| Average staffing level (number) | 51 | 44 | | | |

a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses and resources received free of charge (office accommodation and audit fees).

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 details the performance measures for the PBO program associated with its Outcome. The table goes beyond what was previously included in our Portfolio Budget Statements, by including all performance measures for the Budget Year as set out in the 2022–23 Corporate Plan. This material is included for greater transparency and to provide a clearer linkage between the Portfolio Budget Statements, the PBO’s Corporate Plan and the Annual Performance Statement. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured.

Table 2.1.2: Performance measures for its Outcome

| 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 | | |
| <p>The PBO provides all parliamentarians access to confidential costing and budget analysis services to improve the quality of the public policy debate. The PBO undertakes research and publishes analysis to improve public understanding of fiscal and budget policy issues and enhances transparency around the financial implications of election commitments.</p> | | |
| Key Activities | <p>The PBO’s outcome is delivered under a single program. Key activities reported in the current Corporate Plan that relate to this program include:</p> <ul style="list-style-type: none"> • Prepare high quality policy costings and budget analysis on request from parliamentarians on a confidential basis, and in a timely manner. • Undertake self-initiated research of fiscal and budget policy issues and publish this analysis. • Prepare and publish a report of election commitments after each general election. • Proactive engagement with the parliamentarians, other agencies and key stakeholders. | |
| Year | Performance measures | Expected Performance Results |
| Prior year 2021-22 | <ul style="list-style-type: none"> • The PBO’s outputs are relevant, high quality and timely. • The PBO’s work is undertaken with independence, transparency and integrity. | <p>In 2021–22, the PBO ‘substantially achieved’ its purpose with the following highlights:</p> <ul style="list-style-type: none"> • The PBO responded to more than double the number of costing requests delivered in the previous financial year. The PBO responded to requests in a timely manner, with high-quality advice. • The PBO published a report on the budget impact of election commitments within the timeframes required by legislation. • The PBO ‘substantially achieved’ its target for the ‘median time to complete policy costings and budget analysis requests’ for the non-caretaker period. This is an improvement from 2020-21. • The PBO continued to maintain a high-quality program of published research. |

| | | |
|---|--|---|
| | | <ul style="list-style-type: none"> The PBO's output continued to be referenced in the public debate, indicating that the PBO's work is relevant. |
| Year | Performance measures | Planned Performance Results |
| Budget Year 2022-23 | Number of policy costing and budget analysis requests completed. | The number of requests completed is equal to or greater than historical levels in the election cycle. |
| | Number of PBO research products. | 5 major reports are published. |
| | | 4 occasional reports are published. |
| | Percentage of major reports published at the time specified by our schedule (reports related to the budget). | 100% of major reports are published on time. |
| | Publication of the election commitments report within the legislated timeframe. | The election commitments report is published less than 30 days after the end of the caretaker period or 7 days before the first sitting day of parliament. |
| | Median time to complete policy costing and budget analysis requests. | The median time taken to complete costings is fewer than 15 business days (non-caretaker). |
| | Percentage of publicly released costings referenced in the public debate. | 100% of publicly released costings are referenced by media sources. |
| | Demand for PBO research products. | 220 total media mentions for research products in 2022-23. |
| | Demand for the election commitments report. | 90% of media mentions in relation to the election commitments report are positive or neutral. |
| | Proportion of pre-election PBO costings that have informed election commitments (election commitments report-specific). | 60% of pre-election PBO costings have informed the 2022 Election commitments report. |
| Satisfaction and/or perception of stakeholders. | 90% of media mentions in relation to costings, research publications and the PBO function are positive or neutral. | |
| | 85% of feedback from stakeholders (including parliamentarians) in relation to customer service quality is positive or neutral. | |
| | | 85% of feedback from stakeholders (including parliamentarians) in relation to the quality of the PBO's outputs is positive or neutral. |
| 2023-24 and beyond | As per 2022-23, noting that different measures and targets may apply in election years. | As per 2022-23, noting that different measures and targets may apply in election years. |

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2022-23 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

The PBO does not have any material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

Under the net cash appropriation framework, the 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 increase in Revenue from Government in 2024–25 reflects a triennial increase in the PBO's departmental appropriation, enabling the PBO to respond to increased demand for services in line with the general election cycle.

The PBO's budgeted operating loss in 2022–23 and across the forward estimates is entirely attributable to depreciation.

The PBO has sufficient cash reserves to fund provisions and payables 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

| | 2021-22 Estimated actual \$'000 | 2022-23 Budget \$'000 | 2023-24 Forw ard estimate \$'000 | 2024-25 Forw ard estimate \$'000 | 2025-26 Forw ard estimate \$'000 |
|--|--|-----------------------------|---|---|---|
| EXPENSES | | | | | |
| Employee benefits | 7,362 | 7,401 | 7,709 | 7,766 | 7,336 |
| Suppliers | 2,091 | 1,800 | 1,769 | 2,344 | 2,340 |
| Depreciation and amortisation (a) | 91 | 91 | 91 | 91 | 91 |
| Total expenses | 9,544 | 9,292 | 9,569 | 10,201 | 9,767 |
| LESS: | | | | | |
| OWN-SOURCE INCOME | | | | | |
| Own-source revenue | | | | | |
| Other | 352 | 378 | 385 | 385 | 385 |
| Total own-source revenue | 352 | 378 | 385 | 385 | 385 |
| Total own-source income | 352 | 378 | 385 | 385 | 385 |
| Net (cost of)/contribution by services | (9,192) | (8,914) | (9,184) | (9,816) | (9,382) |
| Revenue from Government | 9,269 | 8,823 | 9,093 | 9,725 | 9,291 |
| Surplus/(deficit) attributable to the Australian Government | 77 | (91) | (91) | (91) | (91) |
| Total comprehensive income/(loss) attributable to the Australian Government | 77 | (91) | (91) | (91) | (91) |

Prepared on Australian Accounting Standards basis.

- a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

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

| | 2021-22 Estimated actual \$'000 | 2022-23 Budget \$'000 | 2023-24 Forw ard estimate \$'000 | 2024-25 Forw ard estimate \$'000 | 2025-26 Forw ard estimate \$'000 |
|--|--|-----------------------------|---|---|---|
| ASSETS | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | 27 | 27 | 27 | 27 | 27 |
| Trade and other receivables | 4,618 | 4,618 | 4,618 | 4,618 | 4,618 |
| Total financial assets | 4,645 | 4,645 | 4,645 | 4,645 | 4,645 |
| Non-financial assets | | | | | |
| Property, plant and equipment | 1,331 | 1,240 | 1,149 | 1,058 | 967 |
| Other non-financial assets | 46 | 46 | 46 | 46 | 46 |
| Total non-financial assets | 1,377 | 1,286 | 1,195 | 1,104 | 1,013 |
| Total assets | 6,022 | 5,931 | 5,840 | 5,749 | 5,658 |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Suppliers | 406 | 406 | 406 | 406 | 406 |
| Other payables | 189 | 189 | 189 | 189 | 189 |
| Total payables | 595 | 595 | 595 | 595 | 595 |
| Provisions | | | | | |
| Employee provisions | 2,523 | 2,523 | 2,523 | 2,523 | 2,523 |
| Total provisions | 2,523 | 2,523 | 2,523 | 2,523 | 2,523 |
| Total liabilities | 3,118 | 3,118 | 3,118 | 3,118 | 3,118 |
| Net assets | 2,904 | 2,813 | 2,722 | 2,631 | 2,540 |
| EQUITY* | | | | | |
| Reserves | 3 | 3 | 3 | 3 | 3 |
| Retained surplus (accumulated deficit) | 2,901 | 2,810 | 2,719 | 2,628 | 2,537 |
| Total equity | 2,904 | 2,813 | 2,722 | 2,631 | 2,540 |

Prepared on Australian Accounting Standards basis.

* 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2022-23)

| | Retained earnings | Asset revaluation reserve | Total equity |
|--|-------------------|---------------------------|--------------|
| | \$'000 | \$'000 | \$'000 |
| Opening balance as at 1 July 2022 | | | |
| Balance carried forward from previous period | 2,901 | 3 | 2,904 |
| Adjusted opening balance | 2,901 | 3 | 2,904 |
| Comprehensive income | | | |
| Surplus/(deficit) for the period | (91) | - | (91) |
| Total comprehensive income | (91) | - | (91) |
| of which: | | | |
| Attributable to the Australian Government | 2,810 | 3 | 2,813 |
| Estimated closing balance as at 30 June 2023 | 2,810 | 3 | 2,813 |
| Closing balance attributable to the Australian Government | 2,810 | 3 | 2,813 |

Prepared on Australian Accounting Standards basis.

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

| | 2021-22 Estimated actual \$'000 | 2022-23 Budget \$'000 | 2023-24 Forw ard estimate \$'000 | 2024-25 Forw ard estimate \$'000 | 2025-26 Forw ard estimate \$'000 |
|---|--|-----------------------------|---|---|---|
| OPERATING ACTIVITIES | | | | | |
| Cash received | | | | | |
| Appropriations | 9,099 | 8,823 | 9,093 | 9,725 | 9,291 |
| Net GST received | 25 | - | - | - | - |
| Other | 192 | - | - | - | - |
| Total cash received | 9,316 | 8,823 | 9,093 | 9,725 | 9,291 |
| Cash used | | | | | |
| Employees | 7,337 | 7,401 | 7,709 | 7,766 | 7,336 |
| Suppliers | 1,979 | 1,422 | 1,384 | 1,959 | 1,955 |
| Other | 4 | - | - | - | - |
| Total cash used | 9,320 | 8,823 | 9,093 | 9,725 | 9,291 |
| Net cash from/(used by) operating activities | (4) | - | - | - | - |
| Net increase/(decrease) in cash held | (4) | - | - | - | - |
| Cash and cash equivalents at the beginning of the reporting period | 31 | 27 | 27 | 27 | 27 |
| Cash and cash equivalents at the end of the reporting period | 27 | 27 | 27 | 27 | 27 |

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 departmental asset movements (Budget year 2022-23)

| | Other property, plant and equipment \$'000 | Total \$'000 |
|--|--|-----------------|
| As at 1 July 2022 | | |
| Gross book value | 1,429 | 1,429 |
| Accumulated depreciation/ amortisation and impairment | (98) | (98) |
| Opening net book balance | 1,331 | 1,331 |
| Other movements | | |
| Depreciation/amortisation expense | (91) | (91) |
| Total other movements | (91) | (91) |
| As at 30 June 2023 | | |
| Gross book value | 1,429 | 1,429 |
| Accumulated depreciation/ amortisation and impairment | (189) | (189) |
| Closing net book balance | 1,240 | 1,240 |

Prepared on Australian Accounting Standards basis.