



Parliament of Australia
Parliamentary Budget Office



annual report 2012–13



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Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator the Hon John Hogg
President of the Senate

Ms Anna Burke MP
Speaker of the House of Representatives

Dear President and Speaker

I am pleased to present the first annual report of the Parliamentary Budget Office (PBO) for the year ended 30 June 2013.

The report has been prepared in accordance with section 65 of the *Parliamentary Service Act 1999*, which requires that you present the report to each House of the Parliament. It reflects the *Requirements for Annual Reports for Departments, Executive Agencies and FMA Act Bodies* as approved by the Joint Committee of Public Accounts and Audit.

The report includes the PBO's audited financial statements as required by section 57 of the *Financial Management and Accountability Act 1997*.

As required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that the PBO has in place appropriate fraud control mechanisms that meet the PBO's needs and comply with the guidelines applying in 2012-13.

Yours sincerely

Phil Bowen

15 October 2013

Guide to the report

This report has been prepared in accordance with parliamentary reporting and legislative requirements. The purpose of this document is to inform the Parliament and other stakeholders about the Parliamentary Budget Office's (PBO) performance during 2012–13, its first year of operations.

Part 1: Introduction and overview

Part 1 comprises the Parliamentary Budget Officer's review and an overview of the PBO as a new parliamentary institution. The overview includes the PBO's purpose, functions and organisational structure.

Part 2: Performance reporting

Part 2 provides details of the PBO's achievements and challenges and the work performed in the first year of operation.

Part 3: Management and accountability

Part 3 provides information about the PBO's governance framework, external scrutiny and processes for managing resources.

Part 4: Financial statements

Part 4 contains the independent auditor's report and the PBO's audited financial statements.

Appendixes

The appendixes provide additional information on employees, agency resources and mandatory reporting areas not covered in other sections of the report.

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Accessing this report online

Further information about the PBO and an online version of this report are available at www.aph.gov.au/pbo.

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Part **1**

Introduction and overview

Parliamentary Budget Officer's review

The establishment of the Parliamentary Budget Office (PBO) represents possibly the most significant institutional initiative to enhance the Commonwealth's fiscal management framework since the introduction of the *Charter of Budget Honesty* in 1998.

The Australian Parliament now has an independent and non-partisan institution that it can call on to provide analysis of the budget, fiscal policy and the financial implications of policy proposals.

Commencing on 23 July 2012, the PBO was faced with two related but competing priorities, namely to accept requests from parliamentarians as quickly as possible, and to put in place the necessary capability to enable the PBO to respond effectively to such requests.

The PBO moved quickly to engage with key parliamentary stakeholders, recruit appropriately qualified and experienced staff, and build its financial modelling and costing capabilities. Particular thanks are due to the Treasury and the former Department of Finance and Deregulation (Finance) for their generosity in releasing a number of high-quality staff on secondment to the PBO pending the recruitment of its own permanent staff.

A conscious decision was taken to start accepting requests for work from early September 2012, less than two months after the PBO opened its doors. This decision was taken on the basis that, while the PBO was far from fully staffed at that point in time, the best way to learn a job is to do the job. The forbearance and understanding of our stakeholders, who in the early days sometimes had to wait considerable periods of time to receive their responses, are appreciated.

Over the course of its initial year of operations, the PBO developed into a fully functioning institution with 33 staff as at 30 June 2013. The PBO was well placed to respond to the heavy workload it faced in the lead-up to the 2013 general election.

Access to information in a timely fashion is vital for the PBO to be able to prepare high-quality responses to requests from parliamentarians within reasonable timeframes. To this end the PBO engaged extensively with government agencies to put in place arrangements for the provision of information to the PBO.

By and large these arrangements have worked well and the PBO is grateful for the cooperation it has received from agencies. The PBO acknowledges that its requests for information have placed a substantial additional workload on many government agencies. To 30 June 2013, the PBO had made 360 requests of agencies and received 331 responses. Most responses were received in a timely manner. In only a limited number of instances have extended delays in receiving responses from agencies affected the PBO's ability to respond to requests from parliamentarians in a timely fashion.

As flagged in the PBO's work plan for 2012–13, in its first year the PBO had to allocate most of its resources to responding to requests for policy costings and budget information. To 30 June 2013, the PBO had received 607 requests for work (net of withdrawn requests) and prepared 461 responses. This workload reflected a pent-up demand for the PBO's services, in particular from non-government parliamentary parties. The level of demand was heightened by the impending 2013 general election.

Experience to date suggests that the PBO has already had a significant impact in helping to level the playing field for non-government parties and independent parliamentarians. It has done so by helping to redress the asymmetry of access to costing and budget information services that existed prior to the establishment of the PBO. Now non-government parties and independent parliamentarians have access to similar costing and budget information services from the PBO that government parties have always had available to them from government agencies.

The PBO often engages with parliamentary parties and independent parliamentarians on an iterative basis as they refine their policy options. This process can be expected to result in more robust policy development with greater financial rigour. Over time, this involvement by the PBO will be likely to help sharpen the focus of public debate on substantive policy issues rather than on the accuracy of the policy costings.

The PBO was able to devote resources to publish one report in 2012–13 under its self-initiated program of research and analysis of the budget and fiscal policy settings. Following the May 2013 Budget, the report, *Estimates of the structural budget balance of the Australian Government: 2001–02 to 2016–17*, was released. After the work associated with the 2013 general election has been completed, the PBO expects to allocate significantly more resources to its self-initiated work program, which has a focus on budget sustainability and transparency.

On several occasions throughout the year the PBO met with the Joint Committee of Public Accounts and Audit (JCPAA). Topics for discussion included the PBO's 2012–13 work plan and 2013–14 budget estimates, and its enhanced mandate to prepare a post-election report on the budgetary implications of the election commitments of parliamentary parties. The JCPAA provided valuable support to the PBO during its establishment phase. The PBO looks forward to a productive ongoing relationship with the JCPAA.

The PBO appeared before the Senate Finance and Public Administration Legislation Committee at its hearings in October 2012 and February 2013. The PBO has commenced providing the committee with a report on performance statistics in advance of each committee hearing and intends to continue this practice.

Over the course of the year I met on a regular basis with the Presiding Officers. They provided wise counsel and strong support for the independence and non-partisan character of the Parliamentary Budget Officer's role.

Finally, it is important to acknowledge the efforts of the PBO's highly proficient, hardworking and dedicated staff. Their contribution has been vital to the success of the PBO in its inaugural year.

Phil Bowen PSM FCPA
Parliamentary Budget Officer

A new parliamentary institution

Establishment of the Parliamentary Budget Office

On 23 July 2012 a fourth parliamentary department, the Parliamentary Budget Office, began operation. On that day the PBO's employees consisted of two people—the inaugural Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, supported by an SES Band 1 interim executive officer. By 30 June 2013 the PBO had grown to 33 employees and provided 461 responses to confidential requests for policy costings and budget information.

The PBO is one of four parliamentary departments that provide support for the workings of the Parliament:

- Department of the Senate
- Department of the House of Representatives
- Department of Parliamentary Services
- Parliamentary Budget Office

The PBO was established as a result of amendments to the *Parliamentary Service Act 1999* in 2011 and followed consideration by a joint select committee.

Consistent with the *Agreement for a Better Parliament* reached at the beginning of the Forty-third Parliament, a bipartisan joint select committee was appointed to consider matters relevant to the establishment of the PBO.

The committee unanimously recommended the formation of the PBO, and also recommended that the position of Parliamentary Budget Officer be created as an independent officer of the Parliament through dedicated legislation.

These recommendations were reflected in the Parliamentary Service Amendment (Parliamentary Budget Officer) Bill 2011, which gave the PBO its own statutory basis as a guarantee of its independence. This structural independence enables the PBO to provide independent, non-partisan budget and fiscal policy analysis and policy costings for members of Parliament.

During its first three months the PBO seconded a number of temporary employees with appropriate skills and experience from Australian Public Service agencies. This allowed the PBO to operate with maximum flexibility while it gained an understanding of the full nature and extent of the workload it would face in the future. Taking on temporary employees also meant that the PBO could prepare costings from September 2012 onwards, and begin to recruit a permanent workforce.

Significant dates

30 May 2012	Parliamentary Budget Officer Phil Bowen appointed
23 July 2012	PBO begins its work
28 August 2012	PBO releases its first guidance document for Senators and Members
18 September 2012	Mr Bowen provides a House Briefing about the role and functions of the Parliamentary Budget Office
24 September 2012	<i>Memorandum of understanding between the Parliamentary Budget Officer and the heads of Commonwealth bodies in relation to the provision of information and documents (MOU)</i> signed by the Parliamentary Budget Officer and the secretaries to the Department of the Treasury and the former Department of Finance and Deregulation
28 September 2012	The Australian Government issues <i>Australian Government protocols governing the engagement between Commonwealth bodies and the Parliamentary Budget Officer</i> to support the operation of the MOU
12 October 2012	PBO's first work plan published
4 December 2012	Assent given to the <i>Freedom of Information (Parliamentary Budget Office) Act 2012</i> , which provided a new freedom of information exemption for documents related to requests to the PBO
14 May 2013	2013–14 Budget measure to enhance the PBO's capability and function
29 June 2013	Assent given to the <i>Parliamentary Service Amendment (Parliamentary Budget Officer) Act 2013</i> , which expanded the PBO's mandate to include the requirement to report on the election commitments of designated parliamentary parties after a general election

Purpose

The purpose of the PBO, as reflected in the Parliamentary Service Act, is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals. This is also the PBO's outcome statement.

Functions

The Parliamentary Service Act gives the Parliamentary Budget Officer 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 members
- to prepare responses (other than policy costings) to requests relating to the Budget by 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 publicly available
- to produce a post-election report on the election commitments of designated parliamentary parties within 30 days of a general election
- 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 publicly available.

These functions include the February 2013 announcement by the Deputy Prime Minister to expand the Parliamentary Budget Officer's mandate to produce a post-election report on election commitments. The Parliamentary Service Amendment (Parliamentary Budget Officer) Bill 2013 also enhanced the PBO's access to information from Commonwealth bodies to assist in delivering the report, and amended the *Taxation Administration Act 1953* to allow the Australian Taxation Office to provide confidential taxpayer data to the PBO so the PBO could carry out its statutory functions. The *Parliamentary Service Amendment (Parliamentary Budget Officer) Act 2013* was assented to on 29 June 2013.

A budget measure to provide the PBO with additional resourcing to enhance its capability and functions was announced by the Government in the 2013–14 Budget.

Priorities for 2012–13

The key priorities for the PBO in its first year of operations were:

- to place the PBO on a fully operational footing with the capability to fulfil its mandate as a responsive and effective independent institution of the Parliament
- to gain the trust of the Parliament in the PBO as a valued source of budget and fiscal policy analyses and policy costings that strengthen the policy development process and enhance the transparency of the Budget and fiscal policy.

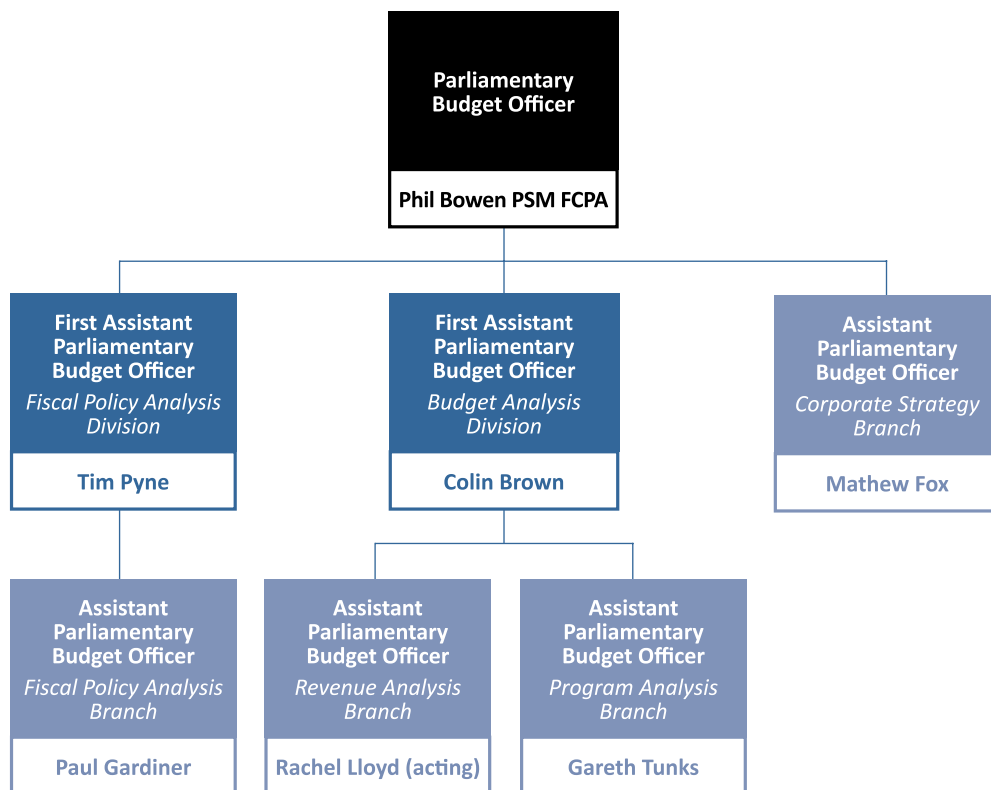
Organisational structure

Following the initial recruitment of employees in October and December 2012, the PBO’s organisational structure came into effect on 3 December 2012 (see Figure 1). The structure reflects the PBO’s key functions:

- Budget Analysis Division—responsible for budget analyses and policy costings requested by Senators and Members
- Fiscal Policy Analysis Division—responsible for fiscal policy analyses and leading the PBO’s self-initiated work program
- Corporate Strategy Branch—responsible for developing and implementing the PBO’s corporate strategies and policies, managing the delivery of its corporate services and meeting its compliance obligations.

Each area reports directly to the Parliamentary Budget Officer. As at 30 June 2013 the PBO had 33 employees, including six Senior Executive Service (SES) officers. The Budget Analysis and Fiscal Policy Analysis divisions are each headed by an SES Band 2 First Assistant Parliamentary Budget Officer. SES Band 1 Assistant Parliamentary Budget Officers head the Corporate Strategy, Program Analysis, Revenue Analysis and Fiscal Policy Analysis branches.

Figure 1: PBO organisational structure at 30 June 2013



Policy costings requested by Senators and Members

The PBO began receiving costing requests in September 2012, and from that time there was a high level of demand from Senators and Members throughout the reporting period. As at 30 June 2013, the PBO had received 607 requests for work (net of withdrawn requests), to which it had provided 461 responses. These responses were all to confidential requests for policy costings outside of the caretaker period, or confidential requests for information on the Budget.

The average time taken to respond to requests from parliamentarians improved progressively through 2012–13 as processes and procedures were implemented, models and modelling capability were developed, data was obtained and processes for obtaining data from agencies were refined, and as more employees were recruited.

Self-initiated work program

In 2012–13, the PBO contributed to improving the understanding of budget and fiscal policy settings through the release of its report *Estimates of the structural budget balance of the Australian Government: 2001–02 to 2016–17*. The report reviewed estimation methodologies from international literature and presented estimates of the structural budget balance within a range. These methodologies were peer reviewed by experts familiar with the data, methodologies and estimation techniques. Extensive testing of methodologies and assumptions was conducted to highlight the sensitivities of these estimates to these factors. The report also provided insights into the drivers of the structural budget balance position.

Preparation for the 2013 election

From early 2013, the PBO began preparing for the increased workload that would be associated with the 2013 election. Preparations included developing guidance material for parliamentarians about the costing processes during the caretaker period and providing guidance to agencies on processes that would apply during the caretaker and post-election report periods.

In particular, the PBO worked closely with the Department of the Treasury and the former Department of Finance and Deregulation:

- to settle the arrangements for handling costing requests during the caretaker period
- to establish arrangements for information requests and access to data during the caretaker period
- to obtain information for the preparation of the post-election report into the costs of the election commitments of designated political parties (including for exchanging information, models and costings undertaken during the caretaker period).

The PBO also contracted professional services firms to provide additional resources to support its analytical divisions during peak periods.

Guidance to Senators and Members

The PBO published the following guidance documents during 2012–13:

A summary guide to policy costings—procedures, information requirements and methodology (PBO Guidance 01/2012), released 28 August 2012

Clarification of the role of the Parliamentary Budget Office in undertaking costings and providing analyses of the budget during the caretaker period (PBO Guidance 02/2012), released 23 October 2012

Costing of policy proposals at the request of a parliamentarian or political party that are attributed to another parliamentarian or political party (PBO Guidance 01/2013), released 15 April 2013

Public release of confidential costings (PBO Guidance 02/2013), released 9 May 2013

All guidance documents are available on the PBO website.

Access to information

Section 64F of the Parliamentary Service Act enables the Parliamentary Budget Officer to make an arrangement in writing with the head of a Commonwealth body to obtain from that body information and documents relevant to the PBO's functions.

Consistent with this provision, on 24 September 2012 the Parliamentary Budget Officer and the secretaries to the Department of the Treasury and the former Department of Finance and Deregulation signed a *Memorandum of understanding between the Parliamentary Budget Officer and the heads of Commonwealth bodies in relation to the provision of information and documents* (MOU). Between 3 October and 15 October 2012, all portfolio secretaries, the Australian Statistician, the Commissioner of Taxation and the acting head of the Australian Customs and Border Protection Service elected to be covered under this agreement.

The MOU has a pro-disclosure bias and provides the basis for the Parliamentary Budget Officer to obtain from heads of Commonwealth bodies the information he needs to fulfil the PBO's mandate.

The MOU has assisted the PBO to develop productive and collaborative working relationships with Commonwealth bodies. As at 30 June 2013, the PBO had sent 360 requests for information to Commonwealth bodies under the MOU arrangements and had received 331 responses. Overall, 45 per cent of requests were met within the deadlines set. Of the overdue responses, 66 per cent were provided within a week of the deadline. Some responses took longer and in most cases reflected more complex requests and/or the ability of the agency to provide a response in the face of competing workloads.

To support the operation of the MOU, the Australian Government issued *Australian Government protocols governing the engagement between Commonwealth bodies and the Parliamentary Budget Officer* on 28 September 2012. The protocols mandate that ministers and their employees would not ask heads of Commonwealth bodies for any information that would disclose the nature of a confidential request from the Parliamentary Budget Officer.

The Government also amended the *Freedom of Information Act 1982* so that information is not able to be released contrary to the intention of the PBO legislation. The amendments commenced on 4 December 2012.

Capability development

Throughout 2012–13, the PBO focused on building its capability to conduct its analytical work including developing an operations manual, building its models and data repositories and actively engaging with relevant government agencies. The PBO's operations manual provides detailed information on working arrangements, the costing process, management of records, modelling and data resources. In 2013–14, the PBO will undertake further work to build data repositories and develop models to support its work.



Part 2

Performance reporting

Achievements and challenges

As highlighted earlier, the key priorities for the Parliamentary Budget Office in its first year of operations were:

- to build the new organisation to a fully operational footing
- to gain the trust of Parliament so that the PBO is regarded as a valued source of budget and fiscal policy analyses and policy costing.

The achievement of these priorities presented challenges in balancing the effort required to build the PBO's capability against the need to commence supporting Senators and Members as soon as possible. An overview of these challenges is included below, and they are treated in more detail in the next section, 'Our first year's work'.

Building the new organisation

Achievements and challenges involved:

- developing governance arrangements for the PBO
- enhancing the legislation for the PBO and Parliamentary Service
- arranging interim accommodation in Parliament House while commencing work on the PBO's permanent Parliament House office accommodation
- overseeing the development of a secure information technology network
- undertaking recruitment and developing and implementing financial and human resources policies for the PBO
- establishing a shared service agreement with the Department of Parliamentary Services for the provision of corporate services to the PBO, including financial, human resources, procurement, information management and information technology services.

The PBO also accessed payroll services from the Department of the House of Representatives through existing arrangements that the department had in place with the Department of Parliamentary Services.

Building our analytical and research capability

Achievements and challenges involved:

- developing the self-initiated work program including:
 - providing estimates of the structural budget balance of the Australian Government
 - constructing consistent time series data on government expenditure
- developing an operations manual that documents PBO operating processes
- building analytical and research capability through acquiring financial models and providing training for employees
- reducing the time taken to respond to requests for costings and budget information
- preparing for the 2013 election.

Our first year's work

The work of the Parliamentary Budget Office is outlined in an annual work plan prepared by the Parliamentary Budget Officer in consultation with the Joint Committee of Public Accounts and Audit. The work plan outlines the PBO's priorities for the financial year towards the achievement of its outcome.

Measuring performance

Outcome 1

To inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.

The first work plan was published on 12 October 2012, less than three months after the PBO was established. The work plan included parameters for assessing performance.

The work plan noted that the PBO's performance would be judged by the quality, timeliness and relevance of its outputs as assessed by feedback from key parliamentary stakeholders, and that the ongoing demand for the PBO's services would be an important indicator of the PBO's ability to add value to the work of Senators and Members and the policy development process.

The PBO's performance is discussed below in terms of the key priorities for its first year of operations.

Becoming operational

One of the PBO's first activities was to develop its governance arrangements. This included a governance framework and processes and progressive implementation of other statutory governance requirements including:

- implementation of Chief Executive's Instructions
- allocation of internal and external financial delegations
- development of financial policies and a fraud control plan
- establishment of internal audit arrangements.

Work to fully implement the PBO's governance arrangements will continue in 2013–14.

The PBO also participated in Parliament House governance committees as required by legislation or the Presiding Officers, including the Parliamentary ICT Advisory Board and the Security Management Board.

Legislation for the PBO and Parliamentary Service

Throughout 2012–13, the PBO was engaged in a series of activities relating to the PBO's mandate and legislative basis. These activities are discussed in Part 1.

In addition, the PBO worked with other parliamentary departments to amend the *Parliamentary Service Act 1999* in relation to Parliamentary Service employment arrangements and professional standards consistent with the amendments to the *Public Service Act 1999*.

Accommodation

Since it began operations, the PBO has been located in Parliament House. In 2012–13, temporary accommodation was provided by the Department of the Senate, the Department of the House of Representatives and the Department of Parliamentary Services. Where necessary, the PBO has upgraded and refurbished this accommodation.

In August 2012, the Parliamentary Budget Officer accepted an offer of permanent accommodation from the Secretary of the Department of Parliamentary Services in the office site previously occupied by the Department of Parliamentary Services executive and, before that, the Joint House Department executive. The proposal was consistent with the strong preference expressed by the Joint Committee of Public Accounts and Audit and other parliamentary stakeholders that the PBO be located in Parliament House. It was also the most cost-effective permanent accommodation option for the PBO.

Throughout 2012–13, a project managed by the Department of Parliamentary Services on the PBO's behalf and overseen by the PBO, commenced designing and constructing the PBO's permanent accommodation. The design, approach to market and evaluation were completed during the financial year. Construction commenced in July 2013, with a completion date of October 2013.

Information technology

Given the sensitivity of the PBO's work, its long-term information technology requirements cannot be satisfactorily met on the mainstream parliamentary computing network. In light of this, the PBO engaged the Department of Parliamentary Services to develop a proposal for a secure information technology network. Detailed network design and development commenced after the Parliamentary Budget Officer's agreement to a Department of Parliamentary Services proposal in January 2013. The project is expected to be completed in December 2013.

Recruitment and human resources management

When the Parliamentary Budget Officer commenced he was supported by an SES Band 1 interim executive officer. Pending the recruitment of permanent employees, in September 2013 the PBO seconded 10 temporary employees with appropriate skills and experience from Australian Public Service agencies. The administrative arrangements supporting these secondments were developed in consultation with the Australian Public Service Commission.

Throughout 2012–13, priority was given to recruiting the PBO's permanent employees. Two bulk recruiting rounds were undertaken during the year, supplemented by targeted recruiting for specific positions. As at 30 June 2013 the PBO had 33 employees, including six SES officers.

Following advice from the Australian Public Service Commission, the PBO engaged its employees under interim employment arrangements that met the requirements of the Australian Government Employment Bargaining Framework. With the appointment of permanent employees, the PBO commenced the development and implementation of its human resources policies, with priority given to the development of a performance management framework.

In addition to recruiting permanent employees, the PBO engaged professional services firms to provide contractors to support the analytical divisions during peak periods. These engagements commenced in early 2013 and will be used as required to help meet the PBO's costing and fiscal policy analysis workload.

Corporate services

To enable the PBO to maintain its focus on its core responsibilities and to minimise costs, the PBO entered into an interim shared services agreement with the Department of Parliamentary Services for the provision of the PBO's back-office services, including finance, human resources, procurement and information technology services. The PBO also engaged the Department of the House of Representatives, initially through the Department of Parliamentary Services, to provide its payroll services.

The PBO worked closely with the Department of Parliamentary Services to prepare a formal memorandum of understanding to cover the services to be provided by the Department of Parliamentary Services, the service level standards that will apply, and the basis for the Department of Parliamentary Services to charge the PBO for the services it provides. The PBO also worked with the Department of the House of Representatives to develop a separate memorandum of understanding to cover payroll services. Both MOUs will be finalised in 2013–14.

Self-initiated work program

The PBO's self-initiated work program provides an avenue for it to help improve budget transparency and promote a better understanding of the Budget and fiscal policy.

Our first report

The PBO's report *Estimates of the structural budget balance of the Australian Government: 2001–02 to 2016–17* was the first in a series of reports that the PBO proposes to issue to help explain how underlying budgetary trends and discretionary fiscal policy decisions impact on the Government's fiscal position.

The report reviewed estimation methodologies from international literature and applied these to Australia. The PBO sought peer review on the methodologies used to derive estimates of the structural budget balance from individuals and organisations familiar with the data, methodologies and estimation techniques. The Australian situation is somewhat unique as key judgements were required for the structural level of Australia's terms of trade—the key driver of nominal GDP growth and hence tax revenue growth over the period of analysis.

Reflecting the uncertainty associated with estimates of the structural level of the terms of trade, the PBO presented estimates of the structural budget balance within a range. Extensive testing of methodologies and assumptions was undertaken to highlight the sensitivities of the estimates of the structural budget balance to these factors. The report provided insights into the drivers of the structural budget balance position, including estimates of the impact of past policy changes and underlying budgetary trends.

What is the 'structural budget balance'?

The structural budget balance is a partial measure of the sustainability of the Budget. It shows the underlying position of the Budget after adjusting the actual budget balance for the impacts of major cyclical and temporary factors. The structural budget balance reflects the impacts of underlying budgetary trends and discretionary fiscal policy decisions.

Expenditure trends analysis

During the year the PBO started a project to investigate and report on detailed historical and projected Australian Government expenditure trends to contribute to an understanding of budget and fiscal policy settings. The project has been complex given the significant data issues arising from a lack of readily available consistent time series data on government spending at the program level, which is crucial for analysis of expenditure trends. Considerable time and effort was spent in recording data from public documents and liaising with agencies to assist in filling in the data gaps to ensure consistency of functional and program spending over time. Despite these hurdles, progress has been made in compiling the database on which to base future analysis.

Capability development

As soon as the PBO commenced operations, it concentrated on quickly building its capability in order to deal with the expected demand from Senators and Members.

PBO operations manual

As well as increasing the capability of the PBO to handle the volume of costing work, there was also a focus on ensuring the quality of the work undertaken was to a high standard. This included ensuring that appropriate quality assurance processes for costings were in place and complied with, and proper records were maintained for the work that was undertaken, including model documentation. These processes have been documented in the PBO operations manual and incorporated into employee induction and training material.

The operations manual became available to employees from 30 April 2013. It provides background information on the PBO, its role and its working arrangements, the costing process including responding to parliamentarians, election costing processes, records management, modelling and data resources and PBO-specific guidelines. The operations manual is a 'living' document that will be added to as processes evolve and guidelines are developed.

Access to information

On 24 September 2012 the PBO signed a memorandum of understanding for the provision of information and documents with the secretaries to the Department of the Treasury and the former Department of Finance and Deregulation. The MOU aims to facilitate the open exchange of information and knowledge between the parties. By early October 2012 the

heads of all Commonwealth departments and a number of key agencies had also elected to be covered by the MOU, facilitating the formation of a collaborative, productive and collegiate working relationship between these entities and the PBO.

The PBO has made use of the MOU to obtain information, data and models from agencies to enable it to meet requests from parliamentarians and to build its capability to undertake budget analysis. In the period to 30 June 2013, the PBO sent 360 requests for information to Australian Government agencies under the MOU arrangements and received 331 responses.

Models and data

The PBO acquired or developed a range of models and datasets in 2012–13. These were either developed in-house or by acquiring and adapting models from a number of Australian Government agencies. In many cases, models acquired from other agencies have been modified in order to adapt them to the costings or analysis being undertaken by the PBO, including working in collaboration with those agencies.

The PBO has standing arrangements for updating its data holdings on a regular basis, typically soon after the release of each economic and fiscal update. The data obtained from agencies includes program and sub-program level estimates, data on activity levels, expenditure and client statistics. Amendments to the *Taxation Administration Act 1953* enable the PBO to access de-identified taxpayer data from the Australian Taxation Office, which it uses in microsimulation models and to obtain information needed to undertake a range of tax-related costings. Arrangements for receiving regular updates of taxation datasets have been made with the Australian Taxation Office.

Responding to requests

One of the first steps in developing the PBO's costing procedures was to establish a register for recording all requests received by the PBO and tracking the progress in meeting those requests. A corresponding register of requests for information made by the PBO to Commonwealth agencies was also developed. These registers enable the PBO to monitor its workload, track requests received and made and identify outstanding requests.

Requests from parliamentarians

The PBO provided its first responses to requests from parliamentarians on 28 September 2012. In the period up to 30 June 2013 the PBO received 607 requests (net of withdrawn requests) from parliamentarians. Of these requests, 461 had been fulfilled, with an average response time of approximately 31 business days, and 146 were outstanding as at 30 June 2013. Table 1 provides a summary of how demand for requests and response times have evolved over time.

Figure 2 represents the time taken to respond to costings in 2012–13 and the days since receipt for all outstanding costing requests at 30 June 2013.

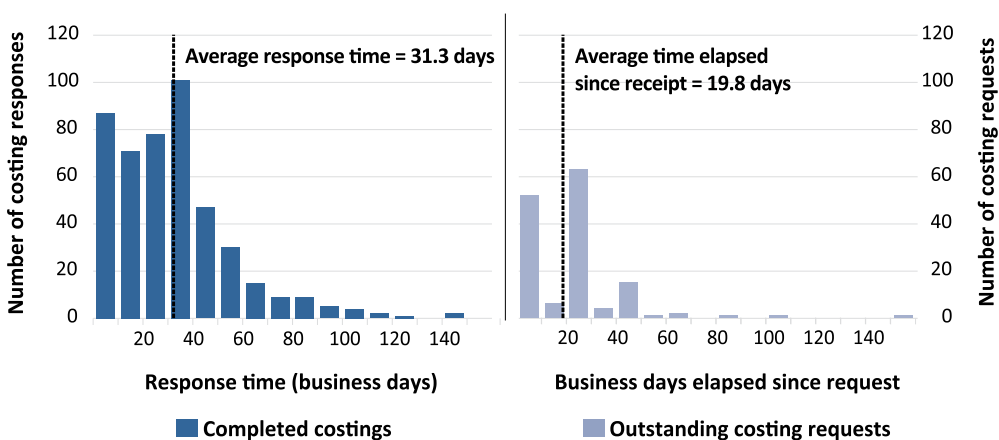
Table 1: Responsiveness to costing requests from parliamentarians

	2012		2013		Total
	Jul–Sep	Oct–Dec	Jan–Mar	Apr–Jun	
Total requests received	32	165	75	349	621
Requests withdrawn	–	6	1	7	14
Number of requests completed	32	158	71	200	461
Average time to completion (business days)	54.6	42.7	23.8	21.4	31.3
Number of requests outstanding	–	1	3	142	146
Average time elapsed since receipt (business days)	–	153.0	84.3	17.5	19.8

As Table 1 shows, the average time taken to complete requests from parliamentarians improved progressively throughout 2012–13. This occurred as processes and procedures were implemented, models and modelling capability were developed, data was obtained and processes for obtaining data from agencies were refined, and as increased employee resources became available. The time taken to complete costing requests improved from an average of:

- 55 business days for requests received to the end of September 2012
- 43 business days for requests received in the three months to the end of December 2012
- 24 business days for requests received in the three months to the end of March 2013
- 21 business days for requests received in the three months to the end of June 2013.

Figure 2: Response times to costing requests received from parliamentarians



All responses were in relation to confidential requests for policy costings outside of the caretaker period, or confidential responses to requests for information on the Budget. The PBO also prepared analysis of its work for presentation to Senate Additional Estimates and Budget Estimates hearings.

Responses from Commonwealth bodies

Under the MOU, Commonwealth bodies are to provide responses to the PBO in relation to information requirements within a reasonable timeframe, with indicative timeframes as follows:

- urgent requests are responded to within five working days of receipt, depending on complexity
- routine requests are responded to within 10 working days of receipt, depending on complexity.

Table 2 provides an overview of the response times by Commonwealth bodies to requests for information from the PBO.

Table 2: PBO information requests and responsiveness of Commonwealth bodies

	Date request sent				Total
	2012		2013		
	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	
Requests sent	15	70	100	175	360
Responded <i>by</i> due date	4 (27%)	39 (56%)	35 (38%)	71 (46%)	149 (45%)
Responded <i>after</i> due date	11 (73%)	31 (44%)	58 (62%)	82 (54%)	182 (55%)
Average timeliness (business days)	4.2 late	3.2 late	4.0 late	2.0 late	2.9 late
Requests outstanding (number overdue)	0 (0)	0 (0)	7 (7)	22 (10)	29 (17)

Figure 3 shows that the average response time by Commonwealth bodies to complete information requests by the PBO was around 12 business days, while Figure 4 shows the average timeliness of response by Commonwealth bodies.

Figure 3: Commonwealth bodies' response time for completed information requests

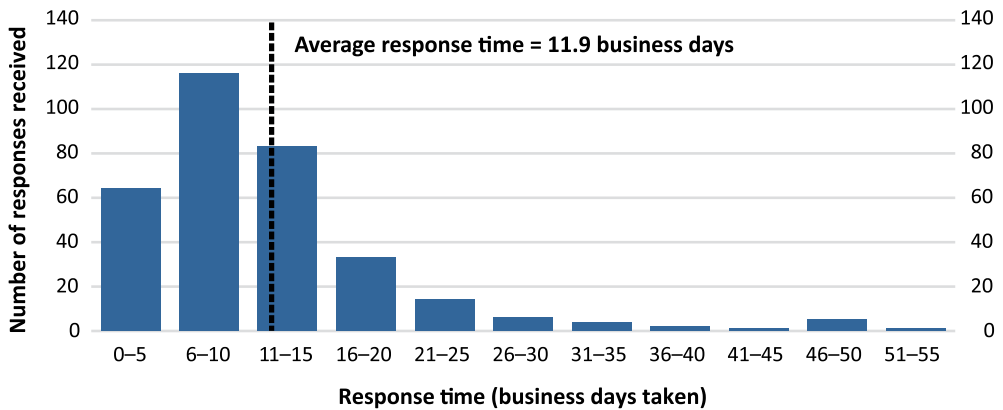
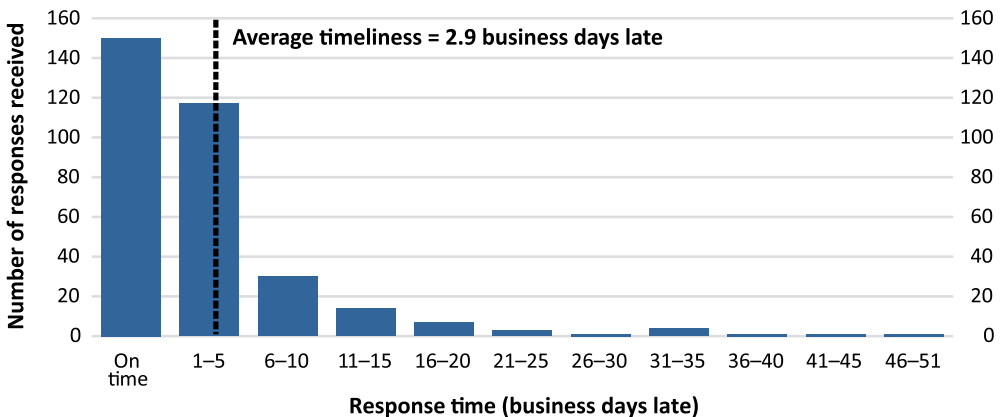


Figure 4: Timeliness of response by Commonwealth bodies to PBO information requests



As Figure 4 shows, the majority of requests were responded to either on time, or within five business days of the due date. The average number of days late reduced from 4.2 business days late in the September quarter to 2.0 business days late in the June quarter. A small number of requests for information from Commonwealth bodies were significantly overdue, which impacted on the PBO's ability to finalise some costings in a timely manner.

Preparing for the 2013 election

Preparations for the 2013 general election included consultations with the Department of the Treasury and the former Department of Finance and Deregulation to settle the arrangements for handling costing requests during the election period and arrangements for information requests and access to data during the caretaker period. The consultations also covered arrangements for the preparation of the post-election report into the costs of the election commitments of designated political parties and arrangements for exchanging information, models and costings undertaken during the caretaker period.

In addition, preparations included:

- guidance to parliamentarians regarding the election costing processes
- guidance to agencies on processes that would apply during the caretaker and post-election report period
- preparation of resources for use in relation to election costings (such as document templates and registers of parties, contacts and requests)
- website development
- training for employees and contractors.

The first major addition to the PBO operations manual was the chapter for election costing processes, developed in preparation for the 2013 general election. The material in this chapter drew on information set out in the *Charter of Budget Honesty—Policy Costing Guidelines* published by the secretaries to the Department of the Treasury and the former Department of Finance and Deregulation and adapted the processes set out in those guidelines to the needs and circumstances of the PBO. Preparations were also made for the post-election report into the election commitments of designated political parties, identifying the processes required for the report from the legislation and incorporating those into the operations manual.

The PBO used contractors engaged on short-term contracts as part of the strategy to manage the added workload associated with the election period. A number of qualified contractors with the required security clearances were identified and engaged as part of the election period preparations.

Stakeholder feedback

As outlined in its 2012–13 work plan, the PBO sought feedback from its parliamentary stakeholders on the quality, timeliness and relevance of its outputs. Feedback indicated that its parliamentary stakeholders were very satisfied with the quality and relevance of outputs, particularly the costings of proposals and support for policy development. While generally satisfied with timeliness, key stakeholders expressed concern about some of the delays the PBO experienced in obtaining information from government bodies.



Part 3

Management and accountability

Corporate governance

The PBO's operation is governed by the requirements of the *Parliamentary Service Act 1999*, the *Financial Management and Accountability Act 1997* (FMA Act) and other legislation as applicable.

Under the Parliamentary Service Act and the FMA Act, the Parliamentary Budget Officer is accountable for the PBO's performance and compliance with regulatory requirements.

As the PBO is subject to the same governance and reporting requirements that apply to larger FMA Act agencies, the establishment of the PBO's governance framework, processes and arrangements was a priority during 2012–13.

The PBO's governance framework during the year comprised:

- the PBO Executive, consisting of the Parliamentary Budget Officer and SES officers
- an Audit Committee established by the Parliamentary Budget Officer, consisting of two independent members (including the chair) and the Assistant Parliamentary Budget Officer, Corporate Strategy Branch.

PBO Executive

The PBO Executive meets weekly to consider PBO-wide issues.

Audit Committee

The committee provides independent advice and assurance to the Parliamentary Budget Officer regarding the PBO's governance arrangements. The committee met once during the year and endorsed the Audit Committee Charter. The Chief Financial Officer and representatives from the Australian National Audit Office attended the meeting.

The PBO engaged KPMG as its internal auditor during the year. The arrangement is through the Internal Audit, Common Risk Management, Program Evaluation, Fraud Control, Protective Security and Fraud/Security Investigation Services Panel established by the Department of Resources, Energy and Tourism. The arrangement will conclude on 31 July 2015; however, it allows for two 1-year options to extend the arrangement.

Parliament House boards

Within Parliament House, the PBO had membership of the following boards in 2012–13:

- Parliamentary ICT Advisory Board
- Security Management Board.

Parliamentary ICT Advisory Board

The Parliamentary ICT Advisory Board provides strategic oversight of information and communications technology in Parliament House. The PBO is represented by the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The board met four times during the year.

Security Management Board

The Security Management Board is established under section 65A of the Parliamentary Service Act to advise the Presiding Officers on security policy and the management of security measures for Parliament House. The PBO was represented by the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The board met 10 times during the year.

Fraud prevention and control

During the year the PBO developed a fraud control plan that complies with the Commonwealth Fraud Control Guidelines.

In 2012–13 the PBO took all reasonable measures to minimise the incidence of fraud and is implementing strategies for raising awareness and preventing fraud as set out in the fraud control plan.

External scrutiny

During 2012–13 there were no external reports, reviews or judicial decisions involving the PBO. Information about the PBO's involvement with parliamentary committees follows.

Joint Committee of Public Accounts and Audit

The Joint Committee of Public Accounts and Audit, as the committee overseeing the PBO, played an important role in assisting the PBO to establish itself as an effective arm of the Parliament. Throughout 2012–13, the PBO met with the Committee on a regular basis, particularly in relation to the PBO's work plan and budget and the proposal to enhance the PBO's mandate and resourcing.

Senate Finance and Public Administration Legislation Committee

The PBO appeared regularly before the Senate Finance and Public Administration Legislation Committee throughout the year. At the 2013–14 Budget Estimates hearings in May 2013, the PBO commenced providing the Committee with performance and employee data in advance of the hearing and intends to continue providing this reporting at future Senate Estimates hearings.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Accordingly, the recruitment of employees with appropriate skills and experience was a high priority for the PBO in 2012–13.

Details of the classification level, employment status and gender of the PBO's employees are included in Appendix B.

Employment arrangements

Consistent with the Australian Government Employment Bargaining Framework requirements for newly established agencies, the PBO's SES employees were engaged on individual determinations under section 24(1) of the Parliamentary Service Act. Non-SES employees were engaged on common law arrangements.

The Parliamentary Budget Officer is engaged as a full-time public office holder under section 64X of the Parliamentary Service Act and his remuneration is determined by the Remuneration Tribunal (applicable determinations in 2012–13 were 2012/12 and 2012/24).

The PBO did not make any performance payments to employees during 2012–13.

Employees have access to a number of non-salary benefits including study assistance, payment of professional membership fees and access to salary sacrifice benefits. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House.

Purchasing

Purchasing was managed in accordance with the Commonwealth Procurement Rules and the PBO's Chief Executive's Instructions and supporting procedures. The PBO's primary purchasing objectives were:

- to ensure the principle of value for money was consistently obtained through:
 - encouraging competition
 - promoting efficiency, effectiveness and ethical use of resources
 - conducting its business in an environment of accountability and transparency
- to support the business requirements of the PBO through a focus on better practice procurement.

The PBO facilitates its purchasing requirements through a range of coordinated procurement arrangements. These include panels established by other departments and whole-of-government panel lists and contracts.

Consultants

The Parliamentary Budget Office classifies consultants as individuals, partnerships or corporations engaged to provide professional, independent and expert advice or services to the PBO. It engages consultants where there is a need for independent research or assessment, or where there is a requirement for specialised or professional skills not available in-house.

During the year, eight new consultancy contracts were entered into. The total expense for these contracts in 2012–13 was \$26,784 (GST inclusive). There were no ongoing consultancy contracts active during 2012–13.

The majority of expenditure (95 per cent) on consultancy contracts was for legal services.

Information on the value of contracts and consultancies greater than \$10,000 is available on the AusTender website (www.tenders.gov.au).

Financial performance

The PBO recorded an operating surplus during the year of \$1.740 million, comprising total revenue of \$6.376 million and expenses of \$4.636 million. The surplus was due largely to the PBO needing to build its capability, including the recruitment of staff progressively over the course of the year.

As at 30 June 2013, the PBO was in a sound net worth and liquidity position, reporting net assets of \$1.740 million, represented by assets of \$4.205 million and liabilities of \$2.465 million.

As at 30 June 2013, the PBO had unspent annual appropriations totalling \$3.062 million, of which \$0.022 million was held as cash. In addition, the PBO had an unspent special appropriation of \$6.0 million. Unspent appropriations are available to settle liabilities as and when they fall due.



Part 4

Financial statements

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INDEPENDENT AUDITOR'S REPORT

To the President of the Senate and the Speaker of the House of Representatives

I have audited the accompanying financial statements of the Parliamentary Budget Office for the year ended 30 June 2013, which comprise: a Statement by the Parliamentary Budget Officer and Chief Financial Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; and Notes to and forming part of the financial statements, including a Summary of Significant Accounting Policies.

Parliamentary Budget Officer's Responsibility for the Financial Statements

The Parliamentary Budget Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards, and for such internal control as is necessary to enable the preparation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Parliamentary Budget Office's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Parliamentary Budget Office's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Parliamentary Budget Officer, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT 2600
Phone (02) 6203 7300 Fax (02) 6203 7777

Independence

In conducting my audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Opinion

In my opinion, the financial statements of the Parliamentary Budget Office:

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Parliamentary Budget Office's financial position as at 30 June 2013 and of its financial performance and cash flows for the year then ended.

Australian National Audit Office



Carla Jago
Executive Director

Delegate of the Auditor-General

Canberra
10 October 2013

PARLIAMENTARY BUDGET OFFICE

STATEMENT BY THE PARLIAMENTARY BUDGET OFFICER AND CHIEF FINANCIAL OFFICER

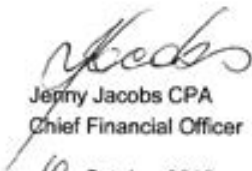
Certification of financial statements

In our opinion, the attached financial statements for the year ended 30 June 2013 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, as amended.



Phil Bowen PSM FCPA
Parliamentary Budget Officer

10 October 2013



Jenny Jacobs CPA
Chief Financial Officer

10 October 2013

Statement of Comprehensive Income

for the period ended 30 June 2013

		2013
	Notes	\$
EXPENSES		
Employee benefits	3A	2,538,508
Supplier	3B	2,090,487
Depreciation and amortisation	3C	6,828
TOTAL EXPENSES		<u>4,635,823</u>
LESS:		
OWN-SOURCE INCOME		
Gains		
Other gains	4A	184,923
Total gains		<u>184,923</u>
TOTAL OWN-SOURCE INCOME		<u>184,923</u>
Net cost of services		<u>4,450,900</u>
Revenue from Government	4B	6,191,000
Surplus attributable to the Australian Government		<u>1,740,100</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		<u>1,740,100</u>

This statement should be read in conjunction with the accompanying notes.

Balance Sheet
as at 30 June 2013

	Notes	2013 \$
ASSETS		
Financial assets		
Cash and cash equivalents	5A	21,637
Other receivables	5B	3,088,068
Total financial assets		3,109,705
Non-financial assets		
Building improvements	6A,C	259,427
Property, plant and equipment	6B,C	132,800
Intangibles	6D,E	651,431
Other non-financial assets	6F	51,228
Total non-financial assets		1,094,886
TOTAL ASSETS		4,204,591
LIABILITIES		
Payables		
Suppliers	7A	1,069,567
Other payables	7B	135,962
Total payables		1,205,529
Provisions		
Employee provisions	8A	1,258,962
Total provisions		1,258,962
TOTAL LIABILITIES		2,464,491
NET ASSETS		1,740,100
EQUITY		
Asset revaluation reserve		-
Contributed equity		-
Retained earnings		1,740,100
TOTAL EQUITY		1,740,100

This statement should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

as at 30 June 2013

	Retained earnings	Asset revaluation reserve	Contributed equity	Total equity
	2013	2013	2013	2013
	\$	\$	\$	\$
Opening balance as at 1 July 2012	-	-	-	-
Comprehensive income				
Surplus for the period	1,740,100	-	-	1,740,100
Total comprehensive income	1,740,100	-	-	1,740,100
Closing balance as at 30 June 2013	1,740,100	-	-	1,740,100

This statement should be read in conjunction with the accompanying notes.

Cash Flow Statement

for the period ended 30 June 2013

	Notes	2013 \$
OPERATING ACTIVITIES		
Cash received		
Appropriations		3,150,547
Net GST received from ATO		49,233
Other cash received ^(a)		899,830
Total cash received		4,099,610
Cash used		
Employees		2,079,500
Suppliers		947,987
Total cash used		3,027,487
Net cash from operating activities	9	1,072,123
INVESTING ACTIVITIES		
Cash used		
Purchase of building improvements		259,427
Purchase of property, plant and equipment		139,628
Purchase of intangibles		651,431
Total cash used		1,050,486
Net cash used by investing activities		(1,050,486)
Net increase in cash held		21,637
Cash at the beginning of the reporting period		-
Cash at the end of the reporting period	5A	21,637

This statement should be read in conjunction with the accompanying notes.

- (a) Non-appropriation receipts are required to be returned to the Official Public Account. They increase the PBO's available appropriation under section 31 of the *Financial Management and Accountability Act 1997* and when subsequently drawn down for use by the PBO they are recorded as ordinary appropriations.

Notes to and forming part of the financial statements

for the period ended 30 June 2013

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Note 1: Summary of Significant Accounting Policies

1.1. Objectives of the PBO

The purpose of the Parliamentary Budget Office (PBO) is to inform the Parliament by providing independent non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals. The PBO's single outcome reflects this purpose. The PBO is structured to meet its outcome.

The department's activities contributing towards this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the department in its own right.

1.2. Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 49 of the *Financial Management and Accountability Act 1997*.

The financial statements have been prepared in accordance with:

- a. Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2011, and
- b. Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention, except for certain assets and liabilities at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest dollar unless otherwise specified.

Unless an alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the balance sheet when and only when it is probable that future economic benefits will flow to the PBO or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under executory contracts are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the schedule of commitments or the schedule of contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3. Significant accounting judgments and estimates

In the process of applying the accounting policies listed in this note, the PBO has made the following judgements that have a significant impact on the amounts recorded in the financial statements.

The calculation of leave provisions involved actuarial assumptions based on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates (refer to Note 1.7 for further information).

No other accounting assumptions and estimates have been identified that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.4. Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

The following new standards, revised standards, interpretations and amending standards issued prior to the sign off date were applicable to the current reporting period and had a financial impact on the PBO:

Standards

- AASB 101 Presentation of Financial Statements

Other new standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the operations of the PBO.

Future Australian Accounting Standard requirements

The following new standards, revised standards, interpretations and amending standards were issued by the Australian Accounting Standards Board prior to the sign-off date, are applicable to future reporting periods and are expected to have a financial impact on the PBO for future reporting periods:

Standards

- AASB 9 Financial Instruments
- AASB 13 Fair Value Measurement
- AASB 1055 Budgetary Reporting

Other new standards, revised standards, interpretations and amending standards that were issued prior to the sign-off date and are applicable to future reporting periods are not expected to have a future financial impact on the PBO.

1.5. Revenue

Revenue from Government

Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the PBO gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

1.6. Gains

Resources received free of charge

Resources received free of charge are recognised as gains when and only when fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature and relate to services provided by the Australian National Audit Office (ANAO) and the Department of Parliamentary Services (DPS).

Sale of Assets

Gains from disposal of non-current assets are recognised when control of the asset has passed to the buyer.

1.7. Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) due within twelve months of the end of reporting period are measured at their nominal amounts. There were no termination benefits during 2012-13.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefits are measured at the present value of the defined benefit obligation at the end of the reporting period.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the PBO is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that will be applied at the time the leave is taken, including the PBO's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2013. The estimate of the present value of the liability takes into account an estimate of attrition rates and pay increases through promotion and inflation.

Separation and redundancy

No provision has been made for separation and redundancy benefit payments during the year.

Superannuation

The Parliamentary Budget Office's staff are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other funds held outside the Commonwealth.

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance and Deregulation's administered schedules and notes.

The PBO makes employer contributions to the employees' superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government. The PBO accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions for the final fortnight of the year.

1.8. Cash

Cash and cash equivalents includes notes and coins held and any deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount. Any interest receivable is credited to revenue as it accrues. The PBO maintains bank accounts with the Reserve Bank of Australia for administration of the receipt and payment of monies.

1.9. Other financial instruments

Loans and Receivables

Other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. They are included in current assets, except for maturities greater than 12 months after the balance date. These are classified as non-current assets. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is usually recognised by applying the effective interest rate. Collectability of debts is reviewed regularly throughout the year and at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely. Credit terms are net 30 days.

Trade creditors

Trade creditors and accruals are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced). Settlement is usually made net 30 days.

1.10. Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period. No indicators of impairment were identified as at 30 June 2013.

Financial assets held at amortised cost

If there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

Available for sale financial assets

If there is objective evidence that an impairment loss on an available for sale financial asset has been incurred, the amount of the difference between its cost, less principal repayments and amortisation, and its current fair value, less any impairment loss previously recognised in expenses, is transferred from equity to the statement of comprehensive income.

Financial assets held at cost

If there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.11. Contingent liabilities and contingent assets

Contingent liabilities and contingent assets are not recognised in the balance sheet but are reported in the relevant schedules and notes. They may arise from uncertainty as to the existence of a liability or asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

1.12. Acquisition of assets

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000 (excluding GST), which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

1.13. Building improvements, property, plant and equipment

Asset recognition threshold

Purchases of building improvements, property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Depreciation

Depreciable building improvements, property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the PBO using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives) and residual values are determined at the initial recognition of the asset.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2012-13
Building improvements (Permanent accommodation fitout)	10-15 years
Property, plant and equipment	3-30 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in Note 3C.

Impairment

All assets were assessed for impairment at 30 June 2013, with no indications of impairment.

1.14. Intangibles

The PBO's intangibles comprise internally developed software for internal use. These assets are carried at cost and are currently under development.

All software assets were assessed for indications of impairment as at 30 June 2013. No indicators of impairment were identified as at 30 June 2013.

1.15. Taxation

The PBO is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST:

- except where the amount of GST incurred is not recovered from the Australian Taxation Office; and
- except for receivables and payables.

1.16. Comparative balances

The PBO commenced operation on 23 July 2012 and there is no comparative balance reported.

Note 2: Events After the Reporting Period

There were no events following the reporting period that impact on the Parliamentary Budget Office's financial statements for the year ended 30 June 2013.

Note 3: Expenses

	2013
	\$
Note 3A: Employee benefits	
Wages and salaries	1,888,955
Superannuation	
Defined benefit plan	224,372
Defined contribution plan	159,234
Leave and other entitlements	265,947
Total employee benefits	<u>2,538,508</u>
Note 3B: Suppliers	
Goods and services	
Corporate support services	1,193,042
Temporary accommodation and DPS relocation	516,354
Fees - Audit, Accounting, Bank and Other	30,762
Accommodation expenses	154,923
Travel	25,152
Other	153,069
Total goods and services	<u>2,073,302</u>
Goods and services are made up of:	
Provision of goods from:	
related entities	85,518
external entities	18,533
Rendering of services from:	
related entities	1,727,498
external entities	241,753
	<u>2,073,302</u>
Other supplier expenses	
Workers compensation premiums	17,185
Total other supplier expenses	<u>17,185</u>
Total supplier expenses	<u>2,090,487</u>
Note 3C: Depreciation and amortisation	
Depreciation	
Buildidng improvements, property, plant and equipment	6,828
Total depreciation	<u>6,828</u>

Note 4: Income

	2013
	\$
Note 4A: Other gains	
Resources received free of charge	184,923
Total other gains	<u>184,923</u>
Note 4B: Revenue from government Appropriations	
Departmental appropriation	6,191,000
Total revenue from government	<u>6,191,000</u>
Total income	<u>6,375,923</u>

Note 5: Financial Assets

	2013
	\$
Note 5A: Cash and cash equivalents	
Cash	
Cash on hand or on deposit	21,637
Total cash and cash equivalents	<u>21,637</u>
Note 5B: Other receivables	
Appropriations receivable	
- for existing output	3,040,453
Net GST receivable from the ATO	11,529
Other receivables	
- related entities	36,086
Total Other receivables (gross)	<u>3,088,068</u>
Receivables are aged as follows:	
Not overdue	3,088,068
Total receivables (gross)	<u>3,088,068</u>

Credit terms for goods and services were within 30 days.

Note 6: Non-Financial Assets

	2013
	\$
Note 6A: Building improvements	
Building improvements - fair value	
Under construction	259,427
Total Building improvements - cost	259,427

No indicators of impairment were found for building improvements. No building improvements are expected to be sold or disposed of within the next 12 months.

	2013
	\$
Note 6B: Property, plant and equipment	
Property, plant and equipment - fair value	
At cost	139,628
Accumulated depreciation	(6,828)
Total Property, plant and equipment - cost	132,800

No indicators of impairment were found for property, plant and equipment. No other property, plant and equipment are expected to be sold or disposed of within the next 12 months.

Note 6C: Reconciliation of the Opening and Closing Balances of Building Improvements, Property, Plant and Equipment (2013)

	Building improvements	Property, plant and equipment	Total
	\$	\$	\$
As at 1 July 2012			
Gross book value	-	-	-
Accumulated depreciation and impairment	-	-	-
Net book value 1 July 2012	-	-	-
Additions:			
By purchase	259,427	139,628	399,055
Depreciation expense	-	(6,828)	(6,828)
Net book value 30 June 2013	259,427	132,800	392,227
Net book value as of 30 June 2013 represented by:			
Gross book value	259,427	139,628	399,055
Accumulated depreciation / amortisation	-	(6,828)	(6,828)
Net book value 30 June 2013	259,427	132,800	392,227

Note 6: Non-financial assets (continued)

	2013
	\$
Note 6D: Intangibles	
Computer software - at cost	
Internally developed - under construction	651,431
Total computer software - at cost	651,431
Total intangibles	651,431

No indicators of impairment were found for Intangibles. No intangibles are expected to be sold or disposed of within the next 12 months.

Note 6E: Reconciliation of the Opening and Closing Balances of Intangibles 2013

	Computer software (Internally developed)	Total
	\$	\$
As at 1 July 2012		
Gross book value	-	-
Accumulated amortisation and impairment	-	-
Net book value 1 July 2012	-	-
Additions:		
By purchase	651,431	651,431
Amortisation	-	-
Net book value 30 June 2013	651,431	651,431
Net book value as of 30 June 2013 represented by:		
Gross book value	651,431	651,431
Accumulated amortisation and impairment	-	-
Net book value 30 June 2013	651,431	651,431

	2013
	\$
Note 6F: Other non-financial assets	
Prepayments	51,228
Total other non-financial assets	51,228
Other non-financial assets expected to be recovered in:	
No more than 12 months	47,214
More than 12 months	4,014
Total other non-financial assets	51,228

Note 7: Payables

	2013
	\$
Note 7A: Suppliers	
Trade creditors	
- related entities	954,170
- external entities	115,397
Total suppliers	<u>1,069,567</u>
All supplier payables are expected to be settled within 12 months	
Note 7B: Other payables	
Salaries and wages	115,883
Superannuation	15,877
Other creditors	4,202
Total other payables	<u>135,962</u>
Other payables are expected to be settled in:	
No more than 12 months	135,962
Total other payables	<u>135,962</u>

Settlement is usually made net 30 days.

Note 8: Provisions

	2013
	\$
Note 8A: Employee provisions	
Leave	1,258,962
Total employee provisions	<u>1,258,962</u>
Employee provisions are expected to be settled in:	
No more than 12 months	461,300
More than 12 months	797,662
Total employee provisions	<u>1,258,962</u>

Note 9: Cash Flow Reconciliation

	2013
	\$
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow statement	
Cash and cash equivalents as per	
Cash flow statement	21,637
Balance sheet	21,637
Difference	-
Reconciliation of net cost of services to net cash from operating activities	
Net cost of services	(4,450,900)
Add revenue from Government	6,191,000
Adjustments for non-cash items	
Depreciation / amortisation	6,828
Changes in assets/liabilities	
(Increase) in other receivables	(3,088,068)
(Increase) in other non financial assets	(51,228)
Increase in supplier payables	1,069,567
Increase in other payables	135,962
Increase in employee provisions	1,258,962
Net cash from operating activities	1,072,123

Note 10: Contingent liabilities and assets

As at 30 June 2013, the PBO did not have any contingent liabilities or contingent assets.

Note 11: Executive Remuneration

Note 11A: Senior Executive Remuneration Expense for the Reporting Period

Total remuneration includes actual salary, all allowances, an employer superannuation component, leave accrued during the period and fringe benefits tax.

	<u>2013</u>
	<u>\$</u>
Short-term employee benefits	
Salary	776,346
Annual leave accrued	12,597
Allowances	198
Total Short-term employee benefits	<u>789,141</u>
Post-employment benefits	
Superannuation	92,860
Total post-employment benefits	<u>92,860</u>
Other long-term benefits	
Long-service leave	30,944
Total other long-term benefits	<u>30,944</u>
Total Senior Executive Remuneration Expenses	<u>912,945</u>

1. Note 11A is prepared on an accrual basis.

2. Note 11A excludes acting arrangements and part-year service where remuneration expensed as a Senior Executive was less than \$180,000.

Note 11B: Average Annual Reportable Remuneration Paid to Substantive Executives During the Reporting Period

Average annual reportable remuneration	Substantive Senior Executives	Reportable Salary ²	Contributed ³ Superannuation	Reportable ⁴ Allowances	Bonus ⁵ Paid	Total Reportable Remuneration
	No.	\$	\$	\$	\$	\$
less than \$180,000	4	84,999	11,576	-	-	96,575
\$210,000 to \$239,999	2	201,300	32,533	99	-	233,932
\$360,000 to \$389,999	1	357,518	26,014	-	-	383,532
Total	7					

Total remuneration (including part-time arrangements):

- This table reports on substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.
- 'Reportable salary' includes the following:
 - gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
 - reportable fringe benefits (at the new amount prior to 'grossing up' for tax purposes)
 - exempt foreign employment income and
 - salary sacrificed benefits.
- The 'contributed superannuation' amount is the average cost to the entity for the provision of superannuation benefits to substantive senior executives in that reportable remuneration band during the reporting period.
- 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on 'individuals' payment summaries.
- 'Bonus paid' represents average actual bonuses paid during the reporting period in that reportable remuneration band. The 'bonus paid' within a particular band may vary between financial years due to various factors such as individuals commencing with or leaving the entity during the financial year.
- The Parliamentary Budget Officer was appointed on 23 July 2012, whilst other executives were recruited during the year resulting in lower reportable remuneration.

Note 11C: Other Highly Paid Staff

During the reporting period, there were no employees whose salary plus performance bonus were \$180,000 or more, other than those reported in Note 11B.

Note 12: Remuneration of Auditors

	2013
	\$
Financial statement audit services are provided free of charge to the Parliamentary Budget Office	
The fair value of the services provided was:	
ANAO	30,000
Total	30,000

Note: The above amounts are exclusive of GST. No other services were provided by the Auditor-General.

Note 13: Financial Instruments

Note 13A: Categories of Financial Instruments

	2013
	\$
Financial assets	
Loans and receivables	
Cash and cash equivalents	21,637
Other receivables	36,086
Carrying amount of financial assets	57,723
Financial liabilities	
Liabilities at amortised cost	
Supplier payables	1,069,567
Carrying amount of financial liabilities	1,069,567

Note 13: Financial instruments (continued)

Note 13B: Credit Risk Exposures

The PBO is exposed to minimal credit risk as its financial assets are cash and other receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount was equal to the amount of other receivables. The PBO has assessed the risk of default on payment as being minimal.

Other government agencies make up the PBO's debtors. To aid the PBO to manage its credit risk there are internal policies and procedures that guide employees on debt recovery techniques that are to be applied.

Credit quality of financial instruments not past due or individually determined as impaired

	Not past due nor impaired 2013 \$	Past due or impaired 2013 \$
Loans and receivables		
Cash and cash equivalents	21,637	-
Other receivables	36,086	-
Total	57,723	-

Note 13: Financial instruments (continued)

Note 13C: Liquidity Risk

The PBO's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the PBO could encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to the appropriation funding mechanisms available to the PBO and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The PBO is appropriated funding from the Australian Government. The PBO manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the PBO has policies in place to ensure timely payments are made when due and has no past experience of default.

Maturity of Financial Liabilities

	On demand	Within 1 year	1 to 2 years	2 to 5 years	Total
	2013	2013	2013	2013	2013
	\$'000	\$'000	\$'000	\$'000	\$'000
Liabilities at amortised cost					
Payables - suppliers	-	1,069,567	-	-	1,069,567
Total	-	1,069,567	-	-	1,069,567

Note 13D: Market Risk

The financial instruments held by the PBO did not result in an exposure to any market risk.

Note 14: Financial Assets Reconciliation

	Notes	2013 \$
Total financial assets per balance sheet		3,109,705
less non-financial instrument components		
Appropriation receivable		3,040,453
GST receivable from the Australian Taxation Office		11,529
Total non-financial instrument components		3,051,982
Total financial assets as per financial instruments note 13A		57,723

Note 15: Appropriations

Table A: Annual Appropriations ('Recoverable GST exclusive')

	2013 Appropriations					Total appropriation	Appropriation applied in 2013 (current and prior years)	Variance ²
	Appropriation Act	FMA Act						
Annual Appropriation	Annual Appropriations reduced ¹	AFM	Section 30	Section 31	Section 32	Total		
\$	\$	\$	\$	\$	\$	\$	\$	\$
DEPARTMENTAL								
Ordinary annual services	-	-	-	899,830	-	6,982,830	(4,028,740)	2,954,090
Total departmental	6,083,000	-	-	899,830	-	6,982,830	(4,028,740)	2,954,090

1. Appropriations reduced under Appropriation (Parliamentary Departments) Acts (No. 1) 2012-13 sections 11 and 12. Departmental appropriations do not lapse at financial year-end. However, the Parliamentary Budget Officer may decide that part or all of a departmental appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament. On 5 August 2013, the Finance Minister determined a reduction in departmental appropriations following a request by the Parliamentary Budget Officer. The amount of the reduction determined under Appropriation (Parliamentary Departments) Act (No. 1) 2012-2013 was: \$20,000.
2. The \$2.954m variance between the appropriation provided and applied is largely due to staffing and activity reflecting the establishment phase of the PBO.
3. Reconciliation of annual appropriation to revenues from Government:
The following adjustments occurred that met the recognition criteria of a formal addition or reduction in revenue (in accordance with FMO Division 101) but at law the appropriations had not been amended before the end of the reporting period.

Annual Appropriation	Notes	2013
Ordinary annual services		\$
Section 31 FMA receipts		6,083,000
Total Appropriation	15 - Table A	6,982,830
<i>less non-revenue recognition components:</i>		
Unspent section 31 receipts		(899,830)
Reduction in appropriation		(20,000)
New measure announced in 2013-14 Budget appropriated in 2013-14		128,000
Total non-revenue recognition components		(791,830)
Total revenue from government	4B	6,191,000

Note 15: Appropriations (continued)

Table B: Unspent Departmental Annual Appropriations ('Recoverable GST exclusive')

	2013
Authority	\$
Appropriation (Parliamentary Departments) Act (No. 1) 2012-13	2,954,090
Total	2,954,090

Table C: Special Appropriations ('Recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied
Parliamentary Service Act 1999	Limited Amount	To provide an appropriation for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office.	2013
Total			\$
			-
			-

Note 16: Compensation and Debt Relief

Departmental

No 'Act of Grace' expenses were incurred during the reporting period

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*

No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period

No ex-gratia payments were provided for during the reporting period

No payments were provided in special circumstances relating to APS employment pursuant to section 66 of the *Parliamentary Service Act 1999* during the reporting period

Note 17: Reporting of Outcomes

Note 17A: Net Cost of Outcome Delivery

	Outcome 1
	2013
	\$
Departmental	
Expenses	4,635,823
Net gains	184,923
Net cost / (contribution) of Outcome	4,450,900

Note 17B: Major Classes of Departmental Expenses, Income, Assets and Liabilities by Outcome

	Outcome 1
	2013
	\$
Expenses	
Employee benefits	2,538,508
Supplier	2,090,487
Depreciation and amortisation	6,828
Total	4,635,823
Income	
Revenues from Government	6,191,000
Other gains	184,923
Total	6,375,923
Assets	
Cash and cash equivalents	21,637
Other receivables	3,088,068
Building improvements	259,427
Property, plant and equipment	132,800
Intangibles	651,431
Other non-financial assets	51,228
Total	4,204,591
Liabilities	
Suppliers	1,069,567
Other payables	135,962
Employee provisions	1,258,962
Total	2,464,491

Note 18: Section 83 of the Constitution - Generic Payments

During 2012-13 legal advice was received from the Department of Finance and Deregulation that indicated that in some agencies there could be breaches of Section 83 under certain circumstances with payments for long service leave, goods and services tax and payments under determinations of the Remuneration Tribunal.

The Parliamentary Budget Office has reviewed its processes and controls over payments for these items and assesses the risk of a breach to be low.

The Parliamentary Budget Office is not aware of any specific breaches during 2012-13.



Appendixes

Appendix A:

Agency resource and outcome expense statements

This section details the PBO’s resources and expenses for 2012–13.

The tables in this appendix correspond to tables in the PBO’s Portfolio Budget Statements (2013–14) for 2012–13:

- The agency resource statement (Table A1) provides information about the various funding sources that the PBO was able to draw on during the year.
- The outcome expense statement (Table A2) provides information about expenses during the year.

Table A1: Agency resource statement

		Actual available appropriation for 2012–13	Payments made 2012–13	Balance remaining 2012–13	
		\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)	
Ordinary Annual Services					
	Departmental appropriation [Appropriation (Parliamentary Departments) Bill No. 1]	A	6,063	4,078	1,985
Total ordinary annual services			6,063	4,078	1,985
Special appropriation					
	Special appropriation limited by amount [<i>Parliamentary Service Act 1999</i> section 64D]	B	6,000	-	6,000
Total Special appropriations			6,000	-	6,000
Total resourcing and payments		A+B	12,063	4,078	7,985

Table A2: Outcome expense statement

	Budget* 2012–13	Actual expenses 2012–13	Variation 2012–13
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Outcome 1			
Departmental expenses			
Departmental appropriation ¹ [Appropriation (Parliamentary Departments) Bill No. 1]	5,134	4,444	690
Expenses not requiring appropriation in the Budget year ²	152	192	(50)
Total expenses for Outcome 1	5,286	4,636	650
2012–13			
Average staffing level (number)		18	

* Full year 2012–13 Budget as reported in the Portfolio Budget Statements 2013–14.

¹ Departmental appropriation combines 'Ordinary annual services' (Appropriation (Parliamentary Departments) Bill No. 1) and 'Revenue from Independent Sources' (section 31 receipts).

² Expenses not requiring appropriation in the budget year are made up of depreciation and amortisation expense and resources received free of charge.

Appendix B: Staffing statistics, 30 June 2013

All staff are located at Parliament House, Canberra.

Table A3: Employee numbers by classification level, gender and employment status

Classification	Male	Female	Ongoing	Non-ongoing	Total
Parliamentary Service Level 4	-	3	1	2	3
Parliamentary Service Level 6	3	3	6	-	6
Parliamentary Executive Level 1	8	4	12	-	12
Parliamentary Executive Level 2	3	2	4	1	5
Senior Executive Service Band 1	3	1	3	1	4
Senior Executive Service Band 2	2	-	2	-	2
Parliamentary Budget Officer*	1	-	1	-	1
Total	20	13	29	4	33

* The Parliamentary Budget Officer is a statutory appointment and is not an employee of the Parliamentary Budget Office.

Table A4: Remuneration by classification level

Classification	Min. salary \$ [†]	Max. salary \$ [†]
Parliamentary Service Level 4	60,000	65,000
Parliamentary Service Level 6	77,000	86,500
Parliamentary Executive Level 1	97,000	112,000
Parliamentary Executive Level 2	115,000	137,000
Senior Executive Service Band 1	200,000	230,000
Senior Executive Service Band 2	250,000	290,000
Parliamentary Budget Officer*	N/A	N/A

* The remuneration of the Parliamentary Budget Officer is determined by the Remuneration Tribunal.

[†] SES amounts reflect total remuneration rather than salary amounts. Non-SES amounts include salary amounts but exclude superannuation.

Appendix C:

Other mandatory information

Table A5 provides information relating to a number of mandatory reporting requirements for the PBO. Where no reportable activity occurred against a mandatory requirement or the requirement was not applicable to the PBO in 2012–13, it is identified in Appendix D.

Table A5: Other mandatory information

Requirement	Comment
Information Publication Scheme	<p>The Parliamentary Budget Officer and the Parliamentary Budget Office are defined as exempt agencies in section 7(1) and Division 1 of Part 1 of Schedule 2 of the <i>Freedom of Information Act 1982</i>.</p> <p>Section 45A of the Freedom of Information Act also protects the confidentiality of documents related to PBO requests that may be held by other agencies.</p>
Work health and safety	<p>The following information for the 2012–13 reporting period is provided in accordance with Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>:</p> <ul style="list-style-type: none"> • No incidents were reported to Comcare. • The PBO was not subject to any Comcare investigations. • Comcare did not issue any notices under the Act. • Eleven PBO staff attended work health and safety awareness training. • All new employees attended an induction program, which included information on work health and safety issues, an outline of the legislative and policy framework, and information on their obligations as employees. • Work health and safety services were provided by the Department of Parliamentary Services under a memorandum of understanding. • Workstation ergonomic assessments were offered to all employees and provided to those who requested them.

Requirement	Comment
Advertising and market research	<p>The PBO did not undertake any advertising campaigns in 2012–13.</p> <p>In 2012–13 the PBO paid \$4,966 (including GST) for recruitment advertisements for SES positions. The PBO did not engage any other advertising or market research services.</p>
Ecologically sustainable development and environmental performance	<p>The PBO’s operations have an impact on the environment typical of office operations generally. As the PBO is located in Parliament House, all facilities and environmental management activities are undertaken by the Department of Parliamentary Services. Further information on environmental management at Parliament House is available in the Department of Parliamentary Services 2012–13 annual report.</p>
Disability reporting mechanisms	<p>Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s <i>State of the Service Report</i> and the <i>APS Statistical Bulletin</i>. These reports are available at www.apsc.gov.au. From 2010–11, departments and agencies have no longer been required to report on these functions.</p> <p>As the PBO is not subject to the Australian Public Service Commission reporting requirements, the PBO has provided information in this report about the PBO’s support for the elimination of disability discrimination. Specifically the PBO has:</p> <ul style="list-style-type: none"> • published reports on the PBO website in a PDF format to improve accessibility • ensured that the design of its permanent office accommodation will provide suitable access for employees of, and visitors to, the PBO.

Appendix D:

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Glossary

appropriation	Appropriations are allocations of money drawn from the Consolidated Revenue Fund authorised by law. The two types of appropriations available to the PBO are annual appropriations and special appropriations.
AusTender	AusTender is the Australian Government procurement information system. It uses a web-based process for secure lodgement of tender responses, and publishing and distribution of information related to procurement.
Budget	The Australian Government Budget is usually announced in May each year. It includes expenditure and revenue estimates for the year, the next financial year (the budget year) and the following three financial years.
measure	In the context of this report a measure is a government decision that has a real or potential impact on the Budget.
memorandum of understanding	A memorandum of understanding (MOU) is a written agreement that outlines the working relationship between collaborating entities.
parliamentarian	A parliamentarian is a person elected to represent the members of a constituency. In the Commonwealth Parliament, parliamentarians are either Senators or Members of the House of Representatives.
policy costings	Policy costings are prepared in both accrual and cash terms and include the impact on the fiscal balance, the underlying cash balance and, if appropriate, the headline cash balance and net worth.
Presiding Officers	The President of the Senate and the Speaker of the House of Representatives, who jointly oversee the PBO.

Abbreviations and acronyms

ATO	Australian Taxation Office
FMA Act	<i>Financial Management and Accountability Act 1997</i>
FOI	freedom of information
GDP	gross domestic product
GST	goods and services tax
MOU	memorandum of understanding
PBO	Parliamentary Budget Office
SES	Senior Executive Service

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