



Parliament of Australia
Parliamentary Budget Office



annual report 2014–15



Parliamentary Budget Office
annual report 2014–15

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Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Senator the Hon Stephen Parry
President of the Senate

The Hon Tony Smith MP
Speaker of the House of Representatives

Dear Mr President and Mr Speaker

I am pleased to present the annual report of the Parliamentary Budget Office (PBO) for the year ended 30 June 2015.

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 Other Non-corporate Commonwealth Entities* as approved by the Joint Committee of Public Accounts and Audit.

The report includes the PBO's audited financial statements as required by section 43 of the *Public Governance, Performance and Accountability Act 2013*.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that I am satisfied that the PBO has in place appropriate fraud control mechanisms that meet the PBO's needs.

Yours sincerely

Phil Bowen

7 October 2015

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 2014–15.

Part 1: Overview

Part 1 comprises the Parliamentary Budget Officer's review and an overview of the PBO. 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 2014–15.

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.

Appendices

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

Inquiries about this report

To make an inquiry or comment or obtain a copy of this report, please contact:

Assistant Parliamentary Budget Officer
Corporate Strategy Branch
Parliamentary Budget Office
PO Box 6010
Parliament House
Canberra ACT 2600
Phone: (02) 6277 9500
Email: pbo@pbo.gov.au

Accessing this report online

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

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Part 1

Overview



Parliamentary Budget Officer's review

Highlights of 2014–15

The 2014–15 financial year was a year of consolidation for the Parliamentary Budget Office (PBO).

The PBO's third year of operations was characterised by a continuing strong demand from parliamentarians for its costing and budget analysis services and a greater focus on its self-initiated research program.

Over the course of the year the PBO responded to 869 requests from parliamentarians. Nearly all of the PBO's responses were prepared on a confidential basis. This reflected the fact that the PBO's costings and budget analyses were utilised by parliamentarians as an integral part of their internal policy development processes.

A number of responses were made public throughout the year in policy announcements by the parliamentarians who commissioned the PBO to undertake work on their behalf.

The PBO continued to build its skills base and data and model repositories to further strengthen its capabilities and improve its ability to respond to parliamentarians' requests. It also continued to strengthen the co-operative arrangements with Commonwealth agencies for access to data and financial models to be utilised in costings and other analyses, including the PBO's published research program.

The PBO plays an important role in making key budget information more accessible and understandable by parliamentarians and the public through its self-initiated research program. The research program seeks to help improve budget transparency and promote better public understanding of the budget and fiscal policy settings.

The PBO's research program in 2014–15 continued to focus on the sustainability of the budget over the medium term. The PBO published four research reports, two budget chart packs (2014–15 Mid-Year Economic and Fiscal Outlook, and 2015–16 Budget) and one technical note during 2014–15.

The research reports focussed mainly on the medium-term budget outlook and the sensitivity of the budget to economic shocks. The technical note was published to explain the PBO's approach to determining the reliability ratings that are included in each of the PBO's costing documents.

Following the performance audit of the PBO by the Australian National Audit Office (ANAO) in 2013–14, the Joint Committee of Public Accounts and Audit (JCPAA) conducted a review of the PBO's operations. The JCPAA reported to the Parliament in November 2014 making a number of recommendations to support the PBO's operations.

The Government responded to the JCPAA in June 2015 noting and/or supporting the Committee's recommendations with the exception of the recommendation that the PBO should have access to the details of the Contingency Reserve in the budget. The PBO's costings remain subject to the caveat (PBO Guidance: 05/2013 refers) that the PBO does not have access to the details of the Contingency Reserve.

Towards the end of 2014–15 the PBO commissioned an independent research firm to conduct a survey of the PBO's key stakeholders, including parliamentarians and their staff, independent analysts and media representatives.

A large majority of respondents to this survey indicated that they were satisfied with the work of the PBO and agreed that the PBO is non-partisan, independent, operates with integrity, improves the transparency of the budget and fiscal policy settings, and helps to level the playing field for all parliamentarians. There was strong satisfaction with the quality of the PBO's policy costings, budget analyses and research publications.

Stakeholder satisfaction with the PBO's service delivery arrangements was also high. In particular, the professionalism, accessibility and helpfulness of staff were rated highly, as was the consistency of the information provided by the PBO.

Stakeholders would, however, like to see an improvement in the timeliness of the PBO's responses. This will require continuing attention to the PBO's data collection, model development and staff training, and ensuring that the PBO is adequately resourced to cope with the sustained high demand for its services.

Financial results

The PBO received an unmodified opinion on its 2014–15 financial statements from the ANAO. These statements can be found in Part 4.

The PBO recorded an operating surplus during the year of \$0.114 million, comprising revenue of \$7.354 million and expenses of \$7.240 million.

As at 30 June 2015, the PBO was in a sound net worth position, reporting net assets of \$3.363 million, represented by assets of \$5.201 million and liabilities of \$1.838 million.

As at 30 June 2015, the PBO had departmental appropriations receivable totalling \$2.143 million, which is primarily held for employee provisions and other payables. In addition, the PBO had a balance of \$5.300 million in the special appropriation made under section 64D of the *Parliamentary Service Act 1999*.

The year ahead

Looking forward, the PBO will focus on augmenting its workforce and continuing to build its capability to accommodate the anticipated increase in demand for policy costing services in the lead up to the next general election. A significant initiative will be the development of a new workflow management system.

The PBO plans to continue to prepare detailed medium-term projections of receipts and payments after each annual budget to help fill the information gap between the detailed four year forward estimates that are published annually at the budget and mid-year update, and the five yearly 40 year projections in the Intergenerational Report.

The regular preparation of detailed medium-term projections will help to throw more light on the major drivers of the budget and identify significant trends in revenue or expenditure programs that are diverging from the trends over the forward estimates period, thereby facilitating early consideration of options for making any necessary changes to the fiscal policy settings.

The PBO will continue to test the sensitivity of the annual medium-term projections to economic shocks to help identify the key risks to the budget position.

Acknowledgements

I wish to acknowledge the support that the Presiding Officers and the JCPAA provided to the PBO throughout the year.

I also wish to thank the staff of the PBO for their continuing professionalism and commitment to the work of the PBO and their support for the PBO's mandate as an independent and non-partisan institution of the Australian Parliament.

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Parliamentary Budget Office overview

Purpose

The purpose of the PBO, as reflected in the *Parliamentary Service Act 1999*, 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 as detailed in the Portfolio Budget Statements 2015–16.

In particular, the PBO aims to help level the playing field for all parliamentarians by providing access to costing and budget analysis services, and enhance the transparency and public understanding of election commitments and the budget and fiscal policy settings.

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

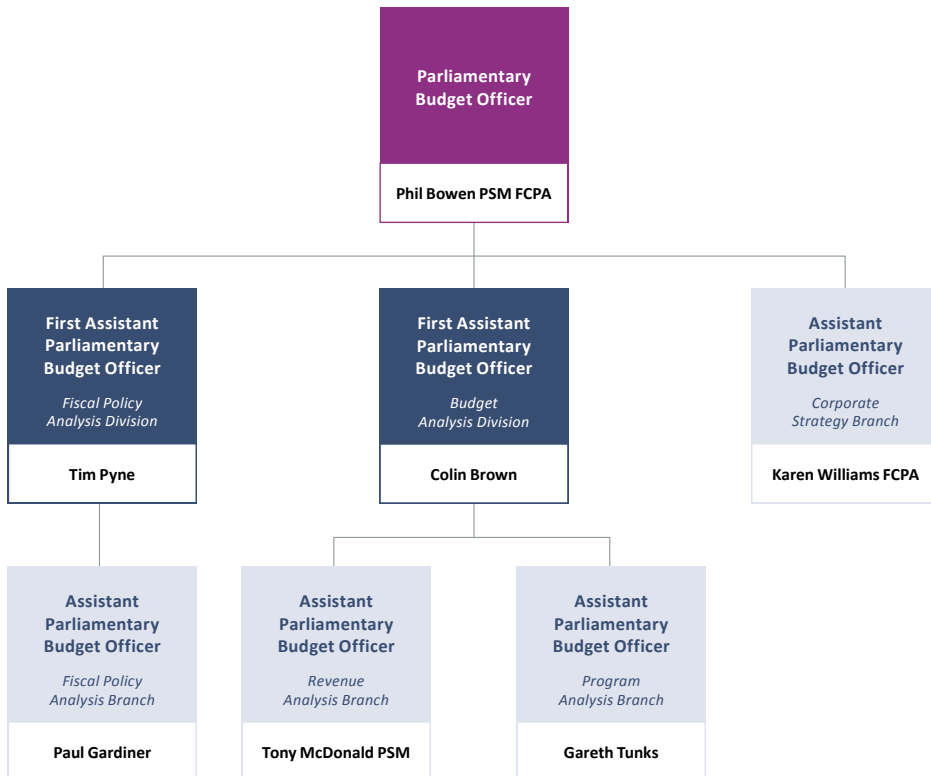
Organisational structure

The PBO's organisational structure reflects the PBO's key functions:

- Budget Analysis Division—responsible for budget analyses and policy costings
- Fiscal Policy Analysis Division—responsible for leading the PBO's self-initiated research program and co-ordinating the post-election report of election commitments
- Corporate Strategy Branch—responsible for developing and implementing the PBO's corporate strategies and policies, managing the delivery of the PBO's corporate services and meeting the PBO's compliance obligations.

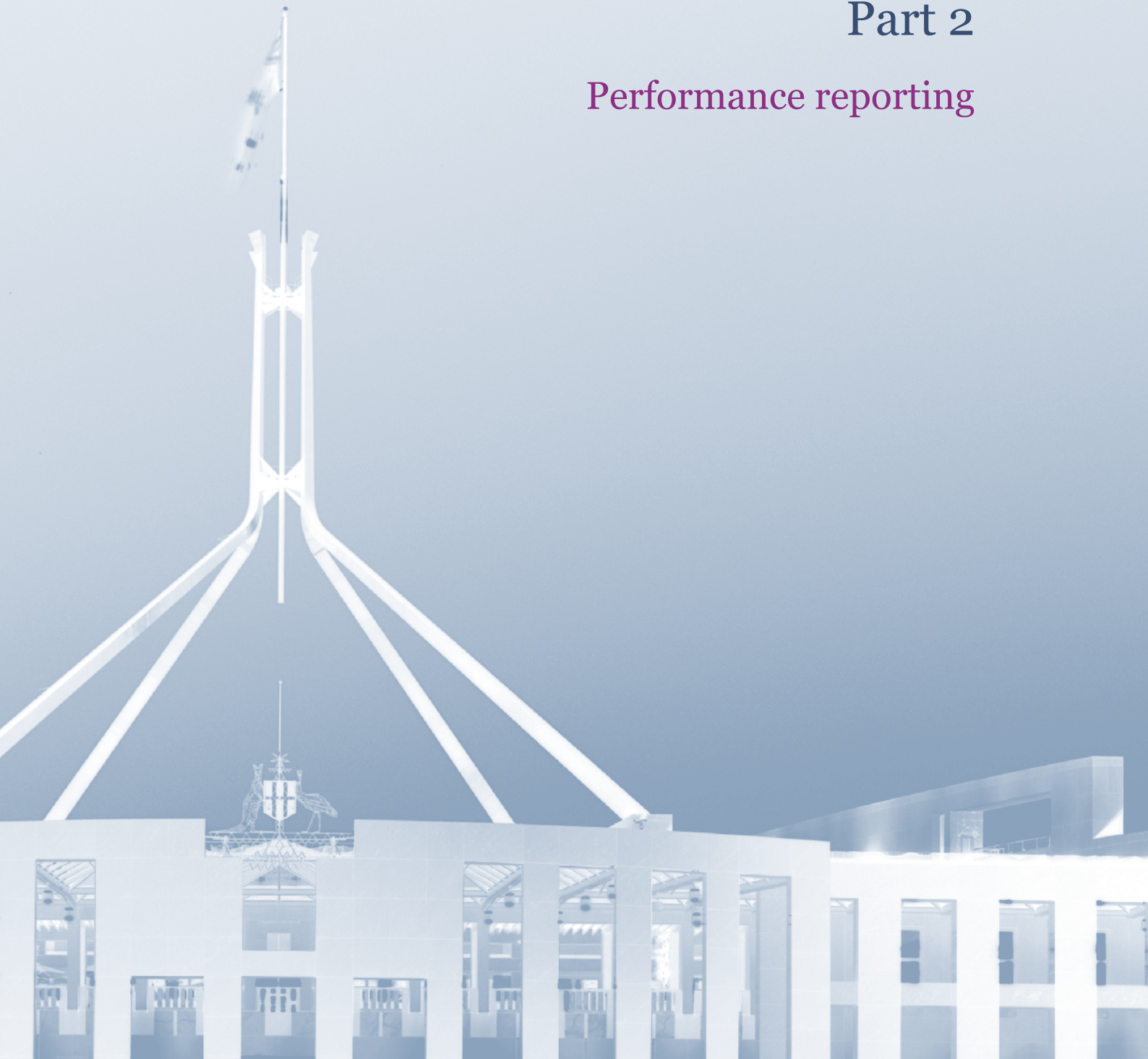
As at 30 June 2015, the PBO had 39 employees, including six Senior Executive Service (SES) officers. The Budget Analysis and Fiscal Policy Analysis divisions are each headed by an SES Band 2 First Assistant Parliamentary Budget Officer. SES Band 1 Assistant Parliamentary Budget Officers head the Corporate Strategy, Program Analysis, Revenue Analysis and Fiscal Policy Analysis branches.

Figure 1: PBO organisational structure at 30 June 2015



Part 2

Performance reporting



Introduction

The priorities for the PBO in 2014–15, along with its allocation of resources and accountability arrangements, were set out in the PBO’s 2014–15 annual work plan, published in accordance with the requirements of the *Parliamentary Service Act 1999*.

The 2014–15 work plan, published after consultation with the JCPAA, outlined the following priorities:

- prepare high quality costings and budget analyses at the request of parliamentarians in a timely manner
- publish research that promotes a better understanding of the budget and fiscal policy settings with a particular focus on the sustainability of the budget over the medium term
- engage effectively with parliamentary committees
- enhance the PBO’s capability to more effectively fulfil its mandate to the Australian Parliament.

The following sections in this part of the annual report address the PBO’s performance against its mandate and the above priorities for 2014–15.

The PBO’s performance is judged by the relevance, quality and timeliness of its outputs as assessed by feedback from key stakeholders. The independence and transparency of the PBO’s processes is another important indicator of performance.

The work of the PBO is regularly referred to in public debate and discussion about the budget and fiscal sustainability. The PBO monitors online media on a daily basis to identify impacts the PBO has in the public arena. During 2014–15, the PBO recorded 468 media mentions.

Policy costings and budget analyses

The demand from parliamentarians for policy costings and budget analyses continued unabated throughout 2014–15.

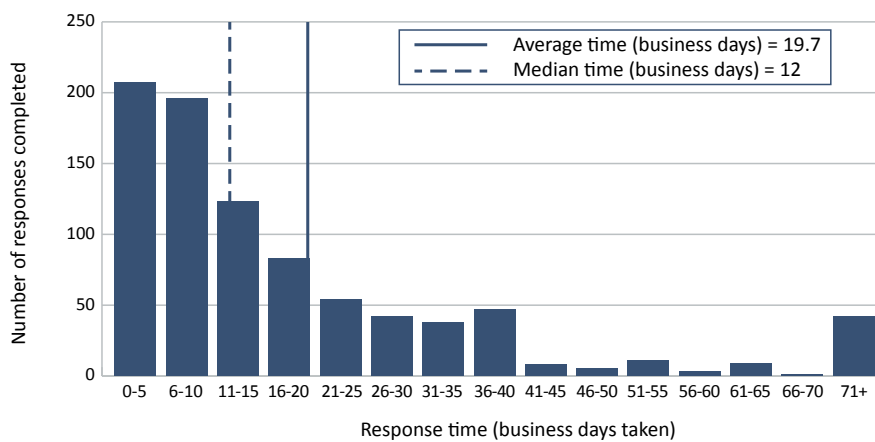
As shown in Table 1, the PBO had 76 requests outstanding at the start of the year, received a further 931 requests during the year (excluding requests that were withdrawn) and completed 869 responses with an average response time of 19.7 business days and a median response time of 12.0 business days. Further detail on the distribution of response times is shown in Figure 2.

Table 1: Costing and budget analysis requests from parliamentarians and parliamentary parties

| | 2013–14 ¹ | 2014–15 | | | | |
|--|----------------------|---------|------|------|------|-------------|
| | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Requests outstanding at start of period | 463 | 76 | 124 | 51 | 115 | 76 |
| Requests received in period | 1,297 | 257 | 129 | 214 | 373 | 973 |
| Requests withdrawn in period | 162 | 4 | 2 | 1 | 35 | 42 |
| Requests completed in period | 1,522 | 205 | 200 | 149 | 315 | 869 |
| Average time to completion (business days) | 13.8 | 22.4 | 10.9 | 29.3 | 18.8 | 19.7 |
| Median time to completion (business days) | 6.0 | 13.0 | 8.0 | 20.0 | 13.0 | 12.0 |
| Requests outstanding at end of period | 76 | 124 | 51 | 115 | 138 | 138 |

¹ Data has been updated following a review of the PBO's records.

Figure 2: Response times to requests received from parliamentarians



As shown in Table 2, the PBO had 16 outstanding information requests with Commonwealth agencies at the start of the year, submitted a further 203 requests and received responses from Commonwealth agencies to 216 information requests to assist in the preparation of its costings and analyses. The average response time by agencies was 13.5 business days with an average punctuality of 2.9 business days late. Further detail on the distribution of agencies' response times and the timeliness of responses is shown in Figures 3 and 4 respectively.

Over the course of the year the PBO put considerable effort into strengthening its relationships with agencies and enhancing its internal protocols for information request processes. There was significant improvement in agency response times in the fourth quarter of the financial year and a continued decline in the proportion of late responses from 44 per cent in the first quarter to 21 per cent by the end of the fourth quarter. From May 2015, the PBO commenced publicly reporting agencies' responsiveness to information requests and providing this information to the Senate Finance and Public Administration Legislation Committee. Appendix C contains details of information request responsiveness by Commonwealth agencies during 2014–15.

Appendix C also contains details of the PBO's output of costings and budget analyses and details of responses from Commonwealth agencies to requests for information from the PBO over the past three financial years.

Table 2: Information requests to agencies

| | 2013–14 ¹ | 2014–15 | | | | |
|--|----------------------|---------|------|------|-----|-------------|
| | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Requests outstanding at start of period | 28 | 16 | 4 | 6 | 6 | 16 |
| Requests sent in period | 388 | 50 | 26 | 40 | 87 | 203 |
| Requests received in period | 400 | 62 | 24 | 40 | 90 | 216 |
| Requests received by due date | 209 | 35 | 15 | 26 | 71 | 147 |
| Requests received after due date | 191 | 27 | 9 | 14 | 19 | 69 |
| Average time taken to respond (business days) | 12.6 | 17.0 | 17.3 | 17.1 | 8.5 | 13.5 |
| Average punctuality (business days late) | 5.3 | 6.9 | 4.7 | 1.9 | 0.2 | 2.9 |
| Average lateness of late responses (business days) | 11.9 | 17.9 | 14.1 | 6.7 | 3.7 | 11.2 |
| Requests outstanding at end of period | 16 | 4 | 6 | 6 | 3 | 3 |

¹ Data has been updated following a review of the PBO's records in consultation with agencies.

Figure 3: Agencies' response time for completed information requests

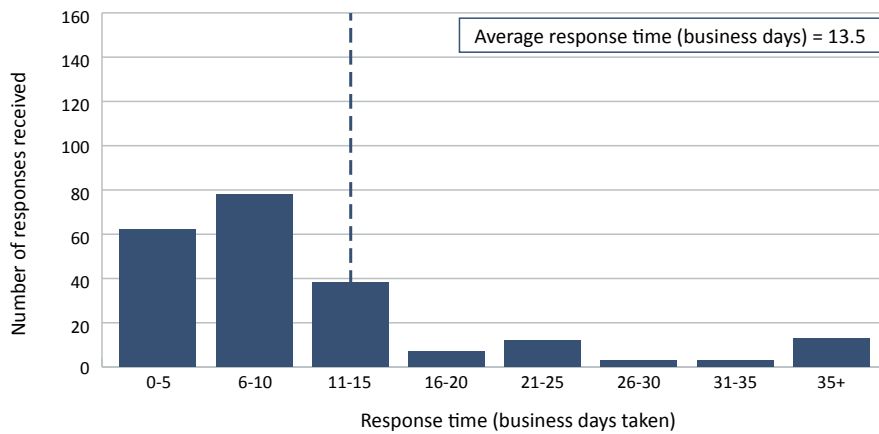
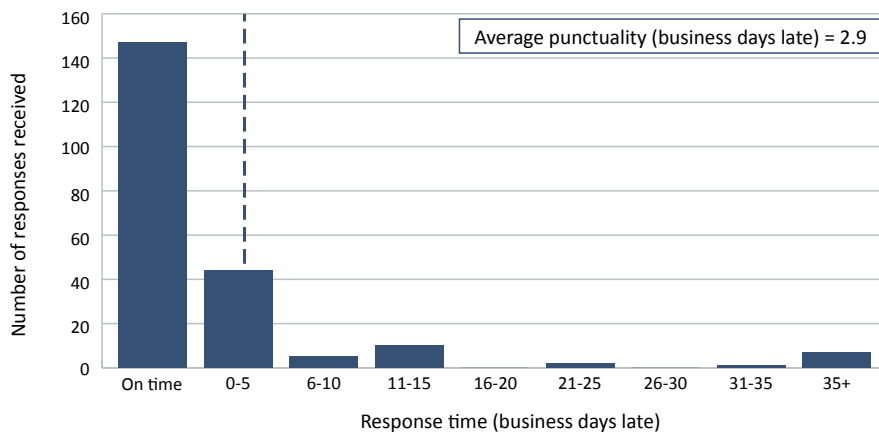


Figure 4: Timeliness of response by agencies to PBO information requests



Documents publicly released under section 64U

Under section 64U of the Parliamentary Service Act, the Parliamentary Budget Officer must, in certain circumstances, make information and documents publicly available. During 2014–15, the PBO published the following document on its website:

- *Update of major yet to be legislated payment measures (27 February 2015).* This document was made publicly available as the applicant did not request the information to be kept confidential.

Published research

The PBO's self-initiated research program seeks to enhance the transparency and public understanding of the budget and fiscal policy settings.

A priority in the PBO's 2014–15 work plan was to continue to publish research that promotes a better understanding of the budget and fiscal policy settings with a particular focus on the sustainability of the budget over the medium term.

During the year, the PBO published four research reports, two budget chart packs, one technical note and other analyses as outlined below. The data sets that underlie the PBO's published work are made publicly available on the PBO website, whenever possible, to be transparent and to provide a basis for others to undertake their own analyses.

Publications in 2014–15

Reports

- Report no. 02/2014
Projections of Government spending over the medium term
(22 August 2014)
- Report no. 03/2014
The sensitivity of budget projections to changes in economic parameters:
Estimates from 2014–15 to 2024–25
(26 November 2014)
- Report no. 01/2015
National fiscal trends
(29 April 2015)
- Report no. 02/2015
2015–16 Budget: medium-term projections
(24 June 2015)

Chart packs and other budget analyses

- 2014–15 Mid-Year Economic and Fiscal Outlook — charts
(9 January 2015)
- 2015–16 Budget and forward estimates — charts
(28 May 2015)
- Unlegislated measures carried forward from the 2014–15 Budget
(29 May 2015)

Technical notes

- Technical note no. 01/2015
Factors influencing the reliability of costings of policy proposals:
The PBO's approach to reliability ratings
(30 June 2015)

Reports

Projections of Government spending over the medium term

The *Projections of Government spending over the medium term* report was released in August 2014. This report extended the historical analysis of government spending released in December 2013 and explored the outlook and drivers of Australian Government spending to help inform discussion about the sustainability of spending over the medium term.

The report framed the discussion around the significant contributors to growth in total government spending and examined trends in these programs over the medium term.

The sensitivity of budget projections to changes in economic parameters: Estimates from 2014–15 to 2024–25

In November 2014, the PBO released a report on *The sensitivity of budget projections to changes in economic parameters: Estimates from 2014–15 to 2024–25*. This report analysed the sensitivity of the 2014–15 Budget medium-term projections to variations in labour productivity growth, the labour force participation rate and the terms of trade. The report highlighted the importance of labour productivity growth, in particular as a driver of economic growth and fiscal sustainability, and included an assessment of the likely balance of risks.

The fiscal impacts of the scenarios developed and modelled by the PBO were based on the macroeconomic impacts of scenarios as modelled by Independent Economics using its Macro-econometric Model. The Independent Economics report and the detailed fiscal results are available on the PBO website.

National fiscal trends

The *National fiscal trends* report was released in April 2015. This report examined historical trends and government projections of revenue, expenditure, net capital investment and the net debt position across all levels of Australian government. The report highlighted the significance of the Commonwealth's fiscal position to the national position and identified a number of uncertainties around the improvement in the budget position projected by the Commonwealth and the states.

2015–16 Budget: medium-term projections

The report *2015–16 Budget: medium-term projections* was released in June 2015. The 2015–16 Budget papers included projections of the underlying cash balance and net debt to 2025–26 but did not include projections of receipts and payments beyond the forward estimates period ending 2018–19.

The PBO report provided detailed projections of receipts and payments over the period beyond the forward estimates to 2025–26. These projections are not forecasts or predictions, but provide a detailed projected budget baseline over the medium term assuming no change in policy settings over the projection period.

Chart packs and other budget analyses

In January 2015, the PBO released its *2014–15 Mid-Year Economic and Fiscal Outlook — charts* which provided a graphical summary of the 2014–15 MYEFO relative to the 2014–15 Budget, showing the impacts of policy decisions and other factors.

In May 2015, the PBO released its *2015–16 Budget and forward estimates — charts* which provided a graphical summary of the 2015–16 Budget relative to the 2014–15 MYEFO, showing the impacts of policy decisions and other factors.

These charts continued the PBO’s practice of adding to the transparency of the budget by presenting key budget information in a more readily accessible form. In particular, they provided the overall impact of policy decisions on selected government programs.

In May 2015, the PBO released *Unlegislated measures carried forward from the 2014–15 Budget*. This document outlined the projected impact of unlegislated measures from the 2014–15 Budget and previous budgets on current budget estimates and over the medium term.

Technical notes

Technical notes are published to help explain the underlying data, concepts and methodologies that the PBO utilises in preparing costings of policy proposals and analyses of the budget and fiscal policy settings. The focus of technical notes is different from that of research reports which are aimed at informing public understanding of budget and fiscal policy issues more broadly.

In June 2015, the PBO released its first technical note *Factors influencing the reliability of costings of policy proposals: The PBO’s approach to reliability ratings*. The technical note outlines why reliability ratings are used and how data, assumptions and volatility of the costing base affect the reliability of costings.

Capability building

Considerable effort has been directed to acquiring detailed datasets and developing models covering major demand-driven expenditure programs and elements of the tax and transfer system. These tools enable the PBO to continue to build its capabilities and have improved the PBO’s ability to respond to parliamentarians’ requests and the quality and reliability of its costings and budget analyses.

The PBO proposes to implement a new workflow management system to replace a number of Excel spreadsheet-based registers currently used to keep track of requests received from parliamentarians and requests for information sent from the PBO to Commonwealth agencies. In March 2015, the Department of Parliamentary Services, on behalf of the PBO, released a request for tender for the provision of a workflow system.

The new system will improve the PBO’s productivity by automating a number of processes that are currently undertaken manually, allowing simultaneous multi-user access, streamlining the monitoring and reporting of key workflows, and simplifying record keeping processes. It is expected that the new workflow management system will be operational in early 2016.

The PBO has a strong culture of digital information management through the use of an electronic data and records management system. The PBO's establishment of a strong digital culture was recognised in May 2015 by the National Archives of Australia when the PBO received a Commendation Award in the Archives' inaugural Digital Excellence Awards.

Engagement with stakeholders

Since its commencement, the PBO has been readily accessible to Senators and Members, and has maintained an open and ongoing dialogue with the Parliament. The PBO has also engaged with a range of external stakeholders.

Engagement with the Australian Parliament

Joint Committee of Public Accounts and Audit

The JCPAA continued to play an important oversight role in relation to the PBO. During the year, the PBO consulted with the JCPAA on the PBO's work plan and resourcing.

On 17 July 2014, following the release of the ANAO audit report *The Administration of the Parliamentary Budget Office*, the JCPAA resolved to inquire into and report on the operations of the PBO with specific regard to:

- PBO statutory information gathering powers and access to information, including the Contingency Reserve
- PBO reporting of Government progress against a new set of fiscal rules, as recommended by the National Commission of Audit
- PBO reporting against medium-term projections of fiscal outlook beyond the forward estimates
- best practice for independent fiscal institutions as identified by the International Monetary Fund
- PBO implementation of the recommendation from ANAO Report No. 36 (2013–14)
- the need for any legislative change.

The JCPAA's review provided an early opportunity to examine the framework and operations of the PBO and consider the recommendations of the ANAO, the National Commission of Audit and international principles of best practice.

In August 2014, the PBO made a submission to the inquiry outlining its position on access to information, publication of detailed medium-term projections, and the assessment of fiscal rules.

Report 446: *Review of the Operations of the Parliamentary Budget Office* was released in November 2014. The report concluded that ‘the PBO has quickly established itself as a credible and expert source of information and analysis’¹ and ‘the PBO is an important addition to our democratic arrangements and has already made a significant contribution to transparency and accountability in the country’s finances.’² The report also stated that ‘the success of the Australian PBO is due in no small measure to a clear legislative mandate; the provision of adequate resources, qualified staff and the co-operation built up between the Parliamentary Budget Officer and Executive agencies.’³

The JCPAA made eight recommendations to the Government in the report relating to access to information and the PBO’s mandate.

The Government responded to the JCPAA recommendations on 24 June 2015 noting and/or supporting the JCPAA’s recommendations with the exception of the recommendation that the PBO should have access to the details of the Contingency Reserve in the Budget. The PBO’s costings remain subject to the caveat that the PBO does not have access to the details of the Contingency Reserve (PBO Guidance: 05/2013—*Possible impact of Contingency Reserve on PBO costings* refers).

The PBO’s submission, the JCPAA report and the Government response to the report can be found on the Australian Parliament website.

PBO guidance documents

During 2014–15, the PBO published the following guidance documents for Senators and Members on its website:

- Guidance 02/2014—*Guide to policy costings procedures, information requirements and methodology* (15 July 2014). This guidance updated and replaced Guidance 01/2012 issued on 28 August 2012. In particular, it expanded and clarified information on the timing of costing responses and confidentiality.
- Guidance 01/2015—*Misrepresentation of PBO responses* (29 May 2015). The purpose of this document was to outline the circumstances when the Parliamentary Budget Officer may make a public statement to clarify a matter relating to a confidential response to a request from a parliamentarian.

External engagement

The PBO engages with other institutions and bodies as part of its ongoing operations.

The Parliamentary Budget Officer is a member of the Organisation for Economic Co-operation and Development (OECD) Working Party of Parliamentary Budget Officials and Independent Fiscal Institutions. The OECD network meets annually to share experiences and discuss issues relating to the mandates and operations of independent fiscal institutions around the world.

The International Monetary Fund and the World Bank are also represented in these OECD network meetings.

¹ Joint Committee of Public Accounts and Audit 2014, *Report 446: Review of the Operations of the Parliamentary Budget Office*, The Parliament of the Commonwealth of Australia, p. 45

² *Ibid*, p. vii

³ *Ibid*, p. vii

At the 7th annual meeting of the OECD network in Vienna in April 2015, the Parliamentary Budget Officer presented on the independent evaluation of the Australian PBO.

The PBO has also established co-operative working relationships with the United States Congressional Budget Office (CBO) and the Canadian Parliamentary Budget Office (Canadian PBO). In December 2014, a representative from the CBO visited the PBO and spoke of the CBO's role in the legislative process. The PBO has held teleconferences with the CBO (February 2015) and the Canadian PBO (June 2015) to discuss common challenges and technical approaches to costings and budget analysis. Feedback from these initial discussions was positive, with agreement to continue discussions at regular intervals (approximately every six months).

The First Assistant Parliamentary Budget Officer, Budget Analysis Division continued to chair the OECD Committee of Fiscal Affairs (CFA) Working Party No. 2 on Taxation Policy and Statistics. This committee meets twice yearly to discuss issues relating to the measurement and analysis of tax policy issues, and reports to the CFA on a regular basis. A major focus of the current activity of the Working Party is the measurement of the impact of corporate tax base erosion and profit shifting.

The PBO is also engaged with the Tax and Transfer Policy Institute at the Australian National University as a member of the government stakeholders group. This involves the PBO providing input in relation to the Institute's research priorities and identifying areas for co-operation between the PBO and the Institute.

In the preparation of reports under the PBO's self-initiated research program, the PBO engages with external reviewers to seek comments and suggestions on pre-publication draft reports. In 2014–15, external reviewers provided assistance with the reports, *Projections of Government spending over the medium term*, *The sensitivity of budget projections to changes in economic parameters: Estimates from 2014–15 to 2024–25* and *National fiscal trends*. Reviewers included university academics, other independent fiscal institutions, private sector economists, and researchers from think tanks.

Stakeholder feedback

On 20 May 2015, the PBO initiated its inaugural survey of its stakeholders, which included parliamentarians and their staff, as well as a select number of key independent analysts and media representatives. The survey gave stakeholders the opportunity to provide feedback on PBO products and services, which will help to shape the PBO's future service delivery. The survey was conducted online by ORIMA Research.

Responses to the survey were received from the offices of 20 per cent of parliamentarians. One-third of the other stakeholders invited to participate in the survey also provided responses.

Overall a large majority of respondents (86 per cent) indicated that they were satisfied or very satisfied with the work and role of the PBO. Reflecting this positive sentiment, 90 per cent of respondents also agreed that the PBO is non-partisan, independent, operates with integrity, helps to improve the transparency of the budget and fiscal policy settings, and helps to provide a level playing field for all parliamentarians.

Around two in ten respondents had sought specific policy costings and budget analyses through a formal response. The quality of the PBO's policy costings and/or budget analysis was rated favourably with 75 per cent of relevant respondents expressing satisfaction with the response.

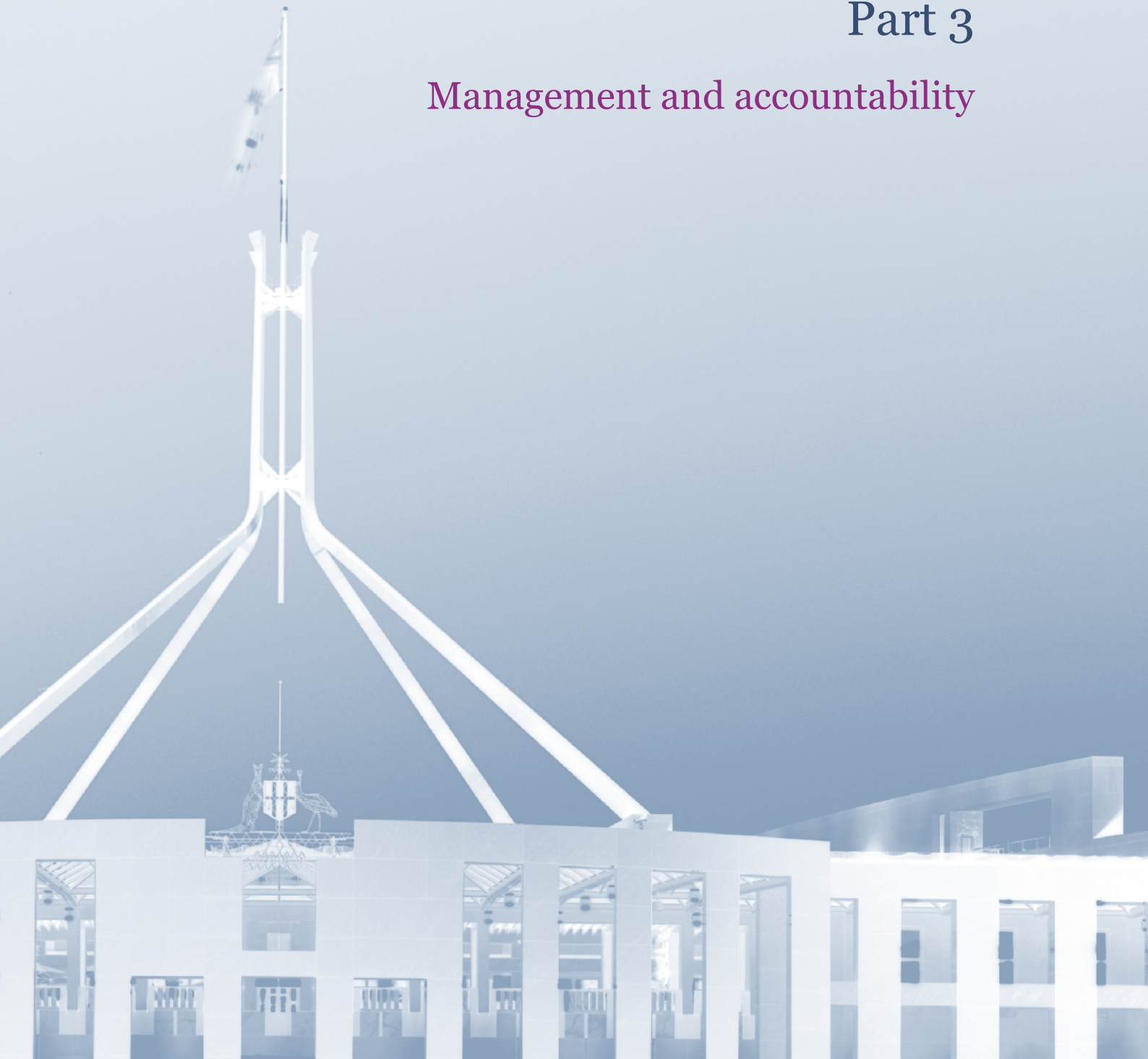
Satisfaction with service delivery arrangements was also high. The findings showed that a large majority of respondents (96 percent) were satisfied or very satisfied with the personal customer service attributes of staff in relation to their level of professionalism, helpfulness, accessibility and consistency of advice they received. Stakeholders would, however, like to see an improvement in the timeliness of the PBO's responses. To assist in this regard, the PBO will continue to build its data and model repositories, further invest in staff training, and ensure it is adequately resourced to manage increased demand for its services.

Around seven in ten respondents indicated that they had read at least one PBO publication in the last 12 months. There was a strong level of satisfaction among these respondents with the quality of these publications—91 per cent were satisfied with the accessibility, readability and analytical robustness of these publications. Furthermore, 76 per cent of respondents also found these reports to be valuable in supporting their decision-making.

The survey was developed as a repeatable survey to enable stakeholder feedback to be analysed in a consistent manner over time. The PBO proposes to survey stakeholders on an annual basis, towards the end of each financial year.

Part 3

Management and accountability



Corporate governance

The PBO's operations are governed by the requirements of the *Parliamentary Service Act 1999*, the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and other legislation as applicable.

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

The continued development of the PBO's governance framework, processes and arrangements was a focus during 2014–15.

Supporting the PBO's operations is a strong record keeping culture. The PBO adopts full digital record keeping practices. Of the 166 agencies that completed the National Archives of Australia annual Digital Check-up survey, the PBO was ranked the fourth highest agency. The PBO's top ratings were: the PBO works digitally by default, senior management supports digital information management as a priority, everyone contributes to digital information management, and our information is authentic, reliable and accurate.

The major components of the PBO's governance framework during the year comprised the PBO Executive, the Audit Committee, a risk management framework, a fraud control plan and a business continuity plan. The PBO also participated in Parliament House-wide governance arrangements.

PBO Executive

The PBO Executive consists of the Parliamentary Budget Officer and SES officers and meets weekly to consider PBO-wide issues.

Audit Committee

The Audit Committee provides independent advice and assurance to the Parliamentary Budget Officer about the PBO's governance arrangements. The committee comprises two independent members (including the chair) and the Assistant Parliamentary Budget Officer, Corporate Strategy Branch. The committee met five times during the financial year. The Chief Financial Officer, representatives from the ANAO, and the PBO's internal auditors also attended these meetings.

Risk management

Risk management forms an integral part of the PBO's governance arrangements.

During the year the PBO continued to establish its risk management practices, further embedding consideration of risk into its business operations. In April 2015, the PBO implemented its business continuity plan which reflected significant analysis of business impact should a business continuity event occur.

The fraud risks were identified for the first time and strategic risks identified in the risk management plan were reviewed and updated to reflect current environmental factors.

Following the review of its strategic risks, the PBO continued to embed risk management practices at the operational level through its divisional and branch work planning processes for 2015–16.

A full review of the PBO's approach to risk was undertaken through the 2014–15 Comcover risk management benchmarking program. The result of the program noted the PBO is operating at an advanced level of risk maturity and is in the top 21 per cent of all agencies who participated. The results further showed that the PBO is above average on all aspects of risk management and is at a risk maturity level higher than its peer group of similar Commonwealth agencies.

Operating at an advanced level reflects the PBO's approach to risk management as a proactive activity that is integrated with the development of the PBO's strategic and business planning processes. In particular the PBO has ensured the accountability and responsibility for all aspects of risk management is clearly articulated.

Fraud prevention and control

During 2014–15, the PBO reviewed its fraud control plan to ensure that it complies with the Commonwealth Fraud Control Policy and section 10 of the *Public Governance, Performance and Accountability Rule 2014*. The PBO finalised its assessment to identify potential fraud risks and any gaps in its control framework and established its fraud risk register.

In 2014–15 the PBO took all reasonable measures to minimise the incidence of fraud. The completion of the fraud risk assessment during 2014–15 contributed to raising awareness and preventing fraud within the PBO.

Provision of corporate services to the PBO

When the PBO commenced operations in July 2012, it entered into service provision arrangements with the Department of Parliamentary Services (DPS) for a range of corporate services and the Department of the House of Representatives (DHoR) for payroll services. At that time, DHoR also provided payroll services to DPS.

Due to tight timeframes to get the PBO's corporate operations up and running quickly at that time, the other parliamentary departments were not given an opportunity to express interest in providing the PBO with corporate services.

In early 2014–15, the PBO decided to review these arrangements and invited proposals from each of the other parliamentary departments for the provision of financial and other corporate services to the PBO, excluding information and communication technology (ICT) services and hardware. Proposals were received in August and September 2014.

On 17 September 2014, following an assessment of the proposals, the PBO accepted, as best value for money, a proposal from the Department of the Senate (DoS) to provide corporate services to the PBO, comprising financial processing and reporting, payroll processing, and records management administration.

The provision of ICT services and hardware to the PBO remains with DPS in accordance with the outcomes of the Roche review.

On 24 November 2014, the Parliamentary Budget Officer and the Clerk of the Senate signed a Memorandum of Understanding for the provision of non-ICT corporate services by DoS to the PBO. The provision of these services commenced on 1 December 2014.

Interdepartmental committees

The PBO participates in a range of interdepartmental committees through which the parliamentary departments co-ordinate common and joint activities, particularly in relation to corporate and information technology matters.

External scrutiny

During 2014–15, the PBO continued its involvement with parliamentary committees and was subject to a review by the Joint Committee of Public Accounts and Audit (JCPAA). Further information on these activities is provided below. There were no other external reports, reviews or judicial decisions involving the PBO.

Joint Committee of Public Accounts and Audit

During 2014–15, the JCPAA continued to play an important oversight role for the PBO. The Parliamentary Budget Officer met with the committee in relation to the PBO's work plan and resourcing. Further, the JCPAA undertook a review and provided a positive report on the activities of the PBO with the release in November 2014 of Report 446: *Review of the Operations of the Parliamentary Budget Office*.

Senate Finance and Public Administration Legislation Committee

The PBO appeared before the Senate Finance and Public Administration Legislation Committee throughout the financial year. In advance of each hearing, the PBO continued to provide the committee with activity and staffing data.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Efficient recruitment and continuing to develop and retain its existing workforce was a high priority for the PBO in 2014–15.

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

Employment arrangements

The PBO's SES employees are engaged under individual determinations under section 24(1) of the Parliamentary Service Act, with their remuneration and superannuation salary set under common law agreements.

All non-SES employees are engaged under common law agreements.

The PBO reviewed its employment arrangements following the release of the Australian Government Public Sector Workplace Bargaining Policy in March 2014.

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.

The PBO did not make any performance payments to employees during 2014–15. Under the PBO's Performance Management Framework, increments through the PBO's salary ranges are based on performance achievements.

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

The development of human resources policies to support the PBO's employment arrangements and legislative framework was a priority in 2014–15. A number of policies were implemented during the year relating to study assistance, workplace diversity, appropriate workplace behaviour, underperformance and a pandemic plan.

Secondment program

In May 2015, the PBO initiated a secondment program with selected Commonwealth agencies to seek assistance in augmenting the PBO workforce in the lead up to the next general election. The PBO sought seconded staff with strong quantitative analysis skills and an aptitude for economic and financial modelling across a range of program areas. The PBO plans to build on this secondment program over the 2015–16 year.

2015 Parliament of Australia Graduate Program

During 2014–15, the PBO participated in the 2015 Parliament of Australia Graduate Program. The program allows participants from APS graduate programs to undertake a three-month placement with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Five graduates from the 2014 and 2015 programs were placed with the PBO in 2014–15.

Jawun Indigenous Community Australian Public Service (APS) Secondment Program

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Jawun Indigenous partner organisations. During 2014–15, through the Australian Public Service Commission, the PBO nominated an employee to participate in the 2015 Jawun Indigenous Community APS Secondment Program. The objectives of participation in the program are to increase both the employee's and the PBO's cultural awareness and broader awareness of Indigenous matters, and provide positive outcomes for the Indigenous communities. The PBO's nomination was successful with the secondment occurring in August–September 2015.

Asset management

The PBO's asset management framework includes an asset register that records all assets held by the PBO. An annual stocktake keeps records accurate and up to date.

The PBO's assets are limited mainly to the protected ICT network software, office fitout and equipment.

The PBO's capital budgeting is integrated with strategic planning, which occurs prior to the beginning of each financial year in conjunction with the PBO's annual operating budget processes.

Purchasing

Purchasing was managed in accordance with the PBO's Accountable Authority Instructions and financial policies, which are consistent with the Commonwealth Procurement Rules. The PBO's purchasing processes focus on the core principle of value for money. This is achieved through:

- encouraging competition and non-discriminatory processes
- using Commonwealth resources in an efficient, effective, economical and ethical manner that is not inconsistent with the policies of the Commonwealth
- making decisions in an accountable and transparent manner
- considering the appropriate level of risks
- conducting a process commensurate with the scale and scope of the procurement.

Consultants

The PBO engages consultants where specialist skills are required that are not available inhouse or when independent research, review or assessment is required.

During 2014–15, five new consultancy contracts were entered into, involving a total expenditure of \$60,995 (inclusive of GST). In addition, four ongoing consultancy contracts were active during the 2014–15 year, involving total actual expenditure of \$37,576 (inclusive of GST).

The majority of expenditure (89 per cent) on consultancy contracts was for internal audit services, a stakeholder survey and legal services.

Information on the value of contracts and consultancies awarded with a value of \$10,000 or more is available on the AusTender website (www.tenders.gov.au).

Australian National Audit Office access clauses

No contracts of \$100,000 or more (inclusive of GST) were let during the year.

Exempt contracts

During 2014–15 the PBO had no exempt contracts.

Procurement initiatives to support small business

The PBO supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance's website: www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/.

The PBO has adopted procurement practices to support SMEs including the adoption of the Commonwealth Contracting Suite for low risk procurements valued under \$200,000 and electronic systems to facilitate on-time payment performance.

Part 4

Financial statements



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Independent auditor's report



INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying annual financial statements of the Parliamentary Budget Office for the year ended 30 June 2015, which comprise:

- Statement by the Parliamentary Budget Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Schedule of Commitments; and
- Notes comprising a Summary of significant accounting policies and other explanatory information.

Accountable Authority's Responsibility for the Financial Statements

The Parliamentary Budget Officer of the Parliamentary Budget Office is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards and the rules made under that Act. The Parliamentary Budget Officer is also responsible for such internal control as is necessary to enable the preparation and fair presentation of financial statements that 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 entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Accountable Authority of the entity, as well as evaluating the overall presentation of the financial statements.

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

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

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) comply with Australian Accounting Standards and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Parliamentary Budget Office as at 30 June 2015 and its financial performance and cash flows for the year then ended.

Australian National Audit Office



Jocelyn Ashford
Acting Group Executive Director

Delegate of the Auditor-General

Canberra
25 September 2015


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 2015 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Parliamentary Budget Office will be able to pay its debts as and when they fall due.


Phil Bowen PSM FCPA
Parliamentary Budget Officer
25 September 2015


Jenny Jacobs CPA
Chief Financial Officer
25 September 2015

Statement of comprehensive income

for the period ended 30 June 2015

| | Notes | 2015 \$ | 2014 \$ |
|---|-------|------------------|------------------|
| NET COST OF SERVICES | | | |
| Expenses | | | |
| Employee benefits | 3A | 5,705,811 | 5,175,644 |
| Supplier | 3B | 1,273,682 | 1,655,290 |
| Depreciation and amortisation | 4C | 260,602 | 159,604 |
| Total expenses | | 7,240,095 | 6,990,538 |
| Own-source income | | | |
| Gains | | | |
| Resources received free of charge | | | |
| Auditor remuneration | | 45,000 | 30,000 |
| Accommodation | | 295,694 | 260,970 |
| Other gains | | - | 452 |
| Total gains | | 340,694 | 291,422 |
| Total own-source income | | 340,694 | 291,422 |
| NET COST OF SERVICES | | 6,899,401 | 6,699,116 |
| Revenue from Government | | | |
| Departmental Appropriation | | 7,013,000 | 7,574,000 |
| Special Appropriation | | - | 700,000 |
| Total revenue from Government | | 7,013,000 | 8,274,000 |
| Surplus attributable to the Australian Government | | 113,599 | 1,574,884 |
| OTHER COMPREHENSIVE INCOME | | | |
| Changes in asset revaluation reserve | | - | 50,305 |
| Total other comprehensive income | | - | 50,305 |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT | | 113,599 | 1,625,189 |

The above statement should be read in conjunction with the accompanying notes.

Statement of financial position

as at 30 June 2015

| | Notes | 2015 \$ | 2014 \$ |
|-----------------------------------|-------|------------------|------------|
| ASSETS | | | |
| Financial assets | | | |
| Cash | | 28,198 | 11,077 |
| Receivables | | | |
| Appropriation receivable | | 2,142,915 | 1,893,055 |
| GST receivable | | 10,043 | 2,988 |
| Other receivables | | 59,187 | 53,086 |
| Total financial assets | | 2,240,343 | 1,960,206 |
| Non-financial assets | | | |
| Property, plant and equipment | 4A,C | 1,954,715 | 2,040,551 |
| Intangibles | 4B,C | 961,211 | 1,135,977 |
| Prepayments | | 44,542 | 15,340 |
| Total non-financial assets | | 2,960,467 | 3,191,868 |
| Total assets | | 5,200,810 | 5,152,074 |
| LIABILITIES | | | |
| Payables | | | |
| Trade creditors | | 74,001 | 325,370 |
| Other payables | 5 | 232,284 | 145,509 |
| Total payables | | 306,285 | 470,879 |
| Provisions | | | |
| Employee leave provisions | | 1,531,419 | 1,431,688 |
| Total provisions | | 1,531,419 | 1,431,688 |
| Total liabilities | | 1,837,704 | 1,902,567 |
| Net assets | | 3,363,106 | 3,249,507 |
| EQUITY | | | |
| Asset revaluation reserve | | 50,305 | 50,305 |
| Retained earnings | | 3,312,801 | 3,199,202 |
| Total equity | | 3,363,106 | 3,249,507 |

The above statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

as at 30 June 2015

| | Retained earnings | | Asset revaluation reserve | | Total equity | |
|--|-------------------|------------------|---------------------------|---------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance as at 1 July 2014 | 3,199,202 | 1,740,100 | 50,305 | - | 3,249,507 | 1,740,100 |
| Adjustment for ICT transfer ¹ | - | (115,782) | - | - | - | (115,782) |
| Adjusted opening balance | 3,199,202 | 1,624,318 | 50,305 | - | 3,249,507 | 1,624,318 |
| Comprehensive income | | | | | | |
| Surplus for the period | 113,599 | 1,574,884 | - | - | 113,599 | 1,574,884 |
| Other comprehensive income | - | - | - | 50,305 | - | 50,305 |
| Total comprehensive income | 113,599 | 1,574,884 | - | 50,305 | 113,599 | 1,625,189 |
| Closing balance as at 30 June 2015 | 3,312,801 | 3,199,202 | 50,305 | 50,305 | 3,363,106 | 3,249,507 |
| Closing balance attributable to the Australian Government | 3,312,801 | 3,199,202 | 50,305 | 50,305 | 3,363,106 | 3,249,507 |

The above statement should be read in conjunction with the accompanying notes.

¹ During 2014 the Presiding Officers endorsed the consolidation of Information and Communication Technology (ICT) across the parliamentary departments. In accordance with this decision the PBO transferred its ICT hardware assets at net book value to the Department of Parliamentary Services for no consideration, recognising a reduction in equity.

Cash flow statement

for the period ended 30 June 2015

| | Notes | 2015 \$ | 2014 \$ |
|--|-------|------------------|--------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations | | 6,763,140 | 9,421,398 |
| Net GST received | | 36,737 | 76,192 |
| Other ¹ | | 125,126 | 274,421 |
| Total cash received | | 6,925,003 | 9,772,011 |
| Cash used | | | |
| Employees | | 5,537,498 | 4,993,832 |
| Suppliers | | 1,370,384 | 2,430,788 |
| Total cash used | | 6,907,882 | 7,424,620 |
| Net cash from operating activities | 6 | 17,121 | 2,347,391 |
| INVESTING ACTIVITIES | | | |
| Cash used | | | |
| Purchase of property, plant and equipment | | - | 1,770,134 |
| Purchase of intangibles | | - | 587,817 |
| Total cash used | | - | 2,357,951 |
| Net cash used by investing activities | | - | (2,357,951) |
| Net (decrease) / increase in cash held | | 17,121 | (10,560) |
| Cash at the beginning of the reporting period | | 11,077 | 21,637 |
| Cash at the end of the reporting period | | 28,198 | 11,077 |

The above statement should be read in conjunction with the accompanying notes.

¹ Non-appropriation receipts are required to be returned to the Official Public Account. They increase the PBO's available appropriation under section 74 of the PGPA Act and when subsequently drawn down for use by the PBO they are recorded as ordinary appropriations.

Schedule of commitments

as at 30 June 2015

| | Maturity of one year or less | |
|-------------------------------------|------------------------------|----------------|
| | 2015 \$ | 2014 \$ |
| BY TYPE | | |
| Commitments receivable | | |
| Net GST receivable on commitments | (2,056) | (6,978) |
| Total commitments receivable | (2,056) | (6,978) |
| Other commitments | | |
| Other | 34,408 | 83,645 |
| Total other commitments | 34,408 | 83,645 |
| NET COMMITMENTS | 32,352 | 76,667 |

The above statement should be read in conjunction with the accompanying notes.

Notes to and forming part of the financial statements for the period ended 30 June 2015

| | |
|--|----|
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Note 1: Summary of significant accounting policies

1.1. Objectives of the Parliamentary Budget Office

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 PBO'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 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a. *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)* 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. 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 an alternative treatment is specifically required by an accounting standard or the FRR, 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. Liabilities and assets that are unrecognised are reported in the schedule of commitments.

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.

Note 1: Summary of significant accounting policies (continued)

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 1.8 – *Employee benefits* 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

The PBO has adopted the AASB 2015-7 *Amendments to the Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities*. This amending standard applies to annual reporting periods beginning on or after 1 July 2016. Early adoption impacts on disclosure of fair value measurements of property plant and equipment assets, with no effect on the face statements.

AASB 1055 *Budgetary Reporting* applies to reporting periods commencing on or after 1 July 2014 and requires the PBO to disclose budgeted information, presented to Parliament in the Portfolio Budget Statements. The PBO is also required to provide explanations of major variances between budgeted and actual amounts. The required disclosures have been included at Note 11.

With the exception of the above mentioned, no other accounting standards have been adopted earlier than the application date as specified in the standards. Accounting standards that were issued prior to the signing of the statement by the Parliamentary Budget Officer and Chief Financial Officer, and applicable to the current reporting period did not have a material effect, and are not expected to have a future material effect, on the PBO's financial statements.

Future Australian Accounting Standard requirements

Accounting standards that were issued prior to the signing of the statement by the Parliamentary Budget Officer and Chief Financial Officer, and applicable to future reporting period/s, are not expected to have a future material effect on the PBO's financial statements.

From 1 July 2015, the PBO will adopt the disclosure requirements of AASB 124 *Related Party Disclosures*.

Note 1: Summary of significant accounting policies (continued)

1.5. Revenue

Revenue from Government

Amounts appropriated for departmental appropriations for the year are recognised as Revenue from Government when the PBO gains control of the appropriation.

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.

1.7. Transactions with the Government as owner

Net assets relinquished to another Government entity are adjusted at their book value directly against contributed equity. Where there exists no contributed equity balance, the adjustment is made directly against retained earnings.

1.8. 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 2014–15.

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 2015. The estimate of the present value of the liability takes into account an estimate of attrition rates and pay increases through promotion and inflation.

Note 1: Summary of significant accounting policies (continued)

Superannuation

The PBO's employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other funds of employee choice.

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's administered schedules and notes.

The PBO makes employer contributions to employees' superannuation schemes 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.

1.9. Financial Assets

Cash

Cash is available at call and held on deposit with the Reserve Bank of Australia.

Loans and receivables

Trade receivables are classified as 'receivables' and recorded at face value less any impairment. Trade receivables are recognised where the PBO becomes a party to a contract and has a legal right to receive cash. Trade receivables are derecognised on payment and have settlement terms of 30 days.

Impairment of financial assets

Receivables are assessed for impairment at the end of each reporting period. Allowances are made when collectability of the debt is no longer probable. No indicators of impairment were identified as at 30 June 2015.

1.10. Financial Liabilities

Trade creditors

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

Note 1: Summary of significant accounting policies (continued)

1.11. Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment (including fit-out of accommodation within Parliament House) 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).

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date.

Revaluation adjustments were made on a class basis. Any revaluation increment was credited to equity under the heading of asset revaluation reserve except to the extent that it reversed a previous revaluation decrement of the same class that was previously recognised in the surplus/deficit. Revaluation decrements for a class of assets were recognised directly in the surplus/deficit except to the extent that they reversed a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset is restated to the revalued amount.

The PBO performed a valuation of property, plant and equipment assets on 30 June 2014. The valuation was performed by independent qualified valuers Preston Rowe Paterson NSW Pty Limited and was based on valuing the assets at fair value. Preston Rowe Paterson NSW Pty Limited confirmed that the net asset values materially reflected their fair value at 30 June 2015.

Fair value measurement

All property, plant and equipment non-financial assets are measured at fair value using the cost approach (depreciated replacement cost). The unobservable inputs (Level 3 fair value hierarchy) used to determine the fair value, include historical actual cost information and costing guides to estimate the current replacement cost. Appropriate useful life profiles have been adopted to depreciate the replacement cost to reflect the expended life. The PBO deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period. No transfers, revaluations, purchases or sales occurred during 2015 (2014: refer to Note 4C).

Note 1: Summary of significant accounting policies (continued)

Depreciation

Depreciable 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 for property, plant and equipment are based on their useful lives which cover 10–40 years.

Impairment

All assets were assessed for impairment at 30 June 2015, with no indications of impairment.

1.12. Intangibles

The PBO's intangible asset comprises internally developed software for internal use. The asset is reported at cost.

The asset has been assessed for indications of impairment as at 30 June 2015. No indicators of impairment were identified.

The amortisation rate of the intangible asset is based on its seven year useful life.

1.13. 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. Receivables and payables are recognised inclusive of GST.

Note 2: Events after the reporting period

There were no events following the reporting period that impact on the PBO's financial statements for the year ended 30 June 2015.

Note 3: Expenses

| | 2015 | 2014 |
|--|------------------|------------------|
| | \$ | \$ |
| Note 3A: Employee benefits | | |
| Wages and salaries | 4,343,185 | 4,046,534 |
| Superannuation | | |
| Defined benefit plans | 404,868 | 373,629 |
| Defined contribution plans | 373,256 | 319,180 |
| Leave and other entitlements | 584,502 | 436,301 |
| Total employee benefits | 5,705,811 | 5,175,644 |
| Note 3B: Suppliers | | |
| Goods and services | | |
| Professional services | 205,988 | 284,806 |
| Enhanced capability | 60,990 | 364,618 |
| Corporate services outsourced | 384,782 | 422,792 |
| Employee related | 68,777 | 55,287 |
| Temporary accommodation and DPS relocation | - | 23,849 |
| Accommodation expenses | 295,694 | 248,970 |
| Travel | 42,557 | 51,617 |
| Other | 171,051 | 166,146 |
| Total goods and services | 1,229,839 | 1,618,085 |
| Other supplier expenses | | |
| Workers compensation expenses | 43,843 | 37,205 |
| Total other supplier expenses | 43,843 | 37,205 |
| Total supplier expenses | 1,273,682 | 1,655,290 |

Note 4: Non-financial assets

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Note 4A: Property, plant and equipment | | |
| Property, plant and equipment | | |
| Fair value | 2,280,551 | 2,280,551 |
| Accumulated depreciation | (325,836) | (240,000) |
| Total property, plant and equipment | 1,954,715 | 2,040,551 |
| Note 4B: Intangibles | | |
| Computer software | | |
| Internally developed - in use | 1,239,248 | 1,239,248 |
| Accumulated amortisation | (278,037) | (103,271) |
| Total computer software | 961,211 | 1,135,977 |
| Total intangibles | 961,211 | 1,135,977 |

No indicators of impairment were identified for non-financial assets. No non-financial assets are expected to be sold or disposed of within the next 12 months.

Note 4: Non-financial assets (continued)

Note 4C: Reconciliation of the opening and closing balances of property, plant and equipment and intangibles

Reconciliation of the opening and closing balances of property, plant and equipment and intangible assets for 2015

| | Property, plant and equipment | Computer software (internally developed) | Total |
|--|----------------------------------|---|------------------|
| | \$ | \$ | \$ |
| As at 1 July 2014 | | | |
| Gross book value | 2,280,551 | 1,239,248 | 3,519,799 |
| Accumulated depreciation, amortisation and impairment | (240,000) | (103,271) | (343,271) |
| Total as at 1 July 2014 | 2,040,551 | 1,135,977 | 3,176,528 |
| Depreciation/amortisation expense | (85,836) | (174,766) | (260,602) |
| Total as at 30 June 2015 | 1,954,715 | 961,211 | 2,915,926 |
| Total as at 30 June 2015 represented by: | | | |
| Gross book value | 2,280,551 | 1,239,248 | 3,519,799 |
| Accumulated depreciation, amortisation and impairment | (325,836) | (278,037) | (603,873) |
| Total as at 30 June 2015 | 1,954,715 | 961,211 | 2,915,926 |

Reconciliation of the opening and closing balances of property, plant and equipment and intangible assets for 2014

| | Property, plant and equipment | Computer software (internally developed) | Total |
|--|----------------------------------|---|------------------|
| | \$ | \$ | \$ |
| As at 1 July 2013 | | | |
| Gross book value | 399,055 | 651,431 | 1,050,486 |
| Accumulated depreciation, amortisation and impairment | (6,828) | - | (6,828) |
| Total as at 1 July 2013 | 392,227 | 651,431 | 1,043,658 |
| Additions | | | |
| Purchase | 1,770,134 | 587,817 | 2,357,951 |
| Net revaluation increment | 50,305 | - | 50,305 |
| Restructuring ¹ | (115,782) | - | (115,782) |
| Depreciation/amortisation expense | (56,333) | (103,271) | (159,604) |
| Total as at 30 June 2014 | 2,040,551 | 1,135,977 | 3,176,528 |
| Total as at 30 June 2014 represented by: | | | |
| Gross book value | 2,280,551 | 1,239,248 | 3,519,799 |
| Accumulated depreciation, amortisation and impairment | (240,000) | (103,271) | (343,271) |
| Total as at 30 June 2014 | 2,040,551 | 1,135,977 | 3,176,528 |

¹ During 2014 the Presiding Officers endorsed the consolidation of Information and Communication Technology (ICT) across the parliamentary departments. In accordance with this decision the PBO transferred its ICT hardware assets at net book value to the Department of Parliamentary Services for no consideration, recognising a reduction in equity.

Note 5: Other payables

| | 2015 | 2014 |
|-----------------------------|----------------|----------------|
| | \$ | \$ |
| Wages and salaries | 182,853 | 118,655 |
| Superannuation | 30,054 | 20,918 |
| FBT payable | 12,090 | - |
| Other | 7,287 | 5,936 |
| Total other payables | 232,284 | 145,509 |

All other payables are expected to be settled within 12 months and settlement is usually made within 30 days.

Note 6: Cash flow reconciliation

| | 2015 | 2014 |
|---|---------------|------------------|
| | \$ | \$ |
| Reconciliation of cash as per statement of financial position to cash flow statement | | |
| Cash as per | | |
| Cash flow statement | 28,198 | 11,077 |
| Statement of financial position | 28,198 | 11,077 |
| Discrepancy | - | - |
| Reconciliation of net cost of services to net cash from operating activities | | |
| Net cost of services | (6,899,401) | (6,699,116) |
| Revenue from Government | 7,013,000 | 8,274,000 |
| Adjustments for non-cash items | | |
| Depreciation / amortisation | 260,602 | 159,604 |
| Changes in assets/liabilities | | |
| (Increase) / decrease in receivables | (263,016) | 1,138,939 |
| (Increase) / decrease in prepayments | (29,202) | 35,888 |
| Decrease in trade creditors | (251,369) | (744,197) |
| Increase in other payables | 86,776 | 9,547 |
| Increase in employee leave provisions | 99,731 | 172,726 |
| Net cash from operating activities | 17,121 | 2,347,391 |

Note 7: Senior management personnel remuneration

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

| | 2015 | 2014 |
|---|------------------|------------------|
| | \$ | \$ |
| Short-term employee benefits | | |
| Salary | 1,639,796 | 1,640,521 |
| Total short-term employee benefits | 1,639,796 | 1,640,521 |
| Post-employment benefits | | |
| Superannuation | 240,689 | 230,843 |
| Total post-employment benefits | 240,689 | 230,843 |
| Other long-term benefits | | |
| Annual leave accrued | 126,138 | 114,262 |
| Long service leave accrued | 40,995 | 37,135 |
| Total other long-term benefits | 167,133 | 151,397 |
| Total senior executive remuneration expenses | 2,047,618 | 2,022,761 |

There are seven senior management positions. There are seven personnel included in the above table. (2014: nine).

Note 8: Financial instruments

| | 2015 | 2014 |
|---|---------------|----------------|
| | \$ | \$ |
| Note 8A: Categories of financial instruments | | |
| Financial assets | | |
| Cash | 28,198 | 11,077 |
| Other receivables | 59,187 | 53,086 |
| Total financial assets | 87,385 | 64,163 |
| Financial liabilities | | |
| Trade creditors | 74,001 | 325,370 |
| Total financial liabilities | 74,001 | 325,370 |

Note 8B: Credit risk

The PBO has minimal credit risk, with the maximum exposure arising from potential default of a debtor. This amount is equal to the total amount of receivables at 30 June 2015.

Note 8C: Liquidity risk

The PBO has sufficient available financial assets to meet all financial liabilities at 30 June 2015.

Note 9: Appropriations

Note 9A: Annual appropriations ('recoverable GST exclusive')

| | 2015 | 2014 |
|---|------------------|------------------|
| Ordinary annual services | \$ | \$ |
| Annual appropriation | 7,013,000 | 7,702,000 |
| Section 74 PGPA Act receipts | 125,126 | - |
| Section 31 FMA Act receipts | - | 274,654 |
| Total appropriation | 7,138,126 | 7,976,654 |
| Appropriation applied (current and prior years) | 6,888,266 | 6,072,522 |
| Variance¹ | 249,860 | 1,904,132 |

¹ The variance between appropriation provided and applied is largely due to retained funding for future leave entitlements and capital purchases.

Note 9B: Unspent annual appropriations ('recoverable GST exclusive')

| | 2015 | 2014 |
|--|------------------|------------------|
| Authority | \$ | \$ |
| <i>Appropriation (Parliamentary Departments) Act (No. 1) 2014–15</i> | 2,171,113 | - |
| <i>Appropriation (Parliamentary Departments) Act (No. 1) 2013–14</i> | - | 1,904,132 |
| Total | 2,171,113 | 1,904,132 |

Note 9C: Special appropriations ('recoverable GST exclusive')

| | Appropriation applied | |
|---|-----------------------|----------------|
| | 2015 | 2014 |
| Authority | \$ | \$ |
| <i>Parliamentary Service Act 1999</i> | | |
| Limited amount | - | 700,000 |
| Total special appropriations applied | - | 700,000 |

The purpose of the special appropriation is to provide an appropriation for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office.

Note 10: Reporting of outcomes

| | Outcome 1 | |
|-------------------------------------|------------------|------------------|
| | 2015 | 2014 |
| Net cost of outcome delivery | \$ | \$ |
| Departmental | | |
| Expenses | 7,240,095 | 6,990,538 |
| Own source income | 340,694 | 291,422 |
| Net cost of outcome | 6,899,401 | 6,699,116 |

Note 11: Budgetary reporting

The following tables provide a comparison of the original budget as presented in the 2014–15 PBS to the 2014–15 final outcome as presented in accordance with Australian Accounting Standards for the PBO. The budget is not audited. Major variances are in relation to the management of resources, to ensure the performance of the PBO in achieving its mandate during the course of the year.

| Statement of Comprehensive Income | | | | |
|---|------------------|-----------------------------|-----------------------|---|
| | Actual | Budget original 2015 | Major variance | Major variance explanation |
| | 2015 | 2015 | | |
| | \$ | \$ | \$ | \$ |
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 5,705,811 | 5,987,000 | 281,189 | Timing of commencement of staff during the year |
| Supplier | 1,273,682 | 1,358,000 | | |
| Depreciation and amortisation | 260,602 | 180,000 | | |
| Total expenses | 7,240,095 | 7,525,000 | | |
| Own-source income | | | | |
| Gains | | | | |
| Other gains | 340,694 | 332,000 | | |
| Total gains | 340,694 | 332,000 | | |
| Total own-source income | 340,694 | 332,000 | | |
| NET COST OF SERVICES | 6,899,401 | 7,193,000 | | |
| Revenue from Government | 7,013,000 | 7,263,000 | 250,000 | Anticipated use of special appropriation not required |
| Surplus attributable to the Australian Government | 113,599 | 70,000 | | |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT | 113,599 | 70,000 | | |

Note 11: Budgetary reporting (continued)

| Statement of Financial Position | | | |
|-----------------------------------|------------------|------------------|---|
| | Actual | Budget original | Major variance |
| | 2015 | 2015 | Major variance explanation |
| | \$ | \$ | \$ |
| ASSETS | | | |
| Financial assets | | | |
| Cash | 28,198 | 22,000 | |
| Other receivables | 2,212,145 | 2,519,000 | |
| Total financial assets | 2,240,343 | 2,541,000 | |
| Non-financial assets | | | |
| Property, plant and equipment | 1,954,715 | 1,916,000 | |
| Intangibles | 961,211 | 1,270,000 | |
| Prepayments | 44,542 | 51,000 | |
| Total non-financial assets | 2,960,467 | 3,237,000 | |
| Total assets | 5,200,810 | 5,778,000 | 308,789 Capital purchases to be undertaken in 2015–16 |
| LIABILITIES | | | |
| Payables | | | |
| Trade creditors | 74,001 | 1,069,000 | |
| Other payables | 232,284 | 136,000 | |
| Total payables | 306,285 | 1,205,000 | |
| Provisions | | | |
| Employee leave provisions | 1,531,419 | 1,283,000 | |
| Total provisions | 1,531,419 | 1,283,000 | |
| Total liabilities | 1,837,704 | 2,488,000 | |
| Net assets | 3,363,106 | 3,290,000 | |
| EQUITY | | | |
| Asset revaluation reserve | 50,305 | - | |
| Retained earnings | 3,312,801 | 3,290,000 | |
| Total Equity | 3,363,106 | 3,290,000 | |

Note 11: Budgetary reporting (continued)

| Cash Flow Statement | | | |
|--|------------------|----------------------|--|
| | Actual | Budget original 2015 | Major variance explanation |
| | \$ | \$ | \$ |
| OPERATING ACTIVITIES | | | |
| Cash received | 6,763,140 | 7,238,000 | 474,860 Timing of commencement of staff during the year |
| Appropriations | | | |
| Net GST received | 36,737 | - | |
| Other | 125,126 | - | |
| Total cash received | 6,925,003 | 7,238,000 | |
| Cash used | | | |
| Employees | 5,537,498 | 5,962,000 | 424,502 Timing of commencement of staff during the year |
| Suppliers | 1,370,384 | 1,026,000 | |
| Total cash used | 6,907,882 | 6,988,000 | |
| Net cash from operating activities | 17,121 | 250,000 | |
| INVESTING ACTIVITIES | | | |
| Cash used | | | |
| Purchase of intangibles | - | 250,000 | 250,000 Capital purchases to be undertaken in 2015-16 |
| Total cash used | - | 250,000 | |
| Net cash used by investing activities | - | (250,000) | |
| Net (decrease) / increase in cash held | 17,121 | - | |
| Cash at the beginning of the reporting period | 11,077 | 22,000 | |
| Cash at the end of the reporting period | 28,198 | 22,000 | |

Appendices



Appendix A: Agency resource and outcome expense statements

This section details the PBO's resources and expenses for 2014–15.

The tables in this appendix correspond to tables for 2014–15 in the PBO's Portfolio Budget Statements 2015–16.

Table A1: Agency resource statement

| | | Actual available appropriation for 2014–15 \$'000 (a) | Payments made 2014–15 \$'000 (b) | Balance remaining 2014–15 \$'000 (a)–(b) |
|---|------------|---|--|--|
| Ordinary annual services | | | | |
| Departmental appropriation ¹ | | 9,059 | 6,888 | 2,171 |
| Total ordinary annual services | A | 9,059 | 6,888 | 2,171 |
| Special appropriation | | | | |
| Special appropriation limited by amount [Parliamentary Service Act 1999 section 64D] | | 5,300 | – | 5,300 |
| Total special appropriation | B | 5,300 | – | 5,300 |
| Total resourcing and payments | A+B | 14,359 | 6,888 | 7,471 |

¹ Appropriation (Parliamentary Departments) Act (No.1) 2014–15. This includes prior year departmental appropriation and section 74 retained revenue receipts.

Table A2: Outcome expense statement

| | Budget * 2014–15 | Actual expenses 2014–15 | Variation 2014–15 |
|--|---------------------|-------------------------------|----------------------|
| | \$'000 (a) | \$'000 (b) | \$'000 (a)–(b) |
| Outcome 1 | | | |
| Departmental expenses | | | |
| Departmental appropriation ¹ | 7,013 | 6,638 | 375 |
| Expenses not requiring appropriation in the Budget year ² | 593 | 602 | (9) |
| Total expenses for Outcome 1 | 7,606 | 7,240 | 366 |
| | 2014–15 | 2013–14 | |
| Average staffing level (number) | 37 | 35 | |

* Full year budget including any subsequent adjustment made to the 2014–15 Budget.

¹ Departmental appropriation combines ordinary annual services (*Appropriation (Parliamentary Departments) Act (No.1) 2014–15*) and retained revenue receipts under section 74 of the PGPA Act 2013.

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

Appendix B: Staffing statistics, 30 June 2015

Table B1: Employee numbers by classification, salary range, gender, participation and employment category

| Classification | Salary \$ ¹ | | Gender | | Category | | | Participation | | Total |
|--|------------------------|---------|-----------|-----------|-----------|-------------|-----------|---------------|-----------|-------|
| | minimum | maximum | male | female | ongoing | non-ongoing | full time | part time | | |
| Parliamentary Service Level 4 | 61,800 | 67,720 | – | 2 | 2 | – | 2 | – | 2 | |
| Parliamentary Service Level 5 | 69,010 | 76,576 | – | 1 | 1 | – | – | 1 | 1 | |
| Parliamentary Service Level 6 | 79,310 | 90,120 | 2 | 3 | 5 | – | 5 | – | 5 | |
| Parliamentary Executive Level 1 | 99,910 | 116,018 | 9 | 7 | 16 | – | 14 | 2 | 16 | |
| Parliamentary Executive Level 2 | 118,450 | 141,915 | 6 | 2 | 8 | – | 8 | – | 8 | |
| Senior Executive Service Band 1 ² | 207,175 | 238,251 | 3 | 1 | 4 | – | 4 | – | 4 | |
| Senior Executive Service Band 2 | 258,968 | 300,403 | 2 | – | 2 | – | 2 | – | 2 | |
| Parliamentary Budget Officer ³ | N/A | N/A | 1 | – | 1 | – | 1 | – | 1 | |
| Total | | | 23 | 16 | 39 | – | 36 | 3 | 39 | |

¹ SES amounts reflect total remuneration rather than salary amounts. Non-SES amounts include salary amounts, but exclude superannuation.

² One SES Band 1 is on long-term leave without pay and is not included in the statistics above.

³ The Parliamentary Budget Officer is a statutory appointment and is not an employee of the Parliamentary Budget Office. The remuneration of the Parliamentary Budget Officer is determined by the Remuneration Tribunal.

All employees are located at Parliament House, Canberra. No employee identified themselves as Indigenous (2014: nil).

Appendix C: Other statistics

Table C1 provides information on costing and budget analysis requests from parliamentarians and parliamentary parties over the past three financial years.

Table C1: Costing and budget analysis requests from parliamentarians and parliamentary parties by year

| | 2012–13 | 2013–14 ¹ | 2014–15 |
|--|---------|----------------------|---------|
| Requests outstanding at start of period | – | 463 | 76 |
| Requests received in period | 1,146 | 1,297 | 973 |
| Requests withdrawn in period | 19 | 162 | 42 |
| Requests completed in period | 664 | 1,522 | 869 |
| Average time to completion (business days) | 33.9 | 13.8 | 19.7 |
| Median time to completion (business days) | n/a | n/a | 12.0 |
| Requests outstanding at end of period | 463 | 76 | 138 |

¹ Data has been updated following a review of the PBO's records.

Table C2 provides information on information requests to agencies over the past three financial years.

Table C2: Information requests to agencies by year

| | 2012–13 ¹ | 2013–14 ¹ | 2014–15 |
|--|----------------------|----------------------|---------|
| Requests outstanding at start of period | – | 28 | 16 |
| Requests sent in period | 360 | 388 | 203 |
| Requests received in period | 332 | 400 | 216 |
| Requests received by due date | 149 | 209 | 147 |
| Requests received after due date | 183 | 191 | 69 |
| Average time taken to respond (business days) | 13.1 | 12.6 | 13.5 |
| Average punctuality (business days late) | 3.0 | 5.3 | 2.9 |
| Average lateness of late responses (business days) | 6.5 | 11.9 | 11.2 |
| Requests outstanding at end of period | 28 | 16 | 3 |

¹ Data has been updated following a review of the PBO's records in consultation with agencies.

Table C3: Information request responsiveness by agencies

| Department/Agency | Requests sent in period ¹ | Requests received in period | Average time taken to respond (business days) | Requests received after due date | Average lateness of late responses (business days) | Per cent late | Requests outstanding at end of period | Requests overdue |
|---|--------------------------------------|-----------------------------|---|----------------------------------|--|---------------|---------------------------------------|------------------|
| Departments | | | | | | | | |
| Agriculture | 4 | 4 | 7 | 1 | 3 | 25% | - | - |
| Attorney-General | 6 | 6 | 7 | 2 | 2 | 33% | - | - |
| Communications | 4 | 3 | 8 | - | - | 0% | 1 | - |
| Defence | 2 | 2 | 6 | 1 | 1 | 50% | - | - |
| Education and Training | 21 | 21 | 9 | 8 | 2 | 38% | - | - |
| Employment | 7 | 7 | 10 | 1 | 14 | 14% | - | - |
| Environment | 3 | 3 | 7 | - | - | 0% | - | - |
| Finance | 13 | 13 | 13 | 4 | 4 | 31% | - | - |
| Foreign Affairs and Trade | 3 | 3 | 8 | - | - | 0% | - | - |
| Health | 21 | 21 | 33 | 17 | 28 | 81% | - | - |
| Human Services | 14 | 14 | 7 | 2 | 1 | 14% | - | - |
| Immigration and Border Protection | 6 | 6 | 13 | 2 | 15 | 33% | - | - |
| Industry and Science | 10 | 9 | 10 | 4 | 3 | 44% | 1 | - |
| Infrastructure and Regional Development | 4 | 4 | 5 | 1 | 1 | 25% | - | - |
| Prime Minister and Cabinet | 4 | 4 | 28 | 3 | 8 | 75% | - | - |
| Social Services | 24 | 23 | 21 | 1 | 1 | 4% | 1 | - |
| Treasury | 53 | 53 | 12 | 21 | 9 | 40% | - | - |
| Veterans' Affairs | 7 | 7 | 8 | - | - | 0% | - | - |
| Statutory Agencies | | | | | | | | |
| Australian Bureau of Statistics | 3 | 3 | 4 | - | - | 0% | - | - |
| Australian Taxation Office | 10 | 10 | 7 | 1 | 1 | 10% | - | - |
| Total | 219 | 216 | 13 | 69 | 11 | 32% | 3 | - |

¹ Includes 16 outstanding requests as at 30 June 2014 carried over to 2014-15.

Appendix D: Other mandatory information

Table D1 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 2014–15, it is identified in Appendix E.

Table D1: 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 I 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 2014–15 reporting period is provided in accordance with Schedule 2, Part 4 of the <i>Work Health and Safety Act 2011</i>:</p> <p>No incidents were reported to Comcare.</p> <p>The PBO was not subject to any Comcare investigations.</p> <p>Comcare did not issue any notices under the Work Health and Safety Act.</p> <p>All new employees completed 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.</p> <p>During 2014–15, the PBO established its Health and Safety Committee and appointed Health and Safety Representatives.</p> <p>The PBO provides sit-to-stand workstations to almost all employees to encourage healthy work practices. Support is provided to employees to ensure correct workstation setup and where appropriate professional expertise is sought to complement existing practices.</p> |
| Advertising and market research | <p>The PBO did not undertake any advertising campaigns or significant recruitment advertising in 2014–15.</p> |

| Requirement | Comment |
|--|---|
| Ecologically sustainable development and environmental performance | As the PBO is located in Parliament House, all facilities and environmental management activities are undertaken by DPS and included in its annual report. |
| 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>The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. This report will be available at www.dss.gov.au.</p> <p>The PBO is not subject to the Australian Public Service Commission reporting requirements but 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 format to improve accessibility • ensured its permanent office accommodation provides suitable access for all employees of, and visitors to, the PBO. |

Appendix E: List of requirements

Table E1: List of requirements

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Glossary

| | |
|-----------------------------|--|
| appropriation | Appropriations are allocations of money drawn from the Treasury 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. |
| budget analyses | Budget analyses are responses to requests from parliamentarians that are submitted under Section 64E(1)(c) of the <i>Parliamentary Service Act 1999</i> and are often in response to requests for information about the budget. |
| Contingency Reserve | The Contingency Reserve is an allowance, included in aggregate expenses figuring, to reflect anticipated events that cannot be assigned to individual programs in the preparation of the Australian Government budget estimates. |
| election commitment | In relation to a general election, this means a policy that a parliamentary party has publicly announced it intends to seek to have implemented after the election, as defined in section 7 of the <i>Parliamentary Service Act 1999</i> . |
| 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 as a result of an election to represent the members of a constituency. In the Commonwealth Parliament parliamentarians are either Senators or Members. |
| policy costing | Policy costings are the PBO's estimate of the financial impact of a policy proposal. |
| Presiding Officers | The President of the Senate and the Speaker of the House of Representatives, who jointly oversee the PBO. |

Abbreviations and acronyms

| | |
|--------------|---|
| ANAO | Australian National Audit Office |
| APS | Australian Public Service |
| Canadian PBO | Canadian Parliamentary Budget Office |
| CBO | United States Congressional Budget Office |
| DPS | Department of Parliamentary Services |
| DHoR | Department of the House of Representatives |
| DoS | Department of the Senate |
| ICT | Information and Communication Technology |
| JCPAA | Joint Committee of Public Accounts and Audit |
| MOU | Memorandum of understanding |
| MYEFO | Mid-Year Economic and Fiscal Outlook |
| OECD | Organisation for Economic Co-operation and Development |
| OECD CFA | OECD Committee of Fiscal Affairs |
| PBO | Parliamentary Budget Office |
| PGPA Act | <i>Public Governance, Performance and Accountability Act 2013</i> |
| SES | Senior Executive Service |
| SME | small and medium enterprises |

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