



Parliament of Australia
Parliamentary Budget Office



annual report **2015–16**



Parliamentary Budget Office
annual report 2015–16

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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 on the operations of the Parliamentary Budget Office (PBO) for the year ended 30 June 2016, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*.

The report has also 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.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that: fraud risk assessments and fraud control plans have been prepared; the PBO has in place appropriate fraud control mechanisms that meet the PBO's needs; and all reasonable measures have been taken to deal appropriately with fraud relating to the PBO.

Yours sincerely

Phil Bowen

4 October 2016

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Guide to the report

This annual report documents the performance of the Parliamentary Budget Office (PBO) in the financial year ending 30 June 2016.

It addresses all applicable obligations under the *Public Governance, Performance and Accountability Act 2013*, the performance measures set out in the outcome and programs framework in the PBO's 2015–16 Portfolio Budget Statements and the PBO's 2015–16 work plan and annual reporting requirements set out in other legislation.

Part 1: Overview

Part 1 comprises the Parliamentary Budget Officer's review and an overview of the PBO, including the PBO's purpose, functions and organisational structure.

Part 2: Performance reporting

Part 2 provides details of the PBO's achievements and challenges, the Annual Performance Statement and the report on financial performance.

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 presents 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.

To obtain further information about the content of this report, please contact:

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This report and other PBO publications, as well as information on the PBO, are available online at www.pbo.gov.au.

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Part 1

Overview



Parliamentary Budget Officer's review

The year in review

The demands associated with the 2016 general election heavily influenced the Parliamentary Budget Office's (PBO) activities during 2015–16.

Requests from parliamentarians for policy costings and budget analyses built up rapidly over the course of the year as parliamentary parties and independent parliamentarians developed their election policy platforms. The PBO responded to 3,251 requests for policy costings and budget analyses in 2015–16. This was more than double the volume of responses prepared during 2013–14, the previous election year.

On the basis of this growth in demand it is clear that, through its provision of independent and non-partisan policy costings and budget analyses, the PBO has become an integral part of the democratic process. In particular, non-government parliamentary parties have come to rely on the PBO to cost their policy options from the formative stages of policy development through to their final policy positions.

The 2016 election was the first time that all three major parliamentary parties (the Coalition, the Australian Labor Party and the Australian Greens) released costed consolidated election platforms prior to polling day. The Coalition, as the government of the day, relied on the Treasury and the Department of Finance for its costings. The non-government parties were heavily reliant on costings prepared by the PBO.

The PBO released the 2016 post-election report of election commitments on 5 August 2016. The report stands as a comprehensive public record of the budget impacts of the election commitments of the major parliamentary parties. It also confirmed the accuracy of the costings of each of the parties' election platforms.

Since the establishment of the PBO four years ago, each of the major parliamentary parties has had access to publicly funded policy costing services throughout the entire election cycle. It is, therefore, reasonable for the voting public to expect the costed election platforms of the major parties to be released prior to polling day, in sufficient time to be taken into account by the public in their voting intentions.

Excluding the costings included in the 2016 post-election report of election commitments, the greater majority of costings prepared by the PBO in 2015–16 were provided on a confidential basis at the direction of the requesting parliamentarians. The exceptions were 86 costings that the PBO published during the caretaker period (85 for the Australian Greens and one for Senator Jacqui Lambie) and one costing each for Senators Peter Whish-Wilson and David Leyonhjelm prior to the caretaker period, that were made public at their request.

Many of the PBO's costings were drawn on by parliamentarians throughout the year to support their policy announcements. Only a small number of the PBO's costings were published in full by the requesting parliamentarians. Under the PBO's legislation, costings prepared at the request of parliamentarians outside of the caretaker period may be confidential, and the decision to make them public is a matter for the requesting parliamentarian.

In addition to its work associated with the 2016 general election, the PBO assisted a number of parliamentary committees with their inquiries and published a series of reports under its self-initiated research program.

The PBO made submissions to the following committees at their request:

- the House of Representatives Standing Committee on Tax and Revenue inquiry into the Tax Expenditures Statement
- the House of Representatives Standing Committee on Economics inquiry into tax deductibility
- the Senate Select Committee on Health.

The PBO's submissions to these inquiries are available on the PBO's website.

Factors that impinge on the sustainability of the budget over the medium term continued to be the main focus of the PBO's program of self-initiated research. The program aims to enhance the transparency and public understanding of the budget and fiscal policy settings.

During the year the PBO published the following research reports and other analyses:

- Alcohol taxation in Australia
- Medicare Benefits Schedule: Spending trends and projections
- Goods and Services Tax: Distributional analysis and indicative reform scenarios
- National fiscal outlook: As at 2015–16 mid-year fiscal updates
- Higher Education Loan Programme: Impact on the budget
- Impact of policy decisions and parameter variations on Australian Government revenue and spending estimates
- 2015–16 Mid-Year Economic and Fiscal Outlook—charts
- 2016–17 Budget—charts
- Unlegislated measures carried forward in the Budget—various updates.

The PBO's work was subject to regular citation in the media in the context of contemporary public policy debates. The PBO's publications were also frequently accessed via the PBO website.

The year ahead

Details of the PBO's proposed activities during the coming year may be found in the PBO's 2016–17 work plan that was published on 9 August 2016.

As a priority, the PBO will continue to respond to parliamentarians' requests for policy costings and budget analyses, and requests for assistance from parliamentary committees.

In 2016–17, the PBO expects to be able to devote more resources to its published program of self-initiated research on the budget and fiscal policy settings, and the development and maintenance of its financial models and datasets. The extent to which the PBO will be able to do this will depend on the extent of the demand for the PBO's services from parliamentarians and parliamentary committees.

Acknowledgements

I wish to acknowledge the support that the Presiding Officers and the Joint Committee of Public Accounts and Audit provided to the PBO throughout the year. I look forward to continuing in my role as Parliamentary Budget Officer following my appointment for a further year ending 22 July 2017.

I also wish to thank the staff of the PBO for their hard work and professionalism in meeting the heavy demands that were placed on them during the year, in particular as a result of the 2016 general election.

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 its Portfolio Budget Statements and work plan for 2015–16.

In particular, the PBO aims to help level the playing field for all parliamentarians by providing access to publicly funded costing and budget analysis services, improving the accuracy of election commitment costings, and enhancing the transparency and public understanding of 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 budget impacts of the election commitments of designated parliamentary parties
- to conduct, on his or her own initiative, research on the budget and fiscal policy settings, with the results of this work to be made public.

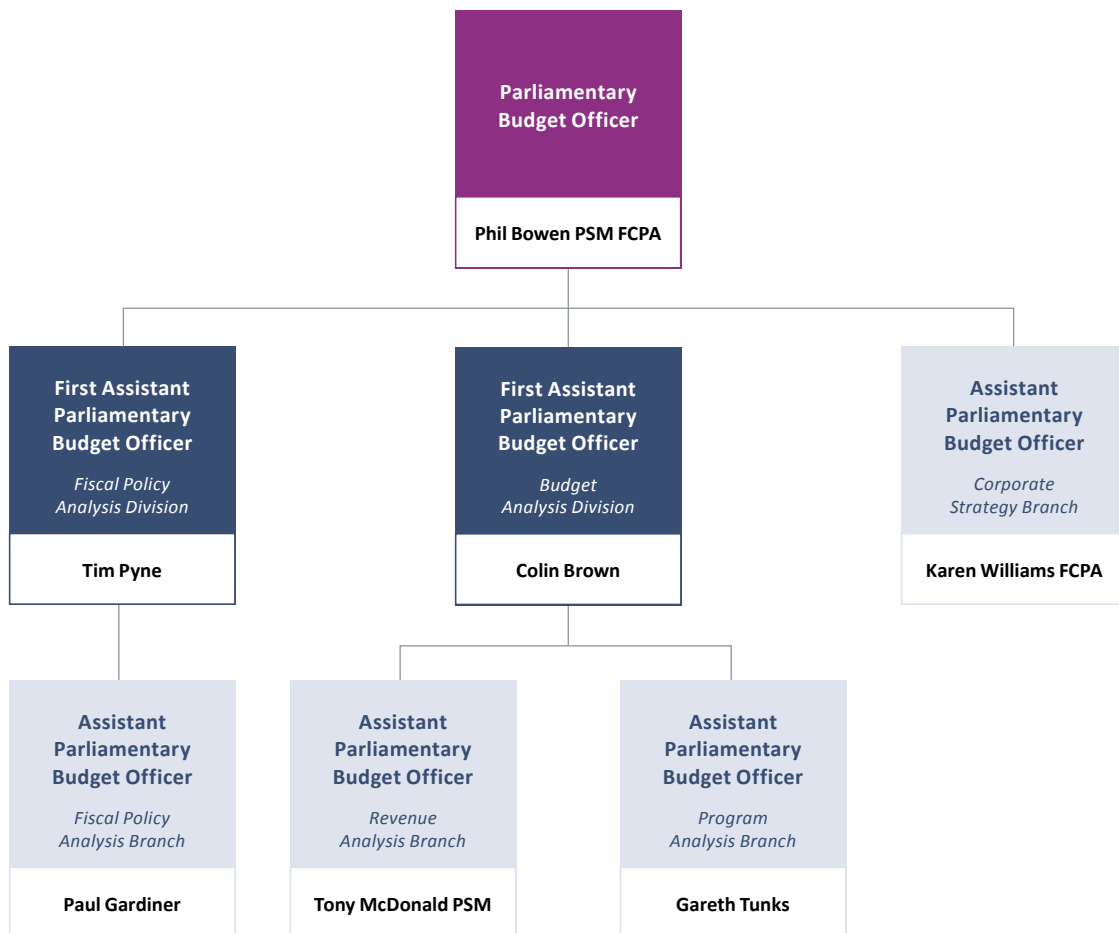
Organisational structure

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 2016, the PBO had 48 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 2016



Part 2

Performance reporting



Introduction

The priorities for the PBO in 2015–16, along with its allocation of resources and accountability arrangements, were set out in the PBO’s 2015–16 work plan, published in accordance with the requirements of the *Parliamentary Service Act 1999*.

The 2015–16 work plan, published after consultation with the Joint Committee of Public Accounts and Audit (JCPAA), outlined the following priorities:

- to augment its workforce and continue to build its capability to accommodate the anticipated increased demand for policy costing services in the lead up to the next general election
- to prepare high quality costings and budget analyses at the request of parliamentarians in a timely manner
- 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
- to engage effectively with parliamentary committees.

The following sections in this part of the annual report address the PBO’s performance against its mandate and the above priorities for 2015–16.

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

These indicators are measured by the extent of the demand for the PBO’s services and citations of the PBO’s outputs in the media. This is discussed later in this part.

Preparation for the 2016 election

Early in 2015–16, the PBO began preparing for the increased workload associated with the 2016 election. Three key preparatory strategies were adopted: augmentation of the PBO’s workforce to ensure it could meet the expected demand; implementation of appropriate systems to support the heightened work activity; and provision of updated guidance material to parliamentarians and Commonwealth agencies.

Workforce

To augment its workforce and continue to build its capability, the PBO increased its base level of employee resourcing through bulk recruitment processes for ongoing analyst employees at the Parliamentary Service Levels 5 and 6 and Parliamentary Executive Level 1 classifications. The PBO workforce grew from 39 at 1 July 2015 to 48 at 30 June 2016. In addition, the PBO supplemented its workforce with four secondees through the PBO's secondment program and the 2016 Parliament of Australia graduate program.

With a large number of new employees, a major focus during the year was in-house training on PBO processes, systems and models.

These workforce initiatives were in part funded through the additional supplementation received by the PBO every three years to augment its workforce in an election year, as well as funding provided through a special appropriation under s64D of the Parliamentary Service Act.

Staff who normally would have been engaged on research were also redeployed to work on policy costings in the lead up to the election.

These initiatives ensured the PBO was reasonably well placed to meet the increased demand for policy costing services.

Systems

In early 2015–16, the PBO, assisted by the Department of Parliamentary Services (DPS), concluded a request for tender process for the provision of a workflow management system to replace a number of spreadsheet-based registers previously used to keep track of requests from parliamentarians and requests for information sent from the PBO to Commonwealth agencies.

In late October 2015, the PBO entered into a contract with Optus Networks Pty Limited for the supply and support of the system, with DPS providing the infrastructure. Strong project governance arrangements were established to support the implementation of the system, which was delivered on schedule and within budget on 4 May 2016.

The new system improved the PBO's productivity by automating a number of processes that were previously undertaken manually. It also significantly assisted the PBO to manage and monitor the large number of policy costing requests from parliamentarians in the lead up to the election and requests to agencies for information during the caretaker period, and track election commitments during the preparation of the post-election report.

Guidance

Preparations also involved developing guidance for parliamentarians on costing processes during the caretaker period, and for agencies on processes that would apply during the caretaker and post-election report preparation periods.

Policy costings and budget analyses

The demand from parliamentarians and parliamentary parties for policy costings and budget analyses increased significantly in the lead up to the 2016 general election. During 2015–16 the PBO completed more than double the number of responses it prepared in 2013–14, the previous election year, and almost four times the number completed in 2014–15. The average time to completion of responses in 2015–16 was maintained at a similar level to that achieved in 2014–15.

As shown in Table 1, the PBO had 138 requests outstanding at the start of the year, received a further 3,133 requests during the year (excluding requests that were withdrawn) and completed 3,251 responses with an average response time of 18.6 business days and a median response time of 16 business days. Further detail on the distribution of response times is shown in Figure 2.

Appendix C provides further detail of the PBO's output of costings and budget analysis over the past four financial years.

All requests to the PBO received prior to the commencement of the caretaker period were prepared on a confidential basis, with the exception of two responses where the applicants did not request the information to be kept confidential. These two requests and the responses were made public on the PBO's website.

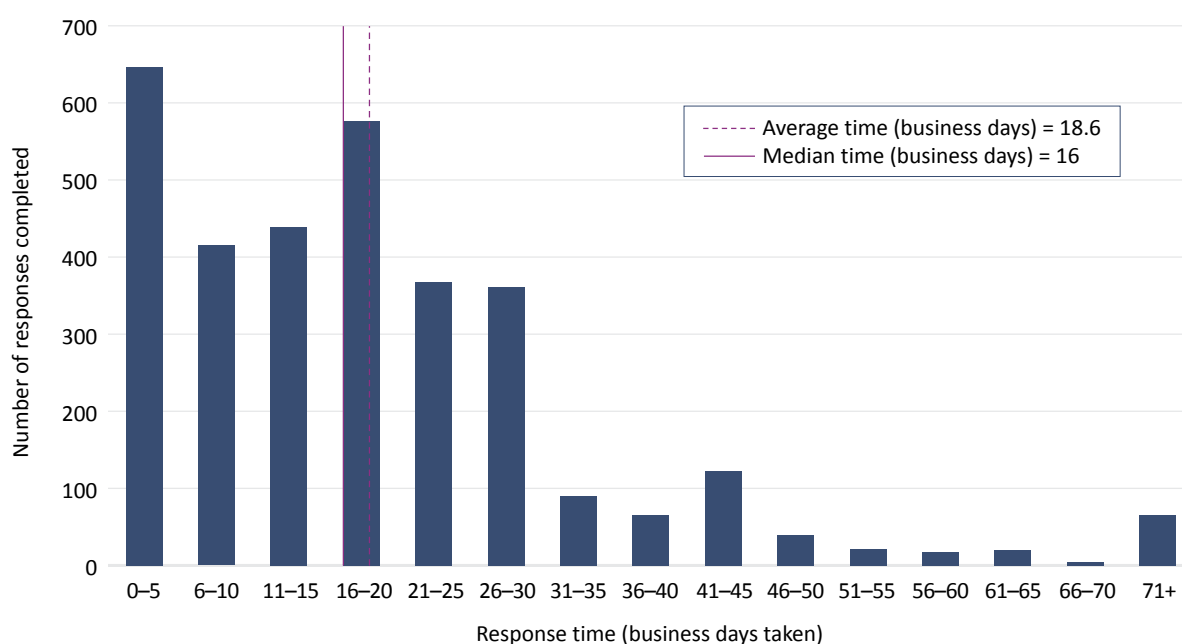
All requests to the PBO received during the caretaker period, and the PBO's responses, were made public on the PBO website. The PBO responded to 86 of 101 caretaker requests (85 from the Australian Greens and one from an independent parliamentarian). The remaining 15 requests, received on 1 July 2016, the day before polling day, were not responded to as the PBO was given insufficient time to complete the requests.

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

	2014–15	2015–16				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	76	138	165	125	382	138
Requests received in period	973	418	424	1,023	2,281	4,146
Requests withdrawn in period	42	25	28	34	926	1,013
Requests completed in period	869	366	436	732	1,717	3,251
Average time to completion (business days)	19.7	16.3	16.9	24.4	17.1	18.6
Median time to completion (business days)	12	14	16	21	16	16
Requests outstanding at end of period	138	165	125	382	20	20

Note: The table identifies the number of ‘options’ received by the PBO, noting that a single request can contain multiple options.

Figure 2: Response times to requests received from parliamentarians and parliamentary parties



As shown in Table 2, the PBO had three outstanding information requests with Commonwealth agencies at the start of the year, submitted a further 743 requests and received responses from Commonwealth agencies to 745 information requests to assist in the preparation of its costings and analyses. The average response time by agencies was 6.5 business days with an average punctuality of 1.3 business days early. Further detail on the distribution of agencies' response times and the timeliness of responses is shown in Figures 3 and 4 respectively.

In the prior year, the PBO put considerable effort into strengthening its relationships with agencies and enhancing its internal protocols for information request processes which resulted in a significant improvement in agency response times in the fourth quarter of 2014–15. This responsiveness continued to improve and was sustained during 2015–16, particularly as the PBO increased the number of requests to agencies in the lead up to the election and during the caretaker period.

In 2015–16, the PBO continued its public reporting of agencies' responsiveness to information requests by providing this information to the Senate Finance and Public Administration Legislation Committee.

Appendix C contains details of information request responsiveness by Commonwealth agencies during 2015–16. Appendix C also details responses from Commonwealth agencies to requests for information from the PBO over the past four financial years.

Table 2: Information requests to Commonwealth agencies

	2014–15	2015–16				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	16	3	8	58	13	3
Requests sent in period	203	71	200	110	362	743
Requests received in period	216	66	150	155	374	745
Requests received by due date	147	59	142	140	354	695
Requests received after due date	69	7	8	15	20	50
Percentage late	31.9	10.6	5.3	10.3	5.3	6.7
Average time taken to respond (business days)	13.5	6.6	6.9	10.4	4.7	6.5
Average punctuality (business days late)	2.9	-0.8	-1.1	-0.1	-2.0	-1.3
Average lateness of late responses (business days)	11.2	2.4	8.5	3.6	1.7	3.5
Requests outstanding at end of period	3	8	58	13	1	1

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

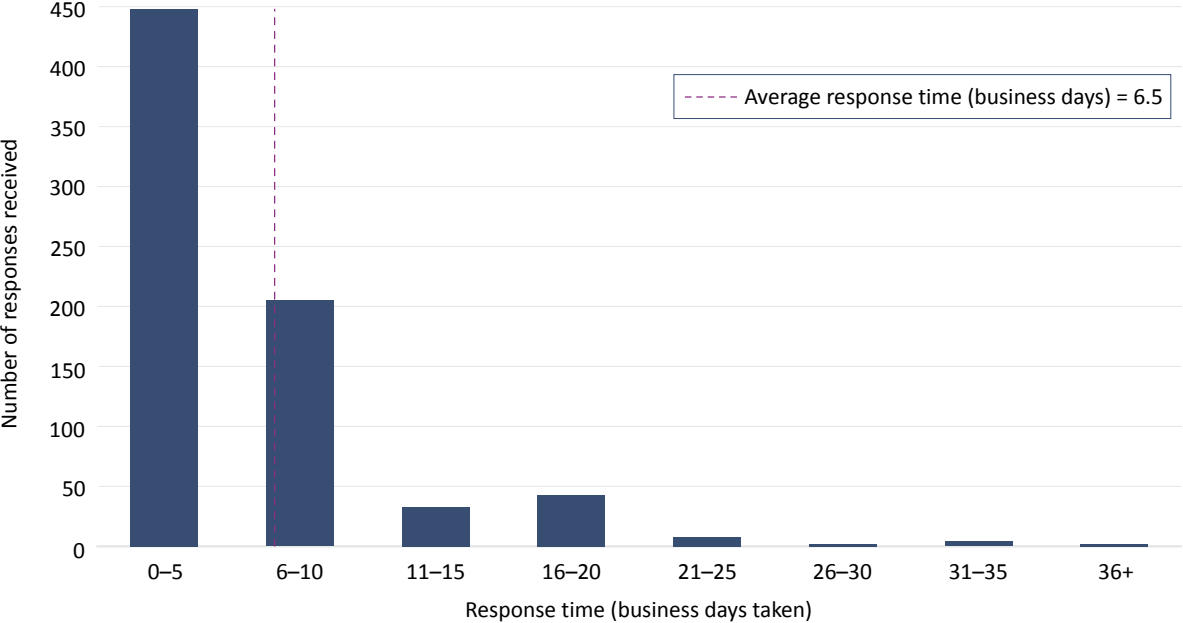
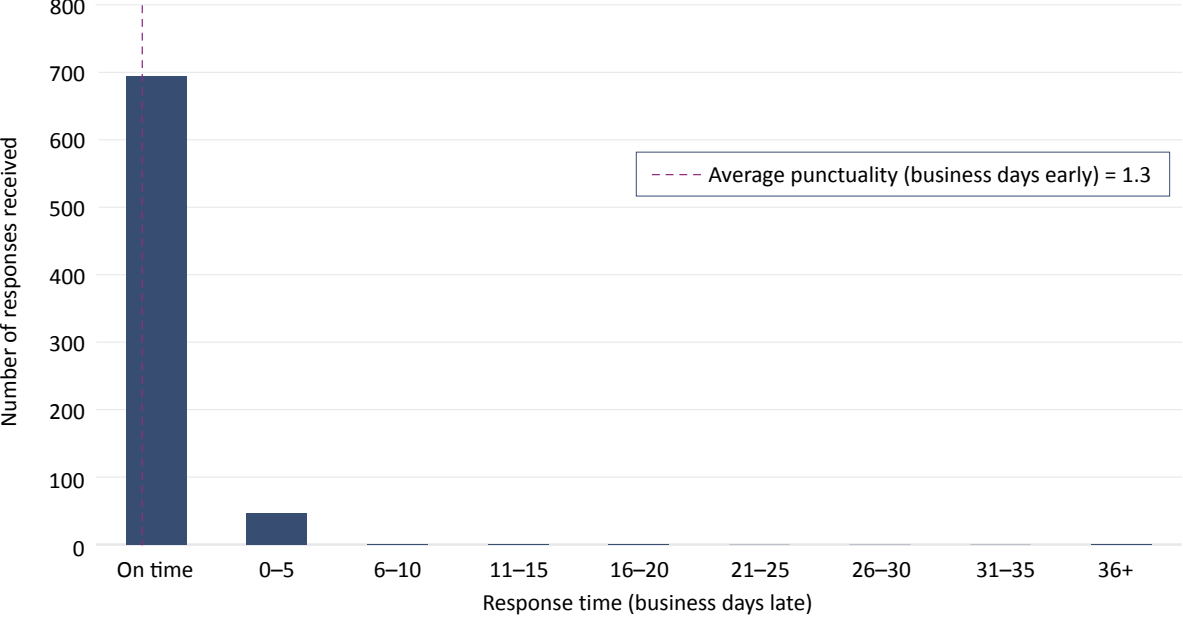


Figure 4: Timeliness of response by Commonwealth agencies to PBO information requests



Post-election report of election commitments

Under section 64MA of the Parliamentary Service Act, the Parliamentary Budget Officer must, within 30 days after the end of the caretaker period for a general election, prepare a post-election report of election commitments of designated parliamentary parties.

A designated parliamentary party is a party with at least five members in the Parliament immediately before the commencement of the caretaker period.

The report is required to include costings of all the election commitments for each designated parliamentary party that the Parliamentary Budget Officer, in his best professional judgement, reasonably believes would have a material impact on the Commonwealth budget estimates for the current and next three financial years, and the total combined impact of those commitments.

The Parliamentary Budget Officer released the 2016 post-election report of election commitments on 5 August 2016. The report provided a comprehensive public record of the budget impacts of the election commitments made by the Coalition, the Australian Labor Party and the Australian Greens. It also confirmed the accuracy of the costings attached to the election platforms released by each of these parties prior to polling day.

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 2015–16 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 five research reports, two budget chart packs and four other analyses as outlined below. The datasets 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 2015–16

Reports

- Report no. 03/2015
Alcohol taxation in Australia
(14 October 2015)
- Report no. 04/2015
Medicare Benefits Schedule: Spending trends and projections
(25 November 2015)
- Report no. 05/2015
Goods and Services Tax: Distributional analysis and indicative reform scenarios
(9 December 2015)
- Report no. 01/2016
National fiscal outlook: As at 2015–16 mid-year fiscal updates
(3 February 2016)
- Report no. 02/2016
Higher Education Loan Programme: Impact on the Budget
(6 April 2016) and
Higher Education Loan Programme—supplementary analysis
(20 April 2016)

Chart packs

- 2015–16 Mid-Year Economic and Fiscal Outlook—charts
(13 January 2016)
- 2016–17 Budget—charts
(1 June 2016)

Other budget analyses

- Unlegislated measures carried forward in the Budget—
September 2015 update
(8 September 2015)
- Unlegislated measures carried forward in the budget estimates—
February 2016 update
(3 February 2016; revised 10 March 2016)
- Impact of policy decisions and parameter variations on Australian
Government revenue and spending estimates
(24 February 2016)
- Unlegislated measures carried forward in the budget estimates—
June 2016 update
(9 June 2016)

Reports

Alcohol taxation in Australia

The *Alcohol taxation in Australia* report was released in October 2015. This report examined the structure of alcohol taxation in Australia and provided a brief overview of changes to the system in recent decades.

Medicare Benefits Schedule: Spending trends and projections

The report *Medicare Benefits Schedule: Spending trends and projections* was released in November 2015. This report examined the main factors contributing to the growth in Medicare Benefits Schedule (MBS) spending over the past two decades, including the impact of Government policy changes. It also provided projections of MBS spending over the next decade based on current policy settings at the time of the report.

Goods and Services Tax: Distributional analysis and indicative reform scenarios

The *Goods and Services Tax: Distributional analysis and indicative reform scenarios* report was released in December 2015. This report sought to inform public discussion on the potential for reform of Australia's Goods and Services Tax by providing an independent analysis of the revenue and distributional impacts of five indicative reform scenarios that had been canvassed in public policy discussions.

National fiscal outlook: As at 2015–16 mid-year fiscal updates

The report *National fiscal outlook: As at 2015–16 mid-year fiscal updates* was released in February 2016. This report provided an update to the national fiscal position based on the released Commonwealth and state government mid-year updates. It focused on changes in the fiscal balance and net debt since the release of 2015–16 Commonwealth and state budgets.

Higher Education Loan Programme: Impact on the Budget

The report on the *Higher Education Loan Programme: Impact on the Budget* was released in April 2016. This report analysed the costs of the Higher Education Loan Programme (HELP) and projected the impact of the programme on the underlying cash balance to 2025–26. The PBO also released supplementary analysis of HELP which provided the projected budget impacts of major policy decisions affecting HELP and of the related policy decision to reduce the level of subsidies provided to higher education institutions under the Commonwealth Grant Scheme.

Chart packs

In January 2016, the PBO released its *2015–16 Mid-Year Economic and Fiscal Outlook—charts* which provided a graphical summary of the 2015–16 MYEFO relative to the 2015–16 Budget, showing the impacts of policy decisions and other factors.

In June 2016, the PBO released its *2016–17 Budget—charts* which provided a graphical summary of the 2016–17 Budget, 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.

Other budget analyses

In September 2015, February 2016 (revised in March 2016) and June 2016 the PBO released an update to *Unlegislated measures carried forward in the budget estimates*.

In February 2016, the PBO released *Impact of policy decisions and parameter variations on Australian Government revenue and spending estimates*. This analysis highlighted that external factors such as economic variables have been the main drivers of changes in revenue estimates, whereas changes in spending estimates have been largely driven by policy decisions.

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 enhanced the quality and reliability of its costings and budget analyses.

With a large number of new employees during the year, a major focus was building the workforce capability through in-house training on PBO processes, systems and models.

The implementation of the PBO’s workflow management system immediately before the commencement of the caretaker period provided the PBO with enhanced capability to manage and monitor requests received from parliamentarians and requests for information sent from the PBO to Commonwealth agencies, and track election commitments during the preparation of the post-election report.

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.

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 a PBO activity report.

Other parliamentary committees

The PBO's mandate includes the preparation of submissions to inquiries of parliamentary committees on request, with the requests and the PBO's responses to be made public. During 2015–16, the PBO was requested to prepare submissions to the following committees, with the PBO's submissions made publicly available on its website:

- House of Representatives Standing Committee on Tax and Revenue inquiry into the Tax Expenditures Statement (TES). The PBO's submission (17 September 2015) focused on the contribution of the TES to budget transparency and the role it plays in informing public debate and discussion on the budget and on fiscal sustainability.
- House of Representatives Standing Committee on Economics inquiry into tax deductibility. The PBO's submission (21 January 2016) provided factual information on the level, type and distribution of deductions to inform the Committee's deliberations.
- Senate Select Committee on Health. The PBO's submission (3 February 2016) outlined Commonwealth funding of public hospitals.

PBO guidance documents

During 2015–16, the PBO published the following guidance documents for Senators and Members on its website:

- Guidance 02/2015—Public Debit Interest (PDI) payments in PBO costings (3 November 2015). This guidance outlined the treatment of PDI payments in PBO costings.
- Guidance 01/2016—Policy costings in the 2016 election caretaker period (21 April 2016). This guidance provided information on requirements of the PBO in preparing policy costings of publicly announced policies during the caretaker period.
- Guidance 02/2016—2016 post-election report of election commitments (20 June 2016). This guidance provided information on the requirement for the PBO to prepare a post-election report of election commitments.

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) Network of Parliamentary Budget Officials and Independent Fiscal Institutions (OECD network). The OECD network meets annually to share experiences and discuss issues relating to the mandates and operations of independent fiscal institutions around the world.

At the 8th annual meeting of the OECD network in Paris in April 2016, the Parliamentary Budget Officer presented on the various strategies the PBO uses to communicate with its stakeholders.

The PBO has also continued its cooperative working relationships with the United States Congressional Budget Office and the Canadian Parliamentary Budget Office.

The First Assistant Parliamentary Budget Officer, Budget Analysis Division concluded his chairmanship of the OECD Committee of Fiscal Affairs Working Party No. 2 on Taxation Policy and Statistics in November 2015. A major focus of the Working Party during this period was 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 cooperation 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 2015–16, external reviewers provided assistance with the following reports: *Medicare Benefits Schedule: Spending trends and projections*; *Goods and Services Tax: Distributional analysis and indicative reform scenarios*; and *Higher Education Loan Programme: Impact on the Budget*. External reviewers vary according to the subject of the report and include other independent fiscal institutions, university academics, private sector economists, and researchers from think tanks.

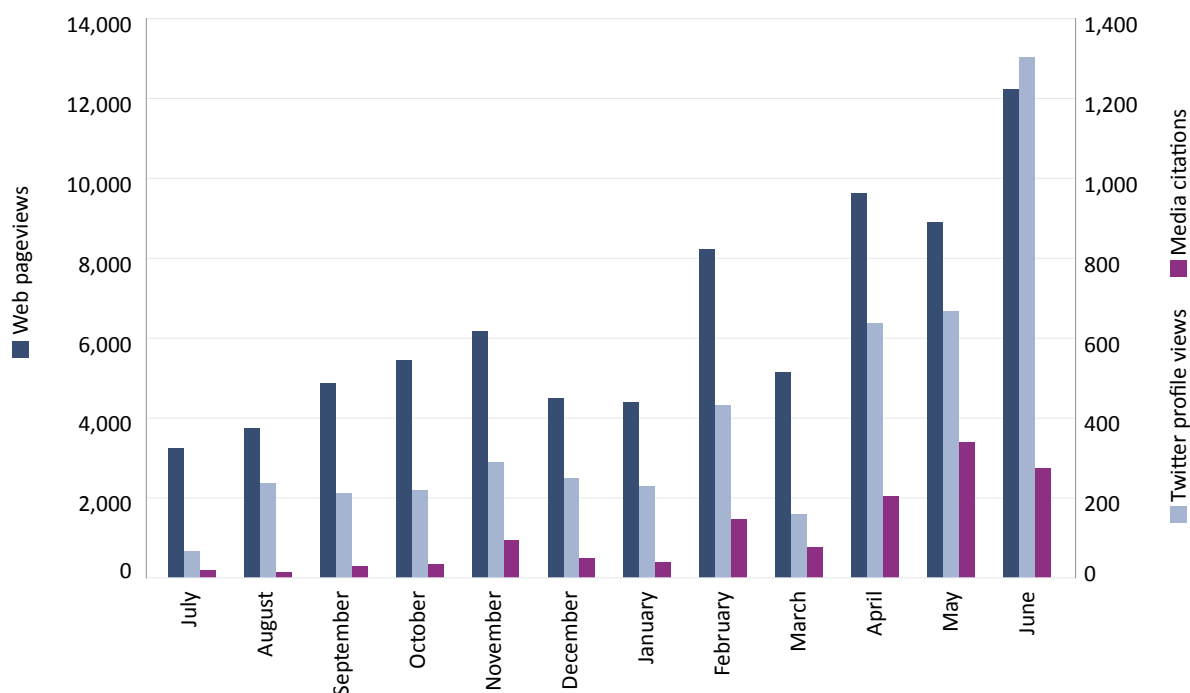
Media citations

Citations of the PBO in the media are indicative of the relevance, quality and timeliness of the PBO's outputs and the independence and transparency of the PBO's processes. The PBO made a substantial contribution to the public debate in 2015–16, demonstrated by the frequency of media citations of the PBO and its outputs.

During 2015–16 the PBO recorded 1,319 media citations (2014–15: 468) across traditional and social media, television and radio, blogs and other media events. Media citations refer to the PBO's outputs, including publications, policy costings and budget analyses, or the role and functions of the PBO generally. In addition to media monitoring, the PBO also tracks website and Twitter statistics. In 2015–16, 76,538 pageviews of the PBO website and 4,696 Twitter profile views were recorded. Figure 5 shows the correlation between these statistics.

Statistics identify peaks following the publication of PBO reports or publicly released policy costing information, suggesting that the PBO's research and analyses generate broad discussion and contribute to the public debate. The PBO also experienced heightened activity in media and on its website in the lead up to the election.

Figure 5: 2015–16 website, Twitter and media statistics



Annual performance statement

Introductory statement

As Parliamentary Budget Officer and the accountable authority of the PBO, I present the 2015–16 annual performance statement of the PBO, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This annual performance statement is based on properly maintained records, accurately reflects the performance of the PBO for the reporting period, and complies with subsection 39(2) of the PGPA Act.

Purpose

The purpose of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals. The PBO seeks to achieve its purpose through its functions, outlined in Part 1 of this annual report.

Analysis of performance against purpose

Part 2 of this annual report outlines the nature and extent of the activities undertaken in accordance with the functions of the PBO and analyses the factors that contributed to the PBO achieving its purpose.

The PBO assesses its performance against its purpose using criteria outlined in the PBO's 2015–16 work plan and 2015–16 Portfolio Budget Statements.

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

The PBO measures these indicators through the extent of demand for PBO services, as evidenced in Table 1: *Costing and budget analysis requests from parliamentarians and parliamentary parties* and associated analysis and by the citations of the PBO's outputs in the media, as evidenced in Figure 5: *2015–16 website, Twitter and media statistics* and associated analysis.

In 2014–15, the PBO conducted its first stakeholder survey with the results of this survey outlined in the 2014–15 annual report. This survey was not repeated in 2015–16; however, as 2015–16 is a transitional year for the new performance statement requirements, the PBO will reassess how it can enhance mechanisms to gather feedback from key stakeholders in 2016–17 building on the initial survey.

Financial performance

The operations of the PBO are funded through annual departmental appropriations with supplementation from a special appropriation made under section 64D of the Parliamentary Service Act.

Overview of financial performance

The PBO received an unmodified opinion on its 2015–16 financial statements from the Australian National Audit Office. These statements can be found in Part 4 of this annual report.

The PBO recorded an operating deficit of \$0.149 million for the year ended 30 June 2016. Excluding depreciation and amortisation, the operating result attributable to the PBO was a surplus of \$0.124 million. This result was due to the PBO drawing on its special appropriation, recognised as revenue in the statement of comprehensive income, to partially fund capital purchases, recognised in the statement of financial position.

Expense impacts

Overall, total expenses increased to \$8.202 million (2014–15: \$7.240 million). This increase was largely as a result of the augmentation of the PBO's workforce to meet the increased demand associated with the general election. This additional expense was funded through the additional supplementation received in an election year and the special appropriation.

Revenue impacts

In 2015–16 the PBO's revenue from its annual departmental appropriation increased to \$7.410 million (2014–15: \$7.013 million) directly related to the additional supplementation received in an election year. The PBO also drew \$0.309 million from its special appropriation (2014–15: nil) to meet capital purchases associated with the new workflow management system and additional employee costs. Other revenue, relating to resources received free of charge, remained constant.

Financial position

As at 30 June 2016, the PBO was in a sound net worth position, reporting net assets of \$3.214 million (2014–15: \$3.363 million). This was represented by assets of \$5.648 million (2014–15: \$5.201 million) and liabilities of \$2.434 million (2014–15: \$1.838 million).

Assets increased mainly due to recognition of the workflow management system as an intangible asset and an increased appropriation receivable. The increase in liabilities was mainly due to the increase in employees and recognition of the associated leave liabilities.

As at 30 June 2016, the PBO had a departmental appropriation receivable totalling \$2.359 million, which is primarily held for employee provisions and other payables. In addition, the PBO had a balance of \$4.991 million in its special appropriation.

Agency resource statement

The agency resource statement provides additional information about the various funding sources that the PBO may draw upon during the year. Appendix A details the resources available to the PBO during 2015–16 and sets out the PBO’s summary of total expenses for its outcome.

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 2015–16.

Supporting the PBO's operations is a strong record keeping culture. The PBO adopts full digital record keeping practices. Of the 165 agencies that completed the National Archives of Australia annual Check-up Digital survey, the PBO was ranked the fourth highest agency. Contributors to the PBO's culture are: 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 Australian National Audit Office, and the PBO's internal auditors also attended these meetings.

Risk management

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

The strategic and fraud risks were reviewed, updated and documented in 2015–16 risk management plans.

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.

In the second half of 2015–16, the PBO undertook its first protective security risk assessment to support requirements under the Australian Government's Protective Security Policy Framework. As at 30 June 2016, the protective security risk management plan 2016–2018 was drafted. This plan was subsequently approved in July 2016.

A full review of the PBO's approach to risk was undertaken through the 2015–16 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 30 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 entities.

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

In 2015–16 the PBO took all reasonable measures to minimise the incidence of fraud. The review of fraud risks and update of the PBO's fraud risk management plan for 2015–16 contributed to raising awareness and preventing fraud within the PBO.

Provision of corporate services to the PBO

To minimise the staff and resources dedicated to corporate services, the PBO has shared services arrangements with other parliamentary departments for the delivery of most of the PBO's back-office services.

During 2015–16, the Department of the Senate continued to provide the PBO's financial transactions, records management administration and payroll services. The PBO's information and communication technology (ICT) services continued to be provided by the Department of Parliamentary Services.

Following the implementation of the PBO's workflow management system in May 2016, the PBO decided to move records management administration services from the Department of the Senate to the PBO to remove the overlap in functions with administering the workflow management system and the records management system. This change, effective from 1 July 2016, optimises the efficiency and effectiveness of records management administration within the PBO and achieves minor savings in the PBO's supplier expenses.

Interdepartmental committees

The PBO participates in a range of interdepartmental committees through which the parliamentary departments coordinate common and joint activities, particularly in relation to corporate and ICT matters.

External scrutiny

During 2015–16, the PBO continued its involvement with parliamentary committees. 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 2015–16, the JCPAA continued to play an important oversight role in relation to the PBO's resourcing and was consulted on the PBO's 2016–17 work plan.

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 a PBO activity report.

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 2015–16.

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 remuneration arrangements following the release of the Australian Government's *Workplace Bargaining Policy 2015*.

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 2015–16. 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. The PBO provides SES with a mobile phone and tablet. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House, on-site gym facilities and free car parking.

Secondment program

Following initiation of a secondment program with selected Commonwealth agencies in 2014–15 to seek assistance in augmenting the PBO workforce in the lead up to the 2016 general election, the PBO broadened this program to suitable Commonwealth employees at equivalent levels to the Parliamentary Service Levels 5 and 6 and the Parliamentary Executive Level 1. The program, advertised on the PBO's website, is aimed at seeking secondees with strong quantitative analysis skills and an aptitude for economic and financial modelling across a range of program areas.

2016 Parliament of Australia graduate program

During 2015–16, the PBO participated in the 2016 Parliament of Australia graduate program. The program allows participants from APS graduate programs to undertake a placement of up to six months with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Five graduates from the 2015 and 2016 programs were placed with the PBO in 2015–16.

Jawun Indigenous Community Australian Public Service Secondment Program

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Jawun Indigenous partner organisations. During 2015–16, through the Australian Public Service Commission (APSC), a PBO employee participated in the 2015 Jawun Indigenous Community APS Secondment Program in August and September 2015.

The objectives of participation in the program were 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 participation in the program contributes to the commitment to establish respectful, sustainable and enduring partnerships between the parliamentary departments and Aboriginal and Torres Strait Islander people under the Australian Parliamentary Service Reconciliation Action Plan.

The PBO has submitted a nomination to the APSC to participate in the 2016 program.

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 up to date.

The PBO's assets are primarily comprised of the protected ICT network software, the workflow management system, 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 procedures, which are consistent with the *Commonwealth Procurement Rules*. The PBO's purchasing processes focus on the core principle of value for money.

Consultants

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

During 2015–16, 11 new consultancy contracts were entered into, involving a total expenditure of \$107,001 (inclusive of GST). In addition, three ongoing consultancy contracts were active during the 2015–16 year, involving total actual expenditure of \$13,209 (inclusive of GST).

The majority of consultancy expenditure was for internal audit and risk management services.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, www.tenders.gov.au.

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/.

Procurement practices support SMEs by the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 and electronic systems to facilitate on-time payment.

Part 4

Financial statements



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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying annual financial statements of the Parliamentary Budget Office for the year ended 30 June 2016, 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; and
- Notes to the financial statements including a Summary of significant accounting policies.

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 2016 and its financial performance and cash flows for the year then ended.

My opinion should be read in conjunction with the rest of this report.

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.

GPO Box 707 CANBERRA ACT 2601
19 National Circuit BARTON ACT
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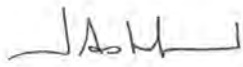
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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.

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.

Australian National Audit Office



Jocelyn Ashford
Senior Executive Director

Delegate of the Auditor-General

Canberra
22 July 2016

Statement by the Parliamentary Budget Officer and Chief Financial Officer

Certification of financial statements

In our opinion the following financial statements for the year ended 30 June 2016 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

22 July 2016



Jenny Jacobs CPA
Chief Financial Officer

22 July 2016

Statement of comprehensive income for the period ended 30 June 2016

	Notes	2016 \$	2015 \$	Original Budget 2016 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1.4	6,618,514	5,705,811	6,253,000
Supplier	1.6	1,310,934	1,273,682	1,697,000
Depreciation and amortisation	1.7	272,611	260,602	261,000
Total expenses		8,202,059	7,240,095	8,211,000
Own-source income				
Other revenue				
Resources received free of charge	1.3			
Auditor remuneration		50,000	45,000	45,000
Accommodation		284,000	295,694	297,000
Total other revenue		334,000	340,694	342,000
Total own-source income		334,000	340,694	342,000
NET COST OF SERVICES		7,868,059	6,899,401	7,869,000
Revenue from Government				
Departmental Appropriation	1.3	7,410,000	7,013,000	7,410,000
Special Appropriation		309,000	-	548,000
Total revenue from Government		7,719,000	7,013,000	7,958,000
Surplus/(deficit) attributable to the Australian Government		(149,059)	113,599	89,000
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		(149,059)	113,599	89,000

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

Statement of financial position

as at 30 June 2016

	Notes	2016 \$	2015 \$	Original Budget 2016 \$
ASSETS				
Financial assets				
Cash	1.5	34,078	28,198	11,000
Receivables				
Appropriation receivable	1.3	2,359,013	2,142,915	2,007,000
GST receivable		22,859	10,043	
Other receivables	1.5	22,954	59,187	
Total financial assets		2,438,904	2,240,343	2,018,000
Non-financial assets				
Property, plant and equipment	1.7	1,868,879	1,954,715	1,873,000
Intangibles	1.7	1,304,873	961,211	1,132,000
Prepayments		35,684	44,542	15,000
Total non-financial assets		3,209,436	2,960,467	3,020,000
Total assets		5,648,340	5,200,810	5,038,000
LIABILITIES				
Payables				
Trade creditors	1.6	255,298	74,001	326,000
Employee payables	1.4	40,371	224,997	
Other payables		21,418	7,287	146,000
Total payables		317,087	306,285	472,000
Provisions				
Employee leave provisions	1.4	2,117,206	1,531,419	1,490,000
Total liabilities		2,434,293	1,837,704	1,962,000
Net assets		3,214,047	3,363,106	3,076,000
EQUITY				
Asset revaluation reserve		50,305	50,305	50,000
Retained earnings		3,163,742	3,312,801	3,026,000
Total equity		3,214,047	3,363,106	3,076,000

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

Statement of changes in equity as at 30 June 2016

	2016 \$	2015 \$
RETAINED EARNINGS		
Opening balance as at 1 July 2015	3,312,801	3,199,202
Surplus/(deficit) for the period	(149,059)	113,599
Closing balance attributable to the Australian Government	3,163,742	3,312,801
ASSET REVALUATION RESERVE		
Closing balance attributable to the Australian Government	50,305	50,305
Total equity	3,214,047	3,363,106

Cash flow statement for the period ended 30 June 2016

	2016 \$	2015 \$	Original Budget 2016 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations	7,034,284	6,763,140	7,929,000
Net GST received	62,893	36,737	-
Non-appropriation receipts ^(a)	468,618	125,126	-
Total cash received	7,565,795	6,925,003	7,929,000
Cash used			
Employees	6,203,226	5,537,498	6,224,000
Suppliers	1,016,684	1,370,384	1,355,000
Total cash used	7,219,910	6,907,882	7,579,000
Net cash from operating activities	345,885	17,121	350,000
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment	-	-	-
Purchase of intangibles	340,005	-	350,000
Total cash used	340,005	-	350,000
Net cash used by investing activities	(340,005)	-	(350,000)
Net (decrease) / increase in cash held	5,880	17,121	-
Cash at the beginning of the reporting period	28,198	11,077	11,000
Cash at the end of the reporting period	34,078	28,198	11,000

(a) 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.

Note 1: Summary of significant accounting policies

1.1. 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.

1.2. 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.

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.

Accounting standard AASB 124 *Related Party Disclosures* will be adopted in 2016–17. This Standard requires the disclosure of significant transactions with related parties.

Note 1: Summary of significant accounting policies (continued)

1.3. Revenue

Revenue from Government

	2016	2015
	\$	\$
Ordinary annual services		
Annual appropriation	7,719,000	7,013,000
Section 74 PGPA Act receipts	468,618	125,126
Total appropriation	8,187,618	7,138,126
Less Appropriation applied (current and prior years)	(7,981,410)	(6,888,266)
Variance^(a)	206,208	249,860

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

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

The PBO may draw upon the following appropriations:

- 1 Annual appropriations providing for the ordinary course of business are noted below. The amount of unspent appropriations is equal to the sum of the cash and appropriation receivable balances, as at 30 June.
 - a *Appropriation (Parliamentary Departments) Act (No.1) 2014–15*
Unspent balance as at 30 June 2016: \$nil
Unspent balance as at 30 June 2015: \$2,171,113
 - b *Appropriation (Parliamentary Departments) Act (No.1) 2015-16*
Unspent balance as at 30 June 2016: \$2,359,013.
- 2 Special appropriation, of a limited amount, to provide for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office:
 - c *Parliamentary Service Act 1999*
Limited to \$6,000,000, unspent balance as at 30 June 2016: \$4,991,000
(2015: \$5,300,000).

Resources received free of charge

Resources received free of charge are recognised as other revenue when and only when fair value can be reliably determined and the services would have been purchased if they had not been donated. These revenues are measured at their fair value and the use is recognised as an expense.

Note 1: Summary of significant accounting policies (continued)

1.4 Employee benefits, payables and provisions

	2016	2015
	\$	\$
Employee benefits		
Wages and salaries	4,972,936	4,343,185
Superannuation		
Defined benefit plans	440,401	404,868
Defined contribution plans	442,255	373,256
Leave and other entitlements	762,922	584,502
Total employee benefits	6,618,514	5,705,811

	2016	2015
	\$	\$
Employee payables		
Wages and salaries	24,372	182,853
Superannuation	3,909	30,054
FBT payable	12,090	12,090
Total employee payables	40,371	224,997

Employee payables

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 2015–16.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Settlement is usually made net 30 days.

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

Employee leave provisions

The liability for employee leave 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 2016. 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.

Significant accounting judgements and estimates

In the process of applying the accounting policies, 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.

Other than the calculation of leave provisions there are no other accounting assumptions or estimates that have been identified as having a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

Note 1: Summary of significant accounting policies (continued)

1.5 Financial assets

Cash

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

Receivables

Receivables are classified as 'receivables' and recorded at face value less any impairment. Other and GST receivables are recognised where the PBO becomes a party to a contract and has a legal right to receive cash. These receivables are derecognised on payment and have settlement terms of 30 days and all are within the trade terms and are considered to be a high credit quality.

Impairment of financial assets

Receivables are assessed for impairment at the end of each reporting period. No indicators of impairment were identified as at 30 June 2016.

1.6 Supplier expenses and trade creditors

Supplier expenses

	2016	2015
	\$	\$
Supplier expenses		
Professional services	198,686	205,988
Enhanced capability	141,236	60,990
Corporate services outsourced	386,254	384,782
Employee related	64,315	68,777
Accommodation expenses	284,000	295,694
Travel	31,039	42,557
Software licences	121,410	86,188
Other	52,604	84,863
Workers compensation expenses	31,390	43,843
Total supplier expenses	1,310,934	1,273,682

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)

1.7 Property, plant and equipment and intangibles

	Property, plant and equipment \$	Computer software (internally developed) \$	Total \$
As at 1 July 2015			
Gross book value	2,280,551	1,239,248	3,519,799
Accumulated depreciation and amortisation	(325,836)	(278,037)	(603,873)
Total as at 1 July 2015	1,954,715	961,211	2,915,926
Additions			
Purchase	-	530,437	530,437
Depreciation/amortisation expense	(85,836)	(186,775)	(272,611)
Total as at 30 June 2016	1,868,879	1,304,873	3,173,752
Total as at 30 June 2016 represented by:			
Gross book value	2,280,551	1,769,685	4,050,236
Accumulated depreciation and amortisation	(411,672)	(464,812)	(876,484)
Total as at 30 June 2016	1,868,879	1,304,873	3,173,752

Asset recognition threshold

Purchases of property, plant and equipment (including fit-out of accommodation within Parliament House) are recognised initially at cost in the Statement of financial position, 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

Valuations are 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.

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 2016. The carrying amount includes a revaluation amount of \$50,305.

Note 1: Summary of significant accounting policies (continued)

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.

Intangibles

The PBO's intangibles comprise internally developed computer software for internal use. These assets are reported at cost.

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.

Amortisation

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

Impairment

All assets were assessed for impairment at 30 June 2016, with no indications of impairment.

1.8 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 2016.

Note 3: Budget variances

The comparison of the unaudited original budget as presented in the 2015–16 Portfolio Budget Statements to the 2015–16 final outcome as presented in accordance with Australian Accounting Standards is included in the Statement of comprehensive income, the Statement of financial position and the Cash flow statement. Major variances detailed below 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.

3.1 Major variances

During 2015–16, the PBO's average staffing level (ASL) was higher than forecast at Budget. The PBO had an ASL of 42 during the reporting period against an ASL of 39 estimated at Budget. This reflected an increase in employee numbers to assist with increased demand associated with the general election. The budget reflected higher suppliers expense in anticipation of the augmented workforce engaged through contractors rather than through recruitment. This increase in employees is directly reflected in the higher than budgeted employee leave provisions. The employee leave provision balance comprises leave provisions for 50 employees at 30 June 2016.

During 2015–16 the PBO incurred capital expenditure on the implementation of its workflow management system (represented in computer software) of \$530,437. This is higher than the estimate of \$350,000 due to the scoping of the project being finalised during 2015–16.

Note 4: Senior management personnel remuneration

	2016 \$	2015 \$
Short-term employee benefits		
Salary	1,714,078	1,639,796
Total short-term employee benefits	1,714,078	1,639,796
Post-employment benefits		
Superannuation	254,131	240,689
Total post-employment benefits	254,131	240,689
Other long-term benefits		
Annual leave accrued	131,495	126,138
Long service leave accrued	42,736	40,995
Total other long-term benefits	174,231	167,133
Total senior executive remuneration expenses	2,142,440	2,047,618

There are seven senior management positions (2015: seven).

Note 5: Additional disclosures

5.1 Comparative year disclosure

Property, plant and equipment and intangibles

	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 and amortisation	(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 and amortisation	(325,836)	(278,037)	(603,873)
Total as at 30 June 2015	1,954,715	961,211	2,915,926

5.2 Reporting of Outcomes

The purpose of the 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.

Appendices



Appendix A – Agency resource and outcome expense statements

This section details the PBO’s resources and expenses for 2015–16.

The tables in this appendix correspond to tables for 2015–16 in the PBO’s Portfolio Budget Statements 2016–17.

Table A1: Agency resource statement

		Actual available appropriation for 2015–16	Payments made 2015–16	Balance remaining 2015–16
		\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Ordinary annual services				
		10,088	7,695	2,393
Departmental appropriation ¹				
Total ordinary annual services	A	10,088	7,695	2,393
Special appropriation				
Special appropriation limited by amount [<i>Parliamentary Service Act 1999 section 64D</i>]		5,300	309	4,991
Total special appropriation	B	5,300	309	4,991
Total resourcing and payments	A+B	15,388	8,004	7,384

¹ *Appropriation (Parliamentary Departments) Act (No.1) 2015–16*. This includes prior year departmental appropriation and section 74 retained revenue receipts.

Table A2: Outcome expense statement

	Budget *	Actual expenses	Variation
	2015–16	2015–16	2015–16
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Outcome 1			
Departmental expenses			
Departmental appropriation ¹	7,379	7,410	(31)
Special appropriation	100	186	(86)
Expenses not requiring appropriation in the Budget year ²	608	606	2
Total expenses for Outcome 1	8,087	8,202	(115)
	2015–16	2014–15	
Average staffing level (number)	42	37	

* Full year budget including any subsequent adjustment made to the 2015–16 Budget.

1 Departmental appropriation combines ordinary annual services (*Appropriation (Parliamentary Departments) Act (No.1) 2015–16*) 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 2016

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	64,928	70,339	–	1	1	–	1	–	1
Parliamentary Service Level 5	72,503	79,537	–	2	2	–	2	–	2
Parliamentary Service Level 6	83,324	93,604	5	5	10	–	9	1	10
Parliamentary Executive Level 1 ²	104,967	121,198	15	5	18	2	18	2	20
Parliamentary Executive Level 2	124,445	148,251	6	2	8	–	8	–	8
Senior Executive Service Band 1 ²	216,455	248,922	3	1	4	–	4	–	4
Senior Executive Service Band 2	270,567	313,858	2	–	2	–	2	–	2
Parliamentary Budget Officer ³	n/a	n/a	1	–	1	–	1	–	1
Total			32	16	46	2	45	3	48

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

² Two Parliamentary Executive Level 1s and one SES Band 1 are on long-term leave and are 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. One employee identified themselves as Indigenous (30 June 2015: nil).

Appendix C – Other statistics

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

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

	2012–13	2013–14	2014–15	2015–16
Requests outstanding at start of period	–	463	76	138
Requests received in period	1,146	1,297	973	4,146
Requests withdrawn in period	19	162	42	1,013
Requests completed in period	664	1,522	869	3,251
Average time to completion (business days)	33.9	13.8	19.7	18.6
Median time to completion (business days)	n/a	6	12	16
Requests outstanding at end of period	463	76	138	20

Note: The table identifies the number of ‘options’ received by the PBO, noting that a single request can contain multiple options.

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

Table C2: Information requests to Commonwealth agencies by year

	2012–13	2013–14	2014–15	2015–16
Requests outstanding at start of period	–	28	16	3
Requests sent in period	360	388	203	743
Requests received in period	332	400	216	745
Requests received by due date	149	209	147	695
Requests received after due date	183	191	69	50
Percentage late	55.1	47.8	31.9	6.7
Average time taken to respond (business days)	13.1	12.6	13.5	6.5
Average punctuality (business days late)	3.0	5.3	2.9	-1.3
Average lateness of late responses (business days)	6.5	11.9	11.2	3.5
Requests outstanding at end of period	28	16	3	1

Table C3: Information request responsiveness by Commonwealth agencies — 2015–16

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 responses (business days)	Per cent late	Requests outstanding at end of period	Requests overdue at end of period
Agriculture	16	16	6.7	6	1.2	38%	–	–
Attorney-General	22	22	6.6	2	2.0	9%	–	–
Australian Bureau of Statistics	3	3	4	–	–	–	–	–
Australian Competition and Consumer Commission	3	3	5.0	2	2.0	67%	–	–
Australian Nuclear Science and Technology Organisation	1	1	11.0	–	–	–	–	–
Australian Taxation Office	59	59	4.0	–	–	–	–	–
Commonwealth Grants Commission	1	1	1.0	–	–	–	–	–
Communications	11	11	8.5	5	1.4	45%	–	–
Defence	9	9	6.7	1	2.0	11%	–	–
Education and Training	54	53	6.6	4	6.0	8%	1	–
Employment	27	27	8.5	–	–	–	–	–
Environment	20	20	6.4	1	1.0	5%	–	–
Finance	66	66	6.2	1	1.0	2%	–	–
Foreign Affairs and Trade	12	12	4.3	–	–	–	–	–
Health	37	37	9.2	11	2.4	30%	–	–
Human Services	31	31	5.2	–	–	–	–	–
Immigration and Border Protection	20	20	4.7	1	1.0	5%	–	–
Industry and Science	29	29	7.2	6	3.0	21%	–	–
Infrastructure and Regional Development	12	12	6.1	–	–	–	–	–
Prime Minister and Cabinet	7	7	6.4	–	–	–	–	–
Social Services	170	170	7.3	1	3.0	1%	–	–
Treasury	127	127	5.9	9	8.3	7%	–	–
Veterans' Affairs	9	9	7.8	–	–	–	–	–
Total	746	745	6.5	50	3.5	6.7%	1	–

¹ Includes three outstanding requests as at 30 June 2015 carried over to 2015–16

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 2015–16, 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 2015–16 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>The PBO has a Health and Safety Committee which meets quarterly 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>

Requirement	Comment
Advertising and market research	The PBO did not undertake any advertising campaigns.
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, non-corporate Commonwealth entities 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 State of the Service reports and the <i>APS Statistical Bulletin</i>. These reports are available at www.apsc.gov.au. From 2010–11, entities 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. The first of these progress reports was published in 2014, and can be found at www.dss.gov.au.</p>

Appendix E – List of requirements

Section 17AJ(d) of the PGPA Rule requires the following list of requirements to be included in the annual report as an aid of access.

Table E1: List of requirements

PGPA Rule reference	Page no	Description	Requirement
17AD(g)	Letter of transmittal		
17AI	iii	A copy of the letter of transmittal signed and dated by accountability authority on the date final text approved, with a statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	Aids to access		
17AJ(a)	v	Table of contents.	Mandatory
17AJ(b)	71	Alphabetical index.	Mandatory
17AJ(c)	70	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	63–7	List of requirements.	Mandatory
17AJ(e)	iv	Details of contact officer.	Mandatory
17AJ(f)	iv	Entity’s website address.	Mandatory
17AJ(g)	iv	Electronic address of report.	Mandatory
17AD(a)	Review by accountable authority		
17AD(a)	3–5	A review by the accountable authority of the entity.	Mandatory
17AD(b)	Overview of the entity		
17AE(1)(a)(i)	6	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	7	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	6	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	6	A description of the purposes of the entity as included in the corporate plan.	Mandatory
17AE(1)(b)	n/a	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory
17AE(2)	n/a	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AD(c)		Report on the performance of the entity	
		<i>Annual performance statements</i>	
17AD(c)(i); 16F	24	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)		<i>Report on financial performance</i>	
17AF(1)(a)	25	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	26, 55	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	n/a	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory
17AD(d)		Management and accountability	
		<i>Corporate governance</i>	
17AG(2)(a)	iii, 30	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	29	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d)–(e)	n/a	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
		<i>External scrutiny</i>	
17AG(3)	31	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	n/a	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AG(3)(b)	n/a	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	n/a	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of human resources</i>			
17AG(4)(a)	31–3	An assessment of the entity’s effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)	57	Statistics on the entity’s parliamentary service employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level • Statistics on full-time employees • Statistics on part-time employees • Statistics on gender • Statistics on staff location • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	32	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Parliamentary Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	32	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	57	The salary ranges available for parliamentary service employees by classification level.	Mandatory
17AG(4)(c)(iii)	32	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	32	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	n/a	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	n/a	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	n/a	Information on aggregate amount of performance payments.	If applicable, Mandatory
<i>Assets management</i>			
17AG(5)	33	An assessment of effectiveness of assets management where asset management is a significant part of the entity’s activities.	If applicable, mandatory

PGPA Rule reference	Page no	Description	Requirement
<i>Purchasing</i>			
17AG(6)	33	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<i>Consultants</i>			
17AG(7)(a)	34	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	34	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory
17AG(7)(c)	34	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	34	A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	Mandatory
<i>Australian National Audit Office access clauses</i>			
17AG(8)	n/a	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)	n/a	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory

PGPA Rule reference	Page no	Description	Requirement
<i>Small business</i>			
17AG(10)(a)	34	A statement that “[Name of entity] 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.”	Mandatory
17AG(10)(b)	34	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	n/a	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
<i>Financial Statements</i>			
17AD(e)	35–52	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
17AD(f)	Other mandatory information		
17AH(1)(a)(i)	n/a	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	62	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	n/a	A statement that “Information on grants awarded to [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	62	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	61	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	n/a	Correction of material errors in previous annual report	If applicable, mandatory
17AH(2)	61	Information required by other legislation	Mandatory

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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.
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.
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
DPS	Department of Parliamentary Services
ICT	Information and Communication Technology
JCPAA	Joint Committee of Public Accounts and Audit
MYEFO	Mid-Year Economic and Fiscal Outlook
OECD	Organisation for Economic Co-operation and Development
PBO	Parliamentary Budget Office
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
SES	Senior Executive Service
SME	small and medium enterprises

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