



Part 4

Financial statements

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INDEPENDENT AUDITOR'S REPORT

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

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

Parliamentary Budget Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Independence

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

Opinion

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

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

Australian National Audit Office



Carla Jago
Executive Director

Delegate of the Auditor-General

Canberra
10 October 2013

PARLIAMENTARY BUDGET OFFICE

STATEMENT BY THE PARLIAMENTARY BUDGET OFFICER AND CHIEF FINANCIAL OFFICER

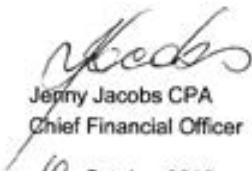
Certification of financial statements

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



Phil Bowen PSM FCPA
Parliamentary Budget Officer

10 October 2013



Jenny Jacobs CPA
Chief Financial Officer

10 October 2013

Statement of Comprehensive Income

for the period ended 30 June 2013

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

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

Balance Sheet

as at 30 June 2013

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

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

Statement of Changes in Equity

as at 30 June 2013

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

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

Cash Flow Statement

for the period ended 30 June 2013

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

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

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

Notes to and forming part of the financial statements

for the period ended 30 June 2013

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Note 1: Summary of Significant Accounting Policies

1.1. Objectives of the PBO

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

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

1.2. Basis of preparation of the financial report

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

The financial statements have been prepared in accordance with:

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

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

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

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

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

1.3. Significant accounting judgments and estimates

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

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

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

1.4. Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

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

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

Standards

- AASB 101 Presentation of Financial Statements

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

Future Australian Accounting Standard requirements

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

Standards

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

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

1.5. Revenue

Revenue from Government

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

Appropriations receivable are recognised at their nominal amounts.

1.6. Gains

Resources received free of charge

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

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

Sale of Assets

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

1.7. Employee benefits

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

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

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

Leave

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

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

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

Separation and redundancy

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

Superannuation

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

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

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

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

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

1.8. Cash

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

1.9. Other financial instruments

Loans and Receivables

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

Trade creditors

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

1.10. Impairment of financial assets

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

Financial assets held at amortised cost

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

Available for sale financial assets

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

Financial assets held at cost

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

1.11. Contingent liabilities and contingent assets

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

1.12. Acquisition of assets

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

1.13. Building improvements, property, plant and equipment

Asset recognition threshold

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

Depreciation

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

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

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

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

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

Impairment

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

1.14. Intangibles

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

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

1.15. Taxation

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

Revenues, expenses and assets are recognised net of GST:

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

1.16. Comparative balances

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

Note 2: Events After the Reporting Period

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

Note 3: Expenses

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

Note 4: Income

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

Note 5: Financial Assets

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

Credit terms for goods and services were within 30 days.

Note 6: Non-Financial Assets

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

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

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

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

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

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

Note 6: Non-financial assets (continued)

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

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

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

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

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

Note 7: Payables

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

Settlement is usually made net 30 days.

Note 8: Provisions

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

Note 9: Cash Flow Reconciliation

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

Note 10: Contingent liabilities and assets

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

Note 11: Executive Remuneration

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

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

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

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

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

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

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

Total remuneration (including part-time arrangements):

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

Note 11C: Other Highly Paid Staff

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

Note 12: Remuneration of Auditors

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

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

Note 13: Financial Instruments

Note 13A: Categories of Financial Instruments

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

Note 13: Financial instruments (continued)

Note 13B: Credit Risk Exposures

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

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

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

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

Note 13: Financial instruments (continued)

Note 13C: Liquidity Risk

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

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

Maturity of Financial Liabilities

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

Note 13D: Market Risk

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

Note 14: Financial Assets Reconciliation

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

Note 15: Appropriations

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

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

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

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

Note 15: Appropriations (continued)

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

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

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

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

Note 16: Compensation and Debt Relief

Departmental

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

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

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

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

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

Note 17: Reporting of Outcomes

Note 17A: Net Cost of Outcome Delivery

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

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

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

Note 18: Section 83 of the Constitution - Generic Payments

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

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

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