



Parliament of Australia

Parliamentary Budget Office



annual report 2013–14



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Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

The Hon Bronwyn Bishop MP
Speaker of the House of Representatives

Senator the Hon Stephen Parry
President of the Senate

Dear Madam Speaker and Mr President

I am pleased to present the annual report of the Parliamentary Budget Office (PBO) for the year ended 30 June 2014.

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

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

As required by the Commonwealth Fraud Control Guidelines, I certify that I am satisfied that the PBO has in place appropriate fraud control mechanisms that meet the PBO's needs and comply with the guidelines applying in 2013–14.

Yours sincerely

Phil Bowen

8 October 2014

Guide to the report

This report has been prepared in accordance with parliamentary reporting and legislative requirements. The purpose of this document is to inform the Parliament and other stakeholders about the Parliamentary Budget Office's (PBO) performance during 2013–14.

Part 1: Overview

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

Part 2: Performance reporting

Part 2 provides details of the PBO's achievements and challenges and the work performed in 2013–14.

Part 3: Management and accountability

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

Part 4: Financial statements

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

Appendixes

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

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Accessing this report online

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

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Part 1

Overview

Parliamentary Budget Officer's review

Throughout 2013–14, the Parliamentary Budget Office (PBO) demonstrated its effectiveness in significantly levelling the playing field for all parliamentarians and enhancing the transparency of election commitments and the Budget more generally.

In the lead-up to the September 2013 general election, the PBO faced a consistently high demand for policy costings and budget analyses from parliamentarians and parliamentary parties. By polling day, the PBO had responded to 1,167 such requests and there were no outstanding requests for which adequate information had been provided.

With the exception of 89 requests that were submitted to the PBO during the caretaker period, all other requests were made in the months leading up to the caretaker period. This allowed the PBO to work progressively with parliamentarians and parliamentary parties to provide them with up-to-date costings as they developed their policies on an iterative basis.

For the first time, access to the services of the PBO over an extended period in the lead-up to the election gave parliamentarians and parliamentary parties, in particular non-government parliamentarians and parliamentary parties, greater confidence in the accuracy of the costs of their policies when publicly releasing them.

The first post-election report of the budget impact of election commitments, published by the PBO 30 days after the end of the caretaker period, confirmed the accuracy of the costs of the election commitments publicly announced by the major parties prior to the election.

The demand for the PBO's costing and budget analysis services continued in the second half of the financial year pointing to a likely ongoing utilisation of the PBO by parliamentarians over the course of the electoral cycle.

Over the course of the full year, the PBO responded to 1,520 requests for costings and budget analyses. The PBO was assisted in its work by 397 responses from government agencies to requests for information from the PBO.

Following the election period, the PBO published two reports and a budget chart pack as part of its ongoing research program that focuses on budget sustainability and transparency.

The reports examined historical trends and drivers of government expenditure and receipts in order to provide an improved basis for understanding the key factors impinging on fiscal sustainability and the future direction of fiscal policy. The budget chart pack comprised a graphical summary of the 2014–15 Budget relative to the 2013–14 Mid-Year Economic and Fiscal Outlook showing key budget information in a more readily accessible form.

After the election, the Australian National Audit Office (ANAO) conducted a performance audit of the administration of the PBO, tabling its report in June 2014.

The ANAO concluded that ‘the PBO has effectively undertaken its statutory role and is already well regarded as an authoritative, trusted and independent source of budgetary and fiscal policy analysis’. The ANAO found that ‘the PBO has made a significant contribution to levelling the playing field for all parliamentarians’.

Further, the ANAO reported that stakeholders agreed that ‘the PBO’s work has improved the transparency around election commitments and facilitated a more informed public debate about budgetary matters’.

The PBO continued to develop its professional capabilities by recruiting and training staff, and building its repositories of data and models.

The PBO’s governance arrangements were also strengthened by a range of initiatives, including the adoption of a risk management framework and a business continuity management framework.

As a signatory to the *Parliamentary Service 2013–15 Reconciliation Action Plan*, the PBO is developing policies to support an accessible and inclusive work environment and is enhancing cultural awareness through promotion of cultural events, staff training and induction programs.

The PBO received an unmodified opinion on its 2013–14 financial statements from the ANAO. These statements can be found in Part 4.

The PBO recorded an operating surplus during the year of \$1.574 million, comprising total revenue of \$8.565 million and expenses of \$6.991 million. The surplus was due largely to the use of departmental and special appropriation revenue for capital expenditure on the PBO’s permanent accommodation and secure IT network.

As at 30 June 2014, the PBO was in a sound net worth position, reporting net assets of \$3.249 million, represented by assets of \$5.152 million and liabilities of \$1.903 million.

As at 30 June 2014, the PBO had departmental appropriations receivable totalling \$1.893 million, which are held for employee provisions and other payables. In addition, the PBO had a balance of \$5.300 million in the special appropriation made under section 64D of the *Parliamentary Service Act 1999*.

I wish to acknowledge the support of the Presiding Officers to the PBO throughout the year and the role that the Joint Committee of Public Accounts and Audit (JCPAA) played in relation to the PBO’s resourcing and work plan preparation.

The PBO’s achievements in 2013–14 can, in very large measure, be attributed to the professionalism, dedication and hard work of the PBO’s staff. For this, and their independent and non-partisan approach to their duties, they deserve high praise.

Phil Bowen PSM FCPA
Parliamentary Budget Officer

Parliamentary Budget Office overview

Purpose

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

This is also the PBO's outcome statement as detailed in the Portfolio Budget Statements 2014–15.

Functions

The Parliamentary Service Act gives the Parliamentary Budget Officer the following functions:

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

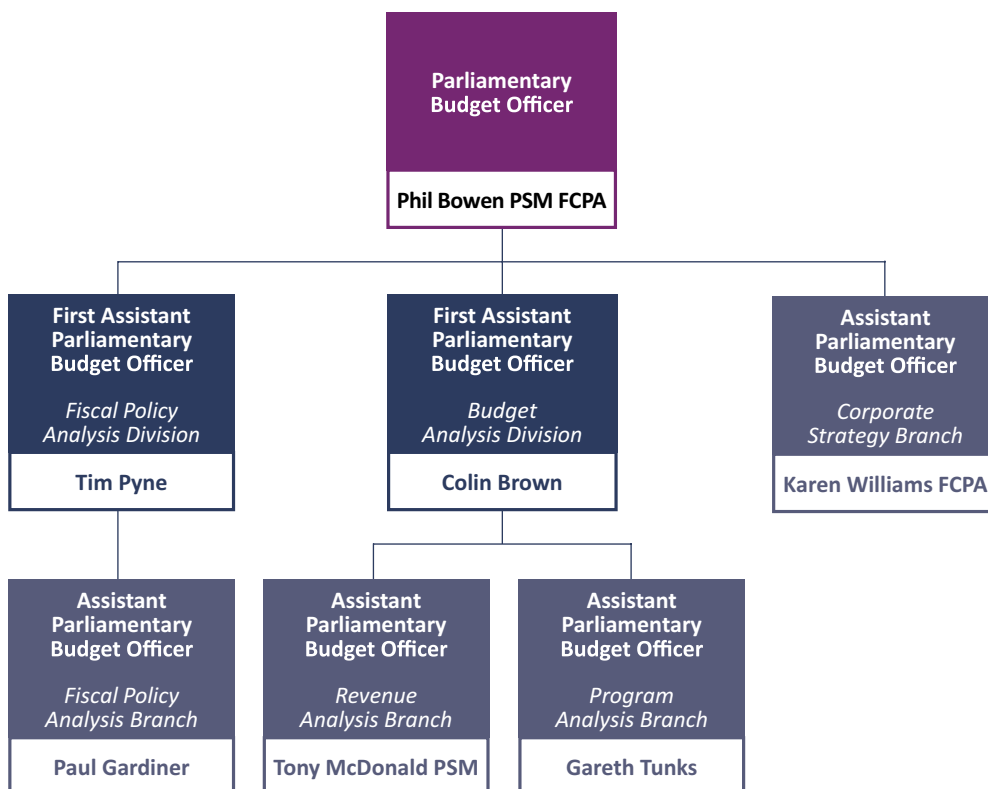
Organisational structure

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 fiscal policy analyses, leading the PBO’s self-initiated work program and coordinating 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.

Each area reports directly to the Parliamentary Budget Officer. As at 30 June 2014, the PBO had 35 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 2014





Part 2

Performance reporting

Introduction

The priorities for the PBO in 2013–14, along with its allocation of resources and accountability arrangements, were set out in the PBO’s annual work plan, published in accordance with the requirements of the *Parliamentary Service Act 1999*. The 2013–14 work plan, published after consultation with the JCPAA, outlined the following priorities:

- to continue to fulfil the PBO’s mandate as a responsive and effective independent institution of the Parliament
- to support parliamentarians through the preparation of policy costings, and the provision of budgetary information and analyses
- to continue to publish independent budget and fiscal policy analyses with a focus on budget sustainability and the transparency of the budget and fiscal policy.

During the year, the PBO had to give priority to responding to the heavy demand for policy costings and budget analyses—particularly in the lead-up to and during the 2013 election period—and preparing the post-election report of election commitments. In 2013–14, the PBO provided 1,520 responses to requests for costings and budget analyses, the majority of these during the election period. In addition, the PBO committed resources to continuing to build its capabilities and progress its self-initiated program of published research.

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

The 2013 election

The 2013 election presented a major test of the PBO’s capacity. In addition to responding to a high volume of election commitment costing requests, the PBO was required to report publicly, within 30 days after the end of the caretaker period, on the budget impact of the election commitments of the three main parliamentary parties—the Australian Labor Party, the Coalition and the Australian Greens.

From early 2013, the PBO began preparing for the increased workload associated with the 2013 election. The preparations 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. Preparations also included a significant amount of model development and data collection.

Consultations were held with the Department of the Treasury and the former Department of Finance and Deregulation to settle the arrangements for handling costing requests during the election period, and information requests and access to data during the caretaker period.

The PBO engaged contractors on short-term contracts as part of its strategy to manage the added workload associated with the election period preparations.

Election period costings and budget analyses

From the beginning of the financial year to the end of the post-election reporting period (1 July to 18 October 2013), the PBO completed 1,365 costings and budget analyses with an average completion time of 12.5 business days (refer to Table 1). Key events and dates for the PBO related to the 2013 election are shown in Figure 2.

Figure 2: Timeline of key dates for the PBO related to the 2013 election

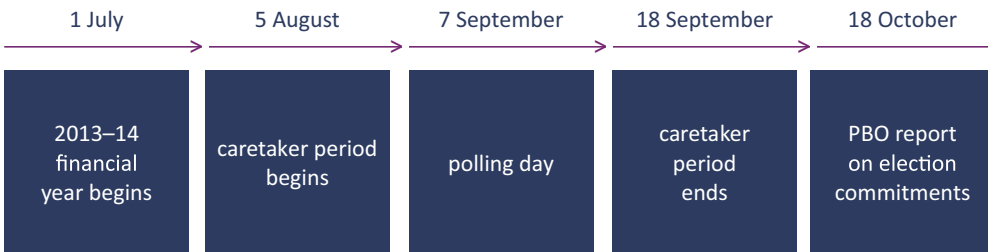


Table 1: Costing and budget analysis requests from parliamentarians and parliamentary parties

	Total 2012–13	Pre-polling and post-election reporting period					After the post-election reporting period	Total 2013–14
		Pre-caretaker	Caretaker	Total pre-polling day	Post-election reporting period (30 days)	Total pre-polling day + post-election reporting period		
Requests outstanding at start of period	–	463	705	463	–	463	–	463
Requests received in period	1,146	736	89 ^a	825	198	1,023	267	1,290
Requests withdrawn in period	19	12	109	121	–	121	41	162
Requests completed in period	664	482	685	1,167	198	1,365	155	1,520
Average time to completion (business days)	33.9	21.1	9.4	14.2	2.8	12.5	25.1	13.8
Requests outstanding at end of period	463	705	–	–	–	–	71	71

^aThese comprised 85 requests for costings of publicly announced policies by the Australian Greens and four confidential budget analysis requests

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

Before the election on 7 September 2013, the PBO finalised all costings and budget analyses for which it had the necessary information. As shown in Table 1, in the lead-up to the election 1,167 costings and budget analyses were prepared, with 482 completed in the pre-caretaker period and 685 completed during the caretaker period. A further 198 costings were completed during the preparation of the post-election report of election commitments.

Of the 685 costings and budget analyses completed during the caretaker period, 85 were costings of publicly announced policies submitted for costing by the Australian Greens. These requests were responded to publicly by the PBO in accordance with the provisions of the *Charter of Budget Honesty Act 1998* (the Charter).

No other parties or independent parliamentarians submitted publicly announced policies to the PBO for costing under the Charter. All other costing requests responded to by the PBO during the caretaker period were received before the caretaker period commenced and were completed on a confidential basis prior to polling day, consistent with the provisions of the Parliamentary Service Act .

All of the 1,167 costings and budget analyses prepared by the PBO before the election were for non-government parties and, in a very small number of cases, individual parliamentarians.

These statistics show that non-government parties relied heavily on the PBO's services during the election period. They clearly demonstrate the significant contribution the PBO made in providing a more level playing field during the election period by giving all parliamentarians access to costing and budget analysis services previously only available to government parties.

Information provided by a range of government agencies assisted the PBO in the preparation of these costings and budget analyses. Throughout the election period agencies provided 260 responses to requests for information from the PBO. On average, responses were provided in 10.1 business days (refer to Table 2).

Table 2: Information requests to agencies

	Pre-polling and post-election reporting period						After the post-election reporting period	Total 2013–14
	Total 2012–13	Pre-caretaker	Caretaker	Total pre-polling day	Post-election reporting period (30 days)	Total pre-polling day + post-election reporting period		
Requests outstanding at start of period	–	29	33	29	13	29	7	29
Requests sent in period	360	95	98	193	45	238	150	388
Requests received in period	331	91	118	209	51	260	137	397
Requests received by due date	149	42	73	115	16	131	75	206
Requests received after due date	182	49	45	94	35	129	62	191
Average time taken to respond (business days)	12.0	11.3	9.0	10.0	10.4	10.1	16.4	12.2
Average punctuality (business days late)	3.0	4.5	4.4	4.4	6.0	4.7	6.5	5.3
Average lateness of late responses (business days)	6.5	8.9	12.1	10.4	9.1	10.1	16.0	12.0
Requests outstanding at end of period	29	33	13	13	7	7	20	20

Post-election report of election commitments

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

This 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 financial year and the following three financial years, along with the total combined impact of those election commitments on the Budget.

The Parliamentary Budget Officer released the post-election report of election commitments on 18 October 2013. The report included an assessment of the impact of the election commitments made by the Australian Labor Party, the Coalition and the Australian Greens.

The 2013 post-election report represents the first time that all of the costings and budget impacts of the major parties' election commitments have been publicly released. It played an important role in enhancing the transparency of Australia's fiscal and budgetary framework.

The policies included in the report were consistent with the lists of announced policies provided by the parties to the PBO—the one exception being the Australian Greens' commitment to increase funding for the Australian Antarctic Division. This commitment was included in the report but did not appear on the list provided by the Australian Greens.

The overall budget impact of election commitments made by each party was consistent with the information made public by the parties. The only major exception was the savings arising from the Coalition commitment to abolish the Schoolkids Bonus, where the PBO costing of the savings was \$600 million higher on a fiscal balance basis than that made public by the Coalition.

In its report, *The Administration of the Parliamentary Budget Office*, the ANAO examined the variations between the costings in the post-election report and those subsequently included in the relevant budget documents. The ANAO noted that only 26 costings had major variations and that the explanation that the variances were mostly due to policy changes, different costing methodology and different assumptions, was reasonable.

Election period after-action review

After the release of the post-election report, the PBO conducted a review of its 2013 election processes with a view to identifying key lessons. These included maintaining good practices to be carried forward to future processes, and determining areas for improvement. The review was undertaken in consultation with all staff in the PBO and feedback was sought from key external stakeholders.

The review identified four phases of the 2013 election processes that had a direct impact on the PBO:

- the preparation phase
- the pre-caretaker costings and information requests phase
- the election caretaker period
- the preparation of the post-election report phase.

The review made a number of recommendations for improving PBO workflows and operating processes. These included enhancing the PBO's management of models and data holdings, and improving processes for providing parliamentarians with costings, budget analyses and other communications.

Costings and budget analyses post-2013 election

Immediately after the 2013 election, as expected, the demand for costings and budget analyses fell away until early in 2014. The PBO used this period to direct more resources to its self-initiated program of published research.

Since February, the PBO has received a steady stream of requests from parliamentarians, which continued throughout the reporting period.

As shown in Table 1, after the post-election reporting period the PBO completed 155 costings with an average response time of 25.1 business days. The increase in response time in the period since the post-election report was principally due to the PBO receiving a greater number of complex policy proposals requiring complex model development and detailed supporting information from government agencies.

During this period, as shown in Table 2, the PBO received responses from government agencies to 137 information requests to assist in the preparation of its costings and analyses. The average response time was 16.4 business days.

Appendix C contains details of the PBO’s output of costings and budget analyses over the course of the full financial year, by quarter. It also contains details of responses from government agencies to requests for information from the PBO over the course of the full financial year, by quarter.

The resurgence in demand for the PBO’s costing and budget analysis services after the election indicates a likely ongoing and consistent utilisation of the PBO by parliamentarians over the course of the electoral cycle.

Published research

The PBO’s self-initiated work program seeks to help to improve budget transparency and promote a better understanding of the budget and fiscal policy settings.

A priority in the PBO’s 2013–14 work plan was to continue to publish objective budget and fiscal policy analyses with a focus on budget sustainability and the transparency of the budget and fiscal policy.

In the period following the publication of the post-election report, the PBO published two reports and a budget chart pack as outlined below.

Publications in 2013–14

Reports

- Report 02/2013
Australian Government spending—Part 1: Historical trends from 2002–03 to 2012–13 (10 December 2013)
- Report 01/2014
Trends in Australian Government receipts: 1982–83 to 2012–13 (15 April 2014)

Charts

- *2014–15 Budget and forward estimates—charts* (10 June 2014)

Post-election report

- *Post-election report of election commitments* (18 October 2014)

Expenditure trends

The report *Australian Government spending—Part 1: Historical trends from 2002–03 to 2012–13* was released in December 2013. It is the first report by the PBO to provide detailed information on trends and drivers of government spending, which is important for improving understanding of the sustainability of government spending and the future direction of fiscal policy.

The report examined real growth in government spending compared with growth in real gross domestic product (GDP). This approach eliminates the distortionary impact that the significant—and likely temporary—increase in the terms of trade had on nominal spending to nominal GDP ratios over the period covered by the report. The analysis showed that Australian Government spending grew 27 per cent faster in real terms than the annual rate of growth of real GDP over the decade 2002–03 to 2012–13.

To provide this analysis, the PBO compiled, to the extent possible, a consistent time series of spending data at the function and sub-function level. This dataset was included in the report and is available on the PBO website for general use.

Revenue trends

In April 2014, the PBO released the report, *Trends in Australian Government receipts: 1982–83 to 2012–13*, which was aimed at improving understanding of the sustainability of the fiscal position of the Australian Government over time. It examined trends in, and key drivers of, Australian Government receipts over the past three decades.

The extended time period the report spanned enabled the analysis to investigate factors that, while temporary in nature, can persist for some time. During the past three decades there has been profound change in the structure of the Australian economy and the tax system.

The report found that economic growth had been the main driver of receipts. Despite significant tax reform over this period, the net impact of policy decisions changing taxation rates and coverage had a much less significant impact on total receipts, and the mix of direct and indirect taxes collected by the federal government remained relatively unchanged.

The report focused on historical data, with the intention that this data will continue to be a useful resource into the future, including as a foundation for further research by the PBO. The data on which this report is based is available on the PBO website.

Budget charts

In June 2014, the PBO released a graphical summary of the 2014–15 Budget relative to the 2013–14 Mid-Year Economic and Fiscal Outlook, showing the impacts of policy decisions and other factors.

The purpose of the charts was to add to the transparency of the Budget by presenting key budget information in a readily accessible form. In particular, it provided the overall impact of policy decisions on selected government programs.

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.

Section 64T of the Parliamentary Service Act provides that, after a general election, the JCPAA may request the Parliamentary Budget Officer to initiate an independent review of the PBO's operations.

The ANAO indicated its intention to conduct a performance audit of the administration of the PBO. The JCPAA accepted this review as satisfying its obligations under section 64T of the Parliamentary Service Act.

In November 2013, the ANAO commenced its audit, which examined the effectiveness of the PBO in undertaking its role since its establishment in July 2012. The audit focused on the PBO's governance and administrative arrangements, the processes used by the PBO to undertake its functions and the PBO's monitoring of its performance. The audit report, *The Administration of the Parliamentary Budget Office*, was tabled in Parliament on 5 June 2014.

The ANAO concluded that since commencing operation in July 2012, the PBO has effectively undertaken its statutory role and is already well regarded as an authoritative, trusted and independent source of budgetary and fiscal policy analysis. The ANAO further commented that the PBO has made a significant contribution to levelling the playing field for all parliamentarians.

The report made one recommendation that, in the interests of greater transparency, the PBO include estimates of administrative expenses in all costings, where significant. The PBO agreed with this recommendation and has since implemented it.

Briefing new Members

To assist parliamentarians with their engagement with the PBO, the Parliamentary Budget Officer provided a briefing to new Members in October 2013. This briefing provided an outline of the establishment and role of the PBO and the services available to parliamentarians.

PBO guidance documents

During 2013–14, the PBO published the following guidance documents for Senators and Members on its website:

- *Guidance 03/2013—Election policy costings in the caretaker period for the 2013 general election* (4 July 2014). The purpose of this document was to summarise the key aspects of the policy costing process for costings undertaken by the PBO during the caretaker period for a general election.
- *Guidance 04/2013—Post-election report on election commitments* (4 July 2013). The purpose of this document was to outline the PBO's role in preparing the post-election report of the publicly announced election commitments of designated parliamentary parties and the processes that the PBO would follow in preparing the report.
- *Guidance 05/2013—Possible impact of Contingency Reserve on PBO costings* (23 July 2013). The purpose of this document was to advise that the PBO's costings are subject to the qualification that they are prepared in the absence of information on the possible impact of any provisions in the Contingency Reserve and, in limited circumstances, may not show the full net impact of a policy on the Budget.
- *Guidance 01/2014—PBO analyses of the budget and fiscal policy* (27 February 2014). The purpose of this document was to remind Senators and Members that, in addition to preparing policy costings, the PBO is also available to provide a wide range of analyses of budget and fiscal policy issues.

External engagement

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

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

The International Monetary Fund (IMF) and the World Bank are also represented in these meetings since they are supporting the establishment of independent fiscal institutions in a range of non-OECD countries.

Within this forum there is considerable interest in the Australian PBO and its experiences to date. The Parliamentary Budget Officer presented a paper on the role of independent fiscal institutions in costings at the 2014 meeting in Jerusalem from 31 March to 1 April 2014.

At the invitation of the IMF, the Parliamentary Budget Officer presented a case study on the Australian PBO at the *Institutions for Fiscal Credibility—Fiscal Policy Rules and Fiscal Councils: Experience and Prospects in the Asia-Pacific Region* conference in Tokyo in June 2014. The aim of the conference was to take stock of policy issues in the area of fiscal rules and independent fiscal institutions and to draw out relevant lessons for the Asia-Pacific region.

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

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

In the preparation of reports under the PBO's self-initiated work program, the PBO engages with external reviewers to seek comments and suggestions on the draft reports. In 2013–14, external reviewers provided assistance with the reports, *Australian Government spending—Part 1: Historical trends from 2002–03 to 2012–13* and *Trends in Australian Government receipts: 1982–83 to 2012–13*. Reviewers included university academics, other independent fiscal institutions, private sector economists, and researchers from think tanks.

Stakeholder feedback

As part of its performance audit of the PBO, the ANAO interviewed a wide range of PBO stakeholders including officers from the Department of the Treasury, the Department of Finance and other government agencies that are signatories to the PBO's memorandum of understanding on information sharing; representatives of parliamentary parties and independent members of Parliament; and a selection of 'peer group' stakeholders that were, by nature of their work, familiar with the work of the PBO.

The ANAO reported that stakeholders consulted during the course of its audit all agreed that, for the first time, all parliamentarians have access to independent policy costing and information request services during all periods of the parliamentary cycle. This has made a significant contribution to levelling the playing field for all parliamentarians. In addition, parliamentary and peer group stakeholders viewed the costings prepared by the PBO as being of high quality, and those involved in the costing process agreed that the PBO was professional to work with.

The stakeholders also agreed that the PBO's work has improved the transparency around election commitments, and facilitated a more informed public debate about budgetary matters that has the potential to increase as the PBO releases further information and the public becomes better educated about these topics.

The PBO intends to develop and implement a repeatable stakeholder survey in 2014–15 to enable a comparative analysis of stakeholder feedback over time.

Reconciliation Action Plan

The *Parliamentary Service 2013–15 Reconciliation Action Plan* was signed by the parliamentary department heads in September 2013. The PBO is developing human resource management policies to support an inclusive work environment that values the contribution of all its employees. To support this plan, the PBO enhances cultural awareness through training and induction material, and encourages participation in events, including through the provision of leave for cultural purposes.



Part 3

Management and accountability

Corporate governance

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

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

The PBO is subject to the same governance and reporting requirements that apply to larger FMA Act agencies. The continued development of the PBO's governance framework, processes and arrangements was a focus during 2013–14.

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

PBO Executive

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

Audit Committee

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

Risk management

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

In April 2014, the PBO implemented its risk management framework and policy. This document outlines how the PBO manages risk through its policies, processes and structures. The PBO then commenced the development of its first risk management plan and a business continuity management framework and policy, outlining the policies, plans and guidelines through which the PBO manages business continuity.

The business continuity management framework and policy was approved in June 2014. The agency risk management plan, outlining the strategic risks faced by the PBO, was close to completion at 30 June. In 2014–15, the PBO will be finalising other business continuity documents, such as the business continuity plan and business impact analysis.

Following the identification of its strategic risks, the PBO is embedding risk management at an operational level through its divisional and branch work planning processes for 2014–15.

Fraud prevention and control

During 2013–14, the PBO reviewed its fraud control plan to ensure that it complies with the Commonwealth Fraud Control Guidelines. The PBO also commenced an assessment to identify potential fraud risks and any gaps in its control framework. This assessment was in progress as at 30 June 2014.

In 2013–14 the PBO took all reasonable measures to minimise the incidence of fraud. The progression of the fraud risk assessment during 2013–14 contributed to raising awareness and preventing fraud within the PBO.

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 information technology matters. The Parliamentary Budget Officer and other parliamentary department heads signed the parliamentary departments' first reconciliation action plan—the *Parliamentary Service 2013–15 Reconciliation Action Plan*—in September 2013.

External scrutiny

During 2013–14, the PBO continued its involvement with parliamentary committees, and was subject to a performance audit by the ANAO. 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 2013–14, the JCPAA continued to play an important oversight role for the PBO. The Parliamentary Budget Officer met with the committee in relation to the PBO's work plan and resourcing and also briefed the new JCPAA on the role and functions of the PBO following the commencement of the 44th Parliament.

Senate Finance and Public Administration Legislation Committee

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

Australian National Audit Office performance audit

In November 2013, the ANAO commenced an independent performance audit, *The Administration of the Parliamentary Budget Office*, examining the effectiveness of the PBO in undertaking its role since its establishment. The audit report was tabled on 5 June 2014. The audit is discussed further in Part 2 on page 19.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Finalising its recruitment and continuing to develop and retain its existing workforce was a high priority for the PBO in 2013–14.

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 has commenced a review of its employment arrangements, following the release of the Australian Government Public Sector Workplace Bargaining Policy in March 2014.

The Parliamentary Budget Officer is engaged as a full-time public office holder under section 64X of the Parliamentary Service Act and his remuneration is determined by the Remuneration Tribunal.

The PBO did not make any performance payments to employees during 2013–14. Under the PBO's Performance Management Framework, increments through the PBO's salary ranges are based on performance achievements.

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

The development of human resources policies to support the PBO's employment arrangements and legislative framework was a priority in 2013–14. A number of policies were implemented during the year relating to work health and safety; rehabilitation; public interest disclosures; probation; assignment of duties; salary packaging; and leave, overtime and flexible working arrangements.

2014 Parliament of Australia Graduate Program

During 2013–14, the PBO participated in the 2014 Parliament of Australia Graduate Program. The program allows participants from APS graduate programs to undertake a three-month placement with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Two graduates from the 2014 program were placed with the PBO in 2013–14, with a third to commence in July 2014.

Asset management

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

During 2013–14, the Presiding Officers endorsed the consolidation of information and communication technology (ICT) across the parliamentary departments. In keeping with this decision, the PBO transferred its ICT hardware assets to the Department of Parliamentary Services (DPS). This transfer is reflected in the PBO's 2013–14 financial statements.

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

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

Purchasing

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

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

Consultants

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

During 2013–14, 10 new consultancy contracts were entered into, involving a total expenditure of \$169,449 (inclusive of GST). No ongoing consultancy contracts were active during the 2013–14 year.

The majority of expenditure (83 per cent) on consultancy contracts was for risk management, research and internal audit services.

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

Australian National Audit Office access clauses

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

Exempt contracts

During 2013–14 the PBO had no exempt contracts.



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 2014, which comprise: a Statement by the Parliamentary Budget Officer and Chief Financial Officer; Statement of Comprehensive Income; Statement of Financial Position; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; and Notes to and forming part of the financial statements, including a Summary of Significant Accounting Policies.

Parliamentary Budget Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Independence

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

Opinion

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

- (a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards; and
- (b) give a true and fair view of the matters required by the Finance Minister's Orders including the Parliamentary Budget Office's financial position as at 30 June 2014 and 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
26 September 2014

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 2014 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

26 September 2014



Jenny Jacobs CPA
Chief Financial Officer

26 September 2014

Statement of Comprehensive Income

for the period ended 30 June 2014

		2014	2013
	Notes	\$	\$
NET COST OF SERVICES			
Expenses			
Employee benefits	3A	5,175,644	2,538,508
Supplier	3B	1,655,290	2,090,487
Depreciation and amortisation	3C	159,604	6,828
Total expenses		6,990,538	4,635,823
Own-source income			
Gains			
Other gains	4A	291,422	184,923
Total gains		291,422	184,923
Total own-source income		291,422	184,923
NET COST OF SERVICES		6,699,116	4,450,900
Revenue from Government	4B	8,274,000	6,191,000
Surplus attributable to the Australian Government		1,574,884	1,740,100
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves		50,305	-
Total other comprehensive income		50,305	-
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT		1,625,189	1,740,100

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

Statement of Financial Position

as at 30 June 2014

	Notes	2014 \$	2013 \$
ASSETS			
Financial assets			
Cash and cash equivalents	6A	11,077	21,637
Other receivables	6B	1,949,129	3,088,068
Total financial assets		1,960,206	3,109,705
Non-financial assets			
Property, plant and equipment	7A,B	2,040,551	392,227
Intangibles	7C,D	1,135,977	651,431
Other non-financial assets	7E	15,340	51,228
Total non-financial assets		3,191,868	1,094,886
Total assets		5,152,074	4,204,591
LIABILITIES			
Payables			
Suppliers	8A	325,370	1,069,567
Other payables	8B	145,509	135,962
Total payables		470,879	1,205,529
Provisions			
Employee provisions	9	1,431,688	1,258,962
Total provisions		1,431,688	1,258,962
Total liabilities		1,902,567	2,464,491
Net assets		3,249,507	1,740,100
EQUITY			
Asset revaluation reserve		50,305	-
Retained earnings		3,199,202	1,740,100
Total Equity		3,249,507	1,740,100

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

Statement of Changes in Equity
as at 30 June 2014

	Retained earnings		Asset revaluation reserve		Total equity	
	2014	2013	2014	2013	2014	2013
	\$	\$	\$	\$	\$	\$
Opening balance as at 1 July 2013	1,740,100	-	-	-	1,740,100	-
Adjustment for ICT transfer ^(a)	(115,782)	-	-	-	(115,782)	-
Adjusted Opening Balance	1,624,318	-	-	-	1,624,318	-
Surplus for the period	1,574,884	1,740,100	-	-	1,574,884	1,740,100
Other comprehensive income	-	-	50,305	-	50,305	-
Total comprehensive income	1,574,884	1,740,100	50,305	-	1,625,189	1,740,100
Closing balance as at 30 June 2014	3,199,202	1,740,100	50,305	-	3,249,507	1,740,100
Closing balance attributable to the Australian Government	3,199,202	1,740,100	50,305	-	3,249,507	1,740,100

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

(a) During 2014 the Presiding Officers endorsed the consolidation of Information and Communication Technology (ICT) across the parliamentary departments. In accordance with this decision the PBO transferred its ICT hardware assets at net book value to the Department of Parliamentary Services for no consideration, recognising a reduction in equity. Refer to Note 10 - Restructuring.

Cash Flow Statement

for the period ended 30 June 2014

	Notes	2014 \$	2013 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations		9,421,398	3,150,547
Net GST received		76,192	49,233
Other ^(a)		274,421	899,830
Total cash received		9,772,011	4,099,610
Cash used			
Employees		4,993,832	2,079,500
Suppliers		2,430,788	947,987
Total cash used		7,424,620	3,027,487
Net cash from operating activities	11	2,347,391	1,072,123
INVESTING ACTIVITIES			
Cash used			
Purchase of property, plant and equipment		1,770,134	399,055
Purchase of intangibles		587,817	651,431
Total cash used		2,357,951	1,050,486
Net cash used by investing activities		(2,357,951)	(1,050,486)
Net (decrease) / increase in cash held		(10,560)	21,637
Cash at the beginning of the reporting period		21,637	-
Cash at the end of the reporting period	6A	11,077	21,637

The above 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.

Schedule of Commitments

as at 30 June 2014

	2014	2013
	\$	\$
BY TYPE		
Commitments receivable		
Net GST receivable on commitments	(6,978)	-
Total commitments receivable	(6,978)	-
Other commitments		
Other	83,645	-
Total other commitments	83,645	-
NET COMMITMENTS	76,667	-
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	(6,978)	-
Total other commitments receivable	(6,978)	-
Other commitments		
One year or less	83,645	-
Total other commitments	83,645	-
NET COMMITMENTS BY MATURITY	76,667	-

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

Notes to and forming part of the financial statements

for the period ended 30 June 2014

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

1.2. Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 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 1.8 – *Employee benefits* for further information).

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

1.4. Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

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 13 Fair Value Measurement
AASB 119 Employee Benefits

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 not expected to have a material financial impact on the PBO for future reporting periods:

Standards

AASB 9 Financial Instruments
AASB 1031 Materiality
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. Transactions with the Government as owner

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

1.8. Employee benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 Employee Benefits) due within twelve months of the end of reporting period are measured at their nominal amounts. There were no termination benefits during 2013-14.

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 2014. 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's administered schedules and notes.

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

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

1.9. Fair value measurement

The PBO deems transfers between levels of the fair value hierarchy to have occurred at the end of the reporting period.

1.10. 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.

1.11. 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.

1.12. 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 2014.

1.13. 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.

1.14. Property, plant and equipment

Asset recognition threshold

Purchases of property, plant and equipment (including fit-out of accommodation within Parliament House) are recognised initially at cost in the balance sheet, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total), and as at 30 June are reported at fair value.

Revaluations

Following initial recognition at cost, property, plant and equipment were carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations were conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date. The regularity of independent valuations depended upon the volatility of movements in market values for the relevant assets.

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

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

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

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

	2014	2013
Property, plant and equipment	10-40 years	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 2014, with no indications of impairment.

1.15. Intangibles

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

The asset has been assessed for indications of impairment as at 30 June 2014. No indicators of impairment were identified as at 30 June 2014.

The amortisation rate that applies to the intangible asset is based on the following useful life:

	2014	2013
Intangibles – Computer software	7 years	n/a

1.16. 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:

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

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 2014.

Note 3: Expenses

	2014	2013
	\$	\$
Note 3A: Employee benefits		
Wages and salaries	4,046,534	1,888,955
Superannuation		
Defined benefit plans	373,629	224,372
Defined contribution plans	319,180	159,234
Leave and other entitlements	436,301	265,947
Total employee benefits	5,175,644	2,538,508
Note 3B: Suppliers		
Goods and services		
Professional services	284,806	107,276
Enhanced capability	364,618	575,031
Corporate services outsourced	422,792	438,286
Employee related	55,287	102,443
Temporary accommodation and DPS relocation	23,849	516,354
Accommodation expenses	248,970	154,923
Travel	51,617	25,152
Other	166,146	153,837
Total goods and services	1,618,085	2,073,302
Goods and services are made up of:		
Provision of goods from		
Related parties	39	85,518
External parties	60,180	18,533
Rendering of services from		
Related parties	795,924	1,727,498
External parties	720,027	241,753
Total goods and services	1,576,170	2,073,302
Other supplier expenses		
Workers compensation expenses	37,205	17,185
Total other supplier expenses	37,205	17,185
Total supplier expenses	1,655,290	2,090,487
Note 3C: Depreciation and amortisation		
Depreciation		
Property, plant and equipment	56,333	6,828
Total depreciation	56,333	6,828
Amortisation		
Intangibles	103,271	-
Total amortisation	103,271	-
Total depreciation and amortisation	159,604	6,828

Note 4: Own-source income

	2014	2013
	\$	\$
Note 4A: Other gains		
Resources received free of charge	290,970	184,923
Other	452	-
Total other gains	291,422	184,923
Note 4B: Revenue from Government Appropriations		
Departmental appropriation	7,574,000	6,191,000
Departmental special appropriation	700,000	-
Total revenue from Government	8,274,000	6,191,000
Total income	8,565,422	6,375,923

Note 5: Fair value measurements

The following tables provide an analysis of assets that are measured at fair value. The different levels of the fair value hierarchy are defined below.

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the entity can access at measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3: Unobservable inputs for the asset.

The PBO's policy for determining when transfers between levels are deemed to have occurred can be found in Note 1. During the period no asset transferred between the above levels.

Note 5A: Fair value measurements at the end of the reporting period by hierarchy for assets in 2014

	Fair Value	Level 3 Inputs
	\$	\$
Non-financial assets		
Property, plant and equipment	2,040,551	2,040,551
Total non-financial assets	2,040,551	2,040,551
Total fair value measurements of assets in the statement of financial position	2,040,551	2,040,551

The highest and best use of all non-financial assets are the same as their current use.

Note 5B: Valuation technique and inputs for Level 3 fair value measurements

Valuation technique - cost approach	Fair Value
	\$
Inputs - unobservable	
Property, plant and equipment	2,040,551
Total non-financial assets	2,040,551

During the period, valuation services from Preston Rowe Patterson (PRP) NSW Pty Limited were procured and the valuation models used by PRP are reflected in the above disclosure. PRP has provided assurance that the model developed is in accordance with AASB13 Fair Value Measurement.

The significant unobservable inputs used in the fair value measurement of the assets are the estimated useful lives. Changes to the useful lives would result in a change to the reported fair value.

Note 5C: Reconciliation for recurring Level 3 fair value measurements

	Fair Value
	\$
Property plant and equipment	
Opening balance	392,227
Purchases	1,770,134
Sales - ICT consolidation	(115,782)
Revaluation increment	50,305
Depreciation charge	(56,333)
Total property plant and equipment	2,040,551
Total non-financial assets at fair value	2,040,551

Note 6: Financial assets

	2014	2013
	\$	\$
Note 6A: Cash and cash equivalents		
Cash on hand or on deposit	11,077	21,637
Total cash and cash equivalents	11,077	21,637
Note 6B: Other receivables		
Appropriations receivable		
Departmental appropriation	1,893,055	3,040,453
Net GST receivable from the ATO	2,988	11,529
Other receivables		
Related entities	53,086	36,086
Total other receivables	1,949,129	3,088,068
Receivables are aged as follows:		
Not overdue	1,949,129	3,088,068
Total receivables	1,949,129	3,088,068

Other receivables have terms of 30 days (2013: 30 days).

Note 7: Non-financial assets

	2014	2013
	\$	\$
Note 7A: Property, plant and equipment		
Property, plant and equipment		
Work in progress	-	399,055
Fair value	2,280,551	-
Accumulated depreciation	(240,000)	(6,828)
Total property, plant and equipment	2,040,551	392,227

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.

Revaluations of non-financial assets

All revaluations were conducted in accordance with the revaluation policy stated at Note 1.14.

Revaluation increment for property plant and equipment was \$50,305.

All increments were transferred to the asset revaluation by asset class and included in the equity section of the statement of financial position.

Note 7: Non-financial assets (continued)

Note 7B: Reconciliation of the opening and closing balances of property, plant and equipment

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

	Property, plant and equipment \$	Total \$
As at 1 July 2013		
Gross book value	399,055	399,055
Accumulated depreciation and impairment	(6,828)	(6,828)
Total as at 1 July 2013	392,227	392,227
Additions		
Purchase	1,770,134	1,770,134
Net revaluation increment	50,305	50,305
Restructuring*	(115,782)	(115,782)
Depreciation	(56,333)	(56,333)
Total as at 30 June 2014	2,040,551	2,040,551
Total as at 30 June 2014 represented by:		
Gross book value	2,280,551	2,280,551
Accumulated depreciation and impairment	(240,000)	(240,000)
Total as at 30 June 2014	2,040,551	2,040,551

* During 2014 the Presiding Officers endorsed the consolidation of ICT across the parliamentary departments. In accordance with this decision the PBO transferred its ICT hardware assets at net book value to the Department of Parliamentary Services for no consideration, recognising a reduction in equity. Refer to Note 10 - Restructuring.

Reconciliation of the opening and closing balances of property, plant and equipment for 2013

	Property, plant and equipment \$	Total \$
As at 1 July 2012		
Gross book value	-	-
Accumulated depreciation and impairment	-	-
Total as at 1 July 2012	-	-
Additions		
Purchase	399,055	399,055
Depreciation	(6,828)	(6,828)
Total as at 30 June 2013	392,227	392,227
Total as at 30 June 2013 represented by:		
Gross book value	399,055	399,055
Accumulated depreciation and impairment	(6,828)	(6,828)
Total as at 30 June 2013	392,227	392,227

Note 7: Non-Financial Assets (continued)

	2014	2013
	\$	\$
Note 7C: Intangibles		
Computer software		
Internally developed - in progress	-	651,431
Internally developed - in use	1,239,248	-
Accumulated amortisation	(103,271)	-
Total computer software	1,135,977	651,431
Total intangibles	1,135,977	651,431

No indicators of impairment were found for the intangibles. The intangibles are not expected to be sold or disposed of within the next 12 months.

Note 7D: Reconciliation of the opening and closing balances of intangibles

Reconciliation of the opening and closing balances of intangibles for 2014

	Computer software (internally developed)	Total
	\$	\$
As at 1 July 2013		
Gross book value	651,431	651,431
Accumulated amortisation and impairment	-	-
Total as at 1 July 2013	651,431	651,431
Additions		
Purchase	587,817	587,817
Amortisation	(103,271)	(103,271)
Total as at 30 June 2014	1,135,977	1,135,977
Total as at 30 June 2014 represented by:		
Gross book value	1,239,248	1,239,248
Accumulated amortisation and impairment	(103,271)	(103,271)
Total as at 30 June 2014	1,135,977	1,135,977

Reconciliation of the opening and closing balances of intangibles for 2013

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

Note 7: Non-financial assets (continued)

	2014	2013
	\$	\$
Note 7E: Other non-financial assets		
Prepayments	15,340	51,228
Total other non-financial assets	15,340	51,228
Other non-financial assets expected to be recovered in:		
No more than 12 months	15,340	47,214
More than 12 months	-	4,014
Total other non-financial assets	15,340	51,228

No indicators of impairment were found for non-financial assets.

Note 8: Payables

	2014	2013
	\$	\$
Note 8A: Suppliers		
Trade creditors and accruals		
Related entities	282,859	954,170
External entities	42,511	115,397
Total suppliers	325,370	1,069,567

All supplier payables are expected to be settled within 12 months

Note 8B: Other payables

Wages and salaries	118,655	115,883
Superannuation	20,918	15,877
Other	5,936	4,202
Total other payables	145,509	135,962

All other payables are expected to be settled within 12 months

Settlement is usually made within 30 days.

Note 9: Provisions

	2014	2013
	\$	\$
Employee provisions		
Leave	1,431,688	1,258,962
Total employee provisions	1,431,688	1,258,962
Employee provisions are expected to be settled		
No more than 12 months	377,683	461,300
More than 12 months	1,054,005	797,662
Total employee provisions	1,431,688	1,258,962

Note 10: Restructuring

During 2014 the Presiding Officers endorsed the consolidation of ICT across the parliamentary departments. In accordance with this decision the PBO transferred its ICT hardware assets at net book value (\$115,782) to the Department of Parliamentary Services for no consideration, recognising a reduction in equity.

Note 11: Cash flow reconciliation

	2014	2013
	\$	\$
Reconciliation of cash and cash equivalents as per statement of financial position to cash flow statement		
Cash and cash equivalents as per		
Cash flow statement	11,077	21,637
Statement of financial position	11,077	21,637
Discrepancy	-	-
Reconciliation of net cost of services to net cash from operating activities		
Net cost of services	(6,699,116)	(4,450,900)
Revenue from Government	8,274,000	6,191,000
Adjustments for non-cash items		
Depreciation / amortisation	159,604	6,828
Changes in assets/liabilities		
(Increase) / decrease in other receivables	1,138,939	(3,088,068)
(Increase) / decrease in other non financial assets	35,888	(51,228)
Increase / (decrease) in supplier payables	(744,197)	1,069,567
Increase / (decrease) in other payables	9,547	135,962
Increase / (decrease) in employee provisions	172,726	1,258,962
Net cash from operating activities	2,347,391	1,072,123

Note 12: Contingent assets and liabilities

As at 30 June 2014, the PBO did not have any contingent assets or contingent liabilities.

Note 13: Senior Executive remuneration

Note 13A: Senior Executive remuneration expenses for the reporting period

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

	2014	2013
	\$	\$
Short-term employee benefits		
Salary	1,133,344	731,302
Allowances	-	198
Total short-term employee benefits	1,133,344	731,500
Post-employment benefits		
Superannuation	160,184	92,860
Total post-employment benefits	160,184	92,860
Other long-term benefits		
Annual leave accrued	93,639	57,642
Long-service leave	30,530	30,944
Total other long-term benefits	124,169	88,586
Total senior executive remuneration expenses	1,417,697	912,946

1. Note 13A is prepared on an accrual basis.

2. Note 13A excludes acting arrangements and part-year service where total remuneration expensed as a senior executive was less than \$195,000.

Note 13B: Average annual reportable remuneration paid to substantive senior executives during the reporting period
Average annual reportable remuneration paid to substantive senior executives in 2014

Average annual reportable remuneration	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
No.	No.	\$	\$	\$	\$	\$
less than \$195,000	3	77,175	11,906	-	-	89,081
\$195,000 to \$224,999	3	180,185	29,116	-	-	209,301
\$255,000 to \$284,999	2	225,735	37,687	-	-	263,422
\$405,000 to \$434,999	1	398,043	29,462	-	-	427,505
Total	9					

Total reportable remuneration (including part-time arrangements):

Average annual reportable remuneration paid to substantive senior executives in 2013

Average annual reportable remuneration	Substantive senior executives	Reportable salary ²	Contributed superannuation ³	Reportable allowances ⁴	Bonus paid ⁵	Total reportable remuneration
No.	No.	\$	\$	\$	\$	\$
less than \$195,000	4	84,999	11,576	-	-	96,575
\$225,000 to \$254,999	2	201,300	32,533	99	-	233,932
\$375,000 to \$404,999	1	357,518	26,014	-	-	383,532
Total	7					

Total reportable remuneration (including part-time arrangements):

1. This table reports substantive senior executives who received remuneration during the reporting period. Each row is an averaged figure based on headcount for individuals in the band.

2. Reportable salary includes the following:

- (a) gross payments (less any bonuses paid, which are separated out and disclosed in the 'bonus paid' column)
- (b) reportable fringe benefits (at the net amount prior to 'grossing up' for tax purposes)
- (c) reportable employer superannuation contributions and
- (d) exempt foreign employment in come

3. 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.

4. 'Reportable allowances' are the average actual allowances paid as per the 'total allowances' line on individuals' payment summaries.

5. '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.

Note 13C: Other Highly Paid Staff

During the reporting period, there were no employees whose salary plus performance bonus were \$195,000 or more, that are not reported in Note 13B - Average annual reportable remuneration paid to substantive executives during the reporting period.

Note 14: Remuneration of auditors

	2014	2013
	\$	\$
Financial statement audit services were provided free of charge by the Australian National Audit Office (ANAO)		
Fair value of the services provided was:		
Financial statement audit services	42,000	30,000
Total of fair value of services provided	42,000	30,000

Note 15: Financial instruments

Note 15A: Categories of financial instruments

	2014	2013
	\$	\$
Financial assets		
Loans and receivables		
Cash and cash equivalents	11,077	21,637
Other receivables	53,086	36,086
Total financial assets	64,163	57,723
Financial liabilities		
Financial liabilities measured at amortised cost		
Trade creditors	325,370	1,069,567
Total financial liabilities	325,370	1,069,607

Note 15B: 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.

Note 15: Financial instruments (continued)

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

	2014	2013
	\$	\$
Cash and cash equivalents	11,077	21,637
Other receivables	53,086	36,086
Total	64,163	57,723

Note 15C: 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 in place to ensure there are appropriate resources to meet its financial obligations. In addition, the PBO has no past experience of default.

Maturity of non-derivative financial liabilities in 2014

	On demand 2014 \$	Within 1 year 2014 \$	1 to 2 years 2014 \$	2 to 5 years 2014 \$	More than 5 years 2014 \$	Total 2014 \$
Liabilities at amortised cost						
Trade creditors	-	325,370	-	-	-	325,370
Total	-	325,370	-	-	-	325,370

Maturity of non-derivative financial liabilities in 2013

	On demand 2013 \$	Within 1 year 2013 \$	1 to 2 years 2013 \$	2 to 5 years 2013 \$	More than 5 years 2013 \$	Total 2013 \$
Liabilities at amortised cost						
Trade creditors	-	1,069,567	-	-	-	1,069,567
Total	-	1,069,567	-	-	-	1,069,567

The PBO had no derivative financial liabilities in either 2014 or 2013.

Note 15D: Market Risk

The financial instruments held by the PBO did not result in an exposure to any market risk such as 'currency risk' and 'other price risk'.

Note 16: Financial assets reconciliation

		2014	2013
	Notes	\$	\$
Total financial assets per statement of financial position		1,960,206	3,109,705
less non-financial instrument components			
Appropriation receivable		1,893,055	3,040,453
GST receivable		2,988	11,529
Total non-financial instrument components		1,896,043	3,051,982
Total financial assets as per financial instruments note	15A	64,163	57,723

Note 17: Appropriations

Note 17A: Annual appropriations ('recoverable GST exclusive')

Annual appropriations ('recoverable GST exclusive') 2014

	Appropriation Act				FMA Act				Appropriation applied in 2014	
	Annual appropriation	Appropriations reduced ¹	AFM	Section 30	Section 31	Section 32	Section 32	Total appropriation	(current and prior years)	Variance ²
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Departmental Ordinary annual services	7,702,000	-	-	-	274,654	-	-	7,976,654	(6,072,522)	1,904,132
Total departmental	7,702,000	-	-	-	274,654	-	-	7,976,654	(6,072,522)	1,904,132

1. Appropriations reduced under Appropriation (Parliamentary Departments) Acts (No. 1) 2013-14 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.
2. The \$1.9m variance between the appropriation provided and applied is largely due to retained funding for future leave entitlements and capital purchases.

Annual appropriations ('recoverable GST exclusive') 2013

	Appropriation Act				FMA Act				Appropriation applied in 2013	
	Annual appropriation	Appropriations reduced ¹	AFM	Section 30	Section 31	Section 32	Section 32	Total appropriation	(current and prior years)	Variance ²
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Departmental Ordinary annual services	6,063,000	-	-	-	899,830	-	-	6,962,830	(4,028,740)	2,934,090
Total departmental	6,063,000	-	-	-	899,830	-	-	6,962,830	(4,028,740)	2,934,090

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.
2. The \$2.934m variance between the appropriation provided and applied is largely due to staffing and activity reflecting the establishment phase of the PBO.

Note 17: Appropriations (continued)

Reconciliation of appropriation to revenues from Government		2014	2013
	Notes	\$	\$
Annual appropriation			
Ordinary annual services		7,702,000	6,063,000
Section 31 FMA receipts		274,654	899,830
Total appropriation	17A	7,976,654	6,962,830
less non-revenue recognition components			
Unspent section 31 receipts		(274,654)	(899,830)
Measure announced in 2013-14 Budget (appropriated in 2013-14 recognised in 2012-13)		(128,000)	128,000
Total non-revenue recognition components		(402,654)	(771,830)
Plus special appropriation receipts		700,000	-
Total revenue from Government	4B	8,274,000	6,191,000

Note 17B: Unspent departmental annual appropriations ('recoverable GST exclusive')

	2014	2013
	\$	\$
Authority		
Appropriation (Parliamentary Departments) Act (No. 1)	1,904,132	-
Appropriation (Parliamentary Departments) Act (No. 1)	-	2,934,090
Total	1,904,132	2,934,090

Note 17C: Special appropriations applied ('recoverable GST exclusive')

Authority	Type	Purpose	Appropriation applied	
			2014	2013
			\$	\$
<i>Parliamentary Service Act 1999</i>	Limited amount	To provide an appropriation for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office.	700,000	-
Total special appropriations applied			700,000	-

Note 18: Compensation and debt relief

No 'Act of Grace' expenses were incurred during the reporting period (2013: Nil).

No waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997* (2013: Nil).

No ex-gratia payments were provided for during the reporting period (2013: Nil).

No payments were provided in special circumstances relating to employment pursuant to section 66 of the *Parliamentary Service Act 1999* during the reporting period (2013: Nil).

Note 19: Section 83 of the Constitution - generic payments

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

During 2013-14 the PBO has reviewed its processes and controls over payments for these items and assesses the risk of a breach to be low.

The PBO is not aware of any specific breaches during 2013-14.

The Australian Government continues to have regard to developments in case law, including the High Court's most recent decision on Commonwealth expenditure in *Williams v Commonwealth* [2014] HCA 23, as they contribute to the larger body of law relevant to the development of Commonwealth programs. In accordance with its general practice, the Government will continue to monitor and assess risk and decide on any appropriate actions to respond to risks of expenditure not being consistent with constitutional or other legal requirements.

Note 20: Reporting of outcomes

Net Cost of Outcome Delivery

	Outcome 1	
	2014	2013
	\$	\$
Departmental		
Expenses	6,990,538	4,635,823
Own source income	291,422	184,923
Net cost of outcome	6,699,116	4,450,900



Appendixes

Appendix A: Agency resource and outcome expense statements

This section details the PBO’s resources and expenses for 2013–14.

The tables in this appendix correspond to tables for 2013–14 in the PBO’s Portfolio Budget Statements 2014–15:

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

Table A1: Agency resource statement

		Actual available appropriation for 2013–14	Payments made 2013–14	Balance remaining 2013–14
		\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Ordinary Annual Services				
		10,636	8,732	1,904
	Departmental appropriation ¹			
	Total ordinary annual services	A	8,732	1,904
Special appropriation				
	Special appropriation limited by amount [Parliamentary Service Act 1999 section 64D]	6,000	700	5,300
	Total special appropriation	B	700	5,300
	Total resourcing and payments	A+B	9,432	7,204

¹ *Appropriation (Parliamentary Departments) Act (No. 1) 2013–14*. This includes prior year departmental appropriation and section 31 relevant agency receipts.

Table A2: Outcome expense statement

	Budget*	Actual expenses	Variation
	2013–14	2013–14	2013–14
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Outcome 1			
Departmental expenses			
Departmental appropriation ¹	6,990	6,540	450
Expenses not requiring appropriation in the Budget year ²	502	451	51
Total expenses for Outcome 1	7,492	6,991	501
	2013–14	2012–13	
Average staffing level (number)	35	18	

* Full year budget including any subsequent adjustment made to the 2013–14 Budget.

¹ Departmental appropriation combines ordinary annual services *Appropriation (Parliamentary Departments) Act (No. 1) 2013–14* and revenue from independent sources (section 31).

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

Appendix B: Staffing statistics, 30 June 2014

Table B1: Employee numbers by classification level, gender and employment status

Classification	Male	Female	Ongoing	Non-ongoing	Total
Parliamentary Service Level 4	–	2	1	1	2
Parliamentary Service Level 5	–	1	1	–	1
Parliamentary Service Level 6	2	2	4	–	4
Parliamentary Executive Level 1	9	6	15	–	15
Parliamentary Executive Level 2	4	2	6	–	6
Senior Executive Service Band 1	3	1	4	–	4
Senior Executive Service Band 2	2	–	2	–	2
Parliamentary Budget Officer*	1	–	1	–	1
Total	21	14	34	1	35

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

All staff are located at Parliament House, Canberra. As at 30 June 2014, all employees were engaged on a full-time basis.

Table B2: Remuneration by classification level

Classification	Min. salary \$†	Max. salary \$†
Parliamentary Service Level 4	61,800	66,950
Parliamentary Service Level 5	69,010	75,705
Parliamentary Service Level 6	79,310	89,095
Parliamentary Executive Level 1	99,910	115,360
Parliamentary Executive Level 2	118,450	141,110
Senior Executive Service Band 1	206,000	236,900
Senior Executive Service Band 2	257,500	298,700
Parliamentary Budget Officer*	N/A	N/A

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

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

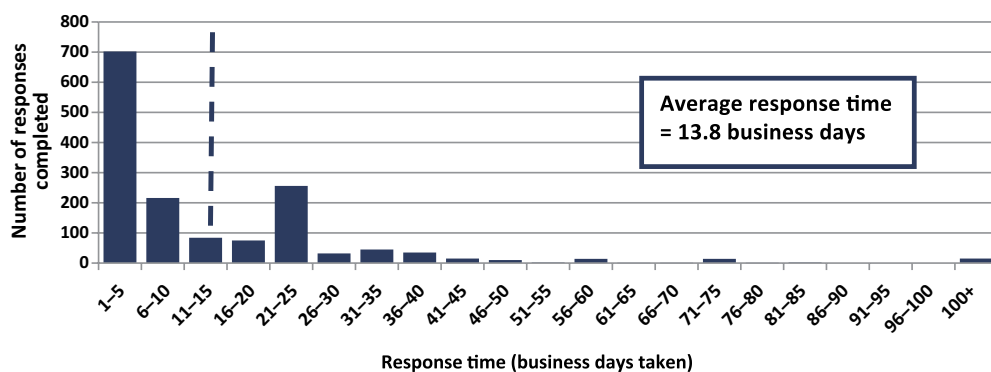
Appendix C: Other statistics

Table C1: Costing and budget analysis requests from parliamentarians and parliamentary parties—2013–14 by quarter

	2012–13	2013–14				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	–	463	–	–	60	463
Requests received in period	1,146	825	201	69	195	1,290
Requests withdrawn in period	19	121	1	–	40	162
Requests completed in period	664	1,167	200	9	144	1,520
Average time to completion (business days)	33.9	14.2	2.9	12.9	26.0	13.8
Requests outstanding at end of period	463	–	–	60	71	71

Figure C1 shows the time taken by the PBO to complete requests received from parliamentarians and parliamentary parties.

Figure C1: Response times to requests received from parliamentarians and parliamentary parties—2013–14



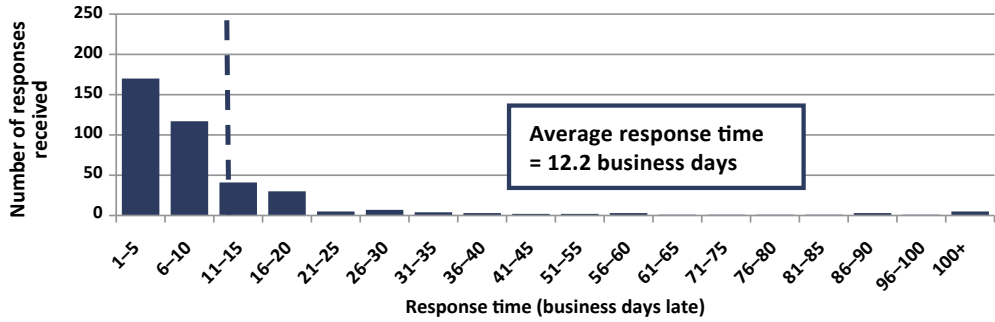
Business days taken	Count	Proportion %	Cumulative %
1-5	702	46	46
6-10	216	14	60
11-15	84	6	66
16-20	75	5	71
21-25	256	17	88
26-30	32	2	90
31-35	45	3	93
36-40	35	2	95
41-45	15	1	96
46-50	10	1	97
51-55	2	0	97
56-60	14	1	98
61-65	1	0	98
66-70	1	0	98
71-75	14	1	99
76-80	1	0	99
81-85	2	0	99
100+	15	1	100
Total	1520	100	-

Table C2: Information requests to agencies—2013–14 by quarter

	2012–13	2013–14				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	–	29	15	6	7	29
Requests sent in period	360	234	16	43	95	388
Requests received in period	331	248	25	42	82	397
Requests received by due date	149	129	10	27	40	206
Requests received after due date	182	119	15	15	42	191
Average time taken to respond (business days)	12.0	10.1	29.1	12.6	13.3	12.2
Average punctuality (business days late)	3.0	4.8	21.9	1.9	3.8	5.3
Average lateness of late requests (business days)	6.5	10.4	37.7	7.5	8.7	12.0
Requests outstanding at end of period	29	15	6	7	20	20

Figure C2 shows the time taken by government agencies to respond to information requests from the PBO.

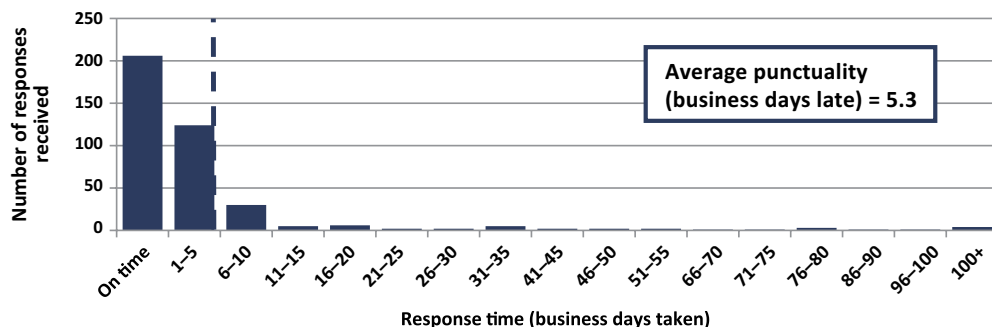
Figure C2: Agencies’ response time for completed information requests—2013–14



Business days taken	Responses received	Proportion (%)	Cumulative (%)
1-5	170	43	43
6-10	117	29	72
11-15	41	10	83
16-20	30	8	90
21-25	5	1	91
26-30	7	2	93
31-35	4	1	94
36-40	3	1	95
41-45	2	1	95
51-55	2	1	96
56-60	3	1	97
61-65	1	0	97
71-75	1	0	97
76-80	1	0	97
81-85	1	0	98
86-90	3	1	98
96-100	1	0	99
100+	5	1	100
Total	397	100	–

Figure C3 shows that while the majority of requests (52 per cent) to government agencies were responded to on time (i.e. on or before the due date), the average timeliness of responses received in 2013–14 was around 5.3 business days late.

Figure C3: Timeliness of response by agencies to PBO information requests—2013–14



Business days late	Responses received	Proportion (%)	Cumulative (%)
On time	206	52	52
1–5	124	31	83
6–10	30	8	91
11–15	5	1	92
16–20	6	2	93
21–25	2	1	94
26–30	2	1	94
31–35	5	1	96
41–45	2	1	96
46–50	2	1	97
51–55	2	1	97
66–70	1	0	97
71–75	1	0	98
76–80	3	1	98
86–90	1	0	99
96–100	1	0	99
100+	4	1	100
Total	397	100	–

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 2013–14, 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 2013–14 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>Workstation ergonomic assessments were offered to all employees and provided to those who requested them.</p>
Advertising and market research	<p>The PBO did not undertake any advertising campaigns in 2013–14.</p> <p>In 2013–14 the PBO paid \$285 (including GST) for recruitment advertising. The PBO did not engage any other advertising or market research services.</p>

Requirement	Comment
Ecologically sustainable development and environmental performance	As the PBO is located in Parliament House, all facilities and environmental management activities are undertaken by DPS and included in its annual report.
Disability reporting mechanisms	<p>Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s <i>State of the Service Report</i> and the <i>APS Statistical Bulletin</i>. These reports are available at www.apsc.gov.au. Since 2010–11, departments and agencies have no longer been required to report on these functions.</p> <p>The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. The first of these reports will be available in late 2014 and will be available at www.dss.gov.au.</p> <p>The PBO is not subject to the Australian Public Service Commission reporting requirements but has provided information in this report about the PBO’s support for the elimination of disability discrimination. Specifically the PBO has:</p> <ul style="list-style-type: none"> • published reports on the PBO website in a format to improve accessibility • ensured its permanent office accommodation provides suitable access for all employees of, and visitors to, the PBO.

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The annual report must include a summary statement detailing the number of new consultancy services contracts let during the year; the total actual expenditure on all new consultancy contracts let during the year (inclusive of GST); the number of ongoing consultancy contracts that were active in the reporting year; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST). The annual report must include a statement noting that information on contracts and consultancies is available through the AusTender website.	29
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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.
Coalition	The Liberal Party of Australia and the National Party of Australia are referred to as a single designated party for the purposes of this report.
election commitment	In relation to a general election, this means a policy that a parliamentary party has publicly announced it intends to seek to have implemented after the election, as defined in section 7 of the <i>Parliamentary Service Act 1999</i> .
measure	In the context of this report a measure is a government decision that has a real or potential impact on the Budget.
memorandum of understanding	A memorandum of understanding (MOU) is a written agreement that outlines the working relationship between collaborating entities.
parliamentarian	A parliamentarian is a person elected as a result of an election to represent the members of a constituency. In the Commonwealth Parliament parliamentarians are either Senators or Members.
policy costings	Policy costings are prepared in both accrual and cash terms and include the impact on the fiscal balance, the underlying cash balance and, if appropriate, the headline cash balance.
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
FOI	freedom of information
FMA Act	<i>Financial Management and Accountability Act 1997</i>
GDP	gross domestic product
JCPAA	Joint Committee of Public Accounts and Audit
MOU	memorandum of understanding
PBO	Parliamentary Budget Office
SES	Senior Executive Service

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