



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

