



Parliament of Australia
Parliamentary Budget Office



Parliamentary Budget Office
annual report 2016–17



Parliamentary Budget Office
annual report 2016–17

© Commonwealth of Australia 2017

ISSN 2202-6363 (Print)

ISSN 2202-6371 (Online)



This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs 3.0 Australia Licence.

The details of this licence are available on the Creative Commons website:
<http://creativecommons.org/licenses/by-nc-nd/3.0/au/>

This report must be attributed as the *Parliamentary Budget Office annual report 2016–17*.

Use of the Coat of Arms

The terms under which the Coat of Arms can be used are detailed on the following website:
www.dpmc.gov.au/government/commonwealth-coat-arms

Produced by: Parliamentary Budget Office

Printed by: Prinstant

Cover photograph by: AUSPIC



Parliament of Australia
Parliamentary Budget Office

Jenny Wilkinson
Parliamentary Budget Officer

Senator the Hon Stephen Parry
President of the Senate

The Hon Tony Smith MP
Speaker of the House of Representatives

Dear Mr President and Mr Speaker

I am pleased to present the annual report on the operations of the Parliamentary Budget Office (PBO) for the year ended 30 June 2017, as required by section 46 of the *Public Governance, Performance and Accountability Act 2013*.

The report has also been prepared in accordance with section 65 of the *Parliamentary Service Act 1999*, which requires that you present the report to each House of the Parliament.

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

Yours sincerely

Jenny Wilkinson

9 October 2017

Parliamentary Budget Office PO Box 6010 Parliament House Canberra ACT 2600

Tel: 02 6277 9500 Web: www.pbo.gov.au

Guide to the report

This annual report documents the performance of the Parliamentary Budget Office (PBO) in the financial year ending 30 June 2017.

It addresses all applicable obligations under the *Public Governance, Performance and Accountability Act 2013*, the performance measures set out in the outcome and programs framework in the PBO's 2016–17 Portfolio Budget Statements and the PBO's 2016–17 work plan and annual reporting requirements set out in other relevant legislation.

Part 1: Overview

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

Part 2: Performance reporting

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

Part 3: Management and accountability

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

Part 4: Financial statements

Part 4 presents the PBO's audited financial statements.

Appendices

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

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

Assistant Parliamentary Budget Officer
Corporate Strategy Branch
Parliamentary Budget Office
PO Box 6010
Parliament House
Canberra ACT 2600

Phone: (02) 6277 9500
Email: pbo@pbo.gov.au

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

Contents

Part 1: Overview	1
Parliamentary Budget Officer's review	3
Parliamentary Budget Office overview	5
Part 2: Performance reporting	7
Introduction	9
The 2016 election	9
Policy costings and budget analyses	10
Published research	14
Capability building	16
Engagement with stakeholders	17
Media citations	20
Annual performance statement	21
Financial performance	22
Part 3: Management and accountability	25
Corporate governance	27
External scrutiny	29
Human resource management	29
Commitment to reconciliation	31
Compliance with finance law	32
Asset management	33
Purchasing	33
Consultants	33
Procurement initiatives to support small business	33
Other mandatory information	34
Part 4: Financial statements	35
Appendices	51
Appendix A – Entity resource and outcome expense statements	53
Appendix B – Staffing statistics	55
Appendix C – Other statistics	57
Appendix D – List of requirements	60
Glossary	67
Abbreviations and acronyms	67
Index	68

Part 1
Overview



Parliamentary Budget Officer's review

The year in review

The 2016–17 financial year marked the fifth year in which the Parliamentary Budget Office (PBO) has been in operation. Over these five years, the PBO has established itself and filled a significant gap in Australia's public policy landscape. It has supported a more informed policy debate by providing all parliamentarians with access to services to estimate the fiscal cost of policy proposals, providing transparency around the fiscal cost of election platforms for major parties and publishing research to promote a better understanding of fiscal policy and the budget.

After the 2016 general election, in accordance with section 64T of the *Parliamentary Service Act 1999*, the Joint Committee of Public Accounts and Audit (JCPAA) initiated an independent review of the PBO's operations to focus on how the PBO could build on its foundations and strengthen its abilities.

The review, completed in March 2017, found that the PBO is widely regarded as a credible, independent and non-partisan organisation that produces rigorous analysis relevant to the public policy debate. Sixteen recommendations were made in relation to how the PBO could further improve its operations and effectiveness. The PBO agrees with all of the recommendations.

During 2016–17, the demand for the PBO's services remained high, although it eased following the general election, with the number of responses to requests for costings and budget analysis declining from 3,251 in 2015–16 to 1,888 in 2016–17. Nonetheless the demand for costings and budget analysis outside an election period has continued to increase strongly over time; activity in 2016–17 was around double the level of the previous non-election year (2014–15).

Over time, parliamentarians are increasingly using the PBO as part of their policy development process and in the course of parliamentary business, ensuring that the fiscal cost of proposals are taken into account in the policy debate. Since April 2017, the PBO has provided medium-term (10 year) cost estimates in response to all costing requests so that it is clearer whether the estimates of the fiscal cost over the forward estimates are representative of the longer term impacts the proposal may present. The PBO is also increasingly being used to provide broader analysis of budget issues, including, where possible, to understand the distributional impacts of policy proposals.

In addition to our costing and budget analysis work, the PBO made submissions, at their request, to the House of Representatives Standing Committee on Economics inquiry into tax deductibility, and to the Senate Select Committee on Red Tape inquiry into the effect of red tape on the sale, supply and taxation of alcohol. Our submissions to these inquiries are available on our website.

The PBO's research program has continued to focus on improving the transparency and public understanding of the budget and fiscal policy settings. Factors that affect the sustainability of the budget over the medium term have continued to be a significant focus.

During the year, the PBO published a number of analytical research reports. These included the Post-election report of election commitments, following the 2016 general election, and the National fiscal outlook, following the release of 2016–17 budgets across all levels of government. The PBO also published two sector specific reports, analysing fiscal issues associated with the operation of the National Broadband Network and the Future Fund.

The PBO's work was cited regularly in the media as part of ongoing public policy debates. The PBO's publications were also frequently accessed via our website.

The year ahead

Details of our proposed activities during the coming year may be found in our 2017–18 work plan that was published on 22 September 2017. The work plan incorporates our response to the independent review of the PBO and details how we intend to implement each recommendation. Implementation of these recommendations is intended to improve the efficiency and effectiveness of our operations and ensure we are well positioned to meet the expected increase in demand for our services in the lead up to the next general election.

As a priority, we will continue to respond to parliamentarians' requests for policy costings and budget analysis, and requests for assistance from parliamentary committees. Our research program will continue to focus on the sustainability of fiscal policy settings over the medium term and risks to the fiscal outlook.

The inaugural Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, retired on 22 July 2017. Mr Bowen did an outstanding job in establishing and leading the PBO over its first five years. As a result of Mr Bowen's efforts, the PBO has credibility, strong foundations and dedicated and capable staff that will support its evolution over the period ahead.

As the new Parliamentary Budget Officer from 24 July 2017, I look forward to working with the Presiding Officers, the JCPAA, parliamentarians, Commonwealth agencies and others to continue to shape the PBO into the future to best meet the needs of parliamentarians and the Australian public more generally.

Jenny Wilkinson
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 our Portfolio Budget Statements and work plan for 2016–17.

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

Functions

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

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

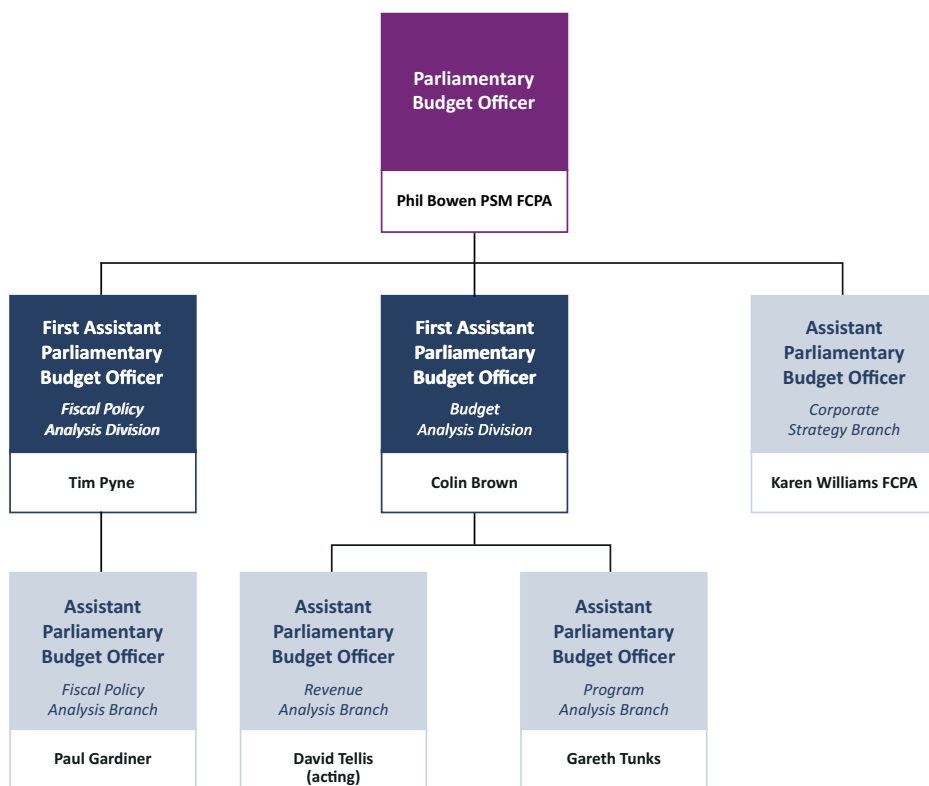
Organisational structure

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

- Budget Analysis Division—responsible for preparation of budget analyses and policy costings
- Fiscal Policy Analysis Division—responsible for leading the PBO’s research 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.

As at 30 June 2017, the PBO had 44 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 and senior staffing at 30 June 2017



Note: Mr Phil Bowen PSM FCPA retired as Parliamentary Budget Officer on 22 July 2017.

Part 2

Performance reporting



Introduction

Our priorities in 2016–17, along with our allocation of resources and accountability arrangements, were set out in the 2016–17 work plan, published in accordance with the requirements of the *Parliamentary Service Act 1999* following consultation with the Joint Committee of Public Accounts and Audit (JCPAA).

The 2016–17 work plan outlined the following priorities:

- to publish the post-election report of the budget impacts of the election commitments of designated parliamentary parties
- to prepare high quality costings and budget analyses at the request of parliamentarians in a timely manner
- to publish research that promotes a better understanding of the budget and fiscal policy settings with a particular focus on the sustainability of the budget over the medium term
- to engage effectively with parliamentary committees
- develop and maintain the PBO's financial models and databases.

The following sections in this part of the annual report address the PBO's performance against its mandate and the above priorities for 2016–17.

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

As outlined in our 2016–17 Portfolio Budget Statements, these indicators are measured by the extent of the demand for the PBO's services and citations of the PBO's outputs in the media, as well as by qualitative feedback received during the year.

The 2016 election

In our 2015–16 annual report, we reported in detail on the implementation of key strategies we adopted to prepare for the 2016 general election on Saturday 2 July 2016, namely: augmentation of our workforce to ensure we could meet the expected increase in policy costing requests; implementation of appropriate systems to support the additional activity; and provision of updated guidance material to parliamentarians and Commonwealth agencies.

Post-election report of election commitments

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

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

Election period after action review

After the release of the post-election report, we conducted a review of our 2016 election processes, in consultation with all staff in the PBO, with a view to identifying key lessons. These included identifying good practices to be carried forward to future processes, and determining areas for improvement.

The after action review identified that we were well prepared for the 2016 election and we completed the majority of costing requests before the election. The review also identified opportunities for improving our systems and our internal and external communication.

Policy costings and budget analyses

The demand from parliamentarians and parliamentary parties for policy costings and budget analyses declined in 2016–17 following the peak in demand arising from the 2016 general election. Despite this year on year decline, the trend in demand for PBO costings and budget analyses has continued to increase in non-election years. During 2016–17 the PBO completed more than double the number of responses it prepared in 2014–15, the previous non-election year. The average time to completion of responses in 2016–17 was maintained at a similar level to that achieved in 2015–16.

As shown in Table 1, the PBO had 20 requests outstanding at the start of the year, received a further 2,572 requests during the year (excluding requests that were subsequently withdrawn) and completed 1,888 responses with an average response time of 20 business days and a median response time of 12 business days. Further detail on the distribution of response times is shown in Figure 2.

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

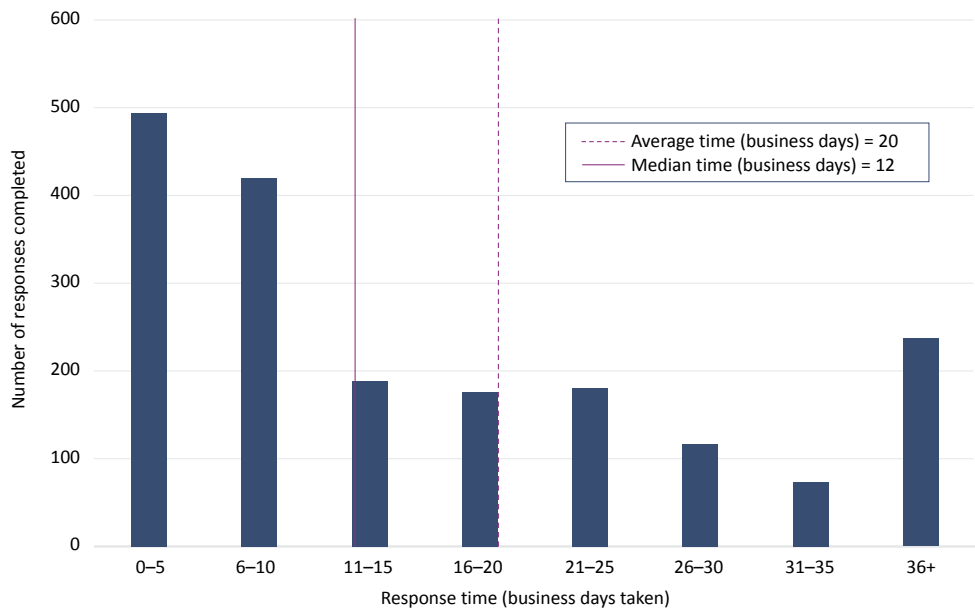
All requests to the PBO received during the 2016–17 year were prepared on a confidential basis.

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

	2015 16	2016 17				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	138	20	203	341	264	20
Requests received in period	4,146	787	746	523	516	2,572
Requests withdrawn in period	1,013	28	307	133	56	524
Requests completed in period	3,251	576	301	467	544	1,888
Average time to completion (business days)	19	6	21	34	22	20
Median time to completion (business days)	16	6	13	21	17	12
Requests outstanding at end of period	20	203	341	264	180	180

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

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



As shown in Table 2, the PBO had one outstanding information request with a Commonwealth agency at the start of the year, submitted a further 523 requests and received responses from Commonwealth agencies to 508 information requests to assist in the preparation of its costings and analyses. The average response time by agencies was eight business days with requests being submitted, on average, two days ahead of the deadline. Further detail on the distribution of agencies' response times and the timeliness of responses is shown in Figures 3 and 4 respectively.

During the year, we continued to maintain strong relationships with agencies and actively managed information request processes including setting deadlines in consultation with agencies, monitoring the progress of requests, and in some cases negotiating extensions of deadlines. This has resulted in a significant fall in the proportion of late responses in 2016–17 compared with 2015–16.

In 2016–17, we continued public reporting of agencies' responsiveness to information requests by providing this information in the activity report to the Senate Finance and Public Administration Legislation Committee and the JCPAA.

Appendix C contains details of information request responsiveness by Commonwealth agencies during 2016–17. Appendix C also details responses from Commonwealth agencies to requests for information from the PBO over the past four financial years.

Table 2: Information requests to Commonwealth agencies

	2015 16	2016 17				
	Total	Q1	Q2	Q3	Q4	Total
Requests outstanding at start of period	3	1	7	76	15	1
Requests sent in period	743	36	184	82	221	523
Requests received in period	745	30	115	143	220	508
Requests received by due date	695	29	113	139	218	499
Requests received after due date	50	1	2	4	2	9
Percentage late	7	3	2	3	1	2
Average time taken to respond (business days)	6	14	5	8	8	8
Average punctuality (business days late)	-1	-3	-5	-1	-1	-2
Average lateness of late responses (business days)	3	1	1	5	3	3
Requests outstanding at end of period	1	7	76	15	16	16

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

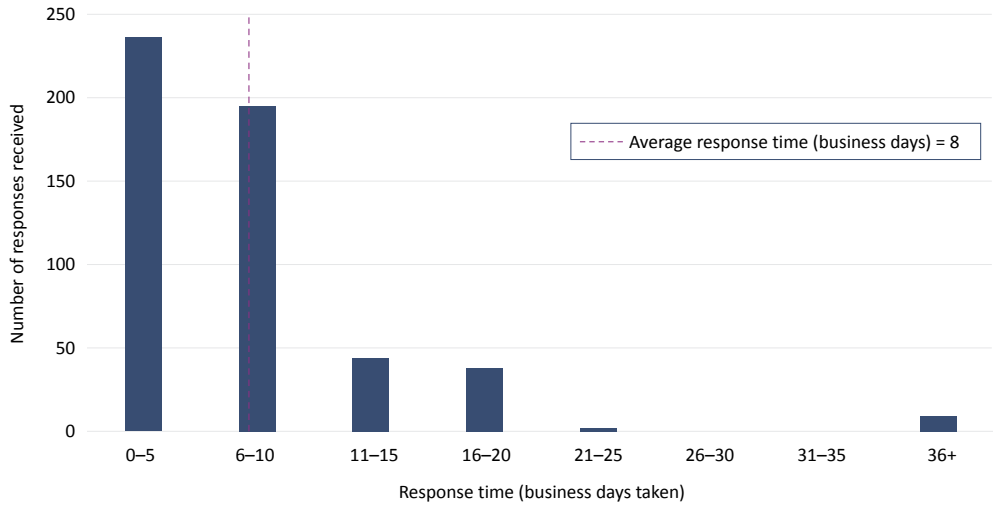
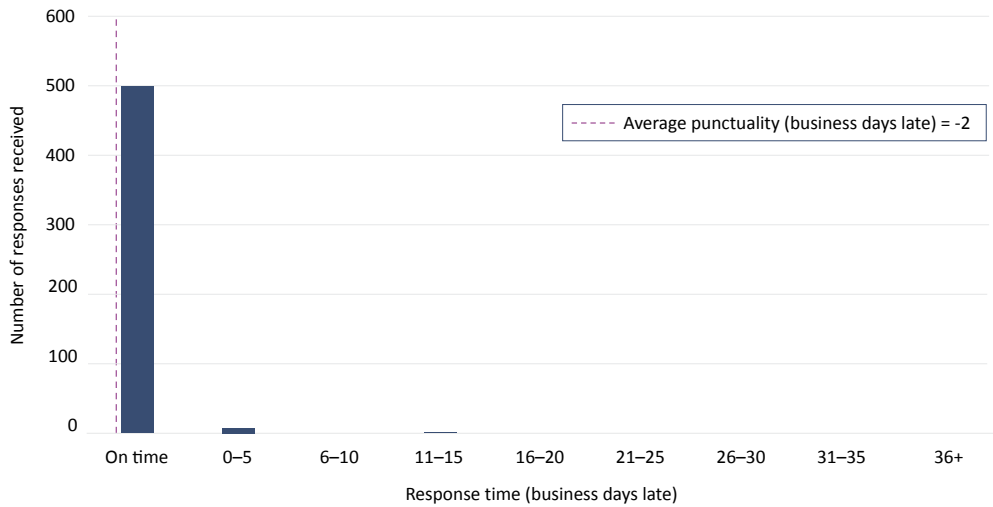


Figure 4: Timeliness of response by Commonwealth agencies to PBO information requests



Published research

Our research program seeks to enhance the transparency and public understanding of the budget and fiscal policy settings.

A priority in our 2016–17 work plan was to continue to publish research that promotes a better understanding of the budget and fiscal policy settings with a particular focus on the sustainability of the budget over the medium term.

During the year, we published the post-election report, three research reports, two budget chart packs and one other piece of analysis as outlined below. The datasets that underlie our published work are made publicly available on the PBO website, whenever possible, to be transparent and to provide a basis for others to undertake their own analyses.

Publications in 2016–17

Post-election report

- Post-election report of election commitments (5 August 2016)

Research reports

- Report no. 03/2016
National fiscal outlook: As at 2016–17 budgets (2 November 2016)
- Report no. 04/2016
National Broadband Network: Impact on the Budget (14 December 2016)
- Report no. 01/2017
Future Fund drawdown scenarios: Budget implications (8 February 2017)

Chart packs

- 2016–17 Mid-Year Economic and Fiscal Outlook—charts (12 January 2017)
- 2017–18 Budget—charts (31 May 2017)

Other budget analyses

- Unlegislated measures carried forward in the budget estimates—February 2017 update (7 February 2017)

Reports

National fiscal outlook: As at 2016–17 budgets

In November 2016, we released our report *National fiscal outlook: As at 2016–17 budgets*. This report provided an update on the national fiscal outlook based on Commonwealth and state government 2016–17 budgets. It focused on changes in the fiscal balance and net debt from the 2015–16 Commonwealth and state mid-year fiscal updates.

National Broadband Network: Impact on the Budget

In December 2016, we released our report on the *National Broadband Network: Impact on the Budget*. This report discussed the budget impact of the Commonwealth's equity and debt financing of the National Broadband Network and the associated fiscal risks.

Future Fund drawdown scenarios: Budget implications

In February 2017, we released our report *Future Fund drawdown scenarios: Budget implications*. This report discussed scenarios for the drawdown of funds from the Future Fund to meet unfunded superannuation cash payments, and the budget implications of those scenarios.

Chart packs

In January 2017, we released our *2016–17 Mid-Year Economic and Fiscal Outlook—charts* which provided a graphical summary of the 2016–17 MYEFO relative to the 2016–17 Budget, showing the impacts of policy decisions and other factors.

In May 2017, we released our *2017–18 Budget—charts* which provided a graphical summary of the 2017–18 Budget, showing the impacts of policy decisions and other factors.

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

Other budget analyses

In February 2017, we released an update to *Unlegislated measures carried forward in the budget estimates*. This analysis provided an update on the impact of unlegislated measures carried forward in the 2016–17 MYEFO on the current budget estimates and projections. Unlegislated measures represent those measures from the 2014–15 Budget and subsequent updates that had failed to pass or required legislation that had not been passed by the announced start date.

Capability building

Considerable effort has been directed to acquiring detailed datasets and developing models covering major demand-driven expenditure programs and elements of the tax and transfer system. These have improved our ability to respond to parliamentarians' requests and enhanced the quality and reliability of our costings and budget analyses.

Capability building activities have included building costing models in-house as well as acquiring costing models from the responsible agencies and adapting them for use within the PBO. In cases where we have acquired a model from an agency and made enhancements to the model, we have made the enhanced model available to the originating agency.

We place a high priority on model documentation as a way of maintaining our modelling capacity and we have implemented a system for tracking the status of documentation of critical models. We aim to have all of our critical models documented so that models can be run without staff requiring in-depth knowledge of the model.

We also seek to ensure that our staff develop a strong understanding of the policy issues on which they work. This is important in order to understand the context of policy costing requests and the relationship to other policy areas which the request may interact with. Staff are encouraged to share this knowledge within their work teams to build the capability of other staff and reduce key person risk.

We have undertaken technical training for staff focusing on developing their modelling, data analysis and programming skills. The aim is to ensure that PBO staff are equipped to undertake analysis of complex policy issues, have the ability to use large datasets, and are able to use and build models based on those datasets.

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. We consulted with the JCPAA on our work plan and resourcing and provided an activity report in advance of each Senate Estimates hearing.

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. On 14 November 2016, the JCPAA announced a review to focus on how the PBO could build on its foundations and strengthen its abilities.

The review was conducted by Dr Ian Watt AC (Chair), former Secretary, Department of the Prime Minister and Cabinet, and Mr Barry Anderson, former Deputy Director, US Congressional Budget Office. The review report was tabled in Parliament on 29 March 2017.

The review found that the PBO has been a successful institutional development in Australian governance that has filled a significant gap in Australia's public policy landscape. The review confirmed that the PBO is regarded by stakeholders as an independent and non-partisan organisation that produces rigorous analysis relevant to the public policy debate. It noted that demand for the PBO's costing and budget analysis services has continued to grow at a significant rate.

Sixteen recommendations were made in relation to how we could further improve our operations and effectiveness. The PBO agrees with all recommendations. Our responses and proposed actions are outlined in our 2017–18 work plan.

Senate Finance and Public Administration Legislation Committee

The PBO appeared before the Senate Finance and Public Administration Legislation Committee throughout the financial year. In advance of each hearing, we provided the Committee with our detailed activity report.

Other parliamentary committees

The PBO's mandate includes the preparation of submissions to inquiries of parliamentary committees on request, with the requests and the PBO's responses to be made public. During 2016–17, we were requested to prepare submissions to the following committees, with our submissions made publicly available on our website:

- Senate Select Committee on Red Tape – inquiry into the effect of red tape on the sale, supply and taxation of alcohol. Our submission (9 March 2017) provided an update of Table 3–2 and Figure 3–2 of our Report no. 03/2015 – *Alcohol taxation in Australia*. The updated information included excise and excise-equivalent customs duty and Wine Equalisation Tax receipts for the 2015–16 financial year.
- House of Representatives Standing Committee on Economics – inquiry into tax deductibility. Our submission (7 June 2017) provided an update of Table 5 from our previous submission to the Committee of 21 January 2016. The updated information related to company interest deductions by company size (turnover) for the 2013–14 and 2014–15 income years.

Briefing new parliamentarians

To assist parliamentarians with their engagement with the PBO, the Parliamentary Budget Officer provided a briefing to new Senators in August 2016. This briefing provided an outline of the establishment and role of the PBO and the services available to parliamentarians.

PBO guidance documents

During 2016–17, we published the following guidance document for Senators and Members on our website:

- Guidance 01/2017—*Replacement of reliability ratings in costing responses* (31 March 2017). This guidance provided information on the requirements on the PBO to replace the reliability rating in its costing response documents with a statement on the factors that can affect the uncertainty of that type of policy costing. The PBO's costing response documents will expand existing qualitative comments on reliability to highlight particularly uncertain elements of the specific policy when that is appropriate.

External engagement

We engage with other institutions and bodies as part of our ongoing operations.

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

In August 2016, at the request of the Parliamentary Budget Office of the Republic of South Africa, the then Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, participated in the 2016 African Parliamentary Budget Office Conference, held in Cape Town, South Africa. Mr Bowen presented on the PBO and its role in supporting Australian democracy.

In April 2017, the then Parliamentary Budget Officer, Mr Phil Bowen PSM FCPA, participated in the 9th annual meeting of the OECD network. Mr Bowen presented on the key findings and recommendations from the recent review of the PBO.

In May 2017, the First Assistant Parliamentary Budget Officer, Fiscal Policy Analysis Division, Mr Tim Pyne, attended the 2017 Seoul International Forum on Elections hosted by the National Election Commission of the Republic of Korea. Mr Pyne presented on the preparation of policy costings by the PBO and the post-election report of election commitments.

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

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.

From time to time, in the preparation of reports under the PBO's research program, the PBO engages with external reviewers to seek comments and suggestions on pre-publication draft reports. External reviewers vary according to the subject of the report and include other independent fiscal institutions, university academics, private sector economists, and researchers from think tanks.

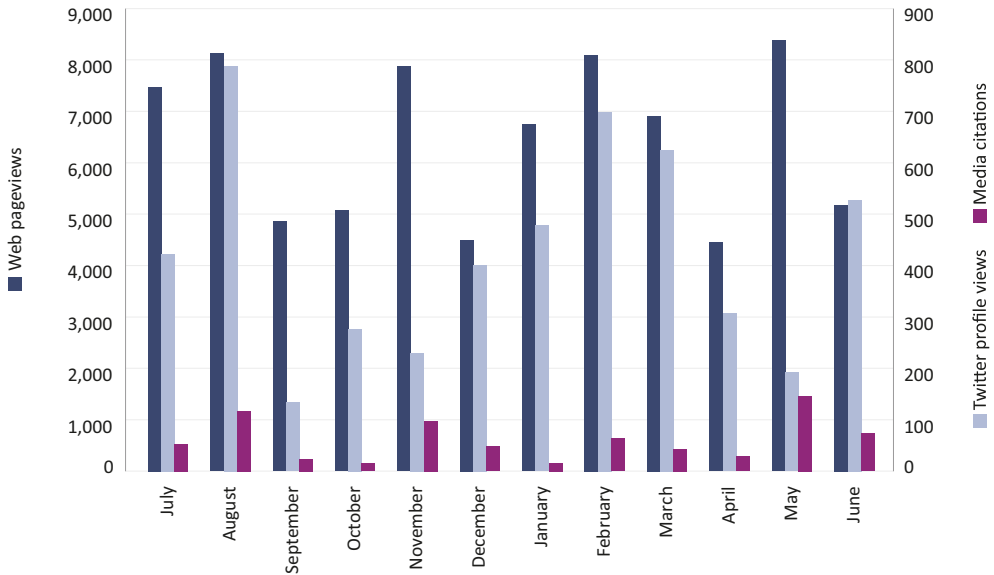
Media citations

Citations of the PBO in the media are indicative of the relevance, quality and timeliness of our outputs and the independence and transparency of our processes. We continued to contribute to the public debate in 2016–17, demonstrated by the frequency of media citations about the PBO and our outputs.

During 2016–17 the PBO recorded 725 media citations (2015–16: 1,319) across print, online and social media, television and radio, blogs and other media. Media citations were higher during 2015–16 due to the heightened media activity in the lead up to the 2016 election. Media citations refer to the PBO’s outputs including publications, policy costings and budget analyses, or the role and functions of the PBO generally. In addition to media monitoring, we also track website and Twitter statistics. In 2016–17, 77,657 pageviews of the PBO website (2015–16: 76,538) and 5,081 Twitter profile views (2015–16: 4,696) were recorded. Figure 5 shows the correlation between these statistics.

Statistics identify peaks following the publication of our reports or publicly released policy costing information, suggesting that our research and analyses generate broad discussion and contribute to the public debate.

Figure 5: 2016–17 website, Twitter and media statistics



Annual performance statement

As Parliamentary Budget Officer and the accountable authority of the PBO, I present the 2016–17 annual performance statement of the PBO, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). This annual performance statement is based on properly maintained records, accurately reflects the performance of the PBO for the reporting period, and complies with subsection 39(2) of the PGPA Act.

Purpose

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

Analysis of performance against purpose

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

The PBO assesses its performance against its purpose using criteria outlined in our 2016–17 work plan and 2016–17 Portfolio Budget Statements.

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

We measure these indicators through the extent of demand for PBO services, as evidenced in Table 1: *Costing and budget analysis requests from parliamentarians and parliamentary parties* and associated analysis and by the citations of the PBO and its outputs in the media, as evidenced in Figure 5: *2016–17 website, Twitter and media statistics* and associated analysis. We also measure these indicators through qualitative feedback we received during the year.

As part of the review of the PBO, the review panel held over 30 discussions with the PBO's stakeholders over the period December 2016 to February 2017. The review reported:

Consultations with stakeholders showed that the PBO is widely regarded as an independent, non-partisan institution, with a reputation for professional and rigorous analysis. Stakeholders had more varied views on how the PBO should evolve in the future.

For a relatively small organisation with a limited output, there was quite a significant diversity of views on the elements of the PBO's work that was of most interest and importance. Parliamentarians (and Government Departments and Agencies) placed a very heavy emphasis on the PBO's policy costing role, in particular the importance of maintaining confidentiality and striving for timely responses.

Others placed more importance on the PBO's self-initiated research reports, particularly those considering issues of medium-term fiscal sustainability and explaining complex budget accounting issues. This highlights the divergent interests as well as challenges those outside the system face in understanding parts of the budget papers.¹

The review panel gave regard to the views and feedback of the PBO's primary stakeholders in the development of the review recommendations. Accordingly, the review recommendations, and the PBO's responses, seek to improve the PBO's performance with respect to the relevance, quality and timeliness of its outputs.

Financial performance

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

Overview of financial performance

The PBO received an unmodified opinion on its 2016–17 financial statements from the Australian National Audit Office. These statements can be found in Part 4 of this report.

The PBO recorded an operating deficit of \$0.336 million for the year ended 30 June 2017. Excluding depreciation and amortisation, the operating result attributable to the PBO was nil.

Expense impacts

Overall, total expenses increased to \$8.819 million (2015–16: \$8.202 million). This increase was largely as a result of the augmentation of the PBO's workforce to meet the increased demand associated with the general election and expenses incurred in relation to the review of the PBO.

¹ Watt, I & Anderson, B 2017, *Parliamentary Budget Office review 2016–17, report of the independent review panel*, Canberra, pp9–10

Revenue impacts

In 2016–17 the PBO’s revenue from its annual departmental appropriation decreased to \$6.922 million (2015–16: \$7.410 million) directly related to the additional supplementation received in 2015–16. The PBO also drew \$1.219 million from its special appropriation (2015–16: \$0.309 million) to meet increased employee expenses associated with the higher demand for services during the year and expenses relating to the review of the PBO. Other revenue, relating to resources received free of charge, remained constant.

Financial position

As at 30 June 2017, the PBO was in a sound net worth position, reporting net assets of \$2.858 million (2015–16: \$3.214 million). This was represented by assets of \$4.999 million (2015–16: \$5.648 million) and liabilities of \$2.141 million (2015–16: \$2.434 million).

Assets decreased due to depreciation charges for the year. The decrease in liabilities was mainly due to the lower employee levels at year end and recognition of the associated leave liabilities.

As at 30 June 2017, the PBO had a departmental appropriation receivable totalling \$2.101 million, which is primarily held for employee provisions and other payables. In addition, the PBO had a balance of \$3.772 million in its special appropriation.

Entity resource statement

The entity resource statement provides additional information about the various funding sources that the PBO may draw upon during the year. Appendix A details the resources available to the PBO during 2016–17 and sets out the PBO’s summary of total expenses for its outcome.

Part 3
Management and accountability



Corporate governance

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

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

The continued development of the PBO's governance framework, processes and arrangements was a focus during 2016–17, particularly in relation to the development of our security and information management policies and procedures to strengthen governance in these areas.

Supporting the PBO's operations is a strong record keeping culture. The PBO adopts full digital record keeping practices. Contributors to the PBO's culture are: the PBO works digitally by default, senior management supports digital information management as a priority, everyone contributes to digital information management, and we conduct quality assurance activities to ensure that our information is authentic, reliable and accurate.

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

PBO Executive

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

Audit Committee

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

Risk management

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

The strategic and fraud risks were reviewed, updated and documented in 2016–17 risk management plans.

Following the review of strategic risks, we continued to embed risk management practices at the operational level through our divisional and branch work planning processes.

Following the first protective security risk assessment undertaken in 2015–16, our focus during 2016–17 was to develop security policies and procedures to further strengthen controls to manage these risks.

We also undertook a business continuity exercise and identified opportunities for improvements to our policies and procedures.

A full review of the PBO's approach to risk was undertaken through the 2016–17 Comcover risk management benchmarking program. The result of the program noted we are operating at an advanced level of risk maturity and are in the top 35 per cent of all agencies who participated. The results further showed that the PBO performs above average on all aspects of risk management and is rated at a risk maturity level higher than its peer group of similar Commonwealth entities.

This reflects the PBO's approach to risk management as a proactive activity that is fit for purpose and integrated with the development of the PBO's strategic and business planning processes. In particular we have ensured the accountability and responsibility for all aspects of risk management are clearly articulated.

Fraud prevention and control

In 2016–17 the PBO took all reasonable measures to minimise the incidence of fraud. The review of fraud risks and update of the PBO's fraud risk management plan for 2016–17 contributed to raising awareness and preventing fraud within the PBO.

Provision of corporate services to the PBO

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

During 2016–17, the Department of the Senate continued to provide the PBO's financial transaction processing and payroll services. The PBO's information and communication technology (ICT) services continued to be provided by the Department of Parliamentary Services (DPS).

Interdepartmental committees

The four parliamentary department heads meet on a regular basis to discuss various matters relating to governance, policy and operational matters of significance to the departments.

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

External scrutiny

During 2016–17, the PBO continued its involvement with parliamentary committees and was subject to an independent review under section 64T of the Parliamentary Service Act. Further information on these activities is provided in Part 2 and below. There were no other external reports, reviews or judicial decisions involving the PBO.

Joint Committee of Public Accounts and Audit

The JCPAA continued to play an important oversight role in relation to the PBO's resourcing and was consulted on our 2016–17 work plan.

On 14 November 2016, the JCPAA announced an independent review to focus on how the PBO could build on its foundations and strengthen its abilities. The review was completed in March 2017. The review is discussed further in Part 2.

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, we provided the Committee with our detailed activity report.

Human resource management

To meet its mandate effectively the PBO relies heavily on the skills base, experience and commitment of its employees. Continuing to develop and retain our existing workforce was a high priority for the PBO in 2016–17.

During the year, we implemented an online learning management system to deliver essential corporate training to our employees in a flexible manner. Key learning areas to be undertaken over a two year rolling program include security, records management, fraud, risk, work health and safety and cultural awareness. The implementation of this training and awareness program was identified as a risk treatment strategy on our 2015–16 strategic risk management plan—to mitigate the risk that the PBO does not

effectively embed and comply with legislative and governance requirements. In 2016–17, all employees undertook the security and records management training.

Following the 2016 election, we also explored internal and external development opportunities with staff to broaden their skills, knowledge and experience through participation in other PBO activities or projects, internal rotation or external secondments.

Further information on the technical capability building of our employees is discussed in Part 2.

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

The PBO did not make any performance payments to employees during 2016–17. Under the PBO's Performance Management Framework, increments through the PBO's salary ranges are based on performance achievements.

Employees have access to a number of non-salary benefits including study assistance, payment of certain professional membership fees, and access to salary sacrifice benefits. The PBO provides SES with a mobile phone and tablet. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House, on-site gym facilities and free car parking.

2017 Parliament of Australia graduate program

During 2016–17, the PBO participated in the 2017 Parliament of Australia graduate program. The program allows participants from APS graduate programs to undertake a placement of up to six months with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Five graduates from the 2016 and 2017 programs were placed with the PBO in 2016–17.

Work health and safety

The following information for the 2016–17 reporting period is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011*.

All new employees undertook 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.

The PBO has appointed Health and Safety Representatives and a Health and Safety Committee which meets quarterly.

The PBO provides sit-to-stand workstations to almost all employees to encourage healthy work practices. Support is provided to employees to ensure correct workstation setup and, where appropriate, professional expertise is sought to complement existing practices.

The PBO has an Employee Assistance Program to provide access to free confidential professional counselling services to assist staff and their families with any personal or work-related matters, and offer guidance and advice to managers on staff management.

During 2016–17, no health and safety incidents were reported to Comcare, the PBO was not subject to any Comcare investigations and Comcare did not issue any notices under the Work Health and Safety Act.

Commitment to reconciliation

On 8 July 2016, during NAIDOC week, the four parliamentary departments launched the Australian Parliamentary Service Reconciliation Action Plan (RAP) 2016–18. The RAP works to build understanding and respect between the Parliamentary Service and Aboriginal and Torres Strait Islander culture. In doing so the RAP acknowledges the important role the Parliamentary Service has in facilitating reconciliation and articulates a number of commitments focused on respect, relationships and opportunities. The RAP also includes a number of case studies of initiatives taken to facilitate respectful relationships with Aboriginal and Torres Strait Islander people.

The four parliamentary departments each have a RAP Champion, who together comprise the Parliamentary Service RAP Champions Group. The RAP Champions Group meets quarterly to review and monitor progress against the RAP. In 2017, the PBO chaired the RAP Champions group.

Parliamentary Service Indigenous Employee Network

During 2016–17, the Parliamentary Service Indigenous Employee Network was established to provide a safe supportive environment for all Parliamentary Service employees to meet and express their views, experiences and concerns pertaining to Aboriginal and Torres

Strait Islander issues both professionally and personally. The network is supported by the PBO.

As part of National Reconciliation Week in 2017, the Parliamentary Service Indigenous Employee Network held a flag handover ceremony. The ceremonial flags were handed to the RAP Champions before being flown at the Australian Parliament House entrances.

Share our Pride learning module

One of our actions under the RAP is to engage our employees in cultural learning opportunities to increase their understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements.

Within the first few months of their employment with the PBO, all new employees undertake the Share our Pride online learning module, developed by Reconciliation Australia.

Protocols for Welcome to Country and Acknowledgement of Country

The Parliamentary Service RAP Champions prepared protocols to assist Parliamentary Service employees in organising a Welcome to Country or providing an Acknowledgement of Country at a parliamentary department meeting or event. These protocols were an initiative under the RAP and were released in March 2017.

Jawun Indigenous Community Australian Public Service Secondment Program

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Jawun Indigenous partner organisations. During 2016–17, through the Australian Public Service Commission (APSC), one of our Parliamentary Executive Level 1 employees participated in the 2016 Jawun Indigenous Community APS Secondment Program. The secondment involved a six-week placement in the Kimberley region of Western Australia with the objectives to increase both the employee's and the PBO's cultural awareness and broader awareness of Indigenous matters, and provide positive outcomes for the Indigenous communities.

Our participation in the program contributes to the commitment to establish respectful, sustainable and enduring partnerships between the parliamentary departments and Aboriginal and Torres Strait Islander people under the Australian Parliamentary Service RAP.

Compliance with finance law

In 2016–17, the PBO had no significant issues relating to non-compliance with the finance law.

Asset management

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

The PBO's assets are primarily comprised of the protected ICT network software, the workflow management system, office fitout and equipment.

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

Purchasing

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

Consultants

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

During 2016–17, eight new consultancy contracts were entered into, involving a total expenditure of \$58,258 (inclusive of GST). There were no ongoing consultancy contracts active during the period.

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

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

Procurement initiatives to support small business

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

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

Other mandatory information

Advertising and market research

The PBO did not undertake any advertising campaigns in 2016–17.

The PBO paid \$9,158 (including GST) for recruitment advertising. The PBO did not engage any other advertising or market research services.

Information publication scheme

The Parliamentary Budget Officer and the Parliamentary Budget Office are defined as exempt agencies in subsection 7(1) and Division 1 of Part I of Schedule 2 of the *Freedom of Information Act 1982*.

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.

Disability reporting mechanism

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission's State of the Service reports and the *APS Statistical Bulletin*. These reports are available on the Commission's website at www.apsc.gov.au. From 2010–11, entities have no longer been required to report on these functions.

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. Further information is available on the Department of Social Services' website at www.dss.gov.au.

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.

Part 4
Financial statements





INDEPENDENT AUDITOR'S REPORT

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

Opinion

In my opinion, the financial statements of the Parliamentary Budget Office for the year ended 30 June 2017:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Parliamentary Budget Office as at 30 June 2017 and its financial performance and cash flows for the year then ended.

The financial statements of the Parliamentary Budget Office, which I have audited, comprise the following statements as at 30 June 2017 and for the year then ended:

- Statement by the Parliamentary Budget Officer and Chief Financial Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement; and
- Notes to the financial statements, comprising a Summary of Significant Accounting Policies and other explanatory information.

Basis for Opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Parliamentary Budget Office in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* to the extent that they are not in conflict with the *Auditor-General Act 1997* (the Code). I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Accountable Authority's Responsibility for the Financial Statements

As the Accountable Authority of the Parliamentary Budget Office the Parliamentary Budget Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under that Act. The Parliamentary Budget Officer is also responsible for such internal control as the Parliamentary Budget Officer determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Parliamentary Budget Officer is responsible for assessing the Parliamentary Budget Office's ability to continue as a going concern, taking into account whether the entity's operations will cease as a result of an administrative restructure or for any other reason. The Parliamentary Budget Officer is also responsible for disclosing matters related to going concern as applicable and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

Auditor's Responsibilities for the Audit of the Financial Statements

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when

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

it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Clea Lewis
Executive Director
Delegate of the Auditor-General
Canberra
20 July 2017

Statement by the Parliamentary Budget Officer and Chief Financial Officer

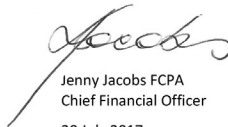
Certification of financial statements

In our opinion the following financial statements for the year ended 30 June 2017 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

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



Phil Bowen PSM FCPA
Parliamentary Budget Officer
20 July 2017



Jenny Jacobs FCPA
Chief Financial Officer
20 July 2017

Statement of comprehensive income for the period ended 30 June 2017

	Notes	2017 \$	2016 \$	Original Budget 2017 \$
NET COST OF SERVICES				
Expenses				
Employee benefits	1.4	7,056,146	6,618,514	7,114,000
Supplier	1.5	1,426,001	1,310,934	1,354,000
Depreciation and amortisation	1.8	336,379	272,611	339,000
Total expenses		8,818,526	8,202,059	8,807,000
Own-source income				
Other revenue				
Resources received free of charge	1.6			
Auditor remuneration		52,500	50,000	50,000
Accommodation		288,591	284,000	296,000
Total other revenue		341,091	334,000	346,000
Total own-source income		341,091	334,000	346,000
NET COST OF SERVICES		8,477,435	7,868,059	8,461,000
Revenue from Government				
Departmental Appropriation	1.6	6,922,000	7,410,000	6,922,000
Special Appropriation		1,219,056	309,000	1,200,000
Total revenue from Government		8,141,056	7,719,000	8,122,000
Surplus/(deficit) attributable to the Australian Government		(336,379)	(149,059)	(339,000)
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT				
		(336,379)	(149,059)	(339,000)

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

Statement of financial position

as at 30 June 2017

	Notes	2017 \$	2016 \$	Original Budget 2017 \$
ASSETS				
Financial assets				
Cash	1.7	50,963	34,078	28,000
Receivables	1.6, 1.7			
Appropriation receivable		2,100,772	2,359,013	2,059,000
GST receivable		2,076	22,859	–
Other receivables		–	22,954	–
Total financial assets		2,153,811	2,438,904	2,087,000
Non-financial assets				
Property, plant and equipment	1.8	1,763,000	1,868,879	1,787,000
Intangibles	1.8	1,054,330	1,304,873	1,079,000
Prepayments		27,410	35,684	45,000
Total non-financial assets		2,844,740	3,209,436	2,911,000
Total assets		4,998,551	5,648,340	4,998,000
LIABILITIES				
Payables				
Trade creditors	1.5	154,825	255,298	74,000
Employee payables	1.4	67,154	40,371	–
Other payables		16,856	21,418	221,000
Total payables		238,835	317,087	295,000
Provisions				
Employee leave provisions	1.4	1,902,090	2,117,206	1,591,000
Total liabilities		2,140,925	2,434,293	1,886,000
Net assets		2,857,626	3,214,047	3,112,000
EQUITY				
Asset revaluation reserve		30,263	50,305	50,000
Retained earnings		2,827,363	3,163,742	3,062,000
Total equity		2,857,626	3,214,047	3,112,000

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

Statement of changes in equity

as at 30 June 2017

	2017 \$	2016 \$
RETAINED EARNINGS		
Opening balance as at 1 July 2016	3,163,742	3,312,801
Surplus/(deficit) for the period	(336,379)	(149,059)
Closing balance attributable to the Australian Government	2,827,363	3,163,742
ASSET REVALUATION RESERVE		
Opening balance as at 1 July 2016	50,305	50,305
Revaluation adjustment	(20,042)	–
Closing balance attributable to the Australian Government	30,263	50,305
Total equity	2,857,626	3,214,047

Cash flow statement

for the period ended 30 June 2017

	2017 \$	2016 \$	Original Budget 2017 \$
OPERATING ACTIVITIES			
Cash received			
Appropriations	8,091,453	7,017,651	8,091,000
Net GST received	45,739	46,829	–
Non-appropriation receipts ^(a)	307,844	501,315	–
Total cash received	8,445,036	7,565,795	8,091,000
Cash used			
Employees	7,249,039	6,203,226	7,083,000
Suppliers	1,179,112	1,016,684	1,008,000
Total cash used	8,428,151	7,219,910	8,091,000
Net cash from operating activities	16,885	345,885	–
INVESTING ACTIVITIES			
Cash used			
Purchase of intangibles	–	340,005	–
Total cash used	–	340,005	–
Net cash used by investing activities	–	(340,005)	–
Net (decrease) / increase in cash held	16,885	5,880	–
Cash at the beginning of the reporting period	34,078	28,198	28,000
Cash at the end of the reporting period	50,963	34,078	28,000

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

Notes to the financial statements

Note 1: Summary of significant accounting policies

1.1 Basis of preparation of the financial report

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- a *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) and
- b Australian Accounting Standards and Interpretations – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position.

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

1.2 Significant accounting judgements and estimates

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

The calculation of leave provisions involved actuarial assumptions based on the likely tenure of existing staff, patterns of leave claims and payouts, future salary movements and future discount rates.

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

1.3 Changes in Australian Accounting Standards

Adoption of new Australian Accounting Standard requirements

Accounting standard AASB 124 *Related Party Disclosures* became applicable on 1 July 2016. This accounting standard requires disclosure of the PBO's related party transactions.

Note 1: Summary of significant accounting policies (continued)

Future Australian Accounting Standard requirements

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

1.4 Employee benefits, payables and provisions

	2017	2016
	\$	\$
Employee benefits		
Wages and salaries	5,463,310	4,972,936
Superannuation		
Defined benefit plans	501,765	440,401
Defined contribution plans	464,302	442,255
Leave and other entitlements	626,769	762,922
Total employee benefits^(a)	7,056,146	6,618,514
Employee payables		
Wages and salaries	47,846	24,372
Superannuation	7,331	3,909
FBT payable	11,977	12,090
Total employee payables	67,154	40,371

(a) Includes costs of \$178,354 for employees seconded to the Secretariat for the independent review of the PBO 2017.

Employee payables

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) due within twelve months of the end of reporting period are measured at their nominal amounts. There were no termination benefits during 2016–17.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability. Settlement is usually made net 30 days. Other long-term employee benefits include long service leave and annual leave and are measured at the present value of the defined benefit obligation at the end of the reporting period.

Employee leave provisions

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

Note 1: Summary of significant accounting policies (continued)

The liability for long service leave has been determined by reference to the work of an actuary as at 30 June 2017. The estimate of the present value of the liability takes into account an estimate of attrition rates and pay increases through promotion and inflation.

Superannuation

The PBO's employees are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS), the PSS accumulation plan (PSSap) or other funds of employee choice. The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

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

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

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

Key management personnel compensation

The Parliamentary Budget Officer received compensation of \$480,062 (comprising short term employee benefits of \$448,643 and post-employment benefits of \$31,419) during the financial year.

Note 1: Summary of significant accounting policies (continued)

1.5 Supplier expenses and trade creditors

Supplier expenses

	2017	2016
	\$	\$
Supplier expenses		
Professional services	349,422	198,686
Enhanced capability	103,134	141,236
Corporate services outsourced	362,252	386,254
Employee related	74,795	64,315
Accommodation expenses	297,865	284,000
Travel	78,142	31,039
Software licences	91,788	121,410
Other	32,176	52,604
Workers compensation expenses	36,427	31,390
Total supplier expenses^(a)	1,426,001	1,310,934

(a) Includes costs of \$255,419 incurred for the independent review of the PBO 2017.

Trade creditors

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

1.6 Revenue

Revenue from Government

	2017	2016
	\$	\$
Ordinary annual services		
Annual appropriation	8,141,056	7,719,000
Section 74 PGPA Act receipts	307,844	501,315
Total appropriation	8,448,900	8,220,315
Less Appropriation applied (current and prior years)	(8,690,256)	(7,998,338)
Variance^(a)	(241,356)	221,977

(a) The variance between appropriation provided and applied is largely due to prior year retained funding used for increased employee expenses associated with the higher demand for services during the year.

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

Note 1: Summary of significant accounting policies (continued)

The PBO may draw upon the following appropriations:

- 1 Annual appropriations providing for the ordinary course of business are noted below. The amount of unspent appropriations is equal to the sum of the cash and appropriation receivable balances, as at 30 June.
 - a *Appropriation (Parliamentary Departments) Act (No.1) 2015–16*
Unspent balance as at 30 June 2017: \$nil
Unspent balance as at 30 June 2016: \$2,393,101
 - b *Appropriation (Parliamentary Departments) Act (No.1) 2016–17*
Unspent balance as at 30 June 2017: \$2,151,735
 - c *Supply (Parliamentary Departments) Act (No.1) 2016–17*
Unspent balance as at 30 June 2017: \$nil
- 2 Special appropriation, of a limited amount, to provide for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office:
 - a *Parliamentary Service Act 1999*
Limited to \$6,000,000, unspent balance as at 30 June 2017: \$3,771,944 (2016: \$4,991,000).

Resources received free of charge

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

1.7 Financial assets

Cash

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

Receivables

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

Note 1: Summary of significant accounting policies (continued)

Impairment of financial assets

Receivables are assessed for impairment at the end of each reporting period. No indicators of impairment were identified as at 30 June 2017.

1.8 Property, plant and equipment and intangibles

	Property, plant and equipment \$	Computer software (internally developed) \$	Total \$
As at 1 July 2016			
Gross book value	2,280,550	1,769,685	4,050,235
Accumulated depreciation, amortisation and impairment	(411,672)	(464,812)	(876,484)
Total as at 1 July 2016	1,868,878	1,304,873	3,173,751
Net revaluation adjustment	(20,042)	–	(20,042)
Depreciation/ amortisation expense	(85,836)	(250,543)	(336,379)
Total as at 30 June 2017	1,763,000	1,054,330	2,817,330
Total as at 30 June 2017 represented by:			
Gross book value	2,075,799	1,769,685	3,845,484
Accumulated depreciation, amortisation and impairment	(312,799)	(715,355)	(1,028,154)
Total as at 30 June 2017	1,763,000	1,054,330	2,817,330

Asset recognition threshold

Purchases of property, plant and equipment (including fitout of accommodation within Parliament House) are recognised initially at cost in the Statement of financial position, except for purchases costing less than \$2,000 which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

Revaluations

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets did not differ materially from the assets' fair values as at the reporting date.

The PBO performed a valuation of property, plant and equipment assets as at 30 June 2017. The valuation was performed by independent qualified valuers Pickles Valuation Services and was based on valuing the assets at fair value. The carrying amount includes a revaluation amount of \$30,263.

Note 1: Summary of significant accounting policies (continued)

Fair value measurement

All property, plant and equipment non-financial assets are measured at fair value using the cost approach (depreciated replacement cost). The unobservable inputs (Level 3 fair value hierarchy) used to determine the fair value, include historical actual cost information and costing guides to estimate the current replacement cost. Appropriate useful life profiles have been adopted to depreciate the replacement cost to reflect the expended life.

Depreciation

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

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

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

Intangibles

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

Amortisation

The amortisation rate for intangibles is based on their seven year useful life.

Impairment

All assets were assessed for impairment at 30 June 2017, with no indications of impairment.

1.9 Taxation

The PBO is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST). Revenues, expenses and assets are recognised net of GST, except where the amount of GST incurred is not recovered from the Australian Taxation Office. Receivables and payables are recognised inclusive of GST.

Note 2: Events after the reporting period

There were no significant events following the reporting period that impact on the PBO's financial statements for the year ended 30 June 2017.

Note 3: Budget variances

The comparison of the unaudited original budget as presented in the 2016–17 Portfolio Budget Statements to the 2016–17 final outcome as presented in accordance with Australian Accounting Standards is included in the Statement of comprehensive income, the Statement of financial position and the Cash flow statement. Major variances detailed below are in relation to the management of resources, to ensure the performance of the PBO in achieving its mandate during the course of the year.

Major variances

In accordance with section 64T of the Parliamentary Service Act, the Joint Committee of Public Accounts and Audit (JCPAA) announced on 14 November 2016 the formation of the independent review of the PBO, with the report to examine and make recommendations on the scope for it to build on the foundations it has established.

The JCPAA tabled the report on 29 March 2017. The total cost of the review was \$433,773, comprising employee expenses of \$178,354 and supplier expenses of \$255,419. These amounts were not included in the original budget.

Appendices



Appendix A – Entity resource and outcome expense statements

Table A1: Entity resource statement

		Actual available appropriation for 2016 17 \$'000 (a)	Payments made 2016 17 \$'000 (b)	Balance remaining 2016 17 \$'000 (a)–(b)
Ordinary annual services				
Departmental appropriation ¹		9,640	7,488	2,152
Total ordinary annual services	A	9,640	7,488	2,152
Special appropriation				
Special appropriation limited by amount [Parliamentary Service Act 1999 section 64D]		4,991	1,219	3,772
Total special appropriation	B	4,991	1,219	3,772
Total resourcing and payments	A+B	14,631	8,707	5,924

¹ *Appropriation (Parliamentary Departments) Act (No.1) 2016–17*. This includes prior year departmental appropriation and section 74 retained revenue receipts.

Table A2: Outcome expense statement

	Budget *	Actual expenses	Variation
	2016 17	2016 17	2016 17
	\$'000	\$'000	\$'000
	(a)	(b)	(a)–(b)
Outcome 1			
Departmental expenses			
Departmental appropriation ¹	6,922	6,922	-
Special appropriation	1,200	1,219	(19)
Expenses not requiring appropriation in the Budget year ²	685	678	7
Total expenses for Outcome 1	8,807	8,819	(12)

	2015 16	2016 17
Average staffing level (number)	43	47

* Full year budget including any subsequent adjustments made to the 2016–17 Budget.

1 Departmental appropriation combines ordinary annual services (*Appropriation (Parliamentary Departments) Act (No.1) 2016–17*) and retained revenue receipts under section 74 of the PGPA Act 2013.

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

Appendix B – Staffing statistics

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

All employees are located at Parliament House, Canberra.

One employee identified themselves as Indigenous (unchanged from 2016).

Table B1: Employee numbers (headcount)

Classification	30 June 2016		30 June 2017	
	ongoing	non ongoing	ongoing	non ongoing
Parliamentary Budget Officer	–	1	–	1
SES Band 2	2	–	2	–
SES Band 1	4	–	4	–
PEL 2	8	–	8	–
PEL 1	19	2	17	–
PSL 6	10	–	6	–
PSL 5	2	–	3	1
PSL 4	1	–	1	–
Secondees	–	4	–	1
Total	46	7	41	3
Full time or part time				
Full-time	43	7	39	3
Part-time	3	–	2	–
Total	46	7	41	3
Gender				
Female	16	2	15	1
Male	30	5	26	2
Total	46	7	41	3

Note: These numbers include employees on long-term paid leave, but exclude employees on leave without pay. Secondees include employees seconded to the PBO from APS agencies, including graduates under the Parliament of Australia graduate program.

Table B2: Salary ranges available within the period 1 July 2016 to 30 June 2017

Classification ¹	As at 1 July 2016		As at 30 June 2017	
	minimum	maximum	minimum	maximum
SES Band 2 ²	270,567	313,858	273,273	316,997
SES Band 1 ²	216,455	248,922	218,620	251,412
PEL 2	124,445	148,251	125,690	149,734
PEL 1	104,967	121,198	106,017	122,410
PSL 6	83,324	93,604	84,158	94,541
PSL 5	72,503	79,537	73,229	80,333
PSL 4	64,928	70,339	65,578	71,043

1 The Parliamentary Budget Officer's total remuneration is determined by the Remuneration Tribunal. At 30 June 2017, the total remuneration was \$436,910.

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

Appendix C – Other statistics

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

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

	2013 14	2014 15	2015 16	2016 17
Requests outstanding at start of period	463	76	138	20
Requests received in period	1,297	973	4,146	2,572
Requests withdrawn in period	162	42	1,013	524
Requests completed in period	1,522	869	3,251	1,888
Average time to completion (business days)	14	20	19	20
Median time to completion (business days)	6	12	16	12
Requests outstanding at end of period	76	138	20	180

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

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

Table C2: Information requests to Commonwealth agencies by year

	2013 14	2014 15	2015 16	2016 17
Requests outstanding at start of period	28	16	3	1
Requests sent in period	388	203	743	523
Requests received in period	400	216	745	508
Requests received by due date	209	147	695	499
Requests received after due date	191	69	50	9
Percentage late	48	32	7	2
Average time taken to respond (business days)	13	13	7	8
Average punctuality (business days late)	5	3	-1	-2
Average lateness of late responses (business days)	12	11	3	3
Requests outstanding at end of period	16	3	1	16

Table C3: Information request responsiveness by Commonwealth agencies—2016–17

Department/Agency	Requests sent in period ¹	Requests received in period	Average time taken to respond (business days)	Requests received after due date	Average lateness of responses (business days)	Per cent late	Requests outstanding at end of period	Requests overdue at end of period
Agriculture and Water Resources	6	5	6	1	3	20%	1	—
Attorney-General	6	6	6	—	—	—	—	—
Australian Bureau of Statistics	5	5	9	—	—	—	—	—
Australian Competition and Consumer Commission	3	3	11	1	2	33%	—	—
Australian Securities and Investments Commission	1	1	5	—	—	—	—	—
Australian Taxation Office	55	54	5	—	—	—	1	—
Commonwealth Superannuation Corporation	1	1	5	—	—	—	—	—
Communications	4	4	9	—	—	—	—	—
Defence	7	7	11	—	—	—	—	—
Education and Training	27	25	13	—	—	—	2	—
Employment	11	11	8	—	—	—	—	—
Environment	6	6	10	—	—	—	—	—
Finance	52	50	7	1	1	2%	2	—
Foreign Affairs and Trade	7	7	8	—	—	—	—	—
Health	21	20	9	2	1	10%	1	—
Human Services	12	12	7	1	1	8%	—	—
Immigration and Border Protection	22	22	6	1	1	5%	—	—
Industry and Science	5	5	8	—	—	—	—	—
Infrastructure and Regional Development	9	7	9	—	—	—	2	—
Prime Minister and Cabinet	3	3	7	—	—	—	—	—
Social Services	130	129	9	—	—	—	1	—
Treasury	118	112	8	2	8	2%	6	—
Veterans' Affairs	13	13	4	—	—	—	—	—
Total	524	508	8	9	3	2%	16	—

¹ Includes one outstanding request as at 30 June 2016 carried over to 2016–17

Appendix D – List of requirements

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

Table D1: List of requirements

PGPA Rule reference	Page no	Description	Requirement
17AD(g) Letter of transmittal			
17AI	iii	A copy of the letter of transmittal signed and dated by accountability authority on the date final text approved, with a statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h) Aids to access			
17AJ(a)	v	Table of contents.	Mandatory
17AJ(b)	68	Alphabetical index.	Mandatory
17AJ(c)	67	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	60	List of requirements.	Mandatory
17AJ(e)	iv	Details of contact officer.	Mandatory
17AJ(f)	iv	Entity's website address.	Mandatory
17AJ(g)	iv	Electronic address of report.	Mandatory
17AD(a) Review by accountable authority			
17AD(a)	3	A review by the accountable authority of the entity.	Mandatory
17AD(b) Overview of the entity			
17AE(1)(a)(i)	5	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	6	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	5	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	5	A description of the purposes of the entity as included in the corporate plan.	Mandatory
17AE(1)(b)	n/a	An outline of the structure of the portfolio of the entity.	Portfolio departments - Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AE(2)	n/a	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	Report on the performance of the entity		
<i>Annual performance statements</i>			
17AD(c)(i); 16F	21	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on financial performance</i>		
17AF(1)(a)	22	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	23, 53	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	n/a	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory
17AD(d)	Management and accountability		
<i>Corporate governance</i>			
17AG(2)(a)	iii, 28	Information on compliance with section 10 (fraud systems).	Mandatory
17AG(2)(b)(i)	iii, 28	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii, 28	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	27	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AG(2)(d)–(e)	32	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<i>External scrutiny</i>			
17AG(3)	29	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	n/a	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	17, 29	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	n/a	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of human resources</i>			
17AG(4)(a)	29	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(b)	55	Statistics on the entity's parliamentary service employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> • Statistics on staffing classification level • Statistics on full-time employees • Statistics on part-time employees • Statistics on gender • Statistics on staff location • Statistics on employees who identify as Indigenous. 	Mandatory
17AG(4)(c)	30	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Parliamentary Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	30	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	56	The salary ranges available for parliamentary service employees by classification level.	Mandatory
17AG(4)(c)(iii)	30	A description of non-salary benefits provided to employees.	Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AG(4)(d)(i)	30	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	n/a	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	n/a	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	n/a	Information on aggregate amount of performance payments.	If applicable, Mandatory
<i>Assets management</i>			
17AG(5)	33	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
<i>Purchasing</i>			
17AG(6)	33	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<i>Consultants</i>			
17AG(7)(a)	33	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	33	A statement that "During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]".	Mandatory
17AG(7)(c)	33	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	33	A statement that "Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."	Mandatory

PGPA Rule reference	Page no	Description	Requirement
<i>Australian National Audit Office access clauses</i>			
17AG(8)	n/a	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<i>Exempt contracts</i>			
17AG(9)	n/a	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<i>Small business</i>			
17AG(10)(a)	33	A statement that "[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."	Mandatory
17AG(10)(b)	33	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	n/a	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that "[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury's website."	If applicable, Mandatory
<i>Financial Statements</i>			
17AD(e)	35	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory

PGPA Rule reference	Page no	Description	Requirement
17AD(f)		Other mandatory information	
17AH(1)(a)(i)	n/a	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	34	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	n/a	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	34	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	34	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	n/a	Correction of material errors in previous annual report.	If applicable, Mandatory
17AH(2)	31, 34	Information required by other legislation.	Mandatory

Glossary

budget analyses	Budget analyses are responses to requests from parliamentarians that are submitted under Section 64E(1)(c) of the <i>Parliamentary Service Act 1999</i> and are often in response to requests for information about the budget.
election commitment	In relation to a general election, this means a policy that a parliamentary party has publicly announced it intends to seek to have implemented after the election, as defined in section 7 of the <i>Parliamentary Service Act 1999</i> .
measure	In the context of this report a measure is a government decision that has a real or potential impact on the Budget.
policy costing	Policy costings are the PBO's estimate of the financial impact of a policy proposal.

Abbreviations and acronyms

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

Index

A

advertising, 34
agencies
 see Commonwealth agencies
annual performance statement, 21–2
Audit Committee, 27

B

budget analyses, 3, 9–11, 57, 67

C

chart packs, 14–5
common law agreements
 non-SES employees, 30
Commonwealth agencies, 12–3, 16, 58–9
consultants, 33
corporate governance, 27
costings
 see policy costings

D

Department of Parliamentary Services, 28, 34
 information and communication
 technology (ICT), 28
Department of the Senate, 28
 corporate services: financial processing,
 payroll, 28

E

election
 see general election
employment arrangements, 30
entity resource and outcome expense
 statements, 23, 53–4

F

financial statements, 35–49
fraud prevention and control, 28

G

general election, 3–4, 9–10
guidance documents, 18

H

human resource management, 29–31

I

independent review of the PBO
 see JCPAA
individual determinations (subsection 24(1) of the
 Parliamentary Service Act 1999) and
 SES employees, 30
information requests
 to agencies, 12, 58
 responses to, 13, 59

J

Joint Committee of Public Accounts and
 Audit (JCPAA), 3, 9, 12, 17, 29, 49
 work plan, 17, 29
 review of the PBO, 3, 17, 29, 49

L

letter of transmittal, iii

M

management and accountability, 25–34

media citations, 4, 9, 20–1

O

Organisation for Economic Co-operation
and Development (OECD), 18–9

P

Parliamentary Budget Office

annual performance statement, 21–2

functions, 5

organisational structure, 6

priorities, 4, 9

purpose, 5

Parliamentary Budget Officer

functions and responsibilities, 5, 10, 21, 27

PBO Executive, 6, 27

policy costings, 3, 9–11, 57, 67

Post-election report of election commitments,
10

published research, 3–4, 14–5, 19, 20, 22

R

reports

see published research

risk management, 27, 28

S

Senate Finance and Public Administration

Legislation Committee, 12, 17, 29

staff

capability building, 16, 29–30

employment arrangements, 30

salary ranges, 56

statistics, 55

training, 16, 29–30

stakeholders

engagement with, 17–9

feedback, 21–2

W

work plan, iv, 4, 5, 9, 14, 17, 21, 29



www.pbo.gov.au