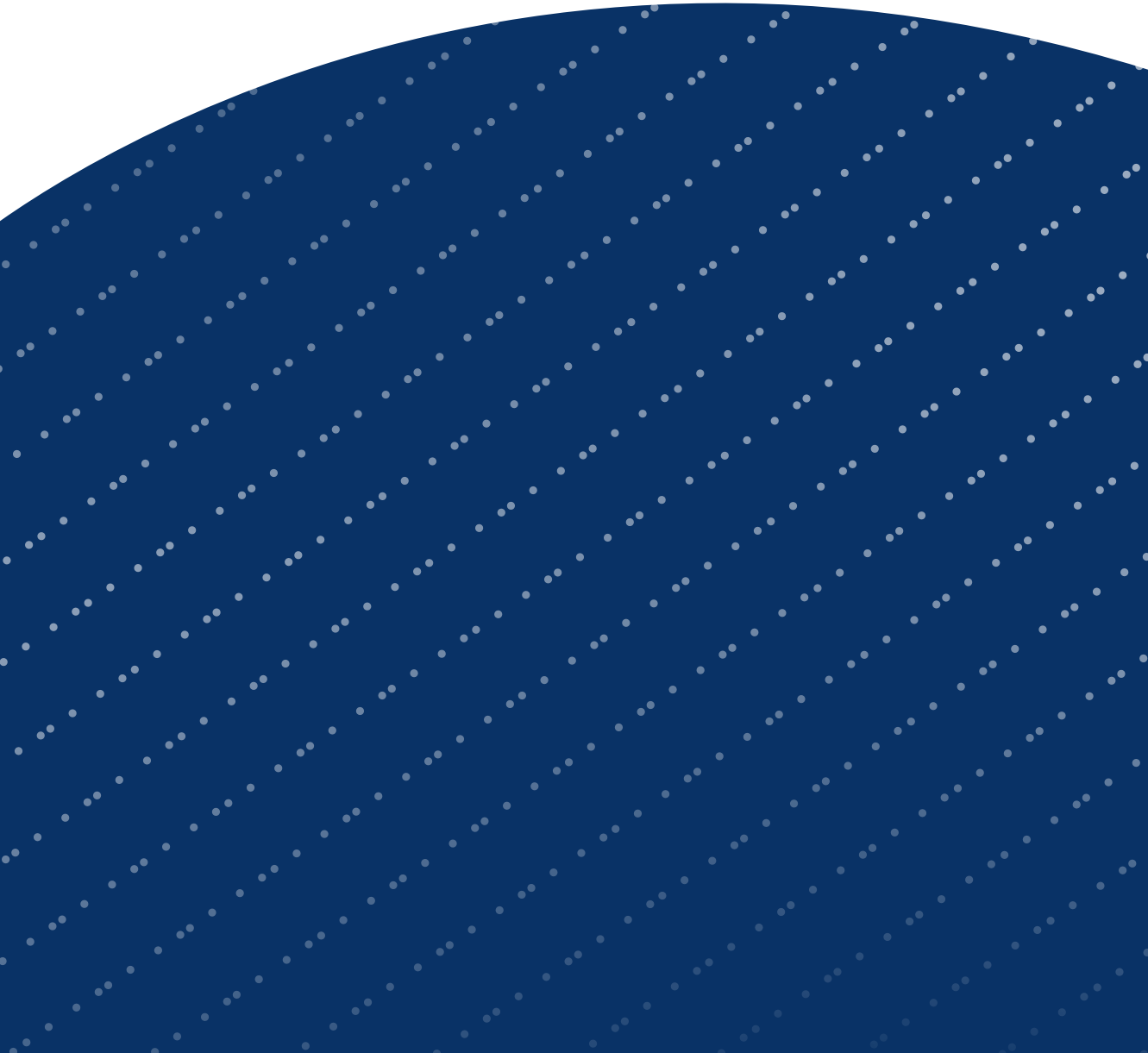




Parliamentary
Budget Office

PARLIAMENTARY BUDGET OFFICE

ANNUAL REPORT 2017–18



PARLIAMENTARY BUDGET OFFICE

**ANNUAL REPORT
2017–18**

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

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Parliamentary
Budget Office

Jenny Wilkinson
Parliamentary Budget Officer

The Hon Tony Smith MP
Speaker of the House of Representatives

Senator the Hon Scott Ryan
President of the Senate

Dear Mr Speaker and Mr President

I am pleased to present the annual report on the operations of the Parliamentary Budget Office (PBO) for the year ended 30 June 2018, 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

8 October 2018

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Part 1: Overview

Parliamentary Budget Officer's review

The year in review



Reflecting on the first year of my term as Parliamentary Budget Officer, I am proud to say that we have continued to build on our strong foundation and support a better informed policy debate across a wide range of fiscal and budgetary issues. We have put significant effort this year into further enhancing our capability and improving transparency around our work.

We have continued to receive very high demand for our services to estimate the fiscal impact of policy proposals and it has now become commonplace that major policy announcements by non-government parties and parliamentarians include PBO estimates of these impacts. The ability to request this advice on a confidential basis has provided the opportunity for the policy proposals to be refined over time, taking into account estimates of their fiscal impact. A number of parliamentarians have elected to publicly release PBO advice, and we have made this advice more easily accessible on our website. We have also provided analysis to parliamentary committees when requested, to assist their deliberations.

Similarly, our published research, which aims to improve budget transparency and the public understanding of fiscal and budgetary issues, has been widely cited in the media, in parliamentary debates, and in ongoing public policy discussions. We have supplemented our regular publications on the medium-term budget outlook and the national fiscal outlook with a more accessible budget snapshot and a budget chart pack, both of which aim to transparently present budget developments. We have also published papers on specific topics that are relevant for understanding fiscal developments, particularly over the medium term.

A particular focus of our work this year has been planning to ensure we are well-prepared for the additional work and obligations that a general election during 2018–19 will bring. This has included resourcing and logistical planning, improvements to our workflow management system, and consulting on proposed changes to the next post-election report on the budget impacts of election commitments.

More broadly, over the past year we have implemented a range of initiatives to enhance our efficiency and effectiveness, in response to the independent review of the Parliamentary Budget Office (PBO) completed in March 2017 and the stakeholder survey we conducted in early 2018. These initiatives centred around four main themes: improving the transparency of our processes, procedures and costing work; increasing external engagement and consultation; enhancing evaluation and feedback mechanisms; and increasing the focus of the research program on medium-term fiscal issues.

The initiatives we have implemented are outlined in this report, and have included the establishment of an expert panel of advisors, the publication of a number of information papers describing aspects of our work, enhancements to our model development and evaluation program, and improvements to our engagement arrangements with parliamentarians and Commonwealth agencies. We have also reviewed and strengthened how we measure our performance.

The year ahead

Our plans for the coming year are available in our corporate plan that we published on 29 August 2018.

The year ahead includes the certainty that a general election will be held. This is a peak period for the PBO. We expect that there will be a significant increase in demand for our policy costing services as parties prepare for an election. After the election we will be preparing our post-election report of the budget impacts of election commitments.

Throughout this period, we will continue to progress our research program, build our capability and make improvements to our operational effectiveness.

I would like to thank the staff of the PBO for their strong contributions during 2017–18. Each member of our team brings a unique background of education, experience and skills to the PBO. We are a very small organisation and we undertake analysis across a broad range of policy areas. The accuracy, timeliness and relevance of this work is testament to the quality and dedication of our team.

Jenny Wilkinson
Parliamentary Budget Officer

Parliamentary Budget Office overview

Role

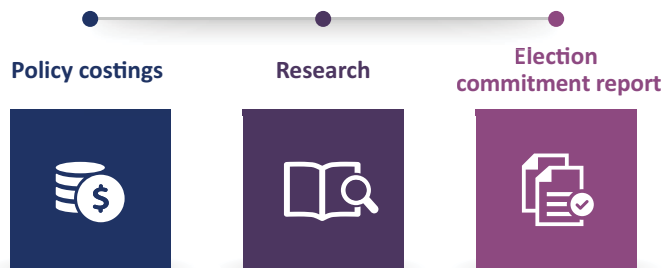
The role of the PBO is articulated in section 64B of the *Parliamentary Service Act 1999* and comprises three main elements, which are to:

- enable fiscal impacts to be considered during policy development by providing policy costing and budget analysis services to all parliamentarians
- improve public understanding of budget and fiscal policy issues by conducting and publishing research in these areas
- enhance transparency around election commitments by preparing a post-election report on the budget impacts of the election commitments of parliamentary parties.

Purpose, outcome and functions

The purpose of the PBO, as set out in the 2017–18 work plan, is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of policy proposals. This is also the PBO's outcome.

We achieve our outcome through the provision of our core functions:



Policy costings and budget analysis

The PBO provides all parliamentarians with access to advice on the financial implications of their policy proposals, based on the policy specifications they provide. Outside of the caretaker period for an election, parliamentarians may submit requests for policy costings on a confidential basis, in which case both the request and our response are kept in confidence.

We also provide parliamentarians with access to information relating to the budget, which we may provide on a confidential basis regardless of when the request is made.

We respond to requests for assistance from parliamentary committees on issues that fall within our mandate.

Research

We publish research which focusses on the fiscal sustainability of the Australian Government budget, particularly over the medium term. We seek, through our publications, to improve budget transparency and promote a better public understanding of the budget and fiscal policy settings.

Report on election commitments

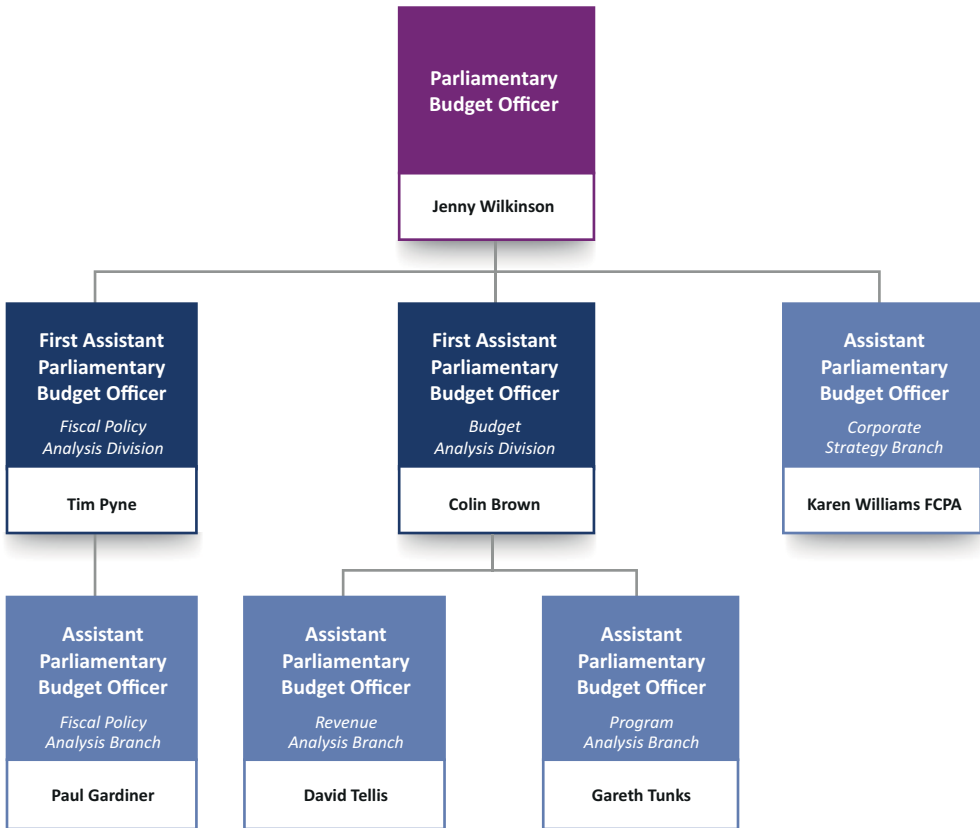
Within 30 days after the end of the caretaker period for a general election, we publish a report that presents the budget impacts of each of the election commitments of the major parliamentary parties, including their aggregate impact on the fiscal position. Minor parties may choose to opt in to have their election commitments included in an addendum to this report.

Organisational structure

The PBO is led by the Parliamentary Budget Officer, supported by senior executives who have responsibility for specific business areas. The organisational structure comprises:

- the Budget Analysis Division, responsible for the preparation of policy costings and budget analysis
- the Fiscal Policy Analysis Division, responsible for leading the PBO's research program and coordinating the post-election report of election commitments
- the 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.

Figure 1: PBO organisational structure as at 30 June 2018



Part 2: Performance

Annual performance statement

Introduction

This part of the annual report addresses the performance of the Parliamentary Budget Office (PBO) in 2017–18 against the purpose and performance criteria published in the PBO work plan 2017–18 and PBO Portfolio Budget Statements 2017–18. This includes reporting on our priorities, key activities and achievements during 2017–18.

During the year, we enhanced our performance criteria and reflected these in our 2018–19 corporate plan. To enable comparison over time, we have integrated elements of these enhanced criteria into the discussion below.

As the accountable authority of the PBO, I present the 2017–18 annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the department, and complies with subsection 39(2) of the PGPA Act.

Jenny Wilkinson
Parliamentary Budget Officer

8 October 2018

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 policy proposals.

As outlined in Part 1, our purpose comprises three main functions, which are to:

- enable fiscal impacts to be considered during policy development by providing policy costing and budget analysis services to all parliamentarians
- improve public understanding of budget and fiscal policy issues by conducting and publishing research in these areas
- enhance the transparency around the financial implications of election commitments by preparing a post-election report of the budget impacts of the election commitments of parliamentary parties.

Priorities to support our purpose

In order to achieve our purpose, we focussed on a number of priorities in accordance with our 2017–18 work plan. These were to:

- prepare high quality costings and budget analyses at the request of parliamentarians in a timely manner
- 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
- engage effectively with parliamentary committees
- develop and maintain our costing and projection models and databases, and
- ensure we are appropriately prepared for the expected increase in demand for policy costing services in the lead up to the next general election, and are able to prepare the post-election report within the legislated timeframe.

We also committed to implementing our responses to the *Parliamentary Budget Office Review 2016–17* (PBO review) to further improve our operations and effectiveness.

Achievement of our purpose

The framework the PBO has used to assess and measure its performance is as follows:

| | |
|-----------------------------|--|
| Purpose | Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of policy proposals (<i>Outcome 1</i>) |
| Performance criteria | Relevance, quality and timeliness of PBO outputs as assessed by feedback from key parliamentary and external stakeholders Independence, transparency and integrity of PBO processes |
| Source | Work plan 2017–18 page 7 Portfolio Budget Statements 2017–18 page 11 |
| Measurement | These criteria are measured by the extent of the demand for the PBO's services, citations of the PBO in the media and feedback from stakeholders, once in each term of Parliament, via a survey. |
| Result | Achieved |

Our overall assessment is that the PBO achieved its purpose during 2017–18.

The PBO continued to experience strong demand for policy costing and budget analysis advice in 2017–18, receiving requests for over 2,000 costing options. We responded to these requests in a timely manner, with a median response time of 15 business days. We were able to provide broadly similar levels of policy costings services as in previous years, in part because we continued to draw down the special appropriation provided to the PBO on establishment. This supplemented our ongoing departmental appropriation.

Demand for policy costings and budget analysis increased significantly in the fourth quarter of 2017–18. To efficiently manage this, we reallocated work across our teams and shifted resources to focus on areas of highest demand. We also enhanced our engagement with parliamentarians to ensure we focussed on the highest priority requests. More broadly we continued to improve the efficiency with which we receive access to data held by agencies and we progressed substantial improvements to our systems.

During 2017–18 we published research consistent with our work plan, aimed at promoting a better understanding of budget and fiscal policy settings. We also undertook significant preparatory work in order to be well-positioned for the next general election.

We engaged more broadly, particularly with our newly established panel of expert advisors, to improve the quality of our costing and research work. Our costing and research work was widely cited in the media and was referred to in discussions across a broad range of policy issues. Our 2018 stakeholder survey provided useful feedback about our operations and indicated a high degree of satisfaction with our services and the publications we produce.

The discussion below provides details of our performance across each of the three functions and broader department-wide activities we have undertaken to improve our organisational efficiency and effectiveness.

Policy costings and budget analysis

| | |
|----------------------|--|
| Priorities | <ul style="list-style-type: none"> prepare high quality costings and budget analyses at the request of parliamentarians in a timely manner engage effectively with parliamentary committees develop and maintain our costing models and databases |
| Performance criteria | <p>Relevance, quality and timeliness of PBO outputs, indicated by:</p> <ul style="list-style-type: none"> demand for our services by parliamentarians efficiency of our policy costings and budget analyses feedback from stakeholders mentions of our policy costings and budget analyses in media and in the Parliament. <p>Independence, transparency and integrity of PBO processes, indicated by:</p> <ul style="list-style-type: none"> compliance with publishing and confidentiality legislative obligations feedback from stakeholders broader perceptions as presented in the media and other mentions publication of information that clearly describes PBO processes and approaches. |

The PBO experienced strong demand for policy costings and budget analysis throughout 2017–18, with 2,218 requests for costing policy options and budget analyses received during the year (refer to Table 1). This is a similar level of demand for services as experienced during 2016–17. Requests for our services have been received from a wide range of parliamentarians, primarily from the major non-government parties. It is now the norm for significant policy announcements by the major non-government parties to include PBO estimates of the financial impact of the proposal.

We completed 1,560 responses to requests for costings of policy options and budget analyses, with a median response time of 15 business days. Further detail on the distribution of response times is shown in Figure 2. The median response time was up slightly from 2016–17. In part, this reflected the fact that in 2016–17 we re-costed a significant number of proposals during and immediately after the 2016 general election. Re-costings can generally be completed more quickly than new requests. During 2017–18, in contrast, we costed a significant number of new policy proposals. We provided 95 per cent of responses to requests within 60 business days.

We enhanced our prioritisation processes by establishing more regular consultation with parliamentarians about the progress of their requests and their priorities. This ensured that we focussed our efforts on the requests most urgent to each parliamentarian, particularly during the period when demand for policy costings increased.

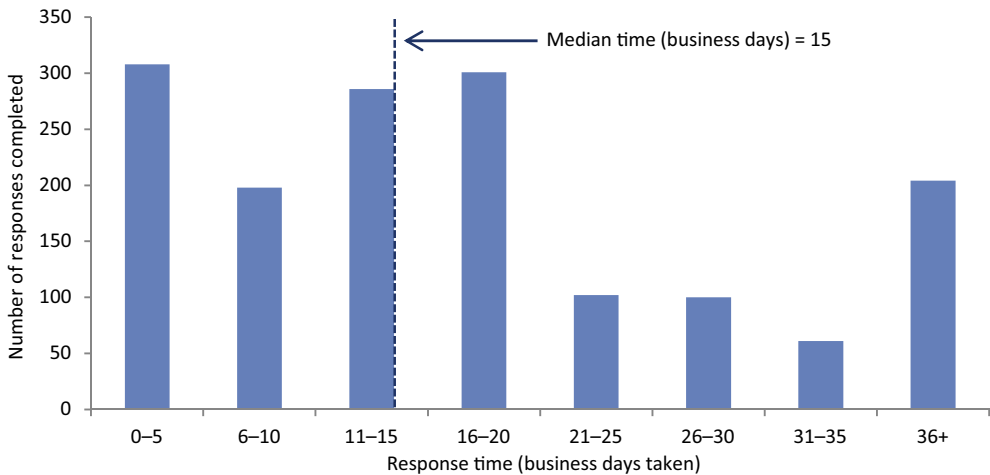
Table 1 summarises the demand for our policy costing and budget analysis services, along with our responses to these. Appendix B provides further detail of the PBO’s output of policy costings and budget analyses over the past five financial years.

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

| | 2016–17 | 2017–18 | | | | |
|--|--------------|---------|-----|-----|-----|--------------|
| | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Requests outstanding at start of period | 20 | 180 | 108 | 134 | 325 | 180 |
| Requests received in period | 2,572 | 448 | 264 | 627 | 879 | 2,218 |
| Requests withdrawn in period | 524 | 41 | 25 | 39 | 147 | 252 |
| Requests completed in period | 1,888 | 479 | 213 | 397 | 471 | 1,560 |
| Average time to completion (business days) | 20 | 22 | 25 | 15 | 20 | 20 |
| Median time to completion (business days) | 12 | 12 | 15 | 13 | 14 | 15 |
| Requests outstanding at end of period | 180 | 108 | 134 | 325 | 586 | 586 |

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 parliamentarians and parliamentary parties requests



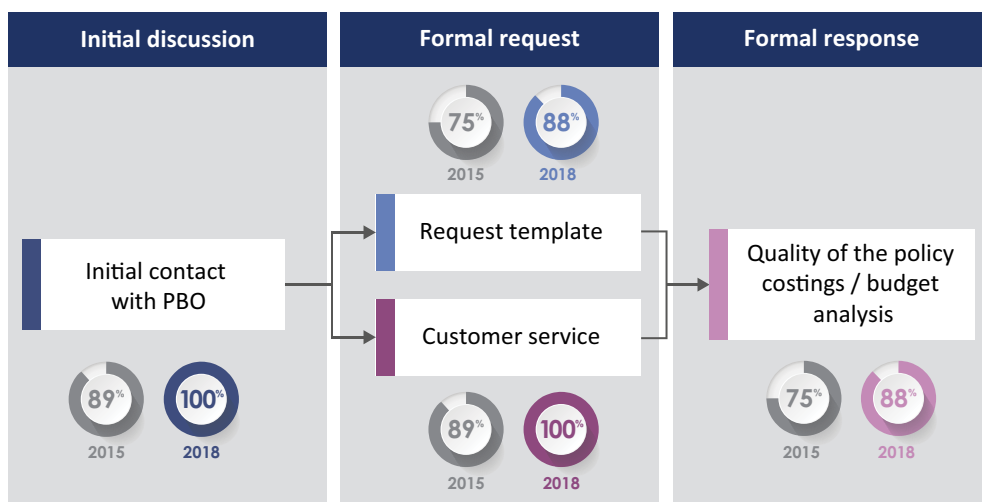
Almost all requests for costings of policy options and budget analysis were received on a confidential basis. Outside of the caretaker period for a general election, the PBO cannot disclose any information about a confidential request unless the parliamentarian who made the request specifies that it is not to be treated as confidential and/or releases the PBO costing response in full. We publish all PBO costing responses that are not subject to confidentiality provisions on our website. During 2017–18, we published 24 responses to costing requests.

In 2017–18, 30 policy announcements that were made by parliamentarians or parliamentary parties included references to PBO policy costings. These announcements were widely reported in the media and some of the policies concerned were the subject of considerable debate. These costings received broad coverage and were cited more than 500 times in the media, in relation to policy proposals or to support positions being put by parliamentarians, including by government members. Analysis of the nature of these citations shows that publicly, we are strongly perceived as independent and non-partisan. Our work was frequently mentioned in Parliament during debates about specific policy issues.

In addition to responding to requests from parliamentarians, we are also available to provide information to parliamentary committees. In 2017–18, we provided information in response to a request from the Senate Economics Legislation and References Committees in relation to the financial and distributional impacts of the various components of the Government’s proposed personal income tax cuts. This information was cited in the parliamentary debate regarding this legislation and in the Economics Legislation Committee’s report *Treasury Laws Amendment (Personal Income Tax Plan) Bill 2018 [Provisions]*, June 2018.

Our stakeholders indicated a high level of satisfaction with the PBO costing processes in their responses to our 2018 stakeholder survey. Respondents were given the opportunity to rate their experiences across each of the three stages of contact with the PBO: initial discussion; formal request; and formal response. Their ratings across a range of service attributes within each stage showed a solid to very high level of overall satisfaction across each of the three stages: 100 per cent of respondents were satisfied with the initial discussion and with customer service during the formal request; 88 per cent were satisfied with the request template itself; and 88 per cent were satisfied with the formal response.

Figure 3: Experiences in dealing with the PBO



Alongside these strong positive ratings, the findings also identified a number of opportunities for improvements in certain aspects of the PBO's service delivery arrangements. Positive sentiments tended to be more subdued for measures that related to responsiveness and timeliness of interactions with clients and accessibility of the request template and the response. Specifically, these related to the following within each interaction stage:

- **initial discussion:** ensuring that all questions are answered (71 per cent satisfied; 2015: 67 per cent) and clearly informing stakeholders of how long it would take to finalise their request(s) (71 per cent; 2015: 63 per cent);
- **formal request:** the request template is easy to complete (75 per cent; 2015: 100 per cent), information requested was reasonable (88 per cent ; 2015: 100 per cent) and the PBO kept me advised of the progress of my request (75 per cent; 2015: 78 per cent), and
- **formal response:** the response was easy to understand (75 per cent; 2015: 86 per cent).

One respondent provided the following comment:

'Sometimes completed costings that we receive are very complicated and confusing. It would help if they could be simplified as much as possible'

2018 PBO Stakeholder Survey

While the sentiments and ratings expressed in the survey responses suggested overall satisfaction with the PBO has improved, we acknowledge that a relatively small number of survey responses was received. We are investigating a range of mechanisms to gather feedback through other channels.

During the year, we reviewed the style and presentation of our policy costing and budget analysis work to ensure that the content is accessible to a broad audience and limited technical knowledge is required. These changes directly address feedback we received from our stakeholder survey regarding the complexity of the responses we provide to parliamentarians.

Another avenue for improving the quality of our costing work introduced during 2017–18 was the establishment of our panel of expert advisers, which consists of seven people with significant experience in economic analysis, fiscal policy matters and public finance. We have sought input from panel members to provide advice on the technical aspects of a number of policy costings as well as input into our model development and costing evaluations. We consulted with members of the panel in relation to matters such as the technical operation of aspects of the tax system and particular programs, the workings of various investment vehicles and the potential behavioural responses to incorporate into models. This initiative is consistent with a recommendation of the PBO review.

During 2017–18 we further enhanced the quality of our policy costings and budget analyses by commencing a program of evaluations of selected past costings and key models to assess the performance of our costing models and identify enhancements and key lessons to apply in future work. This review work targets representative costings and models with a view to providing insights that can be applied across a wide range of costing work. We have a number of evaluations underway, as part of a continuing program.

To promote understanding and improve the transparency of our work, we published four information papers on our website explaining different issues associated with costings.

Enhancing the understanding of costing processes

During 2017–18 we published a number of information papers aimed at improving the transparency of our processes and costing methodologies. These papers are:

- Factors influencing the reliability of policy proposal costings (13 September 2017)
- Including broader economic effects in policy costings (30 November 2017)
- What is a Parliamentary Budget Office costing? (30 November 2017)
- PBO costing processes, timeframes and prioritisation framework (15 February 2018)

During the year we also undertook a significant review of our website to improve access to, and understanding of, our work. We made our publicly-released costing work much easier to locate. We improved the information explaining our functions and how we undertake our work through publishing a significant array of *frequently asked questions*.

Research program

| | |
|-----------------------------|---|
| Priorities | <ul style="list-style-type: none"> • 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 • develop and maintain our projection models and databases |
| Performance criteria | <p>Relevance, quality and timeliness of PBO outputs, indicated by:</p> <ul style="list-style-type: none"> • feedback from stakeholders, including parliamentarians and our panel of expert advisors • mentions of our published research in media and in the Parliament • report downloads. <p>Independence, transparency and integrity of PBO processes, indicated by:</p> <ul style="list-style-type: none"> • feedback from stakeholders • broader perceptions as presented in media and other mentions • timely publication of datasets that underpin the charts in our published research. |

The research program is made up of regular publications which provide information and analysis of the fiscal position based on the annual budget. The program also includes other research reports which are selected on the basis of their contribution to improving the understanding of the budget and broader fiscal sustainability issues over the medium term.

In 2017–18, we released four regular publications. Three were set out in our 2017–18 work plan: *2017–18 Budget: medium-term projections*; *National Fiscal Outlook: As at 2017–18 Budgets*; and *2018–19 Budget Chart Pack*. The fourth publication—*2018–19 Budget Snapshot*—was a newly-launched publication. The Budget Snapshot provided a timely and accessible graphical summary of information contained in the 2018–19 Budget with the aim of improving public understanding of budget issues. The Budget Snapshot is now part of our regular suite of budget publications. These four publications are our flagship research products and are the key avenue with which we aim to promote public understanding of budget and fiscal policy issues.

Three other research reports were released in 2017–18 which focussed on analysis that improves our assessment of medium-term trends. The analysis took into account the recommendations of the PBO review to expand the focus of medium-term sustainability issues and to build an understanding of the underlying drivers of the budget, including historic factors and future demographic changes.

In addition to these reports, research commenced on the two remaining areas identified in the 2017–18 work plan: trends affecting the sustainability of Commonwealth taxes; and the impact of ageing on the budget over the medium term.

We also reviewed the structure and style of our publications, expanding our use of graphics, to make the publications accessible to a broader audience and illustrate key messages clearly.

Enhancing the understanding of the budget and fiscal policy settings

During 2017–18 we published the following research aimed at improving the public’s understanding of the budget and fiscal policy settings:

Regular publications

- 2017–18 Budget: medium-term projections
Report no. 02/2017 (5 July 2017)
- National Fiscal Outlook: As at 2017–18 Budgets
Report no. 04/2017 (19 October 2017)
- 2018–19 Budget Snapshot
(9 May 2018)
- 2018–19 Budget Chart Pack
(1 June 2018)

Other research reports

- Changes in average personal income tax rates: distributional impacts
Report no. 03/2017 (11 October 2017)
- 2017–18 Budget medium-term projections: economic scenario analysis
Report no 05/2017 (7 December 2017)
- Disability Support Pension – Historical and projected trends
Report no. 01/2018 (20 February 2018)

In our 2018 stakeholder survey, respondents provided positive feedback on the research program. Eighty-four per cent of respondents considered that the publications were a valuable resource that assisted decision making. Respondents also agreed that the reports helped them gain a better understanding of budget issues and were easy to understand.

Respondents provided additional comments in relation to the publications provided by the PBO:

‘Excellent’

‘PBO’s research output is incredibly important and I appreciate the focus on the medium-term outlook’

‘I find them very useful in my work’

2018 PBO Stakeholder Survey

Media mentions of PBO research are indicative of the relevance and quality of our research. In 2017–18, there were around 350 mentions of PBO research publications in the media and in Parliament with the largest number of mentions relating to two reports: *2017–18 Budget: medium-term projections*; and *Changes in average personal income tax*

rates: distributional impacts. These reports were two of the most downloaded reports from our website during the year. Media coverage focussed on the results of our research and commentary highlighted the independence of the PBO.

The datasets that underlie our published research are made publicly available on our website, to enhance transparency of our work and to provide a basis for others to undertake their own analysis.

In developing our research publications, we engage with external reviewers to seek feedback on draft reports. We engaged with our expert panel on our research program at the first annual gathering of panel members on 5 June 2018. Individual panel members reviewed some of our publications prior to release, or were able to link us to relevant academic or industry experts who provided pre-release feedback on our research.

The enhancements to our website were also designed to make our research more accessible and easier to locate. New publications are clearly highlighted on our home page. To inform these changes, we considered specific feedback provided in our stakeholder survey.

Enhancing the transparency around election commitments

| | |
|-----------------------------|---|
| Priorities | <ul style="list-style-type: none"> • ensure we are appropriately prepared for the expected increase in demand for policy costing services in the lead up to the next general election and are able to prepare the post-election report within the legislated timeframe |
| Performance criteria | <p>Relevance, quality and timeliness of PBO outputs, indicated by:</p> <ul style="list-style-type: none"> • preparation to ensure legislative obligations can be met • improvements to efficiency of internal processes. <p>Independence, transparency and integrity of PBO processes, indicated by:</p> <ul style="list-style-type: none"> • improved ease of access to election commitment costings through enhancements to the PBO’s website • clear and accessible guidance material and other relevant information is provided to parliamentarians in a timely manner. |

In early 2018, the PBO began to prepare for the expected increased workload associated with the next general election. This involved:

- improving our capacity to meet the surge in demand for costings
- improving our workflow management system to more efficiently manage key tasks
- preparing revised guidance for parliamentarians on processes associated with costings and the report on the financial impacts of election commitments.

The PBO review recommended that the PBO should provide parliamentary political parties with fewer than five Members or Senators the option to have the financial impact of their election commitments included in the PBO's post-election report of election commitments. We accepted this recommendation and released a consultation paper on 5 March 2018 setting out some of the considerations in allowing small parties to opt in to the report. These considerations balance the benefits of providing transparency around the financial impact of parties' election commitments with the practicality and resource implications of the task.

On 27 April 2018, we published a guidance note, *Allowing minor parties to opt in to the PBO's post-election report of election commitments*, to outline how these new arrangements will be implemented.

We have also been planning how to extend the post-election report to include the financial impact of election commitments over the medium term. This will increase transparency given that a range of policy commitments and election commitments are likely to have a significant effect beyond the next four years. Implementation of this change will require all election commitments to be costed over the medium term—a practice that has been in place for all PBO costings since April 2017.

We have consulted widely on the approach we intend to adopt to include medium-term impacts in our post-election report, including how we would treat broad policy commitments such as announced caps on taxation or revenue. Guidance material on these matters will be published early in 2018–19.

More broadly, our preparations for the next general election have involved liaison with the major political parties with a view to encouraging them to submit policy proposals for costing well in advance of the election to ensure that we have the models and data available to cost those proposals. This engagement contributed to the surge in costing requests we received in the last quarter of 2017–18.

Capabilities

We have identified four capabilities that enable us to effectively perform our functions and achieve our outcome—our employees, our data and models, our systems and our relationships. Continual improvement in these areas builds our organisational capability.

We continued to invest in our employees during the year through a range of learning and development activities. This is discussed in Part 3.

Model development and maintenance is a major ongoing focus of the PBO, and supports both our costings and research functions. The focus of our model development is to ensure that we have models available to us that cover a broad range of Commonwealth Government revenue and expenditure programs. Model development is further supported by securing access to the data needed to run our models.

During 2017–18, the key new model and data development activities we undertook were:

- the development of a company tax microsimulation model which allows for more detailed modelling of company tax policy proposals and related distributional analysis
- the development of a microsimulation model of housing ownership, prices and holding periods using private sector housing data
- collaborating with the Department of Education, the Department of Human Services and the Department of Health to obtain direct access to agency data warehouses, subject to appropriate data protection protocols, which allows more efficient access to relevant data and reduces burdens on agencies in responding to information requests
- developing medium-term projection models for higher education and for disability support payments.

We commenced work to make substantial improvements to our systems through two key activities:

- Following a 2016–17 review of our workflow management system, we engaged the system vendor to develop a range of enhancements. These will increase our efficiency by improving ease of use, expanding our performance reporting capabilities and improving the information available to monitor the status of stakeholder requests. A number of the enhancements are aimed at improving our efficiency during the peak workload period associated with a general election. These enhancements will be deployed in the first half of 2018–19.
- We reviewed our requirements for processing large datasets and our use of modelling software. This resulted in the development of new ICT hardware requirements which will significantly reduce the time taken to run complex data models. Updated hardware will be deployed early in 2018–19.

Good relationships with Commonwealth agencies are critical to ensure we are able to obtain data to support both our policy costing and budget analysis function, and our research function. We have continued to work closely with agencies to obtain data and models, as discussed above, and in return we share improvements and developments that we make to models. We monitor the performance of Commonwealth agencies providing data to us, as summarised in Table 2 below. This illustrates that we have continued to have excellent responsiveness from Commonwealth agencies, enabling us to operate effectively and efficiently.

Appendix B contains details of information request responsiveness by Commonwealth agencies during 2017–18. Appendix B also details responses from Commonwealth agencies to requests for information from the PBO over the past five financial years.

Table 2: Information requests to Commonwealth agencies

| | 2016–17 | 2017–18 | | | | |
|---|------------|---------|-----|-----|-----|------------|
| | Total | Q1 | Q2 | Q3 | Q4 | Total |
| Requests outstanding at start of period | 1 | 16 | 13 | 74 | 7 | 16 |
| Requests sent in period | 523 | 57 | 143 | 56 | 168 | 424 |
| Requests received in period | 508 | 60 | 82 | 123 | 164 | 429 |
| Requests received by due date | 499 | 57 | 81 | 123 | 164 | 425 |
| Requests received after due date | 9 | 3 | 1 | 0 | 0 | 4 |
| Percentage late | 2 | 5 | 1 | 0 | 0 | 1 |
| Average time taken to respond (business days) | 8 | 16 | 6 | 9 | 9 | 9 |
| Average punctuality (business days late) | -2 | -1 | -3 | -1 | -2 | -1 |
| Average lateness of late requests (business days) | 3 | 2 | 7 | 0 | 0 | 3 |
| Requests outstanding at end of period | 16 | 13 | 74 | 7 | 11 | 11 |

We have continued to expand our external engagement to enhance our capabilities. As discussed earlier, we established a panel of expert advisors in 2017–18 to provide advice on technical aspects of policy costings, input into our model development and feedback on our research program. We have also expanded our engagement with university academics, private sector economists and researchers from think tanks to seek professional input into our work and feedback on our draft research reports.

We continue to engage with the Tax and Transfer Policy Institute at the Australian National University. The Parliamentary Budget Officer, Ms Jenny Wilkinson, is a member of the Institute’s Advisory Board. This engagement enables the PBO to provide input in relation to the Institute’s research priorities and identify areas for cooperation between the PBO and the Institute.

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. Through this network we have continued our cooperative working relationships with the United States Congressional Budget Office, the Canadian Parliamentary Budget Office and the United Kingdom Office of Budget Responsibility.

Part 3: Management and accountability

Corporate governance

Our operations are primarily governed by the *Parliamentary Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Other legislation and policy also governs our work, including workplace relations legislation and Australian Government protective security policies.

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

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

We strengthened our governance framework and internal policies and procedures during the year, with information governance, security and business continuity being key focus areas.

We enhanced our planning processes and performance measures, which are reflected in our 2018–19 corporate plan. Our performance framework improvements were aimed at more-clearly identifying our discrete functions and identifying meaningful performance measures for each.

We implemented an Information Governance Framework and established an Information Governance Committee. These initiatives built on our strong information management culture and fully digital approach.

PBO Executive

The PBO Executive—consisting of the Parliamentary Budget Officer and all SES officers—meets weekly to consider PBO-wide issues, to monitor performance and to consider risk issues.

In 2017–18 we reviewed our risk management and monitoring processes. Executive now considers risks on a rolling basis to monitor any changes in the risk environment and update risk ratings and treatments accordingly.

The Information Governance Framework implemented in 2017–18 designated the Executive as the Information Governance Committee, ensuring that information governance is managed and driven by key personnel within the organisation. The framework also designates a Chief Information Governance Officer (the Assistant Parliamentary Budget Officer, Corporate Strategy Branch), who is a member of the Executive.

The Executive considers key performance information on a regular basis, including the status of outstanding requests for policy costings and budget analyses, the timeliness of our responses, the status of requests for information made to Commonwealth agencies, progress of the research program, citations in the media and the implementation of planning for the next general election.

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, Program Analysis Branch. The Committee met five times during the financial year. The Assistant Parliamentary Budget Officer, Corporate Strategy Branch; Chief Financial Officer; representatives from the Australian National Audit Office; and the PBO's internal auditors also attended these meetings.

The Audit Committee chair's term ended on 31 May 2018. Ms Elizabeth Montano served as the chair since the Committee's formation in 2013. Ms Montano's leadership of the Committee over that period played a key role in ensuring that the PBO's governance, finance and risk management processes are appropriate and well established. Mr Ian McPhee AO PSM continued to serve on the Audit Committee during 2017–18 and was appointed the Audit Committee chair for a period of two years, from 1 June 2018. Ms Jennifer Clark was appointed as an independent member of the Committee for a period of three years, from 1 June 2018. During the year, Ms Karen Williams, Assistant Parliamentary Budget Officer, Corporate Strategy Branch ended her term as the Audit Committee's internal member, succeeded by Mr Gareth Tunks, Assistant Parliamentary Budget Officer, Program Analysis Branch.

Risk management

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

We undertook a major review of our strategic risks and updated and documented these in our risk management plan. We continued to embed risk management practices at all levels by considering operational risks in our divisional and branch work planning processes.

We also manage risks in specialised areas, including the monitoring of specific security and fraud risks.

A key focus during 2017–18 was the management of security risks. We undertook a security risk assessment. We also implemented a protective security policy, providing a framework for the work we do to maintain the PBO’s personnel, information and physical security. The policy documents the relationships we have with the Department of Parliamentary Services (DPS) to maintain our security and sets out a process for identifying, controlling and monitoring security risks. In November 2017, we undertook a health check of our security risk treatment strategies as part of our internal audit program. The health check confirmed that we have successfully implemented most of our security risk treatment strategies, with some minor outstanding actions to be progressed relating to exercising our business continuity plans.

We reviewed our business continuity management framework and policy to ensure that it continues to outline appropriate arrangements to keep us operating in the event of a critical incident.

Fraud prevention and control

In 2017–18 the PBO took all reasonable measures to minimise the incidence of fraud. We monitored the fraud risks identified in the 2017–19 fraud risk management plan and maintained a fraud control policy. No incidences of fraud were detected.

Provision of corporate services to the PBO

To maximise the staff and resources dedicated to core functions, the PBO has shared services arrangements with other parliamentary departments for the delivery of most of the PBO’s corporate services.

During 2017–18, 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 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.

We also participated in a range of interdepartmental committees through which the parliamentary departments co-ordinate common and joint activities, particularly in relation to human resources, ICT and other corporate matters.

External scrutiny

During 2017–18, there were no external reports, reviews or judicial decisions involving the PBO. We continued our engagement with parliamentary committees.

Joint Committee of Public Accounts and Audit

The JCPAA plays an important oversight role in relation to the PBO’s resourcing. This includes considering the PBO’s draft budget estimates and receiving regular activity reports on the PBO’s operations ahead of each of the PBO’s appearance at Senate Estimates hearings. We consulted with the JCPAA on our 2017–18 work plan and 2018–19 corporate plan.

On 30 April 2018 the Parliamentary Budget Officer wrote to the Chair of the JCPAA to report on the PBO’s implementation of the recommendations of the PBO review.

Senate Finance and Public Administration Legislation Committee

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

Human resource management

The skills, experience and commitment of our employees are critical to us achieving our purpose. Developing our existing workforce was a high priority for the PBO in 2017–18, as well as our ongoing recruitment program.

Details of the classification level, employment status and gender of the PBO’s employees are included in Appendix A.

Capability development

We implemented a learning and development framework which sets out the various arrangements in place for developing employees and to set out our commitment for building the capacity of our people. The framework interacts with our performance management framework to ensure that learning opportunities are targeted at the key capabilities required for our work. We also commenced roll-out of leadership development for employees at all levels to enhance the leadership skills and capabilities across the PBO.

The continued development of employee’s technical capability was a priority during the year. This was provided through a mixture of on the job learning and coaching, attendance at courses and seminars, and job rotations through different functional teams. In particular, we exposed our research teams to an increased volume of policy costing and budget analysis work to expand our capacity in this area in preparation for the next general election.

A key component of the development of technical skills was the continuation of an internal seminar series aimed at analytical staff. Presenters for these sessions included key internal subject matter experts and external speakers.

We delivered essential corporate training through our online learning management system, in areas including risk and work health and safety.

Secondments

We conducted a secondment program with Commonwealth agencies, involving secondments both to and from the PBO. These were aimed at enhancing our capacity through the development of employees' skills in specific policy areas, and developing relationships with Commonwealth agencies. These also provided participants from other agencies with an increased understanding of our role and exposure to a broad range of policy areas and budgetary issues.

During 2017–18, the PBO participated in the 2018 Parliament of Australia graduate program. The program allows participants from APS graduate programs to undertake a secondment of up to six months with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Eight graduates from the 2017 and 2018 programs were placed with the PBO in 2017–18.

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 implemented remuneration increases for non-SES employees for the three year period commencing 1 December 2017. The remuneration proposal was agreed with the Australian Public Service Commissioner, with associated productivity offsets. This was undertaken in accordance with the Australian Government's workplace bargaining policy. Commensurate increases were implemented for SES employees.

The PBO did not make any performance payments to employees during 2017–18. 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, and access to salary sacrifice arrangements. The PBO provides SES employees 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.

Work health and safety

The following information for the 2017–18 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 elected Health and Safety Representatives. A Health and Safety Committee, chaired by Mr Paul Gardiner, Assistant Parliamentary Budget Officer, Fiscal Policy Analysis Branch, met quarterly.

The PBO provides sit-to-stand workstations 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 2017–18, 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

The four parliamentary departments progressed actions identified in the 2016–18 Australian Parliamentary Service Reconciliation Action Plan (RAP). The RAP works to build understanding and respect between the Parliamentary Service and Aboriginal and Torres Strait Islander culture.

The departments each have a RAP Champion, who together comprise the Parliamentary Service RAP Champions Group. The RAP Champions Group meets periodically to review and monitor progress against the RAP. At 30 June, the PBO's RAP Champion was Mr David Tellis, Assistant Parliamentary Budget Officer, Revenue Analysis Branch.

Parliamentary Service Indigenous Employee Network

During 2017–18, the PBO supported the Parliamentary Service Indigenous Employee Network. The network provides 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 met monthly during the year and coordinated a Parliamentary Service event to launch National Reconciliation Week in May 2018.

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.

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 2017–18, through the Australian Public Service Commission, one of our Parliamentary Executive Level 1 employees participated in the 2018 Jawun Indigenous Community APS Secondment Program. The secondment involved a six-week placement in the Goulburn-Murray region of Victoria 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 RAP.

Other information

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

Financial management

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 1999*.

Overview of financial performance

The PBO recorded an operating deficit of \$0.308 million for the year ended 30 June 2018. Excluding depreciation and amortisation, the operating result attributable to the PBO was nil.

We managed our financial performance and position appropriately throughout the year, with no major variations from budget.

In addition to the PBO's ongoing departmental appropriation, a special appropriation of \$6.000 million was provided to the PBO on establishment in 2012. By the end of 2020–21, we expect this special appropriation to be fully drawn down and consideration of the PBO's resourcing beyond that time will be required. Additional ongoing funding is expected to be required to enable the PBO to maintain current levels of service.

The PBO continues to consult with the Joint Committee of Public Accounts and Audit on future resourcing requirements.

Expense impacts

Overall, total expenses decreased to \$8.395 million (2016–17: \$8.819 million). This reduction was largely a result of the PBO's workforce contracting through natural attrition following augmentation to meet the increased demand associated with the 2016 general election and costs associated with the PBO review not recurring in 2017–18.

Revenue impacts

In 2017–18 the PBO’s revenue from its annual departmental appropriation decreased to \$6.753 million (2016–17: \$6.922 million), which was supplemented by \$0.989 million special appropriation funding to meet operational expenses. Other revenue, relating to resources received free of charge, remained constant.

Financial position

As at 30 June 2018, the PBO was in a sound net worth position, reporting net assets of \$1.691 million (2016–17: \$2.858 million). This was represented by assets of \$4.039 million (2016–17: \$4.999 million) and liabilities of \$2.347 million (2016–17: \$2.141 million).

Assets decreased during the year due to the transfer of intangible assets to the Department of Parliamentary Services (DPS) with an associated decrease in equity. This transfer finalised the PBO’s consolidation of information and communication technology (ICT) assets with DPS. The increase in liabilities is primarily due to an increase in the measurement of employee leave provisions reflecting a change in calculation factors.

Entity resource and outcome expense statements

Table 3 summarises the total resources available to the PBO by funding type and the total payments made by the PBO in cash terms. The balance remaining for ordinary annual services is held for the PBO’s liabilities, largely employee leave entitlements. The special appropriation balance remaining can be used to support the PBO’s operational expenses. The special appropriation is expected to be fully drawn down by 2020–21.

Table 3: Entity resource statement

| | Actual available appropriation for 2017–18 | Payments made 2017–18 | Balance remaining 2017–18 |
|---------------------------------------|--|-----------------------------|---------------------------------|
| | \$'000 (a) | \$'000 (b) | \$'000 (a)–(b) |
| Ordinary annual services ¹ | 9,122 | 6,855 | 2,267 |
| Special appropriation ² | 3,772 | 989 | 2,783 |
| Total resourcing and payments | 12,894 | 7,844 | 5,050 |

(1) *Appropriation (Parliamentary Departments) Act (No.1) 2017–18*. This includes prior year departmental appropriation and section 74 retained revenue receipts.

(2) Special appropriation limited by amount [*Parliamentary Service Act 1999* section 64D].

Table 4 shows the total budgeted and actual expenses for the PBO’s outcome. The Budget amounts correspond to the information contained in the ‘Budgeted expenses for Outcome’ table in the PBO’s 2017–18 Portfolio Budget Statements, page 10. The actual expenses reconcile to the Statement of comprehensive income in the financial statements.

Table 4: Outcome expense statement

| | Budget* 2017–18 | Actual expenses 2017–18 | Variation 2017–18 |
|--|--------------------|-------------------------------|----------------------|
| Outcome 1 | \$'000 (a) | \$'000 (b) | \$'000 (a)–(b) |
| Departmental expenses | | | |
| Departmental appropriation ¹ | 6,753 | 6,753 | – |
| Special appropriation | 788 | 989 | (201) |
| Expenses not requiring appropriation in the budget year ² | 682 | 653 | 29 |
| Total expenses for Outcome 1 | 8,223 | 8,395 | (172) |

| | 2017–18 | 2016–17 |
|---------------------------------|---------|---------|
| Average staffing level (number) | 42 | 47 |

* Full year budget including any subsequent adjustments made to the 2017–18 Budget.

- (1) Departmental appropriation combines ordinary annual services (*Appropriation (Parliamentary Departments) Act (No.1) 2017–18*) 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 and resources received free of charge.

Compliance with finance law

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 comprised of office fitout and equipment.

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

During 2017–18, assets relating to the ICT network and workflow management system were transferred to DPS in order to finalise the consolidation of ICT assets with DPS.

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 2017–18, ten new consultancy contracts were entered into, involving a total expenditure of \$98,776 (inclusive of GST). There were no ongoing consultancy contracts active during the period.

Decisions to engage consultants during 2017–18 were made in accordance with the PGPA Act, Commonwealth Procurement Rules and internal policies.

The majority of consultancy expenditure was for internal audit, independent analysis, risk management and document design 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.

Advertising and market research

The PBO did not undertake any advertising campaigns during 2017–18.

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 2018:

- (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 2018 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 2018 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* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. 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, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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19 National Circuit BARTON ACT
Phone (02) 6203 7300 Fax (02) 6203 7777

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 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



Mark Vial
Senior Director
Delegate of the Auditor-General
Canberra
4 September 2018

Statement by the Parliamentary Budget Officer and Chief Financial Officer

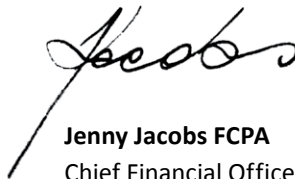
Certification of financial statements

In our opinion the following financial statements for the year ended 30 June 2018 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.



Jenny Wilkinson
Parliamentary Budget Officer
4 September 2018



Jenny Jacobs FCPA
Chief Financial Officer
4 September 2018

STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2018

| | Note | 2018 \$ | 2017 \$ | Original Budget 2018 \$ |
|---|------|------------------|------------|-------------------------------|
| NET COST OF SERVICES | | | | |
| Expenses | | | | |
| Employee benefits | 1.3 | 6,823,088 | 7,056,146 | 6,560,000 |
| Supplier | 1.4 | 1,263,773 | 1,426,001 | 1,327,000 |
| Depreciation and amortisation | | 308,169 | 336,379 | 336,000 |
| Total expenses | | 8,395,030 | 8,818,526 | 8,223,000 |
| Own-source income | | | | |
| Other revenue | | | | |
| Resources received free of charge | 1.5 | | | |
| Auditor remuneration | | 50,000 | 52,500 | } 346,000 |
| Accommodation | | 294,553 | 288,591 | |
| Total other revenue | | 344,553 | 341,091 | 346,000 |
| Total own-source income | | 344,553 | 341,091 | 346,000 |
| NET COST OF SERVICES | | 8,050,477 | 8,477,435 | 7,877,000 |
| Revenue from Government | | | | |
| Departmental Appropriation | 1.5 | 6,753,000 | 6,922,000 | 6,753,000 |
| Special Appropriation | | 989,308 | 1,219,056 | 788,000 |
| Total revenue from Government | | 7,742,308 | 8,141,056 | 7,541,000 |
| Surplus/(deficit) attributable to the Australian Government | | (308,169) | (336,379) | (336,000) |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT | | (308,169) | (336,379) | (336,000) |

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

STATEMENT OF FINANCIAL POSITION

as at 30 June 2018

| | Note | 2018 \$ | 2017 \$ | Original Budget 2018 \$ |
|-----------------------------------|------|------------------|------------|-------------------------------|
| ASSETS | | | | |
| Financial assets | | | | |
| Cash | 1.6 | 31,757 | 50,963 | 34,000 |
| Receivables | 1.6 | | | |
| Appropriation receivable | | 2,235,092 | 2,100,772 | } 2,468,000 |
| GST receivable | | 2,553 | 2,076 | |
| Other receivables | | 18,524 | - | |
| Total financial assets | | 2,287,926 | 2,153,811 | 2,502,000 |
| Non-financial assets | | | | |
| Property, plant and equipment | 1.7 | 1,684,781 | 1,763,000 | 1,699,000 |
| Intangibles | | - | 1,054,330 | 799,000 |
| Prepayments | | 65,900 | 27,410 | 36,000 |
| Total non-financial assets | | 1,750,681 | 2,844,740 | 2,534,000 |
| Total assets | | 4,038,607 | 4,998,551 | 5,036,000 |
| LIABILITIES | | | | |
| Payables | | | | |
| Trade creditors | | 129,822 | 154,825 | 255,000 |
| Employee payables | 1.3 | 64,308 | 67,154 | - |
| Other payables | | 11,964 | 16,856 | - |
| Total payables | | 206,094 | 238,835 | 255,000 |
| Provisions | | | | |
| Employee leave provisions | 1.2 | 2,141,241 | 1,902,090 | 2,243,000 |
| Total liabilities | | 2,347,335 | 2,140,925 | 2,498,000 |
| Net assets | | 1,691,272 | 2,857,626 | 2,538,000 |
| EQUITY | | | | |
| Asset revaluation reserve | | 30,263 | 30,263 | 50,000 |
| Retained earnings | | 1,661,009 | 2,827,363 | 2,488,000 |
| Total equity | | 1,691,272 | 2,857,626 | 2,538,000 |

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

STATEMENT OF CHANGES IN EQUITY

as at 30 June 2018

| | 2018 \$ | 2017 \$ | Original Budget 2018 \$ |
|--|------------------|------------|-------------------------------|
| RETAINED EARNINGS | | | |
| Opening balance as at 1 July 2017 | 2,827,363 | 3,163,742 | 2,824,000 |
| Surplus/(deficit) for the period | (308,169) | (336,379) | (336,000) |
| Adjustment for Intangible asset transfer ^(a) | (858,185) | – | – |
| Closing balance attributable to the Australian Government | 1,661,009 | 2,827,363 | 2,488,000 |
| ASSET REVALUATION RESERVE | | | |
| Opening balance as at 1 July 2017 | 30,263 | 50,305 | 50,000 |
| Revaluation adjustment | – | (20,042) | – |
| Closing balance attributable to the Australian Government | 30,263 | 30,263 | 50,000 |
| Total equity | 1,691,272 | 2,857,626 | 2,538,000 |

(a) See note 1.7 – Transfer of intangible assets.

CASH FLOW STATEMENT

for the period ended 30 June 2018

| | 2018 \$ | 2017 \$ | Original Budget 2018 \$ |
|--|------------------|------------|-------------------------------|
| OPERATING ACTIVITIES | | | |
| Cash received | | | |
| Appropriations | 7,371,526 | 8,091,453 | 7,509,000 |
| Net GST received | 28,351 | 45,739 | – |
| Non-appropriation receipts ^(a) | 236,462 | 307,844 | – |
| Total cash received | 7,636,339 | 8,445,036 | 7,509,000 |
| Cash used | | | |
| Employees | 6,634,620 | 7,249,039 | 6,528,000 |
| Suppliers | 1,020,925 | 1,179,112 | 981,000 |
| Total cash used | 7,655,545 | 8,428,151 | 7,509,000 |
| Net cash from operating activities | (19,206) | 16,885 | – |
| Net (decrease) / increase in cash held | (19,206) | 16,885 | – |
| Cash at the beginning of the reporting period | 50,963 | 34,078 | 34,000 |
| Cash at the end of the reporting period | 31,757 | 50,963 | 34,000 |

(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, not-for-profit financial statements and are prepared in accordance with section 42 of the *Public Governance, Performance and Accountability Act 2013*, which in turn requires the statements to comply with the:

- 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 adopting the Department of Finance actuarial assumptions table of probability for the likely tenure of existing staff. Assumptions for patterns of leave claims, payouts and future salary and superannuation movements are based on historical data and management estimates. The future discount rates are based on the 10-year government bond rate published by the Reserve Bank of Australia. The liability for employee leave includes provision for annual leave and long service leave.

1.3 Employee benefits and payables

| | 2018 \$ | 2017 \$ |
|--------------------------------|------------------|------------|
| Employee benefits | | |
| Wages and salaries | 4,918,722 | 5,463,310 |
| Superannuation | | |
| Defined benefit plans | 472,835 | 501,765 |
| Defined contribution plans | 413,878 | 464,302 |
| Leave and other entitlements | 1,017,653 | 626,769 |
| Total employee benefits | 6,823,088 | 7,056,146 |
| Employee payables | | |
| Wages and salaries | 45,556 | 47,846 |
| Superannuation | 6,813 | 7,331 |
| FBT payable | 11,939 | 11,977 |
| Total employee payables | 64,308 | 67,154 |

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 key management personnel in the PBO comprise the Parliamentary Budget Officer and those who directly report to this position. During 2017–18, the total compensation of the five officers who held these positions is \$1,335,107 (comprising short term employee benefits of \$1,109,771, long term employee benefits of \$71,588 and post-employment benefits of \$153,748). Two persons held the position of Parliamentary Budget Officer over the course of 2017–18.

During 2016–17 the total compensation of the four officers who held these positions was \$1,299,564 (comprising short term employee benefits of \$1,124,152, long term employee benefits of \$26,637 and post-employment benefits of \$148,775).

1.4 Supplier expenses

Supplier expenses

| | 2018 | 2017 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Supplier expenses | | |
| Professional services | 180,167 | 349,422 |
| Enhanced capability | 110,454 | 103,134 |
| Corporate services outsourced | 362,592 | 362,252 |
| Employee related | 97,011 | 74,795 |
| Accommodation expenses | 294,553 | 297,865 |
| Travel | 15,688 | 78,142 |
| Software licences | 136,963 | 91,788 |
| Other | 43,024 | 32,176 |
| Workers compensation expenses | 23,321 | 36,427 |
| Total supplier expenses | 1,263,773 | 1,426,001 |

1.5 Revenue

Revenue from Government

| | 2018 | 2017 |
|--|------------------|------------------|
| | \$ | \$ |
| Annual appropriation | 6,753,000 | 6,922,000 |
| Section 74 PGPA Act receipts | 236,462 | 307,844 |
| Total appropriation | 6,989,462 | 7,229,844 |
| Less Appropriation applied (current and prior years) | (6,870,000) | (7,471,200) |
| Variance^(a) | 119,462 | (241,356) |

(a) In 2018, the variance between appropriation provided and applied is largely due to retained funding for future leave entitlements.

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

The PBO may draw upon the following appropriations:

- 1 Annual appropriations providing for the ordinary course of business are noted below. The amount of unspent appropriations is equal to the sum of the cash and appropriation receivable balances, as at 30 June.
 - a *Appropriation (Parliamentary Departments) Act (No.1) 2016–17*
Unspent balance as at 30 June 2018: nil (2017: \$2,151,735)
 - b *Appropriation (Parliamentary Departments) Act (No.1) 2017–18*
Unspent balance as at 30 June 2018: \$2,266,849
- 2 A Special appropriation, of a limited amount, to provide for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office. Special appropriation revenue is recognised for the year when amounts are expended or to meet obligations incurred during the reporting period.
 - a *Parliamentary Service Act 1999*
Limited to \$6,000,000, unspent balance as at 30 June 2018: \$2,782,636
(2017: \$3,771,944)

Resources received free of charge

Resources received free of charge are recognised as other revenue 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.

1.6 Financial assets

Cash

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

Receivables

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

Impairment of financial assets

Receivables are assessed for impairment at the end of each reporting period. No indicators of impairment were identified as at 30 June 2018.

1.7 Property, plant and equipment

| | 2018 \$ |
|---|------------------|
| As at 1 July 2017 | |
| Gross book value | 2,075,799 |
| Accumulated depreciation | (312,799) |
| Total as at 1 July 2017 | 1,763,000 |
| Depreciation expense | (78,219) |
| Total as at 30 June 2018 | 1,684,781 |
| Total as at 30 June 2018 represented by: | |
| Gross book value | 2,075,799 |
| Accumulated depreciation | (391,018) |
| Total as at 30 June 2018 | 1,684,781 |

Asset recognition threshold

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

Revaluations

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

The PBO performed a valuation of property, plant and equipment assets 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.

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.

Transfer of intangible assets

During 2014 the Presiding Officers endorsed the consolidation of ICT across the parliamentary departments. In accordance with this decision the Parliamentary Budget Office transferred its ICT hardware assets on 1 July 2013 and its ICT intangible assets on 1 June 2018.

The assets transferred in 2018 were transferred at net book value (\$858,185) to the Department of Parliamentary Services for no consideration, recognising a reduction in equity. As no balance exists for contributed equity, this amount was subsequently transferred to accumulated results.

Impairment

All assets were assessed for impairment at 30 June 2018, with no indications of impairment.

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 2018.

Note 3: Budget variance

The comparison of the unaudited original budget as presented in the 2017–18 Portfolio Budget Statements to the 2017–18 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. The major variance detailed below is 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 variance

The only major variance in relation to the management of resources is the transfer of intangible assets (refer to Note 1.7).

Appendices

Appendix A – Staffing statistics

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

All employees are located at Parliament House, Canberra.

One employee identified themselves as Indigenous (unchanged from 2017).

Table A1: Employee numbers (headcount)

| Classification | 30 June 2017 | | 30 June 2018 | |
|-------------------------------|--------------|-------------|--------------|-------------|
| | 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 | 17 | – | 15 | – |
| PSL 6 | 6 | – | 4 | – |
| PSL 5 | 3 | 1 | 3 | – |
| PSL 4 | 1 | – | 1 | – |
| Secondees | – | 1 | – | 7 |
| Total | 41 | 3 | 37 | 8 |
| Full time or part time | | | | |
| Full time | 39 | 3 | 35 | 8 |
| Part time | 2 | – | 2 | – |
| Total | 41 | 3 | 37 | 8 |
| Gender | | | | |
| Female | 15 | 1 | 15 | 6 |
| Male | 26 | 2 | 22 | 2 |
| Total | 41 | 3 | 37 | 8 |

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 A2: Salary ranges for non-SES employees by classification

| Classification | As at 30 June 2017 | As at 30 June 2018 |
|----------------|--------------------|--------------------|
| PEL 2 | 125,960 – 149,734 | 128,204 – 152,729 |
| PEL 1 | 106,017 – 122,410 | 108,138 – 124,859 |
| PSL 6 | 84,158 – 94,541 | 85,842 – 96,432 |
| PSL 5 | 73,229 – 80,333 | 74,694 – 81,940 |
| PSL 4 | 65,578 – 71,043 | 66,890 – 72,464 |

Note: Amounts exclude superannuation.

Table A3: Cash remuneration paid to senior executives in 2017–18

| Total cash remuneration | Senior executives | Average reportable salary | Average contributed superannuation | Average total remuneration |
|-----------------------------------|-------------------|---------------------------|------------------------------------|----------------------------|
| Less than \$195,000 | 1 | 100,409 | 2,125 | 102,534 |
| \$195,000 to \$224,999 | 1 | 181,694 | 30,448 | 212,142 |
| \$225,000 to \$254,999 | 3 | 209,739 | 34,705 | 244,444 |
| \$285,000 to \$314,999 | 2 | 250,153 | 41,747 | 291,900 |
| \$375,000 to \$404,999 | 1 | 366,745 | 31,250 | 397,995 |
| Total number of executives | 8 | | | |

Notes:

There were no reportable allowances or bonuses paid to senior executives during the reporting period.

The total number of executives for the year exceeds the number at 30 June 2018 due to separations and commencements during the year.

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

Table A4: Cash remuneration paid to senior executives in 2016–17

| Total cash remuneration | Senior executives | Average reportable salary | Average contributed superannuation | Average total remuneration |
|-----------------------------------|-------------------|---------------------------|------------------------------------|----------------------------|
| \$225,000 to \$254,999 | 4 | 203,754 | 36,106 | 239,860 |
| \$255,000 to \$284,999 | 1 | 238,558 | 40,270 | 278,828 |
| \$285,000 to \$314,999 | 1 | 257,248 | 40,270 | 297,518 |
| \$375,000 to \$404,999 | 1 | 404,315 | 31,299 | 435,614 |
| Total number of executives | 7 | | | |

Note: There were no reportable allowances or bonuses paid to senior executives during the reporting period.

Appendix B – Other statistics

Table B1 provides information on costing and budget analysis requests from parliamentarians and parliamentary parties over the past five financial years.

Table B1: Costing and budget analysis requests from parliamentarians and parliamentary parties by year

| | 2013–14 | 2014–15 | 2015–16 | 2016–17 | 2017–18 |
|--|---------|---------|---------|---------|---------|
| Requests outstanding at start of period | 463 | 76 | 138 | 20 | 180 |
| Requests received in period | 1,297 | 973 | 4,146 | 2,572 | 2,218 |
| Requests withdrawn in period | 162 | 42 | 1,013 | 524 | 252 |
| Requests completed in period | 1,522 | 869 | 3,251 | 1,888 | 1,560 |
| Average time to completion (business days) | 14 | 20 | 19 | 20 | 20 |
| Median time to completion (business days) | 6 | 12 | 16 | 12 | 15 |
| Requests outstanding at end of period | 76 | 138 | 20 | 180 | 586 |

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

Table B2 provides information on information requests to agencies over the past five financial years.

Table B2: Information requests to Commonwealth agencies by year

| | 2013–14 | 2014–15 | 2015–16 | 2016–17 | 2017–18 |
|--|---------|---------|---------|---------|---------|
| Requests outstanding at start of period | 28 | 16 | 3 | 1 | 16 |
| Requests sent in period | 388 | 203 | 743 | 523 | 424 |
| Requests received in period | 400 | 216 | 745 | 508 | 429 |
| Requests received by due date | 209 | 147 | 695 | 499 | 425 |
| Requests received after due date | 191 | 69 | 50 | 9 | 4 |
| Percentage late | 48 | 32 | 7 | 2 | 1 |
| Average time taken to respond (business days) | 13 | 13 | 7 | 8 | 9 |
| Average punctuality (business days late) | 5 | 3 | -1 | -2 | -1 |
| Average lateness of late responses (business days) | 12 | 11 | 3 | 3 | 3 |
| Requests outstanding at end of period | 16 | 3 | 1 | 16 | 11 |

Table B3: Information request responsiveness by Commonwealth agencies—2017–18

| Department/Agency | Responses received in period | Average time taken to respond (business days) | Responses received after due date | Per cent late |
|---|------------------------------|---|-----------------------------------|---------------|
| Attorney-General’s Department | 5 | 8 | – | – |
| Australian Bureau of Statistics | 9 | 8 | 1 | 11% |
| Australian Competition and Consumer Commission | 1 | 9 | – | – |
| Australian Securities and Investments Commission | 1 | 11 | – | – |
| Australian Taxation Office | 53 | 6 | – | – |
| Commonwealth Superannuation Corporation | 1 | 11 | – | – |
| Department of Agriculture and Water Resources | 4 | 10 | – | – |
| Department of Communications and the Arts | 4 | 5 | – | – |
| Department of Defence | 3 | 6 | – | – |
| Department of Education and Training | 27 | 7 | 2 | 7% |
| Department of Finance | 47 | 6 | – | – |
| Department of Foreign Affairs and Trade | 4 | 7 | – | – |
| Department of Health | 15 | 7 | 1 | 7% |
| Department of Home Affairs | 22 | 10 | – | – |
| Department of Human Services | 14 | 7 | – | – |
| Department of Industry, Innovation and Science | 8 | 9 | – | – |
| Department of Infrastructure, Regional Development and Cities | 6 | 8 | – | – |
| Department of Jobs and Small Business | 7 | 6 | – | – |
| Department of Social Services | 67 | 16 | – | – |
| Department of the Environment and Energy | 8 | 10 | – | – |
| Department of the Prime Minister and Cabinet | 4 | 8 | – | – |
| Department of the Treasury | 93 | 12 | – | – |
| Department of Veterans’ Affairs | 24 | 5 | – | – |
| Independent Parliamentary Expenses Authority | 1 | 15 | – | – |
| Reserve Bank of Australia | 1 | 10 | – | – |
| Total | 429 | 9 | 4 | 1% |

Appendix C – 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 C1: 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 the accountable 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) | 56 | Alphabetical index. | Mandatory |
| 17AJ(c) | 55 | Glossary of abbreviations and acronyms. | Mandatory |
| 17AJ(d) | 49 | List of requirements. | Mandatory |
| 17AJ(e) | ii | Details of contact officer. | Mandatory |
| 17AJ(f) | ii | Entity's website address. | Mandatory |
| 17AJ(g) | ii | Electronic address of report. | Mandatory |
| 17AD(a) Review by accountable authority | | | |
| 17AD(a) | 1 | A review by the accountable authority of the entity. | Mandatory |
| 17AD(b) Overview of the entity | | | |
| 17AE(1)(a)(i) | 3 | A description of the role and functions of the entity. | Mandatory |
| 17AE(1)(a)(ii) | 4 | A description of the organisational structure of the entity. | Mandatory |
| 17AE(1)(a)(iii) | 3 | A description of the outcomes and programmes administered by the entity. | Mandatory |
| 17AE(1)(a)(iv) | 3 | A description of the purposes of the entity as included in 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 | 7 | Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule. | Mandatory |
| 17AD(c)(ii) Report on financial performance | | | |
| 17AF(1)(a) | 29 | A discussion and analysis of the entity's financial performance. | Mandatory |
| 17AF(1)(b) | 30 | 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, 23 | Information on compliance with section 10 (fraud systems) | Mandatory |
| 17AG(2)(b)(i) | iii, 23 | 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 |

| PGPA Rule Reference | Page no | Description | Requirement |
|---|---------|---|--------------------------|
| 17AG(2)(b)(iii) | iii, 23 | 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) | 21 | An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance. | Mandatory |
| 17AG(2)(d) – (e) | 31 | 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) | 24 | 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) | 8, 24 | 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) | 24 | An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives. | Mandatory |
| 17AG(4)(b) | 45 | 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 |

| PGPA Rule Reference | Page no | Description | Requirement |
|--------------------------|---------|--|--------------------------|
| 17AG(4)(c) | 25 | 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) | 25 | 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) | 46 | The salary ranges available for parliamentary service employees by classification level. | Mandatory |
| 17AG(4)(c)(iii) | 26 | A description of non-salary benefits provided to employees. | Mandatory |
| 17AG(4)(d)(i) | 25 | 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 |
| Assets management | | | |
| 17AG(5) | 31 | An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities. | If applicable, mandatory |
| Purchasing | | | |
| 17AG(6) | 32 | An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> . | Mandatory |
| Consultants | | | |
| 17AG(7)(a) | 32 | 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 |

| PGPA Rule Reference | Page no | Description | Requirement |
|---------------------|---------|--|-------------|
| 17AG(7)(b) | 32 | A statement that <i>“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].”</i> | Mandatory |
| 17AG(7)(c) | 32 | 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) | 32 | A statement that <i>“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.”</i> | Mandatory |

Australian National Audit Office access clauses

| | | | |
|---------|-----|---|--------------------------|
| 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 |
|---------|-----|---|--------------------------|

Exempt contracts

| | | | |
|---------|-----|--|--------------------------|
| 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 |
|---------|-----|--|--------------------------|

Small business

| | | | |
|-------------|----|--|-----------|
| 17AG(10)(a) | 32 | A statement that <i>“[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.”</i> | Mandatory |
|-------------|----|--|-----------|

| PGPA Rule Reference | Page no | Description | Requirement |
|--|---------|--|--------------------------|
| 17AG(10)(b) | 32 | 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 |
| Financial statements | | | |
| 17AD(e) | 33 | Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act. | Mandatory |
| 17AD(f) Other mandatory information | | | |
| 17AH(1)(a)(i) | n/a | If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.” | If applicable, Mandatory |
| 17AH(1)(a)(ii) | 32 | 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) | 28 | Outline of mechanisms of disability reporting, including reference to website for further information. | Mandatory |
| 17AH(1)(d) | 27 | 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) | 26, 28 | Information required by other legislation. | Mandatory |

Glossary

| | |
|---------------------|--|
| budget analysis | Budget analysis is analysis that the PBO can be asked to provide about the budget or fiscal policy settings. This may include: information about the amount of money allocated to particular programs; details of the profile of spending on particular programs; or details of the different sub-components of expenditure or revenue associated with a particular program. |
| 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> . |
| 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 |
| OECD | Organisation for Economic Co-operation and Development |
| PBO | Parliamentary Budget Office |
| PEL | Parliamentary Executive Level |
| PGPA Act | <i>Public Governance, Performance and Accountability Act 2013</i> |
| PGPA Rule | <i>Public Governance, Performance and Accountability Rule 2014</i> |
| PSL | Parliamentary Service Level |
| RAP | Reconciliation Action Plan |
| SES | Senior Executive Service |
| SME | Small and medium enterprises |

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