



BUDGET

2015-16

Portfolio Budget Statements 2015-16

Budget Related Paper No. 1.17D

Parliamentary Budget Office

Budget Initiatives and Explanations of
Appropriations Specified by Outcomes
and Programmes by Entity

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- No. 2 **Budget Measures 2015-16**
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BUDGET

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PARLIAMENTARY BUDGET OFFICE

Budget Initiatives and Explanations of
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Parliament of Australia
Parliamentary Budget Office

Phil Bowen PSM FCPA
Parliamentary Budget Officer

The Hon Bronwyn Bishop MP
Speaker of the House of Representatives
Parliament House
CANBERRA ACT 2600

Senator the Hon Stephen Parry
President of the Senate
Parliament House
CANBERRA ACT 2600

Dear Madam Speaker and Mr President

I hereby submit Portfolio Budget Statements in support of the 2015–16 Budget for the Parliamentary Budget Office (PBO).

These statements have been developed, and are submitted to the Parliament, as a statement on the outcomes for the PBO.

I present these statements to provide accountability to the Parliament and, through it, the public.

Yours sincerely

Phil Bowen

/ May 2015

Abbreviations and conventions

The following notation may be used:

NEC/nec	not elsewhere classified
-	nil
..	not zero, but rounded to zero
na	not applicable (unless otherwise specified)
nfp	not for publication
\$m	\$ million
\$b	\$ billion

Figures in tables and in the text may be rounded. Figures in text are generally rounded to one decimal place, whereas figures in tables are generally rounded to the nearest thousand. Discrepancies in tables between totals and sums of components are due to rounding.

Enquiries

Should you have any enquiries regarding this publication please contact Jenny Jacobs, Chief Financial Officer, Parliamentary Budget Office on (02) 6277 9522.

A copy of this document can be located on the Australian Government Budget website at: www.budget.gov.au.

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the 2015–16 Portfolio Budget Statements (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to the Parliamentary Budget Office (PBO) outcome. The PBO receives resources from the annual parliamentary departments appropriations acts and a special appropriation.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation (Parliamentary Departments) Bill (No. 1) 2015–16. In this sense the PB Statements are Budget related papers and are declared by the appropriation acts to be ‘relevant documents’ to the interpretation of the acts according to section 15AB of the *Acts Interpretation Act 1901*.

The PB Statements provide information, explanation and justification to enable Parliament to understand the purpose of each outcome proposed in the Bill.

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DEPARTMENT OVERVIEW

PARLIAMENTARY BUDGET OFFICE OVERVIEW

Department responsibilities

The Parliamentary Budget Office (PBO) is one of four parliamentary departments supporting the Australian Parliament.

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

The Parliamentary Budget Officer, under the Presiding Officers, is responsible for leading and managing the PBO.

As set out in the *Parliamentary Service Act 1999*, the Parliamentary Budget Officer has the following functions:

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

DEPARTMENT RESOURCES

Table 1 shows the total new resources provided to the PBO in the 2015–16 budget year.

Table 1: Department resources 2015–16

	Appropriation Bill No. 1 \$'000	Special appropriation \$'000	Total \$'000
Parliamentary Budget Office			
Departmental appropriations	7,410	548	7,958
Total			7,958
	Resources available within entity		7,958

Parliamentary Budget Office

Entity resources and planned performance

PARLIAMENTARY BUDGET OFFICE

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PARLIAMENTARY BUDGET OFFICE

Section 1: Entity overview and resources

1.1 STRATEGIC DIRECTION STATEMENT

The Parliamentary Budget Office (PBO), as an independent and non-partisan institution, engages with the Parliament to help improve the integrity of the policy development process, better inform public policy debates and strengthen budget and fiscal policy transparency.

To support the 2015–16 Portfolio Budget Statements and in accordance with section 64Q of the *Parliamentary Service Act 1999*, the Parliamentary Budget Officer, in consultation with the Joint Committee of Public Accounts and Audit, will prepare a work plan for the PBO setting out:

- the priorities of the PBO for the 2015–16 financial year
- protocols for the allocation of the resources of the PBO during the financial year.

The PBO's 2015–16 work plan will be released before 1 October 2015.

Ahead of the release of the 2015–16 work plan, section 2 of the 2015–16 Portfolio Budget Statements provides detail on the PBO's outcome and planned performance.

There is one measure for the 2015–16 Budget affecting the PBO detailed at section 1.3 - Budget measures.

1.2 ENTITY RESOURCE STATEMENT

Table 1.1 shows the total resources from all sources. The table summarises how resources will be applied by outcome and classification.

Table 1.1: PBO resource statement — Budget estimates for 2015–16 as at Budget May 2015

	<i>Actual available appropriation 2014-15</i>	Estimate of prior year amounts available in 2015-16	Proposed at 2015-16 Budget	Total 2015-16 estimate
	\$'000	\$'000	\$'000	\$'000
Ordinary annual services ^(a)				
Departmental appropriation				
Departmental appropriation	8,917	1,989	7,410	9,399
Total	8,917	1,989	7,410	9,399
Total ordinary annual services [A]	8,917	1,989	7,410	9,399
Other services				
Total other services [B]	-	-	-	-
Special appropriations				
Special appropriations limited by amount				
<i>Parliamentary Service Act 1999</i>	5,300	5,300	-	5,300
Total special appropriations [C]	5,300	5,300	-	5,300
Special accounts				
Total special accounts [D]	-	-	-	-
Total resourcing [A+B+C+D]	14,217	7,289	7,410	14,699
Total net resourcing for the PBO	14,217	7,289	7,410	14,699

(a) Appropriation (Parliamentary Departments) Bill (No.1) 2015–16.

Reader note: All figures are GST exclusive.

1.3 BUDGET MEASURES

Budget measures in Part 1 relating to the PBO are detailed in Budget Paper No. 2 and are summarised below.

Table 1.2: Entity 2015–16 Budget measures

Part 1: Measures announced since the 2014–15 Mid-Year Economic and Fiscal Outlook (MYEFO)

	2014-15	2015-16	2016-17	2017-18	2018-19
	\$'000	\$'000	\$'000	\$'000	\$'000
Expense measures					
Parliamentary departments - additional funding					
Departmental expenses	-	48	50	47	48
Total	-	48	50	47	48

Prepared on a Government Finance Statistics (fiscal) basis.

Section 2: Outcomes and planned performance

2.1 OUTCOMES AND PERFORMANCE INFORMATION

The Parliamentary Budget Office (PBO) outcome is described below, specifying the performance indicators and targets used to assess and monitor the performance of the PBO. This performance information will be further detailed in the PBO's the 2015–16 work plan.

Outcome:

To inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals

Outcome expense statement

Table 2.1 provides an overview of the total expenses for its outcome.

Table 2.1: Budgeted expenses for its Outcome

Outcome: To inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals	2014-15 Estimated actual expenses \$'000	2015-16 Estimated expenses \$'000
Outcome totals by appropriation type		
Departmental expenses		
Departmental appropriation ^(a)	7,013	7,410
Special appropriations	-	198
Expenses not requiring appropriation in the Budget year ^(b)	593	603
Total expenses for Outcome	7,606	8,211
	2014-15	2015-16
Average staffing level (number)	39	39

(a) Departmental Appropriation combines 'Ordinary annual services (Appropriation (Parliamentary Departments) Bill (No. 1))' and 'Revenue from independent sources (s 74 of the *Public Governance, Performance and Accountability Act 2013*)'.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and resources received free of charge.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the Budget year as government priorities change.

Contributions to its Outcome

Programme: Parliamentary Budget Office

Programme objective

To help level the playing field for all parliamentarians by providing access to costing and budget analysis services, and enhance the transparency of election commitments and the budget and fiscal policy settings more generally.

Programme expenses

The estimates for 2015–16 reflect additional funding to allow the PBO to augment its analytical capability and permanent workforce in the lead-up to a general election. In addition, the estimates reflect the PBO's use of its special appropriation in 2015–16 and across the forward estimates.

Table 2.2: Programme expenses

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forward estimate \$'000	2017-18 Forward estimate \$'000	2018-19 Forward estimate \$'000
Special appropriations:					
<i>Parliamentary Service Act 1999</i>	-	198	612	832	847
Annual departmental expenses	7,013	7,410	6,938	6,899	7,485
Expenses not requiring appropriation in the Budget year ^(a)	593	603	603	603	603
Total programme expenses	7,606	8,211	8,153	8,334	8,935

(a) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses and resources received free of charge.

Programme deliverables

- Undertake policy costings and budget analyses, in response to requests from Senators and Members.
- Prepare submissions to inquiries of parliamentary committees, on request by such committees.
- Undertake a self-initiated program of published research to promote a better understanding of the budget and fiscal policy settings.
- After a general election, report on the election commitments of designated parliamentary parties.

Programme key performance indicators

- The relevance, quality and timeliness of outputs, based on feedback from stakeholders.
- The independence, transparency and integrity of processes.

Section 3: Explanatory tables and budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2015–16 budget year. It explains how budget plans are incorporated into the financial statements and provides further details of the reconciliation between appropriations and programme expenses, movements in administered funds, special accounts and government Indigenous expenditure.

3.1 EXPLANATORY TABLES

3.1.1 Movement of administered funds between years

The Parliamentary Budget Office (PBO) does not have administered funding.

3.1.2 Special accounts

The PBO does not have any special accounts.

3.1.3 Australian Government Indigenous expenditure

The PBO does not have any Australian Government Indigenous expenditure.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Differences in entity resourcing and financial statements

There are no material differences between the entity resourcing table and the financial statements.

3.2.2 Analysis of budgeted financial statements

The PBO is budgeting for a surplus of \$0.4 million for 2015-16 as a result of recognising the use of funds from the PBO's special appropriation as revenue to complete projects which will be capitalised rather than expensed.

From 2016-17 onwards the PBO is budgeting for a break-even operating result, after non-appropriation expenses such as depreciation are removed.

The PBO has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due across the forward estimates period.

3.2.3 Budgeted financial statements tables

Table 3.2.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000
EXPENSES					
Employee benefits	5,987	6,253	6,428	6,604	6,784
Suppliers	1,358	1,697	1,464	1,469	1,890
Depreciation and amortisation	261	261	261	261	261
Total expenses	7,606	8,211	8,153	8,334	8,935
LESS:					
OWN-SOURCE INCOME					
Other	332	342	342	342	342
Total own-source revenue	332	342	342	342	342
Net cost of/(contribution by) services	7,274	7,869	7,811	7,992	8,593
Revenue from Government	7,013	7,958	7,550	7,731	8,332
Surplus/(deficit) attributable to the Australian Government	(261)	89	(261)	(261)	(261)
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(261)	89	(261)	(261)	(261)
Total comprehensive income/(loss) attributable to the Australian Government	(261)	89	(261)	(261)	(261)

Note: Impact of net cash appropriation arrangements

	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	-	350	-	-	-
Less depreciation/amortisation expenses	261	261	261	261	261
Total comprehensive income/(loss) - as per the statement of comprehensive income	(261)	89	(261)	(261)	(261)

Prepared on Australian Accounting Standards basis.

Table 3.2.2: Budgeted departmental balance sheet (as at 30 June)

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	11	11	11	11	11
Trade and other receivables	1,978	2,007	2,037	2,067	2,098
Total financial assets	1,989	2,018	2,048	2,078	2,109
Non-financial assets					
Property, plant and equipment	1,957	1,873	1,789	1,705	1,621
Intangibles	959	1,132	955	778	601
Other non-financial assets	15	15	15	15	15
Total non-financial assets	2,931	3,020	2,759	2,498	2,237
Total assets	4,920	5,038	4,807	4,576	4,346
LIABILITIES					
Payables					
Suppliers	326	326	326	326	326
Other payables	146	146	146	146	146
Total payables	472	472	472	472	472
Provisions					
Employee provisions	1,461	1,490	1,520	1,550	1,581
Total provisions	1,461	1,490	1,520	1,550	1,581
Total liabilities	1,933	1,962	1,992	2,022	2,053
Net assets	2,987	3,076	2,815	2,554	2,293
EQUITY*					
Retained surplus (accumulated deficit)	2,937	3,026	2,765	2,504	2,243
Asset revaluation reserve	50	50	50	50	50
Total equity	2,987	3,076	2,815	2,554	2,293

* 'Equity' is the residual interest in assets after deduction of liabilities.

Prepared on Australian Accounting Standards basis.

Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget year 2015–16)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2015			
Balance carried forward from previous period	2,937	50	2,987
Adjusted opening balance	2,937	50	2,987
Comprehensive income			
Surplus/(deficit) for the period	89	-	89
Total comprehensive income	89	-	89
of which:			
Attributable to the Australian Government	89	-	89
Estimated closing balance as at 30 June 2016	3,026	50	3,076
Closing balance attributable to the Australian Government	3,026	50	3,076

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	6,984	7,929	7,520	7,701	8,301
Total cash received	6,984	7,929	7,520	7,701	8,301
Cash used					
Employees	5,958	6,224	6,398	6,574	6,753
Suppliers	1,026	1,355	1,122	1,127	1,548
Total cash used	6,984	7,579	7,520	7,701	8,301
Net cash from/(used by) operating activities	-	350	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	-	350	-	-	-
Total cash used	-	350	-	-	-
Net cash from/(used by) investing activities	-	(350)	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	11	11	11	11	11
Cash and cash equivalents at the end of the reporting period	11	11	11	11	11

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Departmental capital budget statement
(for the period ended 30 June)**

	2014-15 Estimated actual \$'000	2015-16 Budget \$'000	2016-17 Forw ard estimate \$'000	2017-18 Forw ard estimate \$'000	2018-19 Forw ard estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	-	350	-	-	-
TOTAL	-	350	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	-	350	-	-	-
Total cash used to acquire assets	-	350	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements (Budget year 2015–16)

	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2015			
Gross book value	2,281	1,239	3,520
Accumulated depreciation/amortisation and impairment	(324)	(280)	(604)
Opening net book balance	1,957	959	2,916
Capital asset additions			
Estimated expenditure on new or replacement assets			
By purchase - other	-	350	350
Total additions	-	350	350
Other movements			
Depreciation/amortisation expense	(84)	(177)	(261)
Total other movements	(84)	(177)	(261)
As at 30 June 2016			
Gross book value	2,281	1,589	3,870
Accumulated depreciation/amortisation and impairment	(408)	(457)	(865)
Closing net book balance	1,873	1,132	3,005

Prepared on Australian Accounting Standards basis.

3.2.4 Notes to the financial statements

The financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including Australian Accounting Standards, as well as specific guidelines issued by the Department of Finance.

The financial statements have been prepared on an accrual and fair value basis and are in accordance with the historical cost convention, with the exception of employee entitlements.

Budgeted financial statements

Under the Australian Government's accrual budgeting framework, transactions that entities control (entity transactions) are separately budgeted for and reported from transactions entities do not have control over (administered transactions).

Entity assets, liabilities, revenue and expenses are those which are controlled by the entity. Entity expenses include employee and supplier expenses and other administrative costs, which are incurred by the entity in providing its goods and services to the Australian Parliament.

The PBO does not have any administered transactions.

Budgeted comprehensive income statement

Under the net cash appropriation framework the PBO receives an appropriation to meet budgeted expenses (except depreciation). This appropriation is recognised as revenue.

The PBO received a special appropriation at the time of its establishment. The special appropriation is recognised as revenue in the year the funds are spent. The associated expense is recognised in the comprehensive income statement except where the PBO has purchased assets, which are recognised in the balance sheet.

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