



Budget

2016-17

Portfolio Budget Statements 2016–17
Budget Related Paper No. 1. 17D

Parliamentary Budget Office

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

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

The Hon Tony Smith MP
Speaker of the House of Representatives
Parliament House
CANBERRA ACT 2600

Dear Mr President and Mr Speaker

I hereby submit Portfolio Budget Statements in support of the 2016–17 Budget for the Parliamentary Budget Office.

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

Yours sincerely

Phil Bowen

27 April 2016

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nfp	not for publication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

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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 2016–17 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) 2016–17. 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

Departmental 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 parliamentarians, with the requests and the PBO's responses to be made public
- 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 public
- after a general election, to report on the budget impacts 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 public.

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 2016–17 Portfolio Budget Statements (PB 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 2016–17 financial year
- protocols for the allocation of the resources of the PBO during the financial year.

The PBO's 2016–17 work plan will be released before 1 July 2016.

Ahead of the release of the 2016–17 work plan, section 2 of the 2016–17 PB Statements provides detail on the PBO's outcome and planned performance.

1.2 ENTITY RESOURCE STATEMENT

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

Table 1.1: PBO resource statement—Budget estimates for 2016–17 as at Budget May 2016

	2015–16 Estimated actual \$'000	2016–17 Estimate \$'000
Departmental		
Annual appropriations—ordinary annual services (a)	7,410	6,922
Prior year appropriations available	2,171	2,056
Total departmental annual appropriations	9,581	8,978
Total departmental special appropriations (b)	5,300	5,300
Total departmental resourcing	14,881	14,278
<hr/>		
Average staffing level (number)	2015–16 42	2016–17 45

Prepared on a resourcing (i.e. appropriations available) basis.

Please note: All figures shown above are GST exclusive—these may not match figures in the cash flow statement.

(a) Appropriation (Parliamentary Departments) Bill (No.1) 2016–17.

(b) *Parliamentary Service Act 1999*.

Section 2: Outcome and planned performance

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 is detailed in the PBO's 2016–17 work plan.

The outcome described below provides detailed information on expenses broken down by funding source.

2.1 BUDGETED EXPENSES AND PERFORMANCE

Outcome:

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

Budgeted expenses

This table shows how much the PBO intends to spend (on an accrual basis) on achieving its outcome, broken down by funding sources.

Table 2.1.1: Budgeted expenses for its Outcome

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
Program 1.1: Parliamentary Budget Office					
Departmental expenses					
Departmental appropriation (a)	7,379	6,922	6,883	7,461	7,008
Special appropriations					
<i>Parliamentary Service Act 1999</i>	100	1,200	729	840	982
Expenses not requiring appropriation in the Budget year (b)	608	685	685	685	685
Departmental total	8,087	8,807	8,297	8,986	8,675
Total expenses for program 1.1	8,087	8,807	8,297	8,986	8,675

	2015–16	2016–17
Average staffing level (number)	42	45

(a) Departmental Appropriation comprises 'Ordinary annual services (Appropriation (Parliamentary Departments) Bill (No.1))'.

(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.

Table 2.1.2: Performance criteria for its outcome

Table 2.1.2 below details the performance criteria for the PBO’s program.

Outcome:		
To inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals		
Program 1—Parliamentary Budget Office (PBO)		
To help level the playing field for all parliamentarians by providing access to costing and budget analysis services, and to enhance the transparency of election commitments and the budget and fiscal policy settings more generally.		
Delivery	The 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.	
Performance information		
Year	Performance criteria	Targets
2015–16	The PBO’s performance will be judged by the relevance, quality and timeliness of its outputs as assessed by feedback from key parliamentary and external stakeholders. The independence, transparency and integrity of the PBO’s processes will be another important indicator of performance.	These indicators will be measured by the extent of the demand for the PBO’s services and citations of the PBO’s outputs in the media.
2016–17	As above	As above
2017–18 and beyond	As above	As above
Purpose	The purpose of the PBO is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals.	

Section 3: Budgeted financial statements

Section 3 presents explanatory tables and budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2016–17 budget year.

3.1 BUDGETED FINANCIAL STATEMENTS

3.1.1 Explanatory notes and analysis of budgeted 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.

Budgeted comprehensive income statement

Under the net cash appropriation framework the Parliamentary Budget Office (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.

The PBO is budgeting for a break-even operating result for 2016–17 and the forward years, 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.

3.1.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
EXPENSES					
Employee benefits	6,407	7,114	6,647	6,828	6,964
Suppliers	1,419	1,354	1,311	1,819	1,372
Depreciation and amortisation	261	339	339	339	339
Total expenses	8,087	8,807	8,297	8,986	8,675
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	347	346	346	346	346
Total own-source revenue	347	346	346	346	346
Net (cost of)/contribution by services	(7,740)	(8,461)	(7,951)	(8,640)	(8,329)
Revenue from Government	7,510	8,122	7,612	8,301	7,990
Surplus/(deficit) attributable to the Australian Government	(230)	(339)	(339)	(339)	(339)
OTHER COMPREHENSIVE INCOME					
Total other comprehensive income	-	-	-	-	-
Total comprehensive income/(loss)	(230)	(339)	(339)	(339)	(339)
Total comprehensive income/(loss) attributable to the Australian Government	(230)	(339)	(339)	(339)	(339)

Note: Impact of net cash appropriation arrangements

	2015–16 \$'000	2016–17 \$'000	2017–18 \$'000	2018–19 \$'000	2019–20 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations.	31	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations (a)	261	339	339	339	339
Total comprehensive income/(loss) - as per the statement of comprehensive income	(230)	(339)	(339)	(339)	(339)

Prepared on Australian Accounting Standards basis.

Table 3.2: Budgeted departmental balance sheet (as at 30 June)

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	28	28	28	28	28
Trade and other receivables	2,028	2,059	2,091	2,123	2,156
Total financial assets	2,056	2,087	2,119	2,151	2,184
Non-financial assets					
Property, plant and equipment	1,871	1,787	1,703	1,619	1,535
Intangibles	1,334	1,079	824	569	314
Other non-financial assets	45	45	45	45	45
Total non-financial assets	3,250	2,911	2,572	2,233	1,894
Total assets	5,306	4,998	4,691	4,384	4,078
LIABILITIES					
Payables					
Suppliers	74	74	74	74	74
Other payables	221	221	221	221	221
Total payables	295	295	295	295	295
Provisions					
Employee provisions	1,560	1,591	1,623	1,655	1,688
Total provisions	1,560	1,591	1,623	1,655	1,688
Total liabilities	1,855	1,886	1,918	1,950	1,983
Net assets	3,451	3,112	2,773	2,434	2,095
EQUITY*					
Reserves	50	50	50	50	50
Retained surplus	3,401	3,062	2,723	2,384	2,045
Total equity	3,451	3,112	2,773	2,434	2,095

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

Prepared on Australian Accounting Standards basis.

**Table 3.3: Departmental statement of changes in equity—
summary of movement (Budget year 2016–17)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2016			
Balance carried forward from previous period	3,401	50	3,451
Adjusted opening balance	3,401	50	3,451
Comprehensive income			
Surplus/(deficit) for the period	(339)	-	(339)
Total comprehensive income	(339)	-	(339)
of which:			
Attributable to the Australian Government	(339)	-	(339)
Estimated closing balance as at 30 June 2017	3,062	50	3,112
Closing balance attributable to the Australian Government	3,062	50	3,112

Prepared on Australian Accounting Standards basis.

**Table 3.4: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	8,011	8,091	7,580	8,269	7,957
Total cash received	8,011	8,091	7,580	8,269	7,957
Cash used					
Employees	6,389	7,083	6,615	6,796	6,931
Suppliers	1,072	1,008	965	1,473	1,026
Total cash used	7,461	8,091	7,580	8,269	7,957
Net cash from/(used by) operating activities	550	-	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	550	-	-	-	-
Total cash used	550	-	-	-	-
Net cash from/(used by) investing activities	(550)	-	-	-	-
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	28	28	28	28	28
Cash and cash equivalents at the end of the reporting period	28	28	28	28	28

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2015–16 Estimated actual \$'000	2016–17 Budget \$'000	2017–18 Forward estimate \$'000	2018–19 Forward estimate \$'000	2019–20 Forward estimate \$'000
PURCHASE OF NON-FINANCIAL ASSETS					
Funded internally from departmental resources	550	-	-	-	-
TOTAL	550	-	-	-	-
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	550	-	-	-	-
Total cash used to acquire assets	550	-	-	-	-

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2016–17)

	Property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2016			
Gross book value	2,281	1,789	4,070
Accumulated depreciation/amortisation and impairment	(410)	(455)	(865)
Opening net book balance	1,871	1,334	3,205
Other movements			
Depreciation/amortisation expense	(84)	(255)	(339)
Total other movements	(84)	(255)	(339)
As at 30 June 2017			
Gross book value	2,281	1,789	4,070
Accumulated depreciation/ amortisation and impairment	(494)	(710)	(1,204)
Closing net book balance	1,787	1,079	2,866

Prepared on Australian Accounting Standards basis.