

**Portfolio Budget Statements 2018‑19**

**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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Karen Williams, Assistant Parliamentary Budget Officer, (02) 6277 9520.

The Hon Tony Smith MP

Speaker of the House of Representatives

Parliament House

CANBERRA ACT 2600

Senator the Hon Scott Ryan

President of the Senate

Parliament House

CANBERRA ACT 2600

Dear Mr Speaker and Mr President

I hereby submit Portfolio Budget Statements in support of the 2018–19 Budget for the
Parliamentary Budget Office.

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

Yours sincerely

Jenny Wilkinson

2 May 2018

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nfp not for publication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.

Links to Portfolio Budget Statements (including Portfolio Additional Estimates Statements and Portfolio Supplementary Additional Statements) can be located on the Australian Government Budget website at: [www.budget.gov.au](http://www.budget.gov.au).

User Guide
To The
Portfolio Budget Statements

**USER GUIDE**

The purpose of the 2018–19 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) 2018–19. 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 Bills.

**The Enhanced Commonwealth Performance Framework**

The following diagram outlines the key components of the enhanced Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them.



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Department Overview

**Parliamentary Budget Office overview**

Departmental responsibilities

The purpose of the Parliamentary Budget Office (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 and undertake budget analysis 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 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 prepare a post-election report that analyses and summarises the budget impacts of the election commitments of designated parliamentary parties
* to conduct and publish research on budget and fiscal policy issues.

Entity resources and planned performance

# 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 2018–19 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 2018–19 financial year
* protocols for the allocation of the resources of the PBO during the financial year.

This information will be incorporated into the PBO’s 2018–19 corporate plan, to be released before 31 August 2018.

Ahead of the release of the 2018–19 corporate plan, section 2 of the
2018–19 PB Statements provides detail on the PBO’s outcome and planned performance.

## 1.2 Entity resource statement

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

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the ‘Budgeted expenses for its Outcome’ table in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: PBO resource statement — Budget estimates for 2018–19
as at Budget May 2018



Prepared on a resourcing (that is, appropriations available) basis.

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

1. Appropriation (Parliamentary Departments) Bill (No.1) 2018–19.
2. *Parliamentary Service Act 1999*.

# Section 2: Outcomes and planned performance

The Parliamentary Budget Office (PBO) outcome is described at section 2.1, 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
2018–19 corporate plan.

The outcome described at section 2.1 provides detailed information on expenses broken down by funding source.

**Note:**

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity’s corporate plans and annual performance statements – included in Annual Reports - to provide an entity’s complete performance story.

The most recent corporate plan for PBO can be found at: <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications/Work_plan_2017-18>

The most recent annual performance statement can be found at: <https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/Corporate_publications/Annual_Report_2016-17>

##

## 2.1 Budgeted expenses and performance

|  |
| --- |
| Outcome: 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 the outcome, broken down by funding sources.

Table 2.1.1: Budgeted expenses for its Outcome

1. Departmental Appropriation comprises ‘Ordinary annual services (Appropriation (Parliamentary Departments) Bill (No.1))’.
2. Expenses not requiring appropriation in the Budget year are made up of depreciation and 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 program.

| Outcome:Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals |
| --- |
| **Program 1.1 – Parliamentary Budget Office**The PBO provides all parliamentarians access to confidential costing and budget analysis services to improve the quality of the public policy debate. The PBO publishes research to improve public understanding of fiscal and budget policy issues and enhances transparency around the financial implications of election commitments. |
| **Delivery** | The PBO undertakes policy costings and budget analysis on request from parliamentarians on a confidential basis. It undertakes robust analysis of fiscal and budget policy issues and publishes this research. The PBO prepares a post-election report of election commitments after each general election.The PBO engages widely with other Commonwealth agencies to obtain information to support its research and analysis, and with a range of experts on its published reports and on methodological issues. |
| **Performance information** |
| **Year** | **Performance criteria** | **Targets** |
| 2017–18 | The PBO’s performance will be judged by the relevance, quality and timeliness of its outputs as assessed via 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 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. |
| 2018–19 | As above | A range of indicators will inform the PBO’s performance assessment, including: the extent of the demand for the PBO’s services; the PBO’s contribution to the public policy debate; the transparency of PBO processes; and feedback from stakeholders. |
| 2019–20 and beyond | As above | As above |
| **Purposes** | The purpose of the PBO is to:* enable fiscal impacts to be appropriately considered during policy development by providing confidential policy costing and budget analysis services to all parliamentarians
* improve public understanding of fiscal and budget policy issues
* enhance transparency around the financial implications of election commitments.
 |

# Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2018–19 budget year, including the impact of resourcing on financial statements.

## 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 2018–19 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.

## 3.2. Budgeted financial statements tables

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

Note: Impact of net cash appropriation arrangements

Prepared on Australian Accounting Standards basis.

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

\*‘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 2018–19)

Prepared on Australian Accounting Standards basis.

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

Prepared on Australian Accounting Standards basis.

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

The PBO does not have any planned capital expenditure over the forward estimates.

Table 3.6: Statement of asset movements (Budget year 2018‑19)

Prepared on Australian Accounting Standards basis.