



# Budget

## 2019-20

**Portfolio Budget Statements 2019-20**  
**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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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 2019–20 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

27 March 2019

## 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nfp	not for publication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 Andrew Spencer, Chief Finance Officer, Parliamentary Budget Office on (02) 6277 9523.

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 *2019–20 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) 2019–20. 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.

As required under section 12 of the *Charter of Budget Honesty Act 1998*, only entities within the general government sector are included as part of the Commonwealth general government sector fiscal estimates and produce PB Statements where they receive funding (either directly or via portfolio departments) through the annual appropriation acts.

## **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.

## Enhanced Commonwealth Performance Framework

### Key components of relevant publications

#### Portfolio Budget Statements (April) *Portfolio based*

Supports Annual Appropriations. Informs Senators and Members of Parliament of the proposed allocation of other resources to **government outcomes and programs**.

Provides links to **relevant programs** undertaken by other Commonwealth entities.

Provides high level performance information for current, ongoing programs, particularly a **forecast of performance for the current year**.

Provides **detailed** prospective performance information for proposed new budget measures that require a **new program** or **significantly change an existing program**.

#### Corporate Plan (August) *Entity based*

**Primary planning document** of a Commonwealth entity.

Sets out the **purposes** of the entity, the **activities** it will undertake to achieve its purposes and the **results** it expects to achieve over a minimum four year period.

Describes the **environment** in which the entity **operates**, the **capability** it requires to undertake **activities** and a discussion of **risk**.

Explains how the entity's **performance** will be **measured** and **assessed**.



#### Annual Performance Statement (October following year) *Entity based*

Included in the Commonwealth entity's Annual Report. Focuses on **recent performance**.

Reports on the **actual performance results** for the year against the **forecasts** made in the **corporate plan** and **Portfolio Budget Statements**, and provides other performance information relevant to the entity.

Provides an **analysis** of the factors that **contributed** to the **entity's performance results**.





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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 2019–20 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 for the PBO for the 2019–20 financial year
- protocols for the allocation of the resources for the PBO during the financial year.

This information will be incorporated into the PBO's 2019–20 corporate plan, to be released before 31 August 2019.

Ahead of the release of the 2019–20 corporate plan, section 2 of the 2019–20 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 2019–20 as at Budget April 2019**

	2018–19 Estimated actual \$'000	2019–20 Estimate \$'000
<b>Departmental</b>		
Annual appropriations - ordinary annual services		
Departmental appropriation (a)	7,238	8,258
Prior year appropriations available	2,267	2,299
Total departmental annual appropriations	<b>9,505</b>	<b>10,557</b>
Total departmental special appropriations (b)	2,783	1,938
<b>Total departmental resourcing</b>	<b>12,288</b>	<b>12,495</b>
<hr/>		
<b>Average staffing level (number)</b>	45	44

All figures shown above are GST exclusive – these may not match figures in the cash flow statement. Prepared on a resourcing (that is, appropriations available) basis.

(a) Appropriation (Parliamentary Departments) Bill (No. 1) 2019–20.

(b) *Parliamentary Service Act 1999*.

### 1.3 Budget measures

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

**Table 1.2: Entity 2019–20 Budget measures**  
**Part 1: Measures announced since the 2018–19 Mid-Year Economic and Fiscal Outlook (MYEFO)**

		2018–19	2019–20	2020–21	2021–22	2022–23
	Program	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Expense measure</b>						
Parliamentary Departments - additional funding	1.1					
Departmental expenses		-	607	719	1,996	1,981
<b>Total</b>		<b>-</b>	<b>607</b>	<b>719</b>	<b>1,996</b>	<b>1,981</b>

Prepared on a Government Finance Statistics (fiscal) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

## 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 2019-20 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 the PBO can be found at:

[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/About\\_the\\_PBO/Corporate\\_information/Corporate\\_plans/Corporate\\_plan\\_2018-19](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/About_the_PBO/Corporate_information/Corporate_plans/Corporate_plan_2018-19)

The most recent annual performance statement can be found at:

[https://www.aph.gov.au/About\\_Parliament/Parliamentary\\_Departments/Parliamentary\\_Budget\\_Office/About\\_the\\_PBO/Corporate\\_information/Annual\\_reports/Annual\\_Report\\_2017-18](https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Budget_Office/About_the_PBO/Corporate_information/Annual_reports/Annual_Report_2017-18)

## 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**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000	2022–23 Forw ard estimate \$'000
<b>Program:</b>					
Departmental expenses					
Departmental appropriation (a)	7,238	8,258	8,554	9,343	8,875
Special appropriations <i>Parliamentary Service Act 1999</i>	845	-	-	-	-
Expenses not requiring appropriation in the Budget year (b)	432	432	432	432	432
<b>Departmental total</b>	<b>8,515</b>	<b>8,690</b>	<b>8,986</b>	<b>9,775</b>	<b>9,307</b>
<b>Total expenses for program</b>	<b>8,515</b>	<b>8,690</b>	<b>8,986</b>	<b>9,775</b>	<b>9,307</b>

	2018–19	2019–20
<b>Average staffing level (number)</b>	45	44

(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 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.

<b>Outcome: Inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of proposals</b>		
<b>Program 1.1 – Parliamentary Budget Office</b>		
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.		
<b>Delivery</b>	<p>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.</p> <p>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.</p>	
<b>Performance information</b>		
<b>Year</b>	<b>Performance criteria</b>	<b>Targets</b>
2018–19	<p>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.</p> <p>The independence, transparency and integrity of the PBO’s processes will be another important indicator of performance.</p>	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	<p>The PBO’s outputs are relevant, high quality and timely.</p> <p>The PBO’s work is undertaken with independence, transparency and integrity.</p>	A range of indicators will inform the PBO’s performance assessment, including: the extent of the demand for, and efficiency in the provision of, the PBO’s services; the PBO’s contribution to the public policy debate; the transparency of PBO processes and data; and feedback from stakeholders.
2020–21 and beyond	As per 2019–20.	As per 2019–20.
<b>Purpose</b>	<p>The purpose of the PBO is to:</p> <ul style="list-style-type: none"> <li>enable fiscal impacts to be considered during policy development by providing policy costing and budget analysis services to all parliamentarians</li> <li>improve public understanding of budget and fiscal policy issues by conducting and publishing research in these areas</li> <li>enhance transparency around election commitments by preparing a post-election report on the budget impacts of the election commitments of parliamentary parties.</li> </ul>	

## **SECTION 3: BUDGETED FINANCIAL STATEMENTS**

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2019–20 budget year, including the impact of budget measures and resourcing on financial statements.

### **3.1 Budgeted financial statements**

#### **3.1.1 Differences between entity resourcing and financial statements**

The PBO does not have any material differences between entity resourcing and financial statements.

#### **3.1.2 Explanatory notes and analysis of budgeted financial statements**

The PBO is budgeting for a break-even operating result in 2019–20 and across the forward estimates, after non-appropriated expenses such as depreciation are removed.

When compared with estimates disclosed in the 2018–19 PB Statements, revenue from Government has increased in 2019–20 and across the forward estimates. This increase relates to the Budget measure in Table 1.2. The additional funding is to maintain sufficient depth of capacity across the broad range of policy areas to which policy costing requests relate, and to preserve the PBO's special appropriation balance to respond flexibly to changes in demand throughout the election cycle.

The PBO has sufficient cash reserves to fund provisions and payables 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**

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000	2022–23 Forw ard estimate \$'000
<b>EXPENSES</b>					
Employee benefits	6,523	7,067	7,190	7,234	7,306
Suppliers	1,906	1,537	1,710	2,455	1,915
Depreciation	86	86	86	86	86
<b>Total expenses</b>	<b>8,515</b>	<b>8,690</b>	<b>8,986</b>	<b>9,775</b>	<b>9,307</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
Other revenue	346	346	346	346	346
<b>Total own-source income</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>	<b>346</b>
<b>Net (cost of)/contribution by services</b>	<b>(8,169)</b>	<b>(8,344)</b>	<b>(8,640)</b>	<b>(9,429)</b>	<b>(8,961)</b>
Revenue from Government	8,083	8,258	8,554	9,343	8,875
<b>Surplus/(deficit) attributable to the Australian Government</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>
<b>Total comprehensive income/(loss) attributable to the Australian Government</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>

**Note: Impact of net cash appropriation arrangements**

	2018–19 \$'000	2019–20 \$'000	2020–21 \$'000	2021–22 \$'000	2022–23 \$'000
<b>Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations</b>	-	-	-	-	-
less depreciation expenses previously funded through revenue appropriations	86	86	86	86	86
<b>Total comprehensive income/(loss) - as per the statement of comprehensive income</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>	<b>(86)</b>

Prepared on Australian Accounting Standards basis.



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

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forw ard estimate \$'000	2021–22 Forw ard estimate \$'000	2022–23 Forw ard estimate \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	32	32	32	32	32
Trade and other receivables	2,289	2,322	2,355	2,355	2,355
<b>Total financial assets</b>	<b>2,321</b>	<b>2,354</b>	<b>2,387</b>	<b>2,387</b>	<b>2,387</b>
<b>Non-financial assets</b>					
Property, plant and equipment	1,599	1,513	1,429	1,343	1,257
Other non-financial assets	65	65	65	65	65
<b>Total non-financial assets</b>	<b>1,664</b>	<b>1,578</b>	<b>1,494</b>	<b>1,408</b>	<b>1,322</b>
<b>Total assets</b>	<b>3,985</b>	<b>3,932</b>	<b>3,881</b>	<b>3,795</b>	<b>3,709</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	130	130	130	130	130
Other payables	77	77	77	77	77
<b>Total payables</b>	<b>207</b>	<b>207</b>	<b>207</b>	<b>207</b>	<b>207</b>
<b>Provisions</b>					
Employee provisions	2,173	2,206	2,239	2,239	2,239
<b>Total provisions</b>	<b>2,173</b>	<b>2,206</b>	<b>2,239</b>	<b>2,239</b>	<b>2,239</b>
<b>Total liabilities</b>	<b>2,380</b>	<b>2,413</b>	<b>2,446</b>	<b>2,446</b>	<b>2,446</b>
<b>Net assets</b>	<b>1,605</b>	<b>1,519</b>	<b>1,435</b>	<b>1,349</b>	<b>1,263</b>
<b>EQUITY*</b>					
Reserves	30	30	30	30	30
Retained surplus	1,575	1,489	1,405	1,319	1,233
<b>Total equity</b>	<b>1,605</b>	<b>1,519</b>	<b>1,435</b>	<b>1,349</b>	<b>1,263</b>

Prepared on Australian Accounting Standards basis.

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

**Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2019–20)**

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2019</b>			
Balance carried forward from previous period	1,575	30	1,605
<b>Comprehensive income</b>			
Surplus/(deficit) for the period	(86)	-	(86)
<b>Total comprehensive income</b>	<b>(86)</b>	<b>-</b>	<b>(86)</b>
of which:			
Attributable to the Australian Government	(86)	-	(86)
<b>Estimated closing balance as at 30 June 2020</b>	<b>1,489</b>	<b>30</b>	<b>1,519</b>
<b>Closing balance attributable to the Australian Government</b>	<b>1,489</b>	<b>30</b>	<b>1,519</b>

Prepared on Australian Accounting Standards basis.

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

	2018–19 Estimated actual \$'000	2019–20 Budget \$'000	2020–21 Forward estimate \$'000	2021–22 Forward estimate \$'000	2022–23 Forward estimate \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	8,051	8,225	8,521	9,343	8,875
<b>Total cash received</b>	<b>8,051</b>	<b>8,225</b>	<b>8,521</b>	<b>9,343</b>	<b>8,875</b>
<b>Cash used</b>					
Employees	6,491	7,034	7,157	7,234	7,306
Suppliers	1,560	1,191	1,364	2,109	1,569
<b>Total cash used</b>	<b>8,051</b>	<b>8,225</b>	<b>8,521</b>	<b>9,343</b>	<b>8,875</b>
<b>Net cash from operating activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	32	32	32	32	32
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>	<b>32</b>

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 2019–20)**

	Other property, plant and equipment \$'000	Total \$'000
<b>As at 1 July 2019</b>		
Gross book value	2,076	2,076
Accumulated depreciation and impairment	(477)	(477)
<b>Opening net book balance</b>	<b>1,599</b>	<b>1,599</b>
Depreciation expense	(86)	(86)
<b>Total other movements</b>	<b>(86)</b>	<b>(86)</b>
<b>As at 30 June 2020</b>		
Gross book value	2,076	2,076
Accumulated depreciation and impairment	(563)	(563)
<b>Closing net book balance</b>	<b>1,513</b>	<b>1,513</b>

Prepared on Australian Accounting Standards basis.