



Budget

2020-21

Portfolio Budget Statements 2020-21
Budget Related Paper No. 1.14D

PARLIAMENTARY BUDGET OFFICE

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

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Parliamentary
Budget Office

Linda Ward
Acting Parliamentary Budget
Officer

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 2020–21 Budget for the Parliamentary Budget Office.

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

Yours sincerely

Linda Ward

30 September 2020

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nfp	not for publication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 Tara Stellati, Acting Chief Finance 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.

**USER GUIDE
TO THE
PORTFOLIO BUDGET STATEMENTS**

USER GUIDE

The purpose of the *2020-21 Portfolio Budget Statements* (PB Statements) is to inform Senators and Members of Parliament of the proposed allocation of resources to government outcomes by entities within the portfolio. Entities receive resources from the annual appropriations acts, special appropriations (including standing appropriations and special accounts), and revenue from other sources.

A key role of the PB Statements is to facilitate the understanding of proposed annual appropriations in Appropriation Bills (No. 1 and No. 2) 2020-21 (or Appropriation (Parliamentary Departments) Bill (No. 1) 2020-21 for the parliamentary departments). 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 Commonwealth Performance Framework

The following diagram outlines the key components of the Commonwealth performance framework. The diagram identifies the content of each of the publications and the relationship between them. Links to the publications for each entity within the portfolio can be found in the introduction to Section 2: Outcomes and planned performance.

Commonwealth Performance Framework

Key components of relevant publications

Portfolio Budget Statements (October) *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**.

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

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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 2020–21 Portfolio Budget Statements (PB Statements) and in accordance with section 64Q of the *Parliamentary Service Act 1999*, the Acting Parliamentary Budget Officer, in consultation with the Joint Committee of Public Accounts and Audit, has prepared a work plan for the PBO setting out:

- the priorities for the PBO for the 2020–21 financial year
- protocols for the allocation of the resources for the PBO during the financial year.

This information is incorporated into the PBO's 2020–21 Corporate plan, and was released on 16 September 2020.

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 2020-21 as at Budget October 2020

	<i>2019-20 Estimated actual \$'000</i>	2020-21 Estimate \$'000
Departmental		
Annual appropriations - ordinary annual services		
Prior year appropriations available	3,026	3,533
Departmental appropriation (a)	8,258	8,537
Total departmental annual appropriations	11,284	12,070
Total departmental special appropriations (b)	1,851	1,851
Total departmental resourcing	13,135	13,921
<hr/>		
	<i>2019-20</i>	2020-21
Average staffing level (number)	40	44

All figures shown above are GST exclusive - these may not match figures in the cash flow statement. Prepared on a resourcing (i.e. appropriations available) basis.

(a) Appropriation (Parliamentary Departments) Bill (No. 1) 2020-21.

(b) *Parliamentary Service Act 1999* section 64D.

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 is the same as that included in the PBO's 2020-21 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 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 a complete picture of an entity's planned and actual performance.

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_2020-21

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_2018-19

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000
Program 1: PBO - Departmental - Outcome 1					
Departmental expenses					
Departmental appropriation (a)	8,258	8,537	9,242	8,728	8,761
Expenses not requiring appropriation in the Budget year (b)	436	443	450	456	463
Departmental total	8,694	8,980	9,692	9,184	9,224
Total expenses for program 1	8,694	8,980	9,692	9,184	9,224
<hr/>					
	2019-20	2020-21			
Average staffing level (number)	40	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 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	<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>	
Performance information		
Year	Performance criteria (a)	2019-20 Actual Achievement/Targets
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>	<p>In 2019-20, the PBO substantially achieved its purpose, with the following highlights:</p> <ul style="list-style-type: none"> the PBO maintained a high-quality program of published research, the PBO continued to provide high-quality and confidential costings and budget analysis services, however demand was reduced compared with previous years, and feedback from stakeholders was positive and indicated that the PBO is perceived as independent.
2020-21	<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>	<p>A range of indicators will inform the PBO's performance assessment, including: the extent of the demand, and efficiency in the provision of PBO's services; the PBO's contribution to the public policy debate, the quality and impact of PBO outputs; and feedback from stakeholders.</p>
2021-22 and beyond	As per 2020–21.	As per 2020–21.

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.	
Purposes (b)	The purpose of the PBO is to: <ul style="list-style-type: none">• provide policy costing and budget analysis services to all parliamentarians to enable fiscal impacts to be considered during policy development• conduct and publish research to improve public understanding of budget and fiscal policy issues• publish a report on the budget impacts of the election commitments of parliamentary parties after each general election to enhance transparency around election commitments.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2020-21 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

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.

The increase in Revenue from Government in 2021-22 reflects a triennial increase in the PBO's departmental appropriation, enabling the PBO to respond to increased demand for services in line with the general election cycle.

The PBO is budgeting for a break-even operating result in 2020-21 and across the forward estimates, after non-appropriated expenses such as depreciation are removed.

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000
EXPENSES					
Employee benefits	6,565	7,190	7,234	7,306	7,403
Suppliers	1,518	1,712	2,380	1,800	1,743
Depreciation and amortisation	78	78	78	78	78
Total expenses	8,161	8,980	9,692	9,184	9,224
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Other	358	365	372	378	385
Total own-source revenue	358	365	372	378	385
Total own-source income	358	365	372	378	385
Net (cost of)/contribution by services	(7,803)	(8,615)	(9,320)	(8,806)	(8,839)
Revenue from Government	8,258	8,537	9,242	8,728	8,761
Surplus/(deficit) attributable to the Australian Government	455	(78)	(78)	(78)	(78)
Total comprehensive income/(loss) attributable to the Australian Government	455	(78)	(78)	(78)	(78)

Note: Impact of net cash appropriation arrangements

	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000
Total comprehensive income/(loss) excluding depreciation/amortisation expenses previously funded through revenue appropriations	533	-	-	-	-
less: Depreciation/amortisation expenses previously funded through revenue appropriations (a)	78	78	78	78	78
Total comprehensive income/(loss) - as per the statement of comprehensive income	455	(78)	(78)	(78)	(78)

Prepared on Australian Accounting Standards basis.

(a) From 2010-11, the Government introduced net cash appropriation arrangements. This involved Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forward estimate \$'000	2022-23 Forward estimate \$'000	2023-24 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	26	26	26	26	26
Trade and other receivables	3,725	3,758	3,758	3,758	3,758
Total financial assets	3,751	3,784	3,784	3,784	3,784
Non-financial assets					
Property, plant and equipment	1,529	1,453	1,375	1,297	1,219
Other non-financial assets	46	46	46	46	46
Total non-financial assets	1,575	1,499	1,421	1,343	1,265
Total assets	5,326	5,283	5,205	5,127	5,049
LIABILITIES					
Payables					
Suppliers	213	213	213	213	213
Other payables	113	113	113	113	113
Total payables	326	326	326	326	326
Provisions					
Employee provisions	2,898	2,931	2,931	2,931	2,931
Total provisions	2,898	2,931	2,931	2,931	2,931
Total liabilities	3,224	3,257	3,257	3,257	3,257
Net assets	2,102	2,026	1,948	1,870	1,792
EQUITY*					
Reserves	30	30	30	30	30
Retained surplus (accumulated deficit)	2,072	1,996	1,918	1,840	1,762
Total equity	2,102	2,026	1,948	1,870	1,792

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 2020-21)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Total equity \$'000
Opening balance as at 1 July 2020			
Balance carried forward from previous period	2,072	30	2,102
Adjustment for changes in accounting policies	2	-	2
Adjusted opening balance	2,074	30	2,104
Comprehensive income			
Surplus/(deficit) for the period	(78)	-	(78)
Total comprehensive income	(78)	-	(78)
of which:			
Attributable to the Australian Government	1,996	30	2,026
Estimated closing balance as at 30 June 2021	1,996	30	2,026
Closing balance attributable to the Australian Government	1,996	30	2,026

Prepared on Australian Accounting Standards basis.

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

	2019-20 Estimated actual \$'000	2020-21 Budget \$'000	2021-22 Forw ard estimate \$'000	2022-23 Forw ard estimate \$'000	2023-24 Forw ard estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	7,741	8,504	9,242	8,728	8,761
Net GST received	24	-	-	-	-
Other	(239)	-	-	-	-
Total cash received	7,526	8,504	9,242	8,728	8,761
Cash used					
Employees	6,311	7,157	7,234	7,306	7,403
Suppliers	1,215	1,347	2,008	1,422	1,358
Other	10	-	-	-	-
Total cash used	7,536	8,504	9,242	8,728	8,761
Net cash from/(used by) operating activities	(10)	-	-	-	-
Net increase/(decrease) in cash held	(10)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	36	26	26	26	26
Cash and cash equivalents at the end of the reporting period	26	26	26	26	26

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 2020-21)

	Other property, plant and equipment \$'000	Total \$'000
As at 1 July 2020		
Gross book value	2,076	2,076
Accumulated depreciation/amortisation and impairment	(547)	(547)
Opening net book balance	1,529	1,529
Other movements		
Depreciation/amortisation expense	(78)	(78)
Other	2	2
Total other movements	(76)	(78)
As at 30 June 2021		
Gross book value	2,078	2,078
Accumulated depreciation/amortisation and impairment	(625)	(625)
Closing net book balance	1,453	1,453

Prepared on Australian Accounting Standards basis.