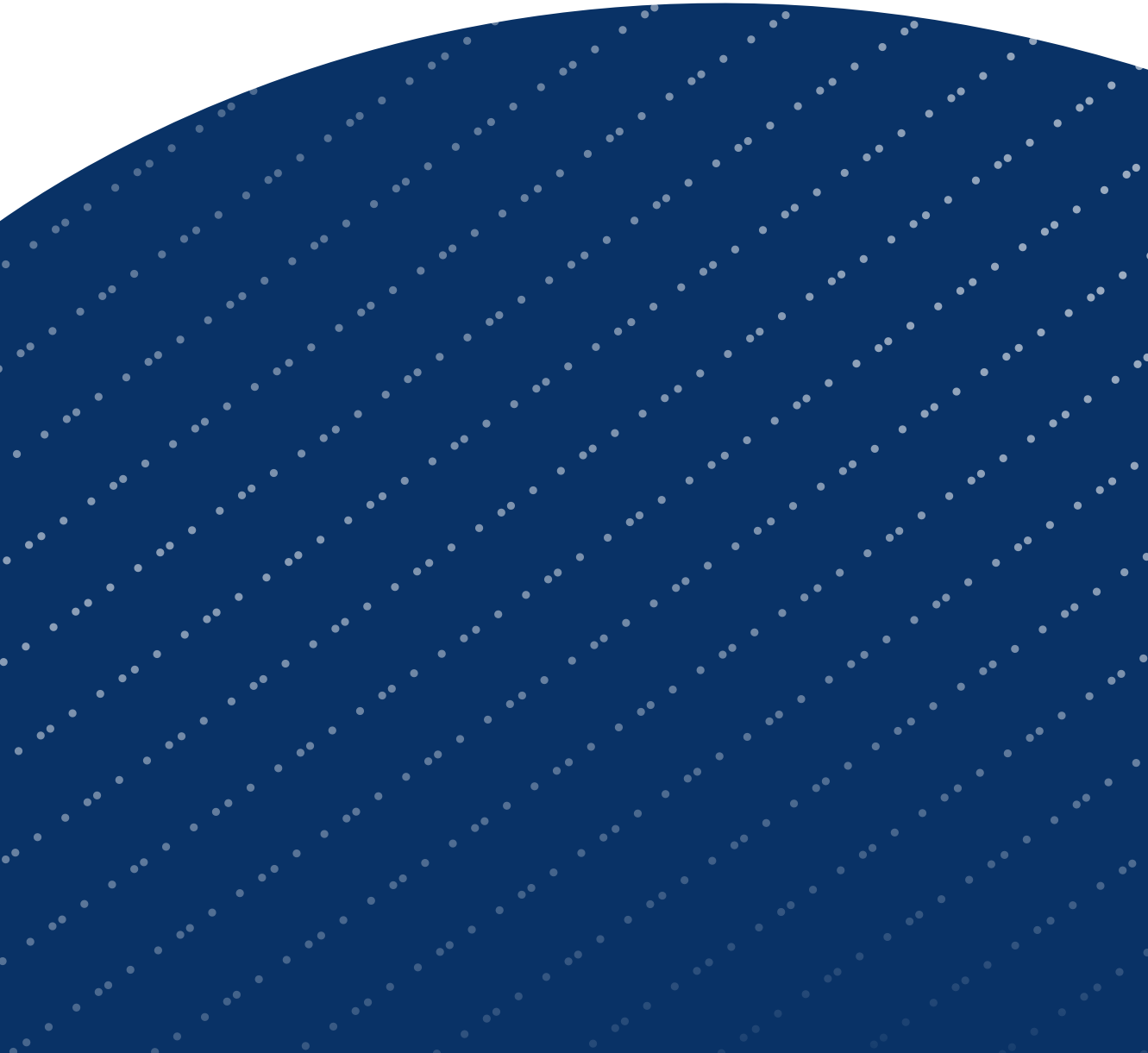




Parliamentary  
Budget Office

PARLIAMENTARY BUDGET OFFICE

# ANNUAL REPORT 2018–19





PARLIAMENTARY BUDGET OFFICE

**ANNUAL REPORT  
2018–19**

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This report and other PBO publications, as well as information on the PBO, are available online at [www.pbo.gov.au](http://www.pbo.gov.au).

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Parliamentary  
Budget Office

Jenny Wilkinson  
Parliamentary Budget Officer

The Hon Tony Smith MP  
Speaker of the House of Representatives

Senator the Hon Scott Ryan  
President of the Senate

Dear Mr Speaker and Mr President

I am pleased to present the Parliamentary Budget Office (PBO) Annual Report 2018–19 in accordance with section 65 of the *Parliamentary Service Act 1999* and section 46 of the *Public Governance, Performance and Accountability Act 2013*.

As required by section 10 of the *Public Governance, Performance and Accountability Rule 2014*, I certify that the PBO has taken all reasonable measures to appropriately deal with fraud relating to the PBO, including by having in place appropriate fraud prevention, detection, investigation and reporting mechanisms that meet its specific needs, and having prepared fraud risk assessments and fraud control plans.

Yours sincerely

Jenny Wilkinson

8 October 2019

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# Part 1: Overview

## Parliamentary Budget Officer's review

### The year in review



This year has seen the Parliamentary Budget Office deliver a significant volume of work due to the 2019 general election – a peak period of demand for the PBO. We responded to a record number of requests from parliamentarians for policy costings and budget analysis, released a number of research publications and published our 2019 report on the fiscal impact of election commitments.

We continued to build our reputation as respected and trusted experts across a wide range of fiscal and budgetary issues. Our performance this year has been enabled by careful planning and capability building, and particularly the ability of our dedicated team to respond flexibly to changes in demand over the course of the year.

Very high demand for our services to estimate the fiscal impact of policy proposals was driven by parliamentary parties refining and announcing their election platforms in the lead-up to the 2019 general election. We worked closely with parliamentarians and parliamentary parties to ensure that our resources were focused on the policy proposals that were of the highest priority to them. We delivered accurate, high-quality and timely advice to parliamentarians, benefitting from strong engagement with, and responsiveness from, Commonwealth agencies.

Following the election, the PBO put significant resources into the preparation of the election commitment report that summarises the financial implications of the election commitments of all major parties. This year was the first time we published medium-term impacts for all significant costings and budget aggregates as part of this report. Costings were made more accessible by the inclusion of a search function for individual costings on our website. We also completed an after-action review of the production of the report which highlighted areas working well, including the effective use of resourcing to manage the surge in workload and high levels of stakeholder satisfaction. The review identified that further improvements to our workflow management system and ICT capability would improve our operational effectiveness.

We published our regular reports on the medium-term budget outlook, the national fiscal outlook, and the budget impact of unlegislated measures. These were supplemented with mid-year and budget snapshots, which provided a more accessible graphical summary of budget developments.

We also published research on specific topics that are relevant for understanding fiscal developments, particularly over the medium term. Our research and reports have been widely cited in the media, in parliamentary debates, and in ongoing public policy discussions.

We continued to receive support from our panel of expert advisors to help shape our work program, review our publications and provide technical input into costings. To deliver the additional costing services and produce the election commitment report, we expanded our operations by temporarily seconding additional staff from other Commonwealth agencies and parliamentary departments.

Finally, in the 2019–20 Budget, the PBO received funding supplementation of \$5.303 million over four years, providing an increase to the PBO’s ongoing base funding of around \$2 million per year. This additional funding is for staffing, consultancies and data purchases and will enable the PBO to continue to provide a similar level of services to parliamentarians as has been provided in the past several years.

## **The year ahead**

Our plans for the coming year are available in our corporate plan that we published on 20 September 2019.

We anticipate costing demand being similar to other years that immediately follow an election period, enabling a focus on model development and evaluations, reviews of our costings frameworks and capability building. The year ahead also provides an opportunity to further advance our research program and continue to make it more relevant and accessible.

The high regard in which the PBO is held is due to the commitment and professionalism of my staff and senior leadership team. I wish to thank all PBO staff and those who worked with us for their skills, knowledge and dedication, and for the strong support given to me this year, particularly during the general election period.

**Jenny Wilkinson**  
**Parliamentary Budget Officer**

# Parliamentary Budget Office overview

## Purpose and outcome

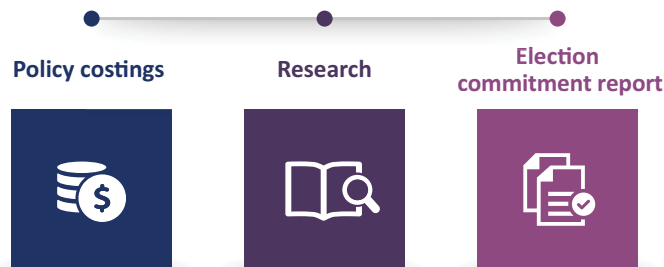
The purpose of the PBO, articulated in section 64B of the *Parliamentary Service Act 1999* and set out in the Corporate Plan 2018–19, is to inform the Parliament by providing independent and non-partisan analysis of the budget cycle, fiscal policy and the financial implications of policy proposals. This is also the PBO's outcome. Our purpose comprises three main elements, which are to:

- enable fiscal impacts to be considered during policy development by providing policy costing and budget analysis services to all parliamentarians
- improve public understanding of budget and fiscal policy issues by conducting and publishing research in these areas
- enhance transparency around election commitments by preparing a post-election report on the budget impacts of the election commitments of parliamentary parties.

## Functions

We achieve our purpose through the provision of our core functions:

Figure 1: PBO core functions



### Policy costings and budget analysis

The PBO provides all parliamentarians with access to advice on the financial implications of their policy proposals, based on the policy specifications they provide. Outside of the caretaker period for an election, parliamentarians may submit requests for policy costings on a confidential basis, in which case both the request and our response are kept in confidence.

We also provide parliamentarians with access to information relating to the budget, which we may provide on a confidential basis regardless of when the request is made.

We respond to requests for assistance from parliamentary committees on issues that fall within our mandate.

## Research

We publish research that focusses on the fiscal sustainability of the Australian Government budget, particularly over the medium term. We also seek, through our publications, to improve budget transparency and promote a better public understanding of the budget and fiscal policy settings.

## Report on election commitments

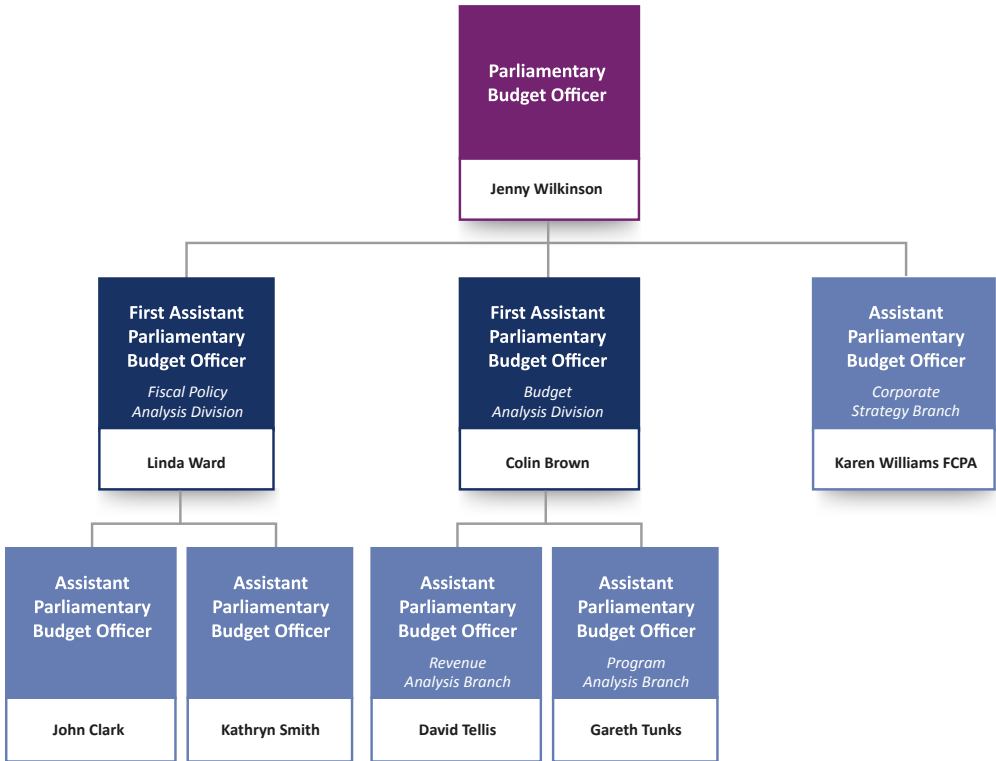
After every general election we publish a report that presents the budget impacts of each of the election commitments of the major parliamentary parties, including their aggregate impact on the fiscal position. Minor parties may choose to opt in to have their election commitments included in this report. No minor parties or independents chose to be included in the 2019 Post-election report of election commitments.

## Organisational structure

The PBO is led by the Parliamentary Budget Officer, supported by senior executives who have responsibility for specific business areas. The organisational structure comprises:

- the Budget Analysis Division, responsible for preparation of policy costings and budget analysis
- the Fiscal Policy Analysis Division, responsible for leading the PBO's research program and coordinating the report of election commitments
- the Corporate Strategy Branch, responsible for developing and implementing the PBO's corporate strategies and policies, managing the delivery of the PBO's corporate services, and meeting the PBO's compliance obligations.

Figure 2: PBO organisational structure as at 30 June 2019





## Part 2: Performance

### Annual performance statement

#### Introduction

This part of the annual report addresses the performance of the Parliamentary Budget Office (PBO) in 2018–19 against the purpose and performance criteria published in the PBO Corporate Plan 2018–19 and the PBO Portfolio Budget Statements 2018–19. This includes reporting on our priorities, key activities and achievements during 2018–19.

As the accountable authority of the PBO, I present the 2018–19 annual performance statement, as required under paragraph 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). In my opinion, this annual performance statement is based on properly maintained records, accurately reflects the performance of the PBO, and complies with subsection 39(2) of the PGPA Act.

Jenny Wilkinson  
Parliamentary Budget Officer

8 October 2019

#### 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 policy proposals.

As outlined in Part 1, there are three primary functions we perform to achieve our purpose.

- Policy costings and budget analysis – we enable fiscal impacts to be considered during policy development by providing policy costing and budget analysis services to all parliamentarians.
- Research – we improve public understanding of budget and fiscal policy issues by conducting and publishing research in these key areas.
- Election commitment report – we enhance the transparency around election commitments by preparing a post-election report on the budget impacts of the election commitments of parliamentary parties.

We set performance criteria and measure ourselves against these to monitor our performance.

## Priorities to support our purpose

Our overall performance is assessed against our outcome, as specified in both our Portfolio Budget Statements 2018–19 and Corporate Plan 2018–19:

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

The PBO achieved its purpose in 2018–19, with the following highlights.

- A general election was held on 18 May 2019 and concluded a period of heightened demand for our policy costing and budget analysis services. During this period we responded to requests in a timely manner with high-quality advice. A large number of public policy announcements by parliamentary parties referred to our costings.
- We published our report on the budget impact of election commitments within the timeframes required by legislation – the culmination of significant preparation work throughout the term of the 45th Parliament.
- We continued to maintain a high-quality program of published research papers, shorter analysis pieces, and chart packs to build public understanding of key budget issues.

The achievement of our purpose, through the delivery of each function, is discussed below, including an analysis of our performance against the criteria set out in our Corporate Plan 2018–19. Table 3 at the end of this Part also provides an assessment against the specific indicators in our corporate plan.



## Report on the budget impact of election commitments

On 19 June 2019 we published the 2019 Post-election report of election commitments, detailing and aggregating the budget impacts of the election commitments made by the major political parties. The report includes the commitments of the Coalition, the Australian Labor Party and the Australian Greens – being the parties with at least five Members or Senators immediately before the election, as required by the *Parliamentary Service Act 1999*. The impacts provided in the report were estimated using the budget baselines from the 2019 Pre-election Economic and Fiscal Outlook, as this was the most recent budget update before the election.

For the first time, we invited parliamentary parties with fewer than five members and independent parliamentarians to be included in the election commitment report. No minor parties or independents opted to be included on this occasion.

### WHAT WE DO: Report on election commitments

Within 30 days after the end of the caretaker period for a general election or at least seven days before the first sitting day of the new Parliament, we publish a report that presents the budget impacts of each of the election commitments of the major parliamentary parties, including their aggregate impact on the fiscal position. Minor parties may choose to opt in to have their election commitments included in this report.

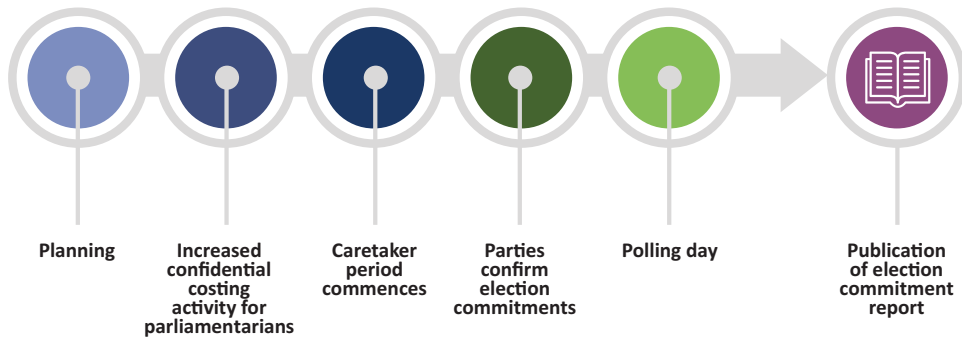


Publication of the election commitment report is the culmination of a significant amount of policy costing work undertaken in the months ahead of the election, and particularly in the lead-up to non-government parties announcing election commitments. A discussion of our response to this heightened demand for costings is discussed under policy costings and budget analysis below.

The election commitment report must be released within 30 days after the end of the caretaker period or at least seven days before the first sitting day of the new Parliament, whichever is later. We met this timeframe in 2019 as a result of the significant planning and preparation work undertaken ahead of the election.

Our planning commenced over a year ahead of the election to ensure we were prepared for a range of possible election dates. In particular, we reviewed key learnings from previous elections to enable us to improve our processes and our report, and we ensured that our data and models were up to date and ready to support the costing of the full range of policy commitments.

**Figure 3: Activities leading up to publication of the election commitment report**



Commencing several months ahead of the election, we closely monitored the media to capture public election commitments made by parties and election candidates. Immediately prior to polling day, as required by legislation, the major parties provided us with lists of their election commitments which we published on our website. We reviewed these lists against our records of announcements and sought clarification from parties with respect to any discrepancies to ensure that commitments made as part of election campaigning had their budget impact included in our report. Any differences between the parties' lists and the PBO's assessment of commitments were outlined in correspondence to party leaders in the days immediately following the end of the caretaker period.

For the first time, our report included the medium-term impacts of major policy commitments, showing budget implications for proposals for the budget year plus ten years. This approach was recommended in the 2016–17 review of the PBO, as including medium-term impacts provides a better understanding of the longer-term implications of various policy commitments.

For the 2019 election, we significantly improved our communication to the public around our election commitment report and its relevance. The most significant of these improvements was our website where we built a new set of pages to support the election period and provided additional detail about our role and requirements before and after the election. We also implemented a new search tool, where each election commitment costing is separately listed, and can be searched and accessed by the public. This is much more accessible than the consolidated document of commitments we have provided in the past and is part of our ongoing drive to enhance transparency. We are in the process of further improving our website functionality to provide a comprehensive database of all costings that we release.

We released a range of guidance documents to help parliamentarians and the public understand our role and processes relating to the election. These were:

- *2019 Post-election report of election commitments* – provided information about our post-election report and our processes for engaging with parliamentary parties.
- *Costing policy proposals during the caretaker period* – information for parliamentarians on our approach to undertaking policy costings during the caretaker period for the election.

- *Post-election report of election commitments: medium-term reporting* – provided details of our plans to include the medium-term budget impacts of full election platforms and major proposals in our post-election report.

In the short timeframe between the publication of the post-election report and the end of the financial year, the post-election report website page had around 1,000 views, with the report itself averaging over 50 downloads each day.

## Policy costings and budget analysis

The general election on 18 May 2019 had a major influence on our policy costing and budget analysis work during 2018–19. The period ahead of a general election typically sees an increase in demand for costings and budget analysis as parties work to settle their policy platforms. We experienced a surge in demand for costings as parties finalised their election platforms and requested updated costings following the release of budget updates. With an election announcement being a possibility for much of the year, this increase in demand was evident right from the start of the period. For the full 2018–19 year we responded to 2,970 requests, almost twice the number we delivered in the previous year.

### WHAT WE DO: Policy costings and budget analysis

We provide all parliamentarians with access to advice on the financial implications of their policy proposals, based on the policy specifications they provide. Outside of the caretaker period for an election, parliamentarians may submit requests for policy costings on a confidential basis, in which case both the request and our response are kept in confidence.

We provide parliamentarians with access to information relating to the budget, which we may provide on a confidential basis regardless of when the request is made.

We also respond to requests for assistance from parliamentary committees on issues that fall within our mandate.



Table 1 provides further information on the number of costing and budget analysis requests we responded to over the course of the year and in the previous year. This highlights the heightened activity in the fourth quarter of 2018–19 during the lead-up to the election and following the election as we prepared the election commitment report. Appendix B provides further detail on the PBO’s output of policy costings and budget analysis over the past five financial years.

**Table 1: Completion of costing and budget analysis requests**

	2017–18	2018–19				Total
	Total	Q1	Q2	Q3	Q4	
Requests completed in period	<b>1,560</b>	637	337	578	1,418*	<b>2,970*</b>
Average time to completion (business days)	<b>20</b>	29	24	23	11	<b>18</b>
Median time to completion (business days)	<b>15</b>	25	13	19	8	<b>12</b>

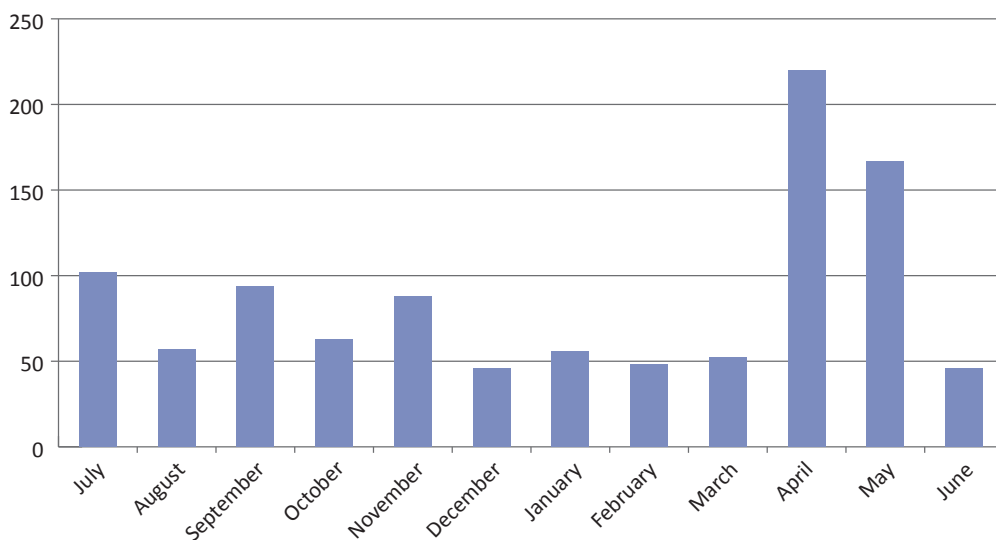
\* includes 429 costings and budget analyses prepared for the purpose of the election commitment report

**Note:** The table identifies the number of ‘options’ contained in requests completed by the PBO, noting that a single request can contain multiple options.

The demand for costings in the lead up to a general election demonstrates the importance parliamentarians place on having an accurate understanding of the impact on the budget of their potential election commitments. Parliamentarians use our confidential policy costing services during both their policy development phase and when finalising the policy details accompanying a specific announcement. As a result, almost all material policy announcements by non-government parties in the lead-up to the election had been previously costed by the PBO. This helped to focus public debate on the details and merits of each policy proposal, and largely avoided debate on the accuracy of individual costings. That parties used our costing services so intensively is evidence of not only the trust placed in us by parliamentarians, but also the expectations of the Australian public that policies will be costed before they are announced. In each case where a PBO costing was cited as part of a policy announcement, we checked the published information against the costing we provided to that parliamentarian and ensured that the PBO’s work had been accurately presented.

The relevance of the PBO’s contributions is demonstrated by the number of times we were mentioned in the media in the lead-up to the 18 May election (Figure 4):

**Figure 4: Media mentions in 2018–19**



In 2018–19, the PBO recorded 1,045 media mentions (2017–18: 1,023) across print, online and social media, television and radio, blogs and other media. These related to policy costings, PBO research and PBO functions more generally. Of the 387 media mentions during April and May 2019, approximately half were references to policy costings we had provided. Media mentions of our costing work usually indicated that the costing estimates were regarded as reliable and that the PBO is regarded as impartial and independent.

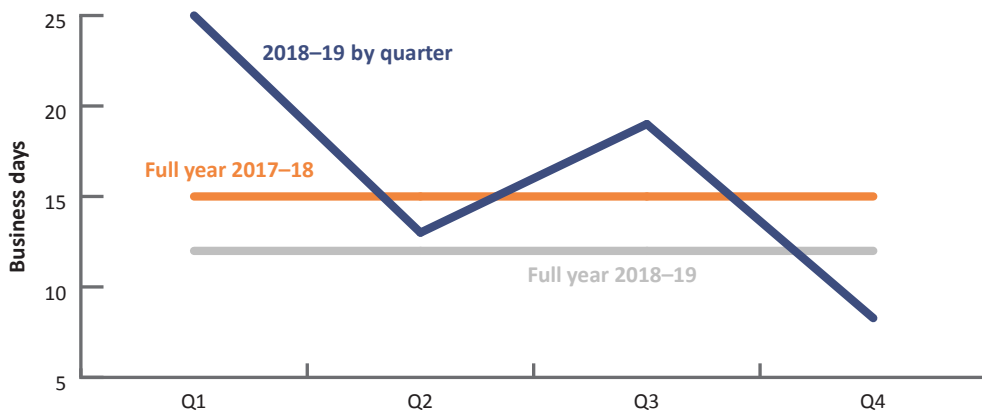
In an election year the funding we receive from government is supplemented so that we can expand our resourcing to support the additional demand for our services. We employed several strategies to allow us to meet the heightened level of demand encountered during the 2018–19 year.

- We expanded our participation in the Parliament of Australia graduate program by increasing the number of graduate placements we provided and increasing the length of these placements. This allowed us to temporarily expand our existing workforce while contributing to building the capacity of employees within the APS.
- We engaged in secondment agreements with other Commonwealth agencies and parliamentary departments to temporarily increase our resourcing and access highly-skilled staff with relevant experience in costings, election monitoring and report drafting.
- We re-balanced our internal resourcing to focus more on our costing and budget analysis work with an associated reduction in our research activity. This was supported by skills development activities, initiated in 2017–18, to ensure we had a highly-flexible workforce to respond to the changing demand.

Our ability to manage the additional workload, and the changing nature of that workload, is reflected in the completion times shown in Table 1 and Figure 5. As a consequence of the increased demand for our services, our average completion times during the first three

quarters of 2018–19 were higher than the previous year. By the fourth quarter, additional staff were in place and a significant amount of our costing work related to ensuring that every election commitment was costed and included in our election commitment report (discussed above). By that time, we had generally either seen the costing previously or were aware of it through our monitoring of election announcements. This meant that we were able to very quickly prepare costings in quarter four to support the final party platform announcements by non-government parties and our post-election report publication. Our full-year average completion time was at a level consistent with previous years. This is a very strong achievement, considering the increased level of demand compared to previous years.

**Figure 5: Median response time for policy costing and budget analysis requests**



There is significant variability in the complexity of the requests for costings that we receive. This results in our median completion times continuing to be much lower than our average (mean) completion times (see Table 1). We are able to respond to a large number of requests within a short period of time, with some highly-complex requests taking much longer.

Over this past year, we increased our engagement activities with parliamentary parties to allow us to manage the increased demand for our services and the increased complexity of some of these requests. We engaged on a weekly basis with parties with a significant number of active requests to ensure that we prioritised our effort on the requests that they considered most urgent. In doing this we also continued to use the framework that we outlined in our information paper, *PBO costing processes, timeframes and prioritisation framework* (released in February 2018) to prioritise the large number of requests we received.

During the caretaker period ahead of an election, the PBO is required to respond to, and make public, a request for costing a policy as soon as is practicable and we aim to respond within five business days. One request was received within the 2019 election caretaker period, which the PBO responded to within five business days. The parliamentarian subsequently clarified a component of the request, requiring the PBO to issue a revised response. The revised response was not provided within five days of the clarification. This was a result of the high volume of requests in progress at that time.

A cornerstone of our provision of trusted costing and budget analysis services to parliamentarians is our ability to maintain the confidentiality (where asked to do so) of those requests and our responses. We set ourselves the highest standards in this regard and have in place a range of controls, including information security awareness training, to ensure we meet this expectation. This allows parliamentarians to use us in the policy development process without the risk of the information becoming public, and enables the parliamentarian to release a final policy (with an understanding of its associated costs) once they are ready to. In 2018–19 we continued our outstanding record in this regard and did not breach the confidentiality of any requests.

The PBO conducts a survey of its parliamentary stakeholders once in each term of Parliament to obtain feedback on our performance. A survey was not conducted in 2018–19 as one was undertaken in 2017–18. We continued, however, to hold regular discussions with our stakeholders to inform improvements to our services, and we received very strong appreciation for the quality and timeliness of our work. In particular, we received specific feedback from our stakeholders on the level of support we provided to them ahead of the 2019 election. We also engage directly with the Joint Committee of Public Accounts and Audit (JCPAA), representing our stakeholder base of parliamentarians, to report on our costing and budget analysis request and completion data, and to discuss our performance.

## Research program

### WHAT WE DO: Research

We publish research which focusses on the fiscal sustainability of the Australian Government budget, particularly over the medium term. We also seek, through our publications, to improve budget transparency and promote a better public understanding of the budget and fiscal policy settings.



We continued to publish a range of high-quality reports to improve budget transparency and promote a better public understanding of the budget and fiscal policy settings, while necessarily reducing our output in this area to focus on costing and election-related work.

Our research program comprises a number of regular publications along with some additional research reports, as outlined in our corporate plan. During 2018–19 we released four regular reports.

- *2018–19 MYEFO snapshot and 2019–20 Budget snapshot* – provided graphical summaries of the Budget and Mid-year Economic and Fiscal Outlook (MYEFO) and highlighted the impacts of policy decisions and parameter changes.
- *2018–19 Budget: medium-term projections* – reported on the budget outlook over the coming decade to look beyond the four-year projections provided in the budget, including projections of receipts and payments, and analysis of the major trends in, and risks to, the medium-term outlook.
- *National fiscal outlook: As at 2018–19 Budget* (and its related *At a glance* graphical summary) – provided a national perspective on fiscal challenges over the short term by examining outcomes across all levels of government.

Our fifth regular publication is a detailed chart pack that analyses the key changes in the budget at the level of major revenue and expenditure items. While we generally aim to publish this chart pack within a month of the budget, it was deferred due to the prioritisation of election preparation and costings and will be published early in 2019–20.

We also reprised our report that summarises the impact of unlegislated measures on the budget. This publication provides estimates of the medium-term impact on the budget of measures with significant financial implications that have been announced but are yet to be implemented.

Our budget-related publications are regular and publicly-anticipated fixtures on our publication program and serve to improve public understanding of the budget and enhance transparency. They also look at issues not routinely examined in existing budget publications, such as detailed projections over a longer timeframe than the budget documents provide.

We published several additional research reports in 2018–19, focusing on important issues affecting the budget.

- *Trends affecting the sustainability of Commonwealth taxes* – an analysis of the broad trends within the Commonwealth tax system and the associated implication for the budget.
- *Net debt and investment funds – Trends and balance sheet implications* – an analysis of the use of net debt as an indicator of the long-term sustainability of the budget and the impact of government investment funds on net debt calculations.
- *Australia's ageing population – Understanding the fiscal impacts over the next decade* – an analysis of the impacts of an ageing population on major revenue and expenditure items over the next decade.

We continued to publish underlying data for our research reports, where relevant, to enable others to directly analyse the data to draw their own conclusions or re-present specific aspects of our report. This further supports public understanding and transparency of the budget.



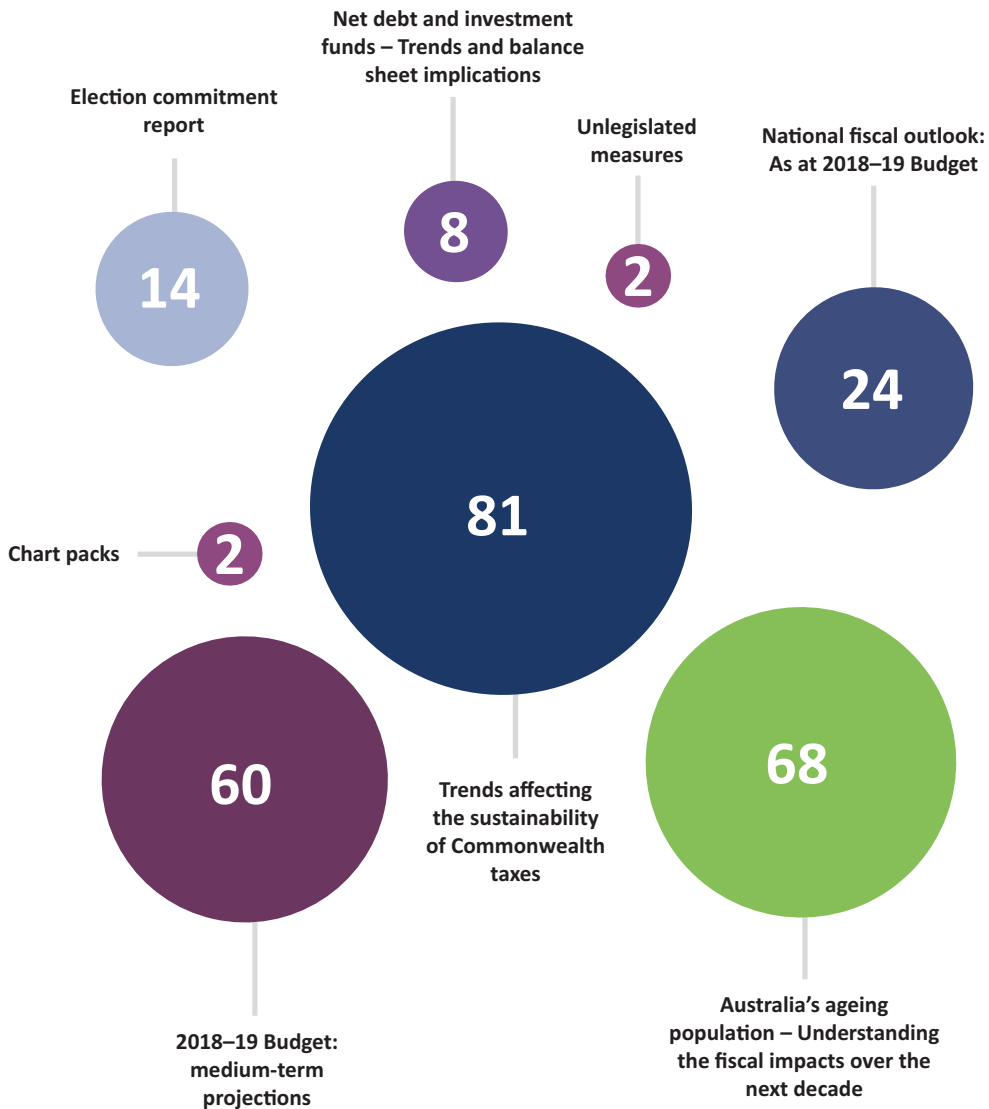
Our research work is positioned and strengthened through consultation with a range of external parties.

- In developing our program for the year, we sought input from our expert panel and consulted with the JCPAA and other parliamentary committees on our proposed program.
- Individual members of our expert panel reviewed specific publications ahead of their release, or connected us to key academic or industry experts to provide feedback.
- We consulted with relevant Commonwealth agencies ahead of releasing specific reports to confirm the factual accuracy of our analysis.

We measure the impact and relevance of our research program by the impact the publications have in the media and in Parliament. Our five largest releases during the year all received multiple references through major media outlets, as detailed in Figure 6. Figure 4 shows total media mentions for the PBO (including all aspects of our operations) and our analysis of this shows increases in media activity mentioning the PBO immediately following the release of a report. We are also increasing our engagement with media outlets immediately following the release of publications. By discussing questions that journalists have, we help to improve the understanding of our publications and maximise the opportunity for them to build public understanding of issues impacting the budget. This also reduces the risk that an important publication gains limited traction due to unforeseen events in the news cycle at the time of release.

Three of our five major publications were also specifically mentioned in sessions of Parliament. One of the reports that was not mentioned, *Australia's ageing population – Understanding the fiscal impacts over the next decade*, was released only days before the final sitting day of the 45th Parliament. References to our publications in Parliament are one means by which we can assess that our research is relevant to our stakeholders and reflects current issues of public importance.

**Figure 6: Media mentions of PBO publications in 2018–19**



The relevance of our reports is also indicated by the number of times they are downloaded from our website. During 2018–19 there were almost 70,000 downloads from our website (2017–18: 53,143).

We have increased opportunities for our stakeholders to provide feedback on our publications. Each report now invites feedback by providing a feedback email address. This is promoted on each report's web page and in the body of the reports themselves. This will assist us in the future to make improvements to our reports based on the comments received. Our next stakeholder survey, planned for around the mid-term of the 46th Parliament, will seek feedback on the relevance and usability of our research products.

## Capabilities

Our performance against the three elements of our function is underpinned by the capability of our employees and our ability to access relevant information.

### Employees

Our employees are our biggest asset in terms of our ability to provide high-quality policy costings, budget analysis and research. The PBO comprises a group of employees with experience and highly developed skills in economics and data analysis and a deep understanding of a wide range of policy areas.

As discussed above, during 2018–19 we actively sought to build skills and recruit in areas that would assist our policy costings work in the lead-up to the election and the election commitment report.

We also implemented a range of measures, including training, to build the resilience of our staff and promote their ability to perform effectively through our peak workload period.

### Data and models

Our models and access to the data held by Commonwealth agencies are critical to our ability to accurately cost policy proposals and analyse budget issues through our research program. We have a memorandum of understanding with Commonwealth agencies that govern our access to government models and data, allowing us to undertake analysis and simulate policy proposals using similar models, frameworks and data. This is fundamental to the work that we do. We acknowledge the valuable support we continue to receive from agencies who provided us with data and models on a timely basis to support our work during 2018–19.

We enhance the models we receive from agencies and build our own models to ensure that we have capability across the full range of revenue and expenditure programs that we may be asked to analyse. This is especially critical in the lead-up to an election where the timeliness of our responses becomes increasingly important.

Table 2 shows the number of requests sent to agencies during 2018–19, and the associated response timeframes. The support we are provided is reflected by the fact that 99 per cent of responses to requests for information were returned within the timeframe we requested.

**Table 2: Information requests to agencies**

	2017–18 Total	2018–19 Q1	2018–19 Q2	2018–19 Q3	2018–19 Q4	2018–19 Total
Responses received in period	429	84	85	138	241	549
Percentage received on time	99	95	98	99	100	98
Average response time (business days)	9	7	5	12	5	7

Appendix B contains details of information request responsiveness for each agency that we requested information from during 2018–19, as well as historical information on responses to our requests for information.

In addition to our engagements with our expert panel members, the JCPAA and agencies, we maintain a range of other relationships that build our capabilities and in turn allow us to contribute to the capability building in other organisations undertaking related functions.

- The Parliamentary Budget Officer is a member of the Organisation for Economic Co-operation and Development (OECD) Network of Parliamentary Budget Officials and Independent Fiscal Institutions. This network meets annually to discuss issues and share experiences relating to the work of these organisations.
- In 2018–19, we held discussions with the New Zealand Treasury and hosted one of their employees for a month, to support preparations for the implementation of a parliamentary budget office in New Zealand.
- The Parliamentary Budget Officer continues to be a member of the Advisory Board of the Tax and Transfer Policy Institute at the Australian National University, to provide input to the Institute’s research priorities and identify opportunities for the PBO to work collaboratively with the Institute.
- We engaged with the new Victorian PBO and the temporary New South Wales PBO to provide advice on our experience to inform their establishment; and then with the Victorian PBO to learn aspects of their implementation that could assist us, particularly in relation to workflow management.

## Table of performance measures

The PBO’s performance criteria and targets set out in the Portfolio Budget Statements 2018–19 are at a broad level. The detailed suite of criteria and targets are set out in the PBO’s Corporate Plan 2018–19. The following table summarises our assessment against each of these.

**Table 3: Performance against 2018–19 criteria**

Measure	Assessment	Target	Outcome
Demand for, and efficiency of, our costing services	PBO costing advice is sought by non-government major parties for their policy proposals with significant budget impacts.	Yes	Yes
	Median time to completion of policy costing and budget analysis requests is less than 15 business days.	<15 business days	12 business days
	95 per cent of non-caretaker requests are completed within 60 business days.	95 per cent	97 per cent
	95 per cent of caretaker requests are completed within five business days.	95 per cent within five business days	Target not met. One request submitted which was responded to in five business days. Following clarification from the requestor, a revised response was issued 16 business days after the original request date.
Legislative obligations are met	The post-election report is published within 30 days of the end of the caretaker period.	30 days	31 days – legislation was amended in early 2019 to require publishing within 30 days or seven days before sitting of the new Parliament. Revised timeframe met.
	The confidentiality of all requests, advice and information is maintained.	Yes	Yes

Measure	Assessment	Target	Outcome
Feedback from stakeholders	Overall high levels of satisfaction with the role and work of the PBO.	Yes	Yes
	The PBO is widely perceived to be non-partisan and independent.	Yes	Yes
	Feedback mechanisms are available on PBO website.	Yes	Yes
Media mentions	All PBO research papers are reported by major media outlets.	Yes	Yes
	Media references to the PBO suggest we are perceived as independent, robust and/or non-partisan.	Yes	Yes
Mentions in Parliament	All PBO research papers are referenced in Parliament.	Yes	Target not met – three out of five research papers were referenced in Parliament.
	Publicly released PBO costing and budget analysis advice is referenced in relevant parliamentary debates.	Yes	Yes
Report downloads	Downloads of PBO reports are maintained at least at current levels.	Yes	Yes
Data availability	Datasets underpinning charts are available on the same day of the report publication and are published in an accessible format.	Yes	Yes
Publication of information	All information papers, guidance material and general information about the PBO are available on the website.	Yes	Yes
	Three activity reports outlining PBO performance, including information about ongoing evaluations of our models and approaches, are published each year.	Yes	Yes
	The website is structured to facilitate ease of access to information and reports.	Yes	Yes

## Part 3: Management and accountability

### Corporate governance

Our operations are primarily governed by the *Parliamentary Service Act 1999* and the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Other legislation and policy also governs our work, including workplace relations legislation and Australian Government protective security policies.

Under the Parliamentary Service Act and the PGPA Act, the Parliamentary Budget Officer is accountable for the PBO's performance and compliance with legislative requirements.

The key elements of our governance framework are the PBO Executive, the Audit Committee and a risk management framework. We also participate in Parliament House-wide governance arrangements.

We strengthened our governance framework and internal policies and procedures during the year. Key focus areas were: fraud risk management; business continuity; and work, health and safety. We worked with the other parliamentary departments on the remaking of the *Archives (Records of Parliament) Regulations 2019*, which came into effect in March 2019.

We refined our performance measures to more clearly outline how we monitor and measure what we did (output); how well we did it (quality and/or efficiency); and what the benefits were (impact). These are reflected in our Corporate Plan 2019–20.

### PBO Executive

The PBO Executive—consisting of the Parliamentary Budget Officer and all SES officers—meets weekly to consider PBO-wide issues, to monitor performance and to manage risk.

The Executive considers key performance information on a regular basis, including the status of outstanding requests for policy costings and budget analyses, the timeliness of our responses, the status of requests for information made to Commonwealth agencies, progress of the research program, and citations in the media.

The Executive also considers risks on a rolling basis to monitor any changes in the risk environment and update risk ratings and treatments accordingly.

In accordance with our Information Governance Framework, the Executive serves as the Information Governance Committee, ensuring that information governance is managed and driven by key personnel within the organisation.

## **Audit Committee**

The Audit Committee provides independent advice and assurance to the Parliamentary Budget Officer about the PBO's governance arrangements. The Committee comprises two independent members (including the chair) and the Assistant Parliamentary Budget Officer, Program Analysis Branch. The Committee met four times during the financial year. The Assistant Parliamentary Budget Officer, Corporate Strategy Branch; Chief Financial Officer; representatives from the Australian National Audit Office; and the PBO's internal auditors also attended these meetings.

## **Risk management**

Risk management forms an integral part of the PBO's governance and internal planning arrangements.

We undertook a review of our strategic and fraud risks and updated and documented these in our risk management plans. We continue to embed risk management practices at all levels by considering operational risks in our divisional and branch work planning processes

We also manage risks in specialised areas, including the monitoring of specific security, fraud and project risks.

During the year we undertook a business continuity exercise which provided us with an opportunity to test our business continuity management framework and policy.

## **Fraud prevention and control**

In 2018–19 the PBO took all reasonable measures to minimise the incidence of fraud. We undertook a fraud risk assessment, updated the PBO's fraud control policy and continued to monitor the identified fraud risks. No incidences of fraud were detected.

## **Provision of corporate services to the PBO**

To maximise the staff and resources dedicated to core functions, the PBO has shared services arrangements with other parliamentary departments for the delivery of most of the PBO's corporate services.



During 2018–19, the Department of the Senate continued to provide the PBO’s financial transaction processing and payroll services. The PBO’s information and communication technology (ICT) services continued to be provided by Department of Parliamentary Services (DPS).

## **Interdepartmental committees**

The four parliamentary department heads meet on a regular basis to discuss matters relating to governance, policy and operational matters of significance to the departments.

We also participate in a range of interdepartmental committees through which the parliamentary departments co-ordinate common and joint activities, particularly in relation to human resources, ICT and other corporate matters.

## **External scrutiny**

During 2018–19, there were no external reports, reviews or judicial decisions involving the PBO. We continued our engagement with parliamentary committees.

## **Joint Committee of Public Accounts and Audit**

The JCPAA plays an important oversight role in relation to the PBO’s resourcing and operations. This includes considering the PBO’s draft budget estimates and receiving regular activity reports on the PBO’s operations ahead of each of the PBO’s appearances at Senate Estimates hearings. We consulted with the JCPAA on our Corporate Plan 2018–19.

## **Senate Finance and Public Administration Legislation Committee**

The PBO appeared before the Senate Finance and Public Administration Legislation Committee throughout the year. In advance of each hearing, we provided the Committee with our detailed activity report on the PBO’s operations.

## **Human resource management**

The skills, experience and commitment of our employees are critical to our performance. Developing our existing workforce continued to be a high priority for the PBO in 2018–19, as well as maintaining our ongoing recruitment, secondment and graduate programs.

Details of the classification level, employment status and gender of the PBO’s employees are presented in Appendix A.

## Capability development

During the year we focused on leadership development for employees at all levels to enhance the leadership skills and capabilities across the PBO. We also focused on strengthening the resilience of our workforce in the lead-up to the general election.

The continued development of employees' technical capabilities was a priority during the year. This was provided through a mixture of on the job learning and coaching, attendance at courses and seminars, and job rotations through different functional teams. In particular, we exposed our research teams to an increased volume of policy costing work, to maximise our capability and flexibility to respond to the increased costing work leading up to and during the election period.

A key component of the development of technical skills was the continuation of an internal seminar series aimed at analytical staff. Presenters for these sessions included internal subject matter experts and external speakers.

We delivered essential corporate training through our online learning management system, in areas including security awareness and information management.

## Secondments

The PBO has an ongoing secondment program with Commonwealth agencies, involving secondments both to and from the PBO. This is aimed at enhancing our capacity through the development of employees' skills in specific policy areas, and developing relationships with Commonwealth agencies. This program provides participants from other agencies with an increased understanding of our role and exposure to a broad range of policy areas and budgetary issues.

During 2018–19, the PBO participated in the Parliament of Australia graduate program. The program allows participants from APS graduate programs to undertake a secondment of up to six months with the PBO to learn about the role and functions of the PBO, as well as the Parliament generally. Twelve graduates from the 2018 and 2019 programs were placed with the PBO in 2018–19.

## Employment arrangements

The PBO's SES employees are engaged under individual determinations under subsection 24(1) of the Parliamentary Service Act, with their remuneration and superannuation salary set under common law agreements.

All non-SES employees are engaged under common law agreements.

The Parliamentary Budget Officer is engaged as a full-time public office holder under section 64X of the Parliamentary Service Act. The Parliamentary Budget Officer's remuneration is determined by the Remuneration Tribunal.

The salary ranges for SES are determined with regard to public sector benchmarks.

The PBO implemented remuneration increases for non-SES employees for the three year period commencing 1 December 2017. The remuneration proposal was agreed with the Australian Public Service Commissioner, with associated productivity offsets. This was undertaken in accordance with the Australian Government's workplace bargaining policy. Commensurate increases were implemented for SES employees.

The PBO did not make any performance payments to employees during 2018–19. Under the PBO's Performance Management Framework, increments through the PBO's salary ranges are based on performance achievements.

Employees have access to a number of non-salary benefits including study assistance, and access to salary sacrifice arrangements. The PBO provides SES employees with a mobile phone and tablet. Employees also have access to the Capital Hill Early Childhood Centre in Parliament House, on-site gym facilities and free car parking.

## **Work health and safety**

The following information for the 2018–19 reporting period is provided in accordance with Schedule 2, Part 4 of the *Work Health and Safety Act 2011* (WHS Act).

All new employees undertook an induction program, which included information on work health and safety issues, an outline of the legislative and policy framework, and information on their obligations as employees.

The PBO has appointed Health and Safety Representatives. A Health and Safety Committee, chaired by Ms Karen Williams, Assistant Parliamentary Budget Officer, Corporate Strategy Branch, met quarterly.

The PBO provides sit-to-stand workstations to encourage healthy work practices. Support is provided to employees to ensure correct workstation setup and, where appropriate, professional expertise is sought to complement existing practices.

The PBO has an Employee Assistance Program to provide access to free confidential professional counselling services to assist staff and their families with any personal or work-related matters, and offer guidance and advice to managers on staff management.

During the election period, the PBO implemented additional strategies to support employees, including resilience training.

During 2018–19, one incident was reported to Comcare in accordance with section 35 of the WHS Act, and the PBO took remedial action to mitigate the risk. Comcare conducted an investigation into this incident. Comcare did not issue any notices under the WHS Act.

## **Commitment to reconciliation**

The four parliamentary departments continued to progress actions identified in the 2016–18 Australian Parliamentary Service Reconciliation Action Plan (RAP). The RAP works to build relationships, respect and opportunities between the Parliamentary Service and Aboriginal and Torres Strait Islander peoples.

In 2018–19, representatives across the four departments worked together to draft the new 2019–22 RAP. The new RAP will be implemented in the second half of 2019 following endorsement from Reconciliation Australia.

The departments each have a RAP Champion, who together comprise the Parliamentary Service RAP Champions Group. The RAP Champions Group meets periodically to review and monitor progress against the RAP. At 30 June, the PBO's RAP Champion was Mr David Tellis, Assistant Parliamentary Budget Officer, Revenue Analysis Branch.

## **Parliamentary Service Indigenous Employee Network**

During 2018–19, the PBO supported the Parliamentary Service Indigenous Employee Network (PSIEN). The PSIEN provides a safe, supportive environment for all Parliamentary Service employees to meet and express their views, experiences and concerns pertaining to Aboriginal and Torres Strait Islander issues both professionally and personally. The PSIEN increased its profile during the year, growing its membership and providing peer and mentoring support amongst Indigenous staff. The PSIEN coordinated a Parliamentary Service event to launch National Reconciliation Week in May 2019 and played a key role in the development of the Australian Parliament's Acknowledgement of Country card.

## **Share our Pride learning module**

One of our actions under the RAP is to engage our employees in cultural learning opportunities to increase their understanding and appreciation of Aboriginal and Torres Strait Islander cultures, histories and achievements.

Within the first few months of their employment with the PBO, all new employees undertake the Share our Pride online learning module, developed by Reconciliation Australia.

## **Jawun Indigenous Community Australian Public Service Secondment Program**

Jawun is a not-for-profit organisation managing secondments from corporate and government partners to Jawun Indigenous partner organisations.

In the previous reporting year, one of our Parliamentary Executive Level 1 employees participated in the 2018 Jawun Indigenous Community APS Secondment Program, which involved a six-week placement in the Goulburn-Murray region of Victoria. The PBO will be

participating in the 2019 program during 2019–20. The objectives of these placements are to increase both the employee’s and the PBO’s cultural awareness and broader awareness of Indigenous matters, and provide positive outcomes for the Indigenous communities.

Our participation in the program contributes to the commitment to establish respectful, sustainable and enduring partnerships between the parliamentary departments and Aboriginal and Torres Strait Islander peoples under the RAP.

## Other information

### Information publication scheme

The Parliamentary Budget Officer and the Parliamentary Budget Office are defined as exempt agencies in subsection 7(1) and Division 1 of Part I of Schedule 2 of the *Freedom of Information Act 1982*.

Section 45A of the Freedom of Information Act also protects the confidentiality of documents related to PBO requests that may be held by Commonwealth agencies.

### Disability reporting mechanism

Since 1994, non-corporate Commonwealth entities have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007–08, reporting on the employer role was transferred to the Australian Public Service Commission’s State of the Service reports and the APS Statistical Bulletin. These reports are available on the Commission’s website at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010–11, entities have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a 10-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level, two-yearly report will track progress against each of the six outcome areas of the strategy and present a picture of how people with disability are faring. Further information is available on the Department of Social Services’ website at [www.dss.gov.au](http://www.dss.gov.au).

### Ecologically sustainable development and environmental performance

As the PBO is located in Parliament House, all facilities and environmental management activities are undertaken by DPS and reported on in its annual report.



## Part 4: Financial

### Financial management

The PBO's operations are funded through annual departmental appropriations with supplementation from a special appropriation made under section 64D of the *Parliamentary Service Act 1999*.

#### Overview of financial performance

The PBO recorded an operating deficit of \$0.044 million for the year ended 30 June 2019. Excluding depreciation and amortisation, the operating result attributable to the PBO was a surplus of \$0.034 million.

We managed our financial performance and position appropriately throughout the year. Variances to budget are outlined in Note 3 in the financial statements.

In addition to ongoing departmental appropriation, the PBO has a special appropriation that can be used at the discretion of the Parliamentary Budget Officer to respond flexibly to changes in demand for our services. As at 30 June 2019, the balance of the special appropriation was \$1.851 million.

In the 2019–20 Budget the PBO received departmental supplementation of \$5.303 million over four years. This provides an increase to the PBO's ongoing base funding of around \$2 million per year.

We continue to consult with the Joint Committee of Public Accounts and Audit on PBO resourcing.

#### Expense impacts

Overall, total expenses increased to \$8.601 million (2017–18: \$8.395 million). This increase was largely a result of the PBO's workforce increasing to manage the work associated with the 2019 general election. Funding augmentation of \$0.500 million is provided for this surge activity. An increase in the employee leave provision, primarily due to a decrease in the 10-year government bond rate, also contributed to this increase in expenses.

## Revenue and gains impacts

In 2018–19 the PBO’s revenue from its annual departmental appropriation increased to \$7.238 million (2017–18: \$6.753 million). This directly related to the \$0.500 million funding the PBO receives every third year to support the increased work associated with a general election. The annual departmental appropriation was supplemented by \$0.932 million special appropriation funding to meet operational expenses. Other revenue, relating to resources received free of charge, remained constant. A gain of \$0.034 million was reported as a result of an adjustment in relation to prior year accruals.

## Financial position

As at 30 June 2019, the PBO was in a sound net worth position, reporting net assets of \$1.647 million (2017–18: \$1.691 million). This was represented by assets of \$4.721 million (2017–18: \$4.039 million) and liabilities of \$3.074 million (2017–18: \$2.347 million).

The increase in assets and liabilities is primarily due to an increase in the measurement of employee leave provisions reflecting a change in calculation factors.

## Entity resource and outcome expense statements

Table 4 summarises the total resources available to the PBO by funding type and the total payments made by the PBO in cash terms. The balance remaining for ordinary annual services is held for the PBO’s liabilities, largely employee leave entitlements. The special appropriation balance remaining can be used to support the PBO’s operational expenses.

**Table 4: Entity resource statement**

	Actual available appropriation for 2018–19	Payments made 2018–19	Balance remaining 2018–19
	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Ordinary annual services <sup>1</sup>	9,981	6,955	3,026
Special appropriation <sup>2</sup>	2,783	932	1,851
<b>Total resourcing and payments</b>	<b>12,764</b>	<b>7,887</b>	<b>4,877</b>

(1) *Appropriation (Parliamentary Departments) Act (No.1) 2018–19*. This includes prior year departmental appropriation and section 74 retained revenue receipts.

(2) Special appropriation limited by amount [*Parliamentary Service Act 1999* section 64D].



Table 5 shows the total budgeted and actual expenses for the PBO's outcome. The Budget amounts correspond to the information contained in the 'Budgeted expenses for Outcome' table in the PBO's Portfolio Budget Statements 2018–19, page 10. The actual expenses reconcile to the Statement of comprehensive income in the financial statements.

**Table 5: Outcome expense statement**

	Budget* 2018–19	Actual expenses 2018–19	Variation 2018–19
Outcome 1	\$'000 (a)	\$'000 (b)	\$'000 (a)–(b)
Departmental expenses			
Departmental appropriation <sup>1</sup>	7,238	7,238	–
Special appropriation	845	932	(87)
Expenses not requiring appropriation in the budget year <sup>2</sup>	682	431	251
<b>Total expenses for Outcome 1</b>	<b>8,765</b>	<b>8,601</b>	<b>164</b>

	2017–18	2018–19
Average staffing level (number)	42	45

\* Full year budget including any subsequent adjustments made to the 2018–19 Budget.

- (1) Departmental appropriation combines ordinary annual services (*Appropriation (Parliamentary Departments) Act (No.1) 2018–19*) and retained revenue receipts under section 74 of the PGPA Act 2013.
- (2) Expenses not requiring appropriation in the budget year are made up of depreciation expense and resources received free of charge.

## Compliance with finance law

The PBO had no significant issues relating to non-compliance with the finance law.

## Asset management

The PBO's asset management framework includes an asset register that records all assets held by the PBO. An annual stocktake keeps records up to date and the assets are assessed each year for impairment and change in value. The PBO's assets are comprised of office fitout and equipment.

## Purchasing

Purchasing was managed in accordance with the PBO's Accountable Authority Instructions and financial procedures, which are consistent with the Commonwealth Procurement Rules. The PBO's purchasing processes focus on the core principle of value for money.

## Consultants

The PBO engages consultants where specialist skills are required that are not available in-house or when independent research, review or assessment is required.

During 2018–19, four new consultancy contracts were entered into, involving a total expenditure of \$66,105 (inclusive of GST). In addition, one ongoing consultancy contract was active during this period, involving total actual expenditure of \$275 (inclusive of GST).

Decisions to engage consultants during 2018–19 were made in accordance with the PGPA Act, Commonwealth Procurement Rules and internal policies.

The majority of consultancy expenditure was for internal audit, business continuity and document design services.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website, [www.tenders.gov.au](http://www.tenders.gov.au).

## Procurement initiatives to support small business

The PBO supports small business participation in the Commonwealth Government procurement market. Small and medium enterprises (SME) and small enterprise participation statistics are available on the Department of Finance's website: [www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/](http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/).

Procurement practices support SMEs by the use of the Commonwealth Contracting Suite for low-risk procurements valued under \$200,000 and electronic systems to facilitate on-time payment.

## Advertising and market research

The PBO did not undertake any advertising campaigns during 2018–19.

# Financial statements



## INDEPENDENT AUDITOR'S REPORT

To the President of the Senate and the Speaker of the House of Representatives

### Opinion

In my opinion, the financial statements of the Parliamentary Budget Office for the year ended 30 June 2019:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2019 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following statements as at 30 June 2019 and for the year then ended:

- Statement by the Parliamentary Budget Officer and Chief Financial Officer;
- Statement of comprehensive income;
- Statement of financial position;
- Statement of changes in equity;
- Cash flow statement; and
- Notes to the financial statements, comprising a Summary of significant accounting policies and other explanatory information.

### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Parliamentary Budget Office, the Parliamentary Budget Officer is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Parliamentary Budget Officer is also responsible for such internal control as the Parliamentary Budget Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Parliamentary Budget Officer is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Parliamentary Budget Officer is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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19 National Circuit BARTON ACT  
Phone (02) 6203 7300 Fax (02) 6203 7777

### **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Mark Vial

Senior Director

Delegate of the Auditor-General

Canberra

2 September 2019

## Statement by the Parliamentary Budget Officer and Chief Financial Officer

### Certification of financial statements

In our opinion the following financial statements for the year ended 30 June 2019 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act) and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Parliamentary Budget Office will be able to pay its debts as and when they fall due.



**Jenny Wilkinson**  
Parliamentary Budget Officer  
2 September 2019



**Amanda Bruce**  
Chief Financial Officer  
2 September 2019

# STATEMENT OF COMPREHENSIVE INCOME

for the period ended 30 June 2019

	Notes	2019 \$	2018 \$	Original Budget 2019 \$
<b>NET COST OF SERVICES</b>				
Expenses				
Employee benefits	1.3	6,734,216	6,823,088	6,523,000
Supplier	1.4	1,788,156	1,263,773	1,906,000
Depreciation and amortisation	1.6	78,219	308,169	336,000
<b>Total expenses</b>		<b>8,600,591</b>	8,395,030	8,765,000
<b>Own-source income</b>				
<b>Other revenue</b>				
Resources received free of charge	1.5			
Accommodation		302,683	294,553	} 346,000
Auditor remuneration		50,000	50,000	
<b>Total other revenue</b>		<b>352,683</b>	344,553	346,000
<b>Gains</b>				
Other gains		33,805	-	-
<b>Total gains</b>		<b>33,805</b>	-	-
<b>Total own-source income</b>		<b>386,488</b>	344,553	346,000
<b>NET COST OF SERVICES</b>		<b>8,214,103</b>	8,050,477	8,419,000
<b>Revenue from Government</b>				
Departmental Appropriation	1.5	7,238,000	6,753,000	7,238,000
Special Appropriation		931,689	989,308	845,000
<b>Total revenue from Government</b>		<b>8,169,689</b>	7,742,308	8,083,000
<b>Surplus/(deficit) attributable to the Australian Government</b>		<b>(44,414)</b>	(308,169)	(336,000)
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO THE AUSTRALIAN GOVERNMENT</b>		<b>(44,414)</b>	(308,169)	(336,000)

The above statement should be read in conjunction with the accompanying notes.

# STATEMENT OF FINANCIAL POSITION

as at 30 June 2019

	Notes	2019 \$	2018 \$	Original Budget 2019 \$	
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash		36,175	31,757	51,000	
Receivables					
Appropriation receivable	1.5	2,989,612	2,235,092	} 2,167,000	
GST receivable		3,314	2,553		-
Other receivables		-	18,524		-
<b>Total financial assets</b>		<b>3,029,101</b>	2,287,926	2,218,000	
<b>Non-financial assets</b>					
Property, plant and equipment	1.6	1,606,562	1,684,781	1,591,000	
Intangibles		-	-	598,000	
Prepayments		85,543	65,900	27,000	
<b>Total non-financial assets</b>		<b>1,692,105</b>	1,750,681	2,216,000	
<b>Total assets</b>		<b>4,721,206</b>	4,038,607	4,434,000	
<b>LIABILITIES</b>					
<b>Payables</b>					
Trade creditors		306,806	129,822	155,000	
Employee payables		73,852	64,308	-	
Other payables		19,248	11,964	84,000	
<b>Total payables</b>		<b>399,906</b>	206,094	239,000	
<b>Provisions</b>					
Employee leave provisions	1.2	2,674,440	2,141,241	1,966,000	
<b>Total liabilities</b>		<b>3,074,346</b>	2,347,335	2,205,000	
<b>Net assets</b>		<b>1,646,860</b>	1,691,272	2,229,000	
<b>EQUITY</b>					
Asset revaluation reserve		30,263	30,263	30,000	
Retained earnings		1,616,596	1,661,009	2,199,000	
<b>Total equity</b>		<b>1,646,859</b>	1,691,272	2,229,000	

The above statement should be read in conjunction with the accompanying notes.

## STATEMENT OF CHANGES IN EQUITY

as at 30 June 2019

	2019 \$	2018 \$	Original Budget 2019 \$
<b>RETAINED EARNINGS</b>			
Opening balance as at 1 July 2018	1,661,009	2,827,363	2,535,000
Surplus/(deficit) for the period	(44,414)	(308,169)	(336,000)
Adjustment for intangible asset transfer <sup>(a)</sup>	-	(858,185)	-
<b>Closing balance attributable to the Australian Government</b>	<b>1,616,595</b>	1,661,009	2,199,000
<b>ASSET REVALUATION RESERVE</b>			
Opening balance as at 1 July 2018	30,263	30,263	30,000
Revaluation adjustment	-	-	-
<b>Closing balance attributable to the Australian Government</b>	<b>30,263</b>	30,263	30,000
<b>Total equity</b>	<b>1,646,858</b>	1,691,272	2,229,000

(a) In 2018 all intangible assets were transferred at net book value (\$858,185) to the Department of Parliamentary Services for no consideration, recognising a reduction in equity. As no balance exists for contributed equity, this amount was subsequently transferred to accumulated results.

## CASH FLOW STATEMENT

for the period ended 30 June 2019

	2019 \$	2018 \$	Original Budget 2019 \$
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	6,972,783	7,371,526	8,051,000
Net GST received	34,083	28,351	-
Non-appropriation receipts <sup>(a)</sup>	442,386	236,462	-
<b>Total cash received</b>	<b>7,449,252</b>	7,636,339	8,051,000
<b>Cash used</b>			
Employees	6,184,363	6,634,620	6,491,000
Suppliers	1,260,471	1,020,925	1,560,000
<b>Total cash used</b>	<b>7,444,834</b>	7,655,545	8,051,000
<b>Net cash from operating activities</b>	<b>4,418</b>	(19,206)	-
<b>Net (decrease) / increase in cash held</b>	<b>4,418</b>	(19,206)	-
Cash at the beginning of the reporting period	31,757	50,963	51,000
<b>Cash at the end of the reporting period</b>	<b>36,175</b>	31,757	51,000

(a) Non-appropriation receipts are required to be returned to the Official Public Account. They increase the PBO's available appropriation under section 74 of the PGPA Act and when subsequently drawn down for use by the PBO they are recorded as ordinary appropriations.



# Notes to the financial statements

## Note 1: Summary of significant accounting policies

### 1.1 Basis of preparation of the financial report

The financial statements are general purpose, not-for-profit financial statements and are prepared in accordance with section 42 of the *Public Governance, Performance and Accountability Act 2013*, which in turn requires the statements to comply with the:

- a *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015* (FRR) and
- b Australian Accounting Standards and Interpretations - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and in accordance with the historical cost convention. No allowance is made for the effect of changing prices on the results or the financial position. The financial statements are presented in Australian dollars

### 1.2 Significant accounting judgements and estimates

In the process of applying the accounting policies, the PBO has made the following judgements that have a significant impact on the amounts recorded in the financial statements.

#### ***Employee leave provision***

The Department of Finance shorthand method is used to estimate the provision for annual leave and long service leave. This method calculates the provision using current leave balances, discounted using the 10-year government bond rate. Additional costs are applied for superannuation and leave accrued while on leave, based on the percentage of leave taken while in service. In addition, the Department of Finance probability factor (based on length of service) is applied to the long service leave balances. Historical data is used to calculate the average additional cost for superannuation, and to calculate the percentage of leave taken in service.

### 1.3 Employee benefits and payables

	2019 \$	2018 \$
<b>Employee benefits</b>		
Wages and salaries	4,915,988	4,918,722
Superannuation		
Defined benefit plans	421,796	472,835
Defined contribution plans	427,257	413,878
Leave and other entitlements	969,175	1,017,653
<b>Total employee benefits</b>	<b>6,734,216</b>	<b>6,823,088</b>

#### ***Key management personnel compensation***

The key management personnel in the PBO comprise the Parliamentary Budget Officer and the three senior executives who directly report to this position. During 2018–19, the total compensation of the five officers who held these four positions was \$1,395,057 (comprising short-term employee benefits of \$1,204,512, long-term employee benefits of \$35,262 and post-employment benefits of \$155,283).

During 2017–18 the total compensation of the five officers who held these four positions, was \$1,335,107 (comprising short-term employee benefits of \$1,109,771, long-term employee benefits of \$71,588 and post-employment benefits of \$153,748).

### 1.4 Supplier expenses

#### ***Supplier expenses***

	2019 \$	2018 \$
<b>Supplier expenses</b>		
Professional services	168,705	180,167
Enhanced capability	579,920	110,454
Corporate services outsourced	374,866	362,592
Employee related	122,845	97,011
Accommodation expenses	302,683	294,553
Travel	25,883	15,688
Software licences	117,233	136,963
Other	77,133	43,024
Workers compensation expenses	18,888	23,321
<b>Total supplier expenses</b>	<b>1,788,156</b>	<b>1,263,773</b>

## 1.5 Revenue

### Revenue from Government

	2019 \$	2018 \$
Annual appropriation	7,238,000	6,753,000
Section 74 PGPA Act receipts	442,386	236,462
<b>Total appropriation</b>	<b>7,680,386</b>	<b>6,989,462</b>
Less Appropriation applied (current and prior years)	(6,955,531)	(6,870,000)
<b>Variance<sup>(a)</sup></b>	<b>724,855</b>	<b>119,462</b>

(a) In 2019, the variance between appropriation provided and applied is largely due to retained funding for future leave entitlements.

Amounts appropriated for the year are recognised at their nominal amount as Revenue from Government when the PBO gains control of the appropriation.

The PBO may draw upon the following appropriations:

- 1 Annual appropriations providing for the ordinary course of business are noted below. The amount of unspent appropriations is equal to the sum of the cash and appropriation receivable balances, as at 30 June.
  - a *Appropriation (Parliamentary Departments) Act (No.1) 2017–18*  
Unspent balance as at 30 June 2019: nil (2018: \$2,266,849)
  - b *Appropriation (Parliamentary Departments) Act (No.1) 2018–19*  
Unspent balance as at 30 June 2019: \$3,025,787
- 2 A Special appropriation, of a limited amount, to provide for payments in relation to the Parliamentary Budget Officer or the Parliamentary Budget Office. Special appropriation revenue is recognised for the year when amounts are expended or to meet obligations incurred during the reporting period.
  - a *Parliamentary Service Act 1999*  
Limited to \$6,000,000, unspent balance as at 30 June 2019: \$1,850,947 (2018: \$2,782,636)

	2019 \$
<b>Special appropriation balance</b>	
As at 1 July 2018	2,782,636
Special appropriation applied	931,689
<b>Balance as at 30 June 2019</b>	<b>1,850,947</b>

### ***Resources received free of charge***

Resources received free of charge are recognised as other revenue when fair value can be reliably determined and the services would have been purchased if they had not been donated. These revenues are measured at their fair value and the use is recognised as an expense.

### **1.6 Property, plant and equipment**

	2019
	\$
<b>As at 1 July 2018</b>	
Gross book value	2,075,799
Accumulated depreciation	(391,018)
<b>Total as at 1 July 2018</b>	<b>1,684,781</b>
Depreciation expense	(78,219)
<b>Total as at 30 June 2019</b>	<b>1,606,562</b>
<b>Total as at 30 June 2019 represented by:</b>	
Gross book value	2,075,799
Accumulated depreciation	(469,237)
<b>Total as at 30 June 2019</b>	<b>1,606,562</b>

### ***Revaluations and impairment***

Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values as at the reporting date. As at 30 June 2019 there were no indicators of impairment.

### ***Fair value measurement***

All property, plant and equipment non-financial assets are measured at fair value using the cost approach (depreciated replacement cost). The inputs used to determine the fair value include historical actual cost information and costing guides to estimate the current replacement cost. Appropriate useful life profiles have been adopted to depreciate the replacement cost to reflect the expended life.

## **Note 2: Events after the reporting period**

There were no significant events following the reporting period that impact on the PBO's financial statements for the year ended 30 June 2019.

## **Note 3: Budget variance**

The comparison of the unaudited original budget as presented in the 2018–19 Portfolio Budget Statements to the 2018–19 final outcome as presented in accordance with Australian Accounting Standards is included in the statement of comprehensive income, the statement of financial position and the cash flow statement. The major variance detailed below is in relation to the management of resources, to ensure the performance of the PBO in achieving its mandate during the course of the year.

### **Major variances**

The PBO's intangible assets were transferred to the Department of Parliamentary Services on 1 June 2018, after the 2019 Budget was determined. This resulted in a variance to the budget for amortisation expenses and other gains in the statement of comprehensive income and for intangible assets in the statement of financial position.

The 10-year government bond rate decreased during the year, which increased employee leave provisions and employee benefit expenses. This resulted in variances to the budget for the appropriation receivable and employee items in the statement of comprehensive income, the statement of financial position and the cash flow statement.



# Appendices

## Appendix A – Staffing statistics

The Parliamentary Budget Officer is a statutory appointment and is not an ongoing employee of the Parliamentary Budget Office. All employees are engaged under the *Parliamentary Service Act 1999*.

All employees are located at Parliament House, Canberra.

No employee identified themselves as Indigenous (2018: one).

**Table A1: Employee numbers (headcount)**

Classification	30 June 2018		30 June 2019	
	Ongoing	Non-ongoing	Ongoing	Non-ongoing
Parliamentary Budget Officer	–	1	–	1
SES Band 2	2	–	2	–
SES Band 1	4	–	5	–
PEL 2	8	–	5	–
PEL 1	15	–	19	1
PSL 6	4	–	5	–
PSL 5	3	–	3	–
PSL 4	1	–	1	–
Secondees	–	7	–	6
<b>Total</b>	<b>37</b>	<b>8</b>	<b>40</b>	<b>8</b>
<b>Full time or part time</b>				
Full time	35	8	35	8
Part time	2	–	5	–
<b>Total</b>	<b>37</b>	<b>8</b>	<b>40</b>	<b>8</b>
<b>Gender</b>				
Female	15	6	18	5
Male	22	2	22	3
<b>Total</b>	<b>37</b>	<b>8</b>	<b>40</b>	<b>8</b>

**Note:** These numbers include employees on long-term paid leave, but exclude employees on leave without pay. Secondees include employees seconded to the PBO from APS agencies, including graduates under the Parliament of Australia graduate program.

**Table A2: Salary ranges for non-SES employees by classification**

<b>Classification</b>	<b>As at 30 June 2018</b>	<b>As at 30 June 2019</b>
PEL 2	128,204 – 152,729	130,769 – 155,784
PEL 1	108,138 – 124,859	110,301 – 127,357
PSL 6	85,842 – 96,432	87,559 – 98,361
PSL 5	74,694 – 81,940	76,188 – 83,579
PSL 4	66,890 – 72,464	68,228 – 73,914

**Note:** Amounts exclude superannuation.



**Table A3: Information about remuneration for key management personnel**

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the PBO, directly or indirectly. The PBO has determined the KMP to be the Parliamentary Budget Officer and the three senior executives who directly report to this position.

Name	Position title	Term as KMP	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits \$	Total remuneration \$	
			Base salary \$	Bonuses \$	Other benefits and allowances \$		Superannuation contributions \$	Long service leave \$			Other long-term benefits \$
Jenny Wilkinson	Parliamentary Budget Officer (Accountable Authority)	1 July 2018 – 30 June 2019	393,721	–	1,238	32,066	10,438	–	–	437,463	
Tim Pyne	First Assistant Parliamentary Budget Officer	1 July 2018 – 21 September 2018	76,268	–	333	9,353	4,144	–	–	90,098	
Linda Ward	First Assistant Parliamentary Budget Officer	6 August 2018 – 30 June 2019	223,913	–	1,143	32,916	6,339	–	–	264,311	
Colin Brown	First Assistant Parliamentary Budget Officer	1 July 2018 – 30 June 2019	280,997	–	1,238	43,367	7,943	–	–	333,545	
Karen Williams	Assistant Parliamentary Budget Officer	1 July 2018 – 30 June 2019	224,423	–	1,238	37,581	6,398	–	–	269,640	
<b>Total</b> (totals may not sum due to rounding)			<b>1,199,324</b>	<b>–</b>	<b>5,188</b>	<b>155,283</b>	<b>35,262</b>	<b>–</b>	<b>–</b>	<b>1,395,057</b>	

**Table A4: Information about remuneration for senior executives**

Total remuneration bands	Number of senior executives	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Average base salary \$	Average bonuses \$	Average other benefits and allowances \$		Average long service leave \$	Average other long-term benefits \$		
\$0 – \$220,000	4	91,883	–	714	17,284	3,289	–	–	113,171
\$220,001 – \$245,000	1	190,190	–	1,238	32,662	5,811	–	–	229,899

The PBO had no other highly paid staff above the threshold remuneration amount of \$220,000.

## Appendix B – Other statistics

**Table B1: Costing and budget analysis requests from parliamentarians and parliamentary parties**

	2014–15	2015–16	2016–17	2017–18	2018–19
Requests outstanding at start of period	76	138	20	180	586
Requests received in period	973	4,146	2,572	2,218	3,014*
Requests withdrawn in period	42	1,013	524	252	610
Requests completed in period	869	3,251	1,888	1,560	2,970*
Average time to completion (business days)	20	19	20	20	18
Median time to completion (business days)	12	16	12	15	12
Requests outstanding at end of period	138	20	180	586	20

\* includes 429 costing and budget analyses prepared for the purpose of the election commitment report

**Note:** The table identifies the number of 'options' contained in requests completed by the PBO, noting that a single request can contain multiple options.

**Table B2: Information requests to Commonwealth agencies**

	2014–15	2015–16	2016–17	2017–18	2018–19
Requests outstanding at start of period	16	3	1	16	11
Requests sent in period	203	743	523	424	539
Responses received in period	216	745	508	429	549
Responses received by due date	147	695	499	425	540
Responses received after due date	69	50	9	4	9
Percentage received on time	68	93	98	99	98
Average time taken to respond (business days)	13	7	8	9	7
Average punctuality (business days late)	3	-1	-2	-1	-3
Average lateness of late responses (business days)	11	3	3	3	3
Requests outstanding at end of period	3	1	16	11	1

**Table B3: Information request responsiveness by Commonwealth agencies—2018–19**

Department/Agency	Responses received in period	Average time taken to respond (business days)	Responses received after due date	Per cent late
Attorney-General's Department	12	6	1	8%
Australian Bureau of Statistics	1	17	–	–
Australian Competition and Consumer Commission	5	7	–	–
Australian Securities and Investments Commission	6	8	–	–
Australian Taxation Office	67	5	–	–
Australian Transaction Reports and Analysis Centre	1	10	–	–
Commonwealth Superannuation Corporation	1	9	–	–
Department of Agriculture and Water Resources	10	6	1	10%
Department of Communications and the Arts	11	5	1	9%
Department of Defence	5	8	–	–
Department of Education and Training	31	7	–	–
Department of Finance	49	5	1	2%
Department of Foreign Affairs and Trade	9	4	1	11%
Department of Health	34	7	1	3%
Department of Home Affairs	32	9	–	–
Department of Human Services	14	5	–	–
Department of Industry, Innovation and Science	13	4	–	–
Department of Infrastructure, Regional Development and Cities	13	4	–	–
Department of Jobs and Small Business	17	5	–	–
Department of Social Services	74	12	1	1%
Department of the Environment and Energy	17	7	–	–
Department of the Prime Minister and Cabinet	6	6	–	–
Department of the Treasury	97	7	2	2%
Department of Veterans' Affairs	24	6	–	–
<b>Total</b>	<b>549</b>	<b>7</b>	<b>9</b>	<b>2%</b>

## Appendix C – List of requirements

Paragraph 17AJ(d) of the PGPA Rule requires the following list of requirements to be included in the annual report as an aid of access.

**Table C1: List of requirements**

PGPA Rule Reference	Page no	Description	Requirement
<b>17AD(g) Letter of transmittal</b>			
17AI	iii	A copy of the letter of transmittal signed and dated by the accountable authority on the date final text approved, with a statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
<b>17AD(h) Aids to access</b>			
17AJ(a)	v	Table of contents.	Mandatory
17AJ(b)	60	Alphabetical index.	Mandatory
17AJ(c)	59	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	53	List of requirements.	Mandatory
17AJ(e)	ii	Details of contact officer.	Mandatory
17AJ(f)	ii	Entity's website address.	Mandatory
17AJ(g)	ii	Electronic address of report.	Mandatory
<b>17AD(a) Review by accountable authority</b>			
17AD(a)	1	A review by the accountable authority of the entity.	Mandatory
<b>17AD(b) Overview of the entity</b>			
17AE(1)(a)(i)	3	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	4	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	3	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	3	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	49	Name of the accountable authority or each member of the accountable authority.	Mandatory

PGPA Rule Reference	Page no	Description	Requirement
17AE(1)(aa)(ii)	49	Position title of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	49	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	n/a	An outline of the structure of the portfolio of the entity.	Portfolio departments – mandatory
17AE(2)	n/a	Where the outcomes and programmes administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
<b>17AD(c) Report on the performance of the entity</b>			
<i>Annual performance statements</i>			
17AD(c)(i); 16F	7	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
<b>17AD(c)(ii) Report on financial performance</b>			
17AF(1)(a)	31	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	32	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	n/a	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
<b>17AD(d) Management and accountability</b>			
<i>Corporate governance</i>			
17AG(2)(a)	iii, 24	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	iii, 24	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory

PGPA Rule Reference	Page no	Description	Requirement
17AG(2)(b)(ii)	iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	iii, 24	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	23	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory
17AG(2)(d) – (e)	33	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non compliance with Finance law and action taken to remedy non compliance.	If applicable, Mandatory
<b><i>External scrutiny</i></b>			
17AG(3)	25	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	n/a	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	10	Information on any reports on operations of the entity by the Auditor General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	n/a	Information on any capability reviews on the entity that was released during the period.	If applicable, Mandatory
<b><i>Management of human resources</i></b>			
17AG(4)(a)	25	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	47	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> <li>• Statistics on full time employees</li> <li>• Statistics on part time employees</li> <li>• Statistics on gender</li> <li>• Statistics on staff location</li> </ul>	Mandatory
17AG(4)(b)	n/a	Statistics on the entity's APS employees on an ongoing and non ongoing basis; including the following: <ul style="list-style-type: none"> <li>• Statistics on staffing classification level</li> <li>• Statistics on full time employees</li> </ul>	Mandatory

PGPA Rule Reference	Page no	Description	Requirement
		<ul style="list-style-type: none"> <li>• Statistics on part time employees</li> <li>• Statistics on gender</li> <li>• Statistics on staff location</li> <li>• Statistics on employees who identify as Indigenous.</li> </ul>	
17AG(4)(c)	26	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Parliamentary Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	26	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	48	The salary ranges available for parliamentary service employees by classification level.	Mandatory
17AG(4)(c)(iii)	27	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)		Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	n/a	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	n/a	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	n/a	Information on aggregate amount of performance payments.	If applicable, Mandatory
<b>Assets management</b>			
17AG(5)	33	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, mandatory
<b>Purchasing</b>			
17AG(6)	34	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<b>Consultants</b>			
17AG(7)(a)	34	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory



PGPA Rule Reference	Page no	Description	Requirement
17AG(7)(b)	34	A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]"</i> .	Mandatory
17AG(7)(c)	34	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	34	A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory
<b>Australian National Audit Office access clauses</b>			
17AG(8)	n/a	If an entity entered into a contract with a value of more than \$100,000 (inclusive of GST) and the contract did not provide the Auditor General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<b>Exempt contracts</b>			
17AG(9)	n/a	If an entity entered into a contract or there is a standing offer with a value greater than \$10,000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<b>Small business</b>			
17AG(10)(a)	34	A statement that <i>"[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance's website."</i>	Mandatory
17AG(10)(b)	34	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory

PGPA Rule Reference	Page no	Description	Requirement
17AG(10)(c)	n/a	If the entity is considered by the Department administered by the Finance Minister as material in nature—a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
<b>Financial statements</b>			
17AD(e)	35	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<b>Executive remuneration</b>			
17AD(da)	49	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
<b>17AD(f) Other Mandatory Information</b>			
17AH(1)(a)(i)	n/a	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	34	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	n/a	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	29	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory
17AH(1)(d)	29	Website reference to where the entity’s Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	n/a	Correction of material errors in previous annual report.	If applicable, Mandatory
17AH(2)	27, 29	Information required by other legislation.	Mandatory

## Glossary

budget analysis	Budget analysis is analysis that the PBO can be asked to provide about the budget. This may include: information about the amount of money allocated to particular programs; details of the profile of spending on particular programs; or details of the different sub-components of expenditure or revenue associated with a particular program.
election commitment	In relation to a general election, this means a policy that a parliamentary party has publicly announced it intends to seek to have implemented after the election, as defined in section 7 of the <i>Parliamentary Service Act 1999</i> .
policy costing	Policy costings are the PBO's estimate of the financial impact on the Commonwealth Budget of the implementation of a specified policy proposal.

## Abbreviations and acronyms

APS	Australian Public Service
DPS	Department of Parliamentary Services
ICT	Information and Communication Technology
JCPAA	Joint Committee of Public Accounts and Audit
OECD	Organisation for Economic Co-operation and Development
PBO	Parliamentary Budget Office
PEL	Parliamentary Executive Level
PGPA Act	<i>Public Governance, Performance and Accountability Act 2013</i>
PGPA Rule	<i>Public Governance, Performance and Accountability Rule 2014</i>
PSL	Parliamentary Service Level
RAP	Reconciliation Action Plan
SES	Senior Executive Service
SME	Small and medium enterprises

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