

# Parliamentary Budget Advisory Service

## **2017-18 Annual Report**

Parliamentary Budget Advisory Service

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**Date presented to Minister:**    28 September 2018

To:  
The Hon Rob Lucas MLC  
Treasurer

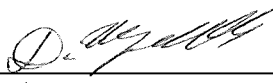
This annual report is presented to Parliament to meet the statutory reporting requirements of *the Public Sector Act 2009* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Parliamentary Budget Advisory Service by:

David Reynolds

Chief Executive  
Under Treasurer  
Department of Treasury and Finance

  
\_\_\_\_\_  
Signature

27/9/18  
\_\_\_\_\_  
Date

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## Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

### Agency purpose or role

To provide independent and consistent costings of policies developed by registered political parties and other candidates for the March 2018 South Australian election.

### Objectives

The high level objective is:

- To provide accurate and independent costings of policies submitted by political candidates in a timely manner and in a form which is useful to the candidates for informing the public in advance of the March 2018 South Australian election.

The associated objectives are:

- To deal with requests in such a way that the identity of parties and candidates using the services of the Parliamentary Budget Advisory Service (PBAS) and all associated communications and documentation remain confidential.
- To respond to requests promptly and courteously.

### Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Establish the PBAS for requests for costings and advice to be made prior to the March 2018 State election.	To honour the Premier's March 2014 agreement with Mr Geoff Brock MP, Member for Frome, to establish a process for costing election policies.
Provide timely, accurate and confidential costing and advice services to candidates in the March 2018 State election.	To honour the Premier's March 2014 agreement with Mr Geoff Brock MP, Member for Frome, to establish a process for costing election policies.

### Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance / effectiveness / efficiency	Outcome for South Australia
Costing services	The accuracy and consistency of costings as measured by the number of corrections required to formal responses.	Of the 58 formal responses given, one required correction due to an incorrect figure being included.

Costing services (continued)	The intelligibility of costings to users as measured by a satisfaction survey.	Users were generally satisfied that costings were intelligible. Users responded via survey with an average of 8 out of 10 on the question of whether PBAS responses to their request were easy to understand.
	The time taken to provide costings as measured against the 5 day benchmark.	The 5 day target was met for precisely half of the 58 responses. Of the other 29, a longer response period was agreed in five cases and in all those cases the adjusted target was achieved. Only 8 requests were not responded to within 8 days and only 4 were not responded to within 10 days.
	The ease and equitability of access to PBAS services as measured by a satisfaction survey.	Users responded with an average 8.5 out of 10 when asked about how easy it was to use the request form. Users gave PBAS an average 8.25 out of 10 for clear communication of the role of PBAS.
	The strength of the working relationship with candidates and agencies as measured by a satisfaction survey	Candidates all strongly agreed that PBAS staff were courteous in their dealings, with an average score of 9.75 out of 10. Agencies gave PBAS an average of 8.7 out of 10 for its staff being courteous and working collaboratively with agency staff.
	The degree of confidentiality achieved in dealing with requests as measured by the number of breaches detected and the severity of the consequences.	No breaches occurred.
	The degree of independence achieved as measured by the number of inappropriate interventions entertained.	There was no interference in the duties of the Parliamentary Budget Officer.
	The strength of the leadership exercised by the PBO and the level of commitment of staff as measured by a satisfaction survey.	A survey of staff indicated very high levels of job satisfaction and of staff satisfaction with PBAS leadership.

Costing services (continued)	Success in achieving objectives within budget and with minimum disruption to DTF.	PBAS operated well within its budget. There was minimal disruption to DTF, because staff not needed for PBAS work were not called upon or returned to DTF as soon as practicable.
	Success in producing a timely and comprehensive review document.	The Parliamentary Budget Officer's review of the operations of PBAS was submitted to the Treasurer on 18 May 2018.

### Legislation administered by the agency

Nil

### Organisation of the agency

The PBAS was established under the *Public Sector Act 2009* as an attached office to the Department of Treasury and Finance.

The Parliamentary Budget Officer (PBO) was the Chief Executive of PBAS.

Three costing and advice teams reported to the Deputy Parliamentary Budget Officer.

An administration team of two was headed by an Office Manager.

The PBO was responsible to the Premier and the Treasurer for contributing to the attainment of the whole-of-Government objectives that relate to the functions or operations of the PBAS and for the attainment of the performance objectives set under his employment contract.

The PBO was responsible to the Under Treasurer for the effective management of PBAS and for the general conduct of its employees.

The PBO reported to the Commissioner for Public Sector Employment as delegate of the Premier.

### Other agencies related to this agency (within the Minister's area/s of responsibility)

Department of Treasury and Finance.

## Employment opportunity programs

Program name	Result of the program
Nil	Not applicable

## Agency performance management and development systems

Performance management and development system	Assessment of effectiveness and efficiency
Online Performance Discussion Process, facilitated through OurDevelopment.	PBAS staff participated in the Department of Treasury and Finance's bi-annual Performance Discussions, which are documented through the online OurDevelopment system, and supported with appropriate training.

## Work health, safety and return to work programs of the agency and their effectiveness

Program name and brief description	Effectiveness
Injury Management Reduction in workers compensation costs and work injured employees	PBAS staff came under the occupational health, safety and rehabilitation programs of the Department of Treasury and Finance. See the annual report of the Department of Treasury and Finance for details.
Wellbeing & Engagement	PBAS staff came under the occupational health, safety and rehabilitation programs of the Department of Treasury and Finance. See the annual report of the Department of Treasury and Finance for details.

Data is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

## Fraud detected in the agency

Category/nature of fraud	Number of instances
No fraud was detected in the agency in 2017-18	0

## Strategies implemented to control and prevent fraud

The agency came under the fraud and corruption framework of the Department of Treasury and Finance. See the annual report of the Department of Treasury and Finance for details.

Data is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

## Whistle-blowers' disclosure

Number of occasions on which public interest information has been disclosed to a responsible officer of the agency under the *Whistle-blowers' Protection Act 1993* 0

Data is available at: <https://data.sa.gov.au/data/dataset/department-of-treasury-and-finance-annual-report-statistics>

## Executive employment in the agency

Executive classification	Number of executives
SAES2	1
SAES1 – 4 December 2017 to 30 March 2018 only.	1

For further information, the [Office for the Public Sector](#) has a [data dashboard](#) on the breakdown of executive gender, salary and tenure by agency.

## Consultants

The following is a summary of the external consultants that were engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Consultants	Purpose	Value
Nil	NA	Nil
<b>Total all consultancies</b>		Nil

See also <https://www.tenders.sa.gov.au/tenders/index.do> for a list of all external consultancies, including nature of work and value.

See also the Consolidated Financial Report of the Department of Treasury and Finance <http://treasury.sa.gov.au/> for total value of consultancy contracts across the SA Public Sector.

## Contractors

The following is a summary of external contractors that have been engaged by the agency, the nature of work undertaken and the total cost of the work undertaken.

Contractor	Purpose	Value
Experience Matters	Provision of records management and document sentencing training to PBAS staff.	\$375
<b>Total all contractors</b>		\$375



The details of all South Australian Government-awarded contracts for goods, services, and works are displayed on the SA Tenders and Contracts website [here](#).

The website also provides details of across government contracts [here](#).

### **Financial performance of the agency**

The following is a brief summary of the overall financial performance of the agency. Full audited financial statements for 2017-18 are attached to this report.

The budget for PBAS for 2017-18 was \$1.75 million. The nominal PBAS establishment comprised thirteen staff members, not all of them fulltime.

The office was established on approximately one-third of the sixth floor of 45 Grenfell Street in space previously vacated by the Attorney-General's Department. PBAS assumed responsibility for the rental cost but was able to make use almost entirely of existing office fit-out and some existing IT equipment. Expense was incurred in acquiring other IT equipment and some office equipment and in establishing IT systems. Certain specialist support services such as management accounting, human resources and IT were provided free of charge by DTF but Shared Services SA was paid for routine financial processing and the preparation of the annual financial statements.

These arrangements, together with the staged transfer of analysts and their prompt return to DTF once the costing period was over, kept costs to a minimum. In the event, the demands on PBAS were comfortably met with a staff of seven (6.2 FTE), resulting in a significant saving.

Total expenditure incurred was \$657 000 of which \$462 000 was for salaries and wages, \$106 000 for accommodation and related costs, \$25 000 for IT and \$64 000 for support and administration costs.

### **Other financial information**

Nil to report.

### **Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions**

Not applicable.

## **Section B: Reporting required under any other act or regulation**

Not applicable
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### **Reporting required under the *Carers' Recognition Act 2005***

The *Carers' Recognition Act* is deemed applicable for the following: Department for Communities and Social Inclusion, Department for Education and Child Development, Department for Health and Ageing, Department of State Development, Department of Planning, Transport and Infrastructure, South Australia Police and TAFE SA.

Not applicable.

## Section C: Reporting of public complaints as requested by the Ombudsman

### Summary of complaints by subject

Public complaints received by the Parliamentary Budget Advisory Service	
Category of complaints by subject	Number of instances
Nil	0

### Complaint outcomes

Nature of complaint or suggestion	Services improved or changes as a result of complaints or consumer suggestions
Not applicable	Not applicable

## **Appendix: Audited financial statements 2017-18**

# INDEPENDENT AUDITOR'S REPORT



**Government of South Australia**  
Auditor-General's Department

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## **To the Chief Executive Department of Treasury and Finance**

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987*, I have audited the financial report of the Parliamentary Budget Advisory Service for the financial year ended 30 June 2018.

### **Opinion**

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Parliamentary Budget Advisory Service as at 30 June 2018, its financial performance and its cash flows for year then ended in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2018
- a Statement of Financial Position as at 30 June 2018
- a Statement of Changes in Equity for the year ended 30 June 2018
- a Statement of Cash Flows for the year ended 30 June 2018
- notes, comprising significant accounting policies and other explanatory information for administered items
- a Certificate from the Chief Executive and the Acting Director, Financial Services, Department of Treasury and Finance.

### **Basis for opinion**

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and Australian Auditing Standards. My responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of my report. I am independent of the Parliamentary Budget Advisory Service. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

## **Responsibilities of the Chief Executive for the financial report**

The Chief Executive is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions issued under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

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

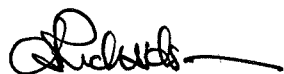
My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian 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 this financial report.

As part of an audit in accordance with Australian 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 report, 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
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Chief Executive
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Chief Executive about, 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 the audit.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal flourish extending to the right.

Andrew Richardson


**Auditor-General**

26 September 2018

We certify that the attached general purpose financial statements for the Parliamentary Budget Advisory Service:

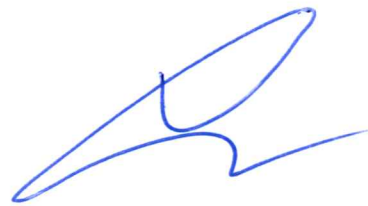
- comply with relevant Treasurer's Instructions issued under section 41 of the *Public Finance and Audit Act 1987*, and relevant Australian Accounting Standards
- are in accordance with the accounts and records of the entity; and
- present a true and fair view of the financial position of the entity as at 30 June 2018 and the results of its operation and cash flows for the financial year.

We certify that the internal controls employed by the Parliamentary Budget Advisory Service for the financial year over its financial reporting and its preparation of the general purpose financial statements have been effective throughout the reporting period.



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David Reynolds  
Chief Executive  
Department of Treasury and Finance  
26 September 2018



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Terry Crowe  
A/Director, Financial Services  
Department of Treasury and Finance  
25 September 2018

# **Parliamentary Budget Advisory Service (PBAS)**

## **Financial Statements**

**For the year ended 30 June 2018**



**Parliamentary Budget Advisory Service**  
**Statement of Comprehensive Income**  
*for the year ended 30 June 2018*

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	Note	2018 \$'000
<b>Expenses</b>		
Employee benefits	3	462
Supplies and services	4	195
<b>Total expenses</b>		<u>657</u>
<b>Net cost of providing services</b>		<u>657</u>
<b>Revenues from / (payments) to SA Government</b>		
Revenues from SA Government	5	1 750
Payments to SA Government	5	(1 093)
<b>Net result from operating activities</b>		<u>657</u>
<b>Total comprehensive result</b>		<u><u>-</u></u>

The net result and total comprehensive result are attributable to the SA Government as owner.

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

**Parliamentary Budget Advisory Service**  
**Statement of Financial Position**  
*as at 30 June 2018*

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The entity did not have any assets or liabilities as at 30 June 2018.

**Parliamentary Budget Advisory Service**  
**Statement of Changes in Equity**  
*for the year ended 30 June 2018*

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	Retained Earnings \$'000	Total equity \$'000
Balance at 1 July 2017	-	-
Total comprehensive result for 2017-18	-	-
Balance at 30 June 2018	-	-

All changes in equity are attributable to the SA Government as owner.

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

**Parliamentary Budget Advisory Service**  
**Statement of Cash Flows**  
*for the year ended 30 June 2018*

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	2018
Cash flows from operating activities	\$'000
<b>Cash outflows</b>	
Employee benefit payments	(462)
Payments for supplies and services	(195)
<b>Cash used in operations</b>	<u>(657)</u>
<b>Cash flows from SA Government</b>	
Receipts from SA Government	1 750
Payments to SA Government	(1 093)
<b>Cash generated from SA Government</b>	<u>657</u>
<b>Net cash provided by / (used in) operating activities</b>	<u>-</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<u>-</u>
Cash and cash equivalents at the beginning of the reporting period	-
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><u>-</u></u>

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

**Parliamentary Budget Advisory Service**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements**

**a) Reporting entity**

The Parliamentary Budget Advisory Service (PBAS) was established under sections 27 and 28 of the *Public Sector Act 2009*, via the Public Sector (Parliamentary Budget Advisory Service) Proclamation 2017 to provide independent and consistent costings of policy undertakings made by registered political parties and other candidates for the 2018 South Australian election. The entity was abolished on 30 June 2018. All assets and liabilities of PBAS were transferred to Department of Treasury and Finance.

PBAS did not control any other entity and has no interest in unconsolidated structured entities. PBAS did not enter into any contractual arrangements which involve the sharing of control or significant influence over another entity.

**b) Statement of compliance**

These financial statements have been prepared in compliance with section 23 of the *Public Finance and Audit Act 1987* (PFAA).

The financial statements are general purpose financial statements. The accounts have been prepared in accordance with relevant Australian Accounting Standards (Reduced Disclosure requirements) and comply with Treasurer's Instructions and Accounting Policy Statements promulgated under the provision of the *Public Finance and Audit Act 1987*.

PBAS has applied Australian Accounting Standards that are applicable to not-for-profit entities, as the PBAS is a not-for-profit entity. Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the PBAS for the period ending 30 June 2018.

**c) Basis of preparation**

The preparation of the financial statements requires:

- the use of certain accounting estimates and requires management to exercise its judgement in the process of applying relevant accounting policies. The areas involving a higher degree of judgement or where assumptions and estimates are significant to the financial statements, are outlined in the applicable notes.
- accounting policies to be selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events are reported.
- compliance with Accounting Policy Statements issued pursuant to section 41 of the *Public Finance and Audit Act 1987*.

The financial statements have been prepared based on a 12 month period and presented in Australian currency.

All amounts in the financial statements and accompanying notes have been rounded to the nearest thousand dollars (\$'000).

**d) Comparative information**

Comparative information is not applicable as PBAS came into operation in 2017-18.

**Parliamentary Budget Advisory Service**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2018*

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**1 Basis of financial statements (continued)**

**e) Taxation**

PBAS is not subject to income tax. PBAS is liable for Payroll Tax, Fringe Benefits Tax (FBT) and Goods and Services Tax (GST).

The Department of Treasury and Finance (DTF) prepares the Business Activity Statements on behalf of PBAS under the grouping provision of GST legislation. Under these provisions, the net amount of GST recoverable from, or payable to the Australian Taxation Office (ATO) is included in DTF Financial Statements as DTF is liable for the payments and entitled to the recovery of GST.

Income, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods or services is not recoverable from the Australian Taxation Office (ATO), in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item applicable
- receivables and payables which are stated with the amount of GST included.

**2 Objectives**

The Parliamentary Budget Advisory Service (PBAS) was established under sections 27 and 28 of the *Public Sector Act 2009*, via the Public Sector (Parliamentary Budget Advisory Service) Proclamation 2017 to provide independent and consistent costings of policy undertakings made by registered political parties and other candidates for the 2018 South Australian election.

**Parliamentary Budget Advisory Service**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2018*

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**3 Employee benefits**

	2018
	\$'000
Salaries and wages	334
Employment on-costs - superannuation	35
Employment on-costs - payroll tax	19
Annual leave	28
Skills and experience retention leave	3
Other employee related expenses	43
<b>Total employee benefits</b>	<b>462</b>

**Key management personnel**

Key management personnel of the agency included two members of the Executive team who had responsibility for the strategic direction and management of the agency. Total compensation for the entity's key management personnel was \$203 000.

**Remuneration of employees**

There were no staff whose remuneration exceeded the executive base level remuneration rate of \$147 000 in 2017-18.

**4 Supplies and services**

	2018
	\$'000
Accommodation and telecommunication	91
Corporate services charge	47
General administration and consumables	17
Information technology charges	25
Minor works, maintenance and equipment	15
<b>Total supplies and services</b>	<b>195</b>

**5 Revenues from / (Payments to) SA Government**

	2018
	\$'000
Revenues from SA Government	1 750
Return of cash balance to Consolidated Account	(1 093)
<b>Total revenues from SA Government</b>	<b>657</b>

**Parliamentary Budget Advisory Service**  
**Notes to and forming part of the Financial Statements**  
*for the year ended 30 June 2018*

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**6 Unrecognised contractual commitments**

Commitments include expenditure commitments arising from contractual sources and are disclosed at their nominal value.

There are not any unrecognised contractual commitments.

**7 Related party transactions**

PBAS was established to provide independent and consistent costings of policy undertakings made by registered political parties and other candidates for the 2018 South Australian election and was wholly owned and controlled by the Crown. Related parties of PBAS included all key management personnel and their close family members; all Cabinet Ministers and their close family members; and all public authorities that are controlled and consolidated into the whole of government financial statements and other interests of the Government.

**Transactions with Key Management Personnel and other related parties**

There were not any significant transactions identified between Key Management Personnel and other related parties.

**8 Impact of standards and statements not yet implemented**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by PBAS for the period ending 30 June 2018.

**9 Events after the reporting period**

The entity was abolished effective 30 June 2018.