

PRODUCTIVITY COMMISSION

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PRODUCTIVITY COMMISSION

Section 1: Agency overview and resources

1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Productivity Commission from that outlined in the *Portfolio Budget Statements 2010-11* (pages 327-328).

The Productivity Commission is seeking an additional \$2.6 million in departmental outputs through Appropriation Bill (No. 3) 2010-11 for the study into emission reduction policies in key economies measure. Further details are available in the joint media release between the Deputy Prime Minister and Treasurer, the Assistant Treasurer, and the Minister for Climate Change and Energy Efficiency of 15 November 2010.

1.2 AGENCY RESOURCE STATEMENT

Table 1.1 shows the total resources from all origins. The table summarises how resources will be applied by outcome and departmental classification.

Table 1.1: Productivity Commission resource statement — additional estimates for 2010-11 as at Additional Estimates February 2011

	Estimates at at Budget 2010-11 \$'000	Proposed Additional Estimates 2010-11 \$'000	Total estimate at Additional Estimates 2010-11 \$'000	Total available appropriation 2009-10 \$'000
Ordinary annual services				
Departmental				
Prior year departmental carried forward	7,529	-	7,529	-
Departmental appropriation	38,781	2,643 ¹	41,424	34,388
Receipts from other sources (s31)	10	-	10	10
Total ordinary annual services	A 46,320	2,643	48,963	34,398
Other services				
Departmental non-operating				
Previous years' outputs	-	-	-	868
Total other services	B -	-	-	868
Total net resourcing for Productivity Commission (A + B)	46,320	2,643	48,963	35,266

¹ Appropriation Bill (No. 3) 2010-11

1.3 AGENCY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2010-11 Budget.

Table 1.2: Agency measures since Budget

	Program	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Expense measures					
Study into emission reduction policies in key economies	1.1	2,643	-	-	-

Note: This measure was announced after the *Mid-Year Economic and Fiscal Outlook 2010-11*.

1.4 ADDITIONAL ESTIMATES AND VARIATIONS

Table 1.3 details the additional estimates and variations resulting from new measures since the 2010-11 Budget.

Table 1.3: Additional estimates and variations to outcomes from measures since 2010-11 Budget

	Program impacted	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2013-14 \$'000
Outcome 1					
Increase in estimates (departmental)					
Study into emission reduction policies in key economies	1.1	2,643	-	-	-
Net impact on estimates for Outcome 1 (departmental)					
		2,643	-	-	-

Table 1.4: Additional estimates and variations to outcomes from other variations

The Productivity Commission does not have any other variations since the 2010-11 Budget that affect Appropriation Bills No. 3 and No. 4.

1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.5 details the additional estimates sought for the Productivity Commission through Appropriation Bill No. 3. There are no additional estimates sought for the Productivity Commission through Appropriation Bill No. 4.

Table 1.5: Appropriation Bill (No. 3) 2010-11

	2009-10 available \$'000	2010-11 budget \$'000	2010-11 revised \$'000	Additional estimates \$'000	Reduced estimates \$'000
DEPARTMENTAL PROGRAMS					
Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community wide perspective	34,388	38,781	41,424	2,643	-
Total	34,388	38,781	41,424	2,643	-

Section 2: Revisions to agency outcomes and planned performance

2.1 RESOURCES AND PERFORMANCE INFORMATION

There has been no change to outcomes or the outcome strategy for the Productivity Commission from that included in the *Portfolio Budget Statements 2010-11* (page 330).

Table 2.1: Budgeted expenses and resources for Outcome 1

Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.	2009-10	2010-11
	Actual	Revised
	\$'000	estimated
		resources
		\$'000
Program 1.1: Productivity Commission		
Departmental expenses		
Ordinary annual services (Appropriation Bills No. 1 and No. 3)	34,388	37,279
Revenues from independent sources (s31)	617	10
Expenses not requiring appropriation in the Budget year	35	968
less Revenue to be carried forward	1,323	-
Total for Program 1.1	33,717	38,257
	2009-10	2010-11
Average staffing level (number)	188	194

Program 1.1: Productivity Commission

There has been no change to the program objective, deliverables or key performance indicators from that included in the *Portfolio Budget Statements 2010-11*.

Table 2.2: Program resources

	2009-10	2010-11	2011-12	2012-13	2013-14
	Actuals	Budget	Forward	Forward	Forward
	\$'000	\$'000	year 1	year 2	year 3
			\$'000	\$'000	\$'000
Annual departmental expenses:					
Departmental items	33,717	38,257	35,282	35,554	35,785
Total departmental expenses	33,717	38,257	35,282	35,554	35,785

Section 3: Explanatory tables and budgeted financial statements

3.1 EXPLANATORY TABLES

3.1.1 Estimates of special account flows

There has been no change to special account flows that affect Appropriation Bills No. 3 and No. 4.

3.2 BUDGETED FINANCIAL STATEMENTS

3.2.1 Analysis of budgeted financial statements

The Productivity Commission is budgeting for a departmental breakeven operating result for 2010-11 after adjusting for non-appropriated expenses of depreciation and amortisation.

The Productivity Commission has a sound financial position and currently has sufficient cash reserves to fund provisions and payables, and asset replacement, as they fall due.

3.2.2 Budgeted financial statements

**Table 3.2.1: Budgeted departmental comprehensive income statement
(for the period ended 30 June)**

	Actual 2009-10 \$'000	Revised budget 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
EXPENSES					
Employee benefits	25,206	26,698	25,353	25,386	25,383
Supplier	7,440	10,591	8,994	9,233	9,467
Depreciation and amortisation	1,033	935	935	935	935
Finance costs	31	33	-	-	-
Net losses from sale	7	-	-	-	-
Total expenses	33,717	38,257	35,282	35,554	35,785
LESS:					
OWN-SOURCE INCOME					
Revenue					
Sale of goods and rendering of services	617	10	10	10	10
Total revenue	617	10	10	10	10
Gains					
Other gains	35	33	33	33	33
Total gains	35	33	33	33	33
Total own-source income	652	43	43	43	43
Net cost of (contribution by) services	33,065	38,214	35,239	35,511	35,742
Appropriation revenue	34,388	37,279	34,304	34,576	34,807
Surplus (deficit) attributable to the Australian Government	1,323	(935)	(935)	(935)	(935)
Note: Reconciliation of operating result attributable to the agency					
	2009-10 \$'000	2010-11 \$'000	2011-12 \$'000	2012-13 \$'000	2012-13 \$'000
Operating result attributable to the Australian Government	1,323	(935)	(935)	(935)	(935)
Plus non-appropriated expenses depreciation and amortisation expenses	-	935	935	935	935
Operating result attributable to the Productivity Commission	1,323	-	-	-	-

Prepared on Australian Accounting Standards basis.

**Table 3.2.2: Budgeted departmental balance sheet
(as at 30 June)**

	Actual 2009-10 \$'000	Revised budget 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
ASSETS					
Financial assets					
Cash and equivalents	415	420	420	420	420
Trade and other receivables	9,901	9,511	9,661	9,811	9,811
Total financial assets	10,316	9,931	10,081	10,231	10,231
Non-financial assets					
Land and buildings	2,972	6,315	6,065	5,473	4,786
Infrastructure, plant and equipment	666	544	228	230	341
Intangibles	101	90	74	84	83
Other	522	522	522	522	522
Total non-financial assets	4,261	7,471	6,889	6,309	5,732
Total assets	14,577	17,402	16,970	16,540	15,963
LIABILITIES					
Provisions					
Employees	9,555	9,609	9,759	9,909	9,909
Total provisions	9,555	9,609	9,759	9,909	9,909
Payables					
Suppliers	371	371	371	371	371
Other	439	-	-	-	-
Total payables	810	371	371	371	371
Total liabilities	10,365	9,980	10,130	10,280	10,280
Net assets	4,212	7,422	6,840	6,260	5,683
EQUITY					
Parent entity interest					
Contributed equity	(2,341)	1,804	2,157	2,512	2,870
Reserves	2,154	2,154	2,154	2,154	2,154
Retained surpluses or accumulated deficits	4,399	3,464	2,529	1,594	659
Total parent entity interest	4,212	7,422	6,840	6,260	5,683
Current assets	10,838	10,453	10,603	10,753	10,753
Non-current assets	3,739	6,949	6,367	5,787	5,210
Current liabilities	9,545	9,148	9,285	9,422	9,409
Non-current liabilities	820	832	845	858	871

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Budgeted departmental statement of cash flows
(for the period ended 30 June)**

	Actual 2009-10 \$'000	Revised budget 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and services	789	10	10	10	10
Appropriations	31,488	37,669	34,154	34,426	34,807
Other	716	-	-	-	-
Total cash received	32,993	37,679	34,164	34,436	34,817
Cash used					
Employees	23,915	26,545	25,203	25,236	25,383
Suppliers	8,266	11,129	8,961	9,200	9,434
Grants	-	-	-	-	-
Borrowing costs	515	-	-	-	-
Total cash used	32,696	37,674	34,164	34,436	34,817
Net cash from or (used by) operating activities	297	5	-	-	-
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment	106	4,145	353	355	358
Total cash used	106	4,145	353	355	358
Net cash from or (used by) investing activities	(106)	(4,145)	(353)	(355)	(358)
FINANCING ACTIVITIES					
Cash received					
Appropriations - DCB	-	4,145	353	355	358
Total cash received	-	4,145	353	355	358
Net cash from or (used by) financing activities	-	4,145	353	355	358
Net increase or (decrease) in cash held	191	5	-	-	-
Cash at the beginning of the reporting period	224	415	420	420	420
Cash at the end of the reporting period	415	420	420	420	420

Prepared on Australian Accounting Standards basis.

Table 3.2.4: Departmental statement of changes in equity — summary of movement (budget year 2010-11)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2010					
Balance carried forward from previous period	4,399	2,154	-	(2,341)	4,212
Adjusted opening balance	4,399	2,154	-	(2,341)	4,212
Comprehensive income					
Surplus (deficit) for the period	(935)	-	-	-	(935)
Total comprehensive income recognised directly in equity	(935)	-	-	-	(935)
Transactions with owners					
<i>Contribution by owners</i>					
Appropriation (departmental capital budget)	-	-	-	4,145	4,145
Sub-total transactions with owners	(935)	-	-	4,145	4,145
Estimated closing balance as at 30 June 2011	3,463	2,154	-	1,804	7,422

Prepared on Australian Accounting Standards basis.

Table 3.2.5: Departmental capital budget statement

	Actual 2009-10 \$'000	Revised budget 2010-11 \$'000	Forward estimate 2011-12 \$'000	Forward estimate 2012-13 \$'000	Forward estimate 2013-14 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	-	4,145	353	355	358
Previous year's outputs	868	-	-	-	-
Total capital appropriations	868	4,145	353	355	358
Represented by:					
Purchase of non-financial assets	-	4,145	353	355	358
Other	868	-	-	-	-
Total represented by	868	4,145	353	355	358
ACQUISITION OF NON-FINANCIAL ASSETS					
Funded by capital appropriations - DCB	-	4,145	353	355	358
Funded internally from departmental resources	106	-	-	-	-
TOTAL	106	4,145	353	355	358

Prepared on Australian Accounting Standards basis.

Table 3.2.6: Statement of asset movements — Departmental (2010-11)

	Buildings	Other infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000
As at 1 July 2010				
Gross book value	2,972	666	544	4,182
less Accumulated depreciation/ amortisation			443	443
Opening net book balance	2,972	666	101	3,739
Asset movements				
Additions	3,935	205	5	4,145
less Depreciation/amortisation expense	592	327	16	935
Total asset movements	3,343	(122)	(11)	3,210
As at 30 June 2011				
Gross book value	6,907	871	549	8,327
less Accumulated depreciation/ amortisation	592	327	459	1,378
Closing net book balance	6,315	544	90	6,949

Prepared on Australian Accounting Standards basis.

Notes to the financial statements

The Productivity Commission's budgeted statements are prepared on an accrual basis in accordance with:

- the Government's financial budgeting and reporting framework; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board.

Departmental assets, liabilities, revenues and expenses are controlled by the department. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the department in providing goods and services.