

# PRODUCTIVITY COMMISSION

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# PRODUCTIVITY COMMISSION

## Section 1: Entity Overview and Resources

### 1.1 STRATEGIC DIRECTION

There has been no significant change to the strategic direction of the Productivity Commission (the Commission) from that outlined in the *Portfolio Budget Statements 2014-15* (pages 339-340).

The Commission is seeking an additional \$0.29 million in departmental funding through *Appropriation Bill (No. 3) 2014-15*. This comprises an additional \$0.293 million which is offset by savings of \$4,000.

The additional \$0.293 million relates to undertaking triennial assessments of progress on implementation of the National Water Initiative, and five-yearly audits of the implementation of the Murray Darling Basin Plan and associated water resource plans, as part of a reallocation of responsibilities of the National Water Commission. This measure was outlined in Budget Paper No. 2, *Budget Measures 2014-15*.

The savings of \$4,000 relates to the Communications and Public Affairs Functions – targeted savings measure outlined in Budget Paper No. 2, *Budget Measures 2014-15*.

### 1.2 ENTITY RESOURCE STATEMENT

The Entity Resource Statement details the resourcing for the Commission at Additional Estimates. Table 1.1 outlines the total resourcing available from all sources for the 2014-15 Budget year, including variations through *Appropriation Bill No. 3*.

**Table 1.1: Productivity Commission Resource Statement — Additional Estimates for 2014-15 as at Additional Estimates February 2015**

	<i>Total available appropriation</i>	Estimate as at Budget +	Proposed Additional = Estimate	Total estimate at Additional Estimates
	<i>2013-14 \$'000</i>	2014-15 \$'000	2014-15 \$'000	2014-15 \$'000
<b>Ordinary annual services(1)</b>				
<b>Departmental appropriation</b>				
Prior year departmental appropriation(2)	-	23,900	-	23,900
Departmental appropriation(3)	36,077	34,118	289	34,407
s74 Retained Revenue Receipts(4)	972	1,204	-	1,204
<b>Total net resourcing for the Productivity Commission</b>	<b>37,049</b>	<b>59,222</b>	<b>289</b>	<b>59,511</b>

(1) *Appropriation Act (No. 1) 2014-15 and Appropriation Bill (No. 3) 2014-15.*

(2) Estimated adjusted balance carried from previous year for annual appropriations

(3) Includes an amount of \$0.9m in 2014-15 for the Departmental Capital Budget (refer to table 3.2.5 for further details). For accounting purposes this amount has been designated as 'contributions by owners'.

(4) Estimated retained revenue receipts under section 74 of the *Public Governance, Performance and Accountability (PGPA) Act 2013*.

Reader note: All figures are GST exclusive.

### 1.3 ENTITY MEASURES TABLE

Table 1.2 summarises new Government measures taken since the 2014-15 Budget.

**Table 1.2: Entity 2014-15 Measures since Budget**

	Programme	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Expense measures (Departmental)</b>					
Smaller Government - National Water					
	Commission - cessation (1)	293	583	1,568	1,580
Communications and Public Affairs					
	Functions - targeted savings (1)	(4)	(7)	(7)	(7)
<b>Total expense measures</b>		<b>289</b>	<b>576</b>	<b>1,561</b>	<b>1,573</b>

**Prepared on a Government Financial Statistics (fiscal) basis.**

- (1) This measure was included in Budget Paper No. 2, Budget Measures 2014-15 and has not previously appeared in a portfolio statement.

## 1.4 ADDITIONAL ESTIMATES AND VARIATIONS

The following table detail the changes to the resourcing for the Commission at Additional Estimates, by outcome. Table 1.3 details the Additional Estimates and variations resulting from new measures since the 2014-15 Budget in *Appropriation Bill No. 3*.

**Table 1.3: Additional Estimates and variations to outcomes from measures since 2014-15 Budget**

	Programme impacted	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Outcome 1</b>					
Increase in estimates (departmental)					
Smaller Government - National Water Commission - cessation (1)	1.1	293	583	1,568	1,580
Decrease in estimates (departmental)					
Communications and Public Affairs Functions - targeted savings (1)	1.1	(4)	(7)	(7)	(7)
<b>Net impact on estimates for Outcome 1 (departmental)</b>					
		<b>289</b>	<b>576</b>	<b>1,561</b>	<b>1,573</b>

(1) This measure was included in Budget Paper No. 2, Budget Measures 2014-15 and has not previously appeared in a portfolio statement.

## 1.5 BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

The following table details the Additional Estimates sought for the Productivity Commission through *Appropriation Bill No. 3*.

**Table 1.5: Appropriation Bill (No. 3) 2014-15**

	2013-14 Available \$'000	2014-15 Budget \$'000	2014-15 Revised \$'000	Additional Estimates \$'000	Reduced Estimates \$'000
<b>Outcome 1</b>					
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					
Departmental items	36,077	34,118	34,407	289	-
<b>Total</b>	<b>36,077</b>	<b>34,118</b>	<b>34,407</b>	<b>289</b>	<b>-</b>

## Section 2: Revisions to Entity Resources and Planned Performance

### 2.1 RESOURCES AND PERFORMANCE INFORMATION

There has been no change to the outcome or outcome strategy for the Commission from that included in the *Portfolio Budget Statements 2014-15* (page 342).

**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	2013-14 Actual expenses \$'000	2014-15 Revised Estimated expenses \$'000
<b>Programme 1.1: Productivity Commission</b>		
Departmental expenses		
Departmental appropriation(1)	36,178	34,756
Expenses not requiring appropriation in the Budget year(2)	1,121	1,100
<b>Total expenses for Outcome 1</b>	<b>37,299</b>	<b>35,856</b>
	2013-14	2014-15
<b>Average Staffing Level (number)</b>	185	166

(1) Departmental Appropriation combines 'Ordinary annual services (Appropriation Act No. 1 and Bill No. 3)' and 'Retained Revenue Receipts under s74 of the PGPA Act 2013'.

(2) Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

#### Programme Objective 1.1 Productivity Commission

There has been no significant change to the program objective, deliverables or key performance indicators from that included in the *Portfolio Budget Statements 2014-15*.

#### Programme Expenses 1.1

**Table 2.2 Programme 1.1 Expenses**

('000)	2013-14 Actual \$'000	2014-15 Revised budget \$'000	2015-16 Forward year 1 \$'000	2016-17 Forward year 2 \$'000	2017-18 Forward year 3 \$'000
Annual departmental expenses:					
Departmental items	36,178	34,756	34,150	34,314	33,566
Expenses not requiring appropriation in the Budget year(1)	1,121	1,100	1,100	1,100	1,080
<b>Total programme expenses</b>	<b>37,299</b>	<b>35,856</b>	<b>35,250</b>	<b>35,414</b>	<b>34,646</b>

(1) Expenses not requiring appropriation in the Budget year is made up of Depreciation Expense, Amortisation Expense, and Audit Fees.

## Section 3: Explanatory Tables and Budgeted Financial Statements

### **3.2 BUDGETED FINANCIAL STATEMENTS**

#### **3.2.1 Analysis of Budgeted Financial Statements**

The Commission is budgeting for a breakeven result in 2014-15.

### 3.2.2 Budgeted Financial Statements

**Table 3.2.1: Budgeted Departmental comprehensive income statement (showing net cost of services)**

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>EXPENSES</b>					
Employee benefits	29,544	27,348	26,273	25,880	25,879
Suppliers	6,667	7,441	7,909	8,465	7,718
Depreciation and amortisation	1,071	1,050	1,050	1,050	1,030
Finance costs	17	17	18	19	19
<b>Total expenses</b>	<b>37,299</b>	<b>35,856</b>	<b>35,250</b>	<b>35,414</b>	<b>34,646</b>
<b>LESS:</b>					
<b>OWN-SOURCE INCOME</b>					
<b>Own-source revenue</b>					
Sale of goods and rendering of services	885	1,204	1,188	666	10
<b>Total own-source revenue</b>	<b>885</b>	<b>1,204</b>	<b>1,188</b>	<b>666</b>	<b>10</b>
<b>Gains</b>					
Other gains	50	50	50	50	50
<b>Total gains</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>50</b>
<b>Total own-source income</b>	<b>935</b>	<b>1,254</b>	<b>1,238</b>	<b>716</b>	<b>60</b>
<b>Net cost of (contribution by) services</b>	<b>36,364</b>	<b>34,602</b>	<b>34,012</b>	<b>34,698</b>	<b>34,586</b>
Revenue from Government	36,359	33,552	32,962	33,648	33,556
<b>Surplus (Deficit) after income tax</b>	<b>(5)</b>	<b>(1,050)</b>	<b>(1,050)</b>	<b>(1,050)</b>	<b>(1,030)</b>

**Note: Impact of Net Cash Appropriation Arrangements**

	2013-14 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
<b>Total Comprehensive Income (loss) excluding depreciation/ amortisation expenses previously funded through revenue appropriations</b>	<b>1,066</b>	-	-	-	-
less depreciation/amortisation expenses previously funded through revenue appropriations(1)	1,071	1,050	1,050	1,050	1,030
<b>Total Comprehensive Income (loss) - as per the Statement of Comprehensive Income</b>	<b>(5)</b>	<b>(1,050)</b>	<b>(1,050)</b>	<b>(1,050)</b>	<b>(1,030)</b>

(1) From 2010-11, the Government introduced net cash appropriation arrangements where *Appropriation Act No. 1* or *Bill No. 3* revenue appropriations for the depreciation/amortisation expenses of Non-Corporate Commonwealth Entities were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through *Appropriation Act No. 1* or *Bill No. 3* equity appropriations. For information regarding DCBs, please refer to Table 3.2.5 Departmental Capital Budget Statement.

Prepared on Australian Accounting Standards basis.

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

	Actual	Revised	Forward	Forward	Forward
	2013-14	budget	estimate	estimate	estimate
	2013-14	2014-15	2015-16	2016-17	2017-18
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	335	335	335	335	335
Trade and other receivables	24,356	24,507	24,579	22,099	22,387
<b>Total financial assets</b>	<b>24,691</b>	<b>24,842</b>	<b>24,914</b>	<b>22,434</b>	<b>22,722</b>
<b>Non-financial assets</b>					
Land and buildings	4,142	3,324	2,506	4,533	3,733
Property, plant and equipment	558	632	825	676	741
Intangibles	148	122	97	72	47
Other non-financial assets	275	275	275	275	275
<b>Total non-financial assets</b>	<b>5,123</b>	<b>4,353</b>	<b>3,703</b>	<b>5,556</b>	<b>4,796</b>
<b>Total assets</b>	<b>29,814</b>	<b>29,195</b>	<b>28,617</b>	<b>27,990</b>	<b>27,518</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	415	415	415	415	415
Other payables	2,983	2,694	2,300	1,861	1,548
<b>Total payables</b>	<b>3,398</b>	<b>3,109</b>	<b>2,715</b>	<b>2,276</b>	<b>1,963</b>
<b>Provisions</b>					
Employee provisions	12,687	12,535	12,535	12,535	12,535
Other provisions	497	514	532	551	570
<b>Total provisions</b>	<b>13,184</b>	<b>13,049</b>	<b>13,067</b>	<b>13,086</b>	<b>13,105</b>
<b>Total liabilities</b>	<b>16,582</b>	<b>16,158</b>	<b>15,782</b>	<b>15,362</b>	<b>15,068</b>
<b>Net assets</b>	<b>13,232</b>	<b>13,037</b>	<b>12,835</b>	<b>12,628</b>	<b>12,450</b>
<b>EQUITY</b>					
Contributed equity	2,714	3,569	4,417	5,260	6,112
Reserves	2,771	2,771	2,771	2,771	2,771
Retained surplus (accumulated deficit)	7,747	6,697	5,647	4,597	3,567
<b>Total Equity</b>	<b>13,232</b>	<b>13,037</b>	<b>12,835</b>	<b>12,628</b>	<b>12,450</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.3: Departmental statement of changes in equity — summary of movement (Budget Year 2014-15)**

	Retained earnings	Asset revaluation reserve	Other reserves	Contributed equity/capital	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Opening balance as at 1 July 2014</b>					
Balance carried forward from previous period	7,747	2,771	-	2,714	13,232
<b>Adjusted opening balance</b>	<b>7,747</b>	<b>2,771</b>	<b>-</b>	<b>2,714</b>	<b>13,232</b>
<b>Comprehensive income</b>					
Surplus (deficit) for the period	(1,050)	-	-	-	(1,050)
<b>Total comprehensive income</b>	<b>(1,050)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,050)</b>
<b>Transactions with owners</b>					
<b>Contributions by owners</b>					
Departmental Capital Budget (DCBs)	-	-	-	855	855
<b>Sub-total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>855</b>	<b>855</b>
<b>Estimated closing balance as at 30 June 2015</b>	<b>6,697</b>	<b>2,771</b>	<b>-</b>	<b>3,569</b>	<b>13,037</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.4: Budgeted Departmental statement of cash flows (as at 30 June)**

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Appropriations	36,500	33,401	32,890	36,128	33,268
Sale of goods and rendering of services	843	1,204	1,188	666	10
Net GST received	640	-	-	-	-
<b>Total cash received</b>	<b>37,983</b>	<b>34,605</b>	<b>34,078</b>	<b>36,794</b>	<b>33,278</b>
<b>Cash used</b>					
Employees	30,236	27,500	26,273	25,880	25,879
Suppliers	6,908	7,680	8,253	8,854	7,981
s74 Retained Revenue Receipts transferred to OPA	972	-	-	-	-
<b>Total cash used</b>	<b>38,116</b>	<b>35,180</b>	<b>34,526</b>	<b>34,734</b>	<b>33,860</b>
<b>Net cash from (used by) operating activities</b>	<b>(133)</b>	<b>(575)</b>	<b>(448)</b>	<b>2,060</b>	<b>(582)</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash used</b>					
Purchase of property, plant, equipment and intangibles	87	280	400	2,903	270
<b>Total cash used</b>	<b>87</b>	<b>280</b>	<b>400</b>	<b>2,903</b>	<b>270</b>
<b>Net cash from (used by) investing activities</b>	<b>(87)</b>	<b>(280)</b>	<b>(400)</b>	<b>(2,903)</b>	<b>(270)</b>
<b>FINANCING ACTIVITIES</b>					
<b>Cash received</b>					
Contributed equity	87	855	848	843	852
<b>Total cash received</b>	<b>87</b>	<b>855</b>	<b>848</b>	<b>843</b>	<b>852</b>
<b>Net cash used by financing activities</b>	<b>87</b>	<b>855</b>	<b>848</b>	<b>843</b>	<b>852</b>
<b>Net increase (decrease) in cash held</b>	<b>(133)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	468	335	335	335	335
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>	<b>335</b>

Prepared on Australian Accounting Standards basis.

**Table 3.2.5: Capital Budget statement — Departmental**

	Actual 2013-14 \$'000	Revised budget 2014-15 \$'000	Forward estimate 2015-16 \$'000	Forward estimate 2016-17 \$'000	Forward estimate 2017-18 \$'000
<b>NEW CAPITAL APPROPRIATIONS</b>					
Capital budget - Act No. 1 (DCB)	279	855	848	843	852
<b>Total new capital appropriations</b>	<b>279</b>	<b>855</b>	<b>848</b>	<b>843</b>	<b>852</b>
<b>Provided for:</b>					
<i>Purchase of non-financial assets</i>	87	280	400	843	270
<i>Other Items</i>	192	575	448	-	582
<b>Total Items</b>	<b>279</b>	<b>855</b>	<b>848</b>	<b>843</b>	<b>852</b>
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation - DCB(1)	87	280	400	2,697	270
Funded internally from departmental resources(2)	-	-	-	206	-
<b>TOTAL AMOUNT SPENT</b>	<b>87</b>	<b>280</b>	<b>400</b>	<b>2,903</b>	<b>270</b>
<b>RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE</b>					
Total purchases	87	280	400	2,903	270
<b>Total cash used to acquire assets</b>	<b>87</b>	<b>280</b>	<b>400</b>	<b>2,903</b>	<b>270</b>

(1) Include purchase from current and previous years' Departmental Capital Budgets (DCBs).

(2) Includes the following sources of funding current and prior year Act 1 and Bills 3/5 appropriations (excluding amounts from the DCB) and s74 Retained Revenue Receipts.

Consistent with information contained in the Statement of Asset Movements and the Budgeted Statement of Cash Flows.

**Table 3.2.6: Statement of asset movements (2014-15)**

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
<b>As at 1 July 2014</b>				
Gross book value	4,921	769	734	6,424
Accumulated depreciation/amortisation and impairment	(779)	(211)	(586)	(1,576)
<b>Opening net book balance</b>	<b>4,142</b>	<b>558</b>	<b>148</b>	<b>4,848</b>
<b>CAPITAL ASSET ADDITIONS</b>				
<b>Estimated expenditure on new or replacement assets</b>				
By purchase - appropriation ordinary annual services(1)	-	260	20	280
<b>Total additions</b>	<b>-</b>	<b>260</b>	<b>20</b>	<b>280</b>
<b>Other movements</b>				
Depreciation/amortisation expense	(818)	(186)	(46)	(1,050)
<b>Total other movements</b>	<b>(818)</b>	<b>(186)</b>	<b>(46)</b>	<b>(1,050)</b>
<b>As at 30 June 2015</b>				
Gross book value	4,921	1,029	754	6,704
Accumulated depreciation/amortisation and impairment	(1,597)	(397)	(632)	(2,626)
<b>Closing net book balance</b>	<b>3,324</b>	<b>632</b>	<b>122</b>	<b>4,078</b>

(1) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Act No. 1 and Bill No. 3 2014-15 for depreciation/amortisation expenses, DCBs or other operational expenses.  
Prepared on Australian Accounting Standards basis.