

Productivity Commission

Entity resources and planned performance

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Productivity Commission

Section 1: Entity overview and resources

1.1 Strategic direction statement

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility – Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well informed policy decision making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has 4 broad components of work:

- government commissioned projects
- performance reporting and other services to government bodies
- competitive neutrality complaints activities
- self-initiated research and statutory annual reporting.

In 2023–24 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway include public inquiries into *Early Childhood Education and Care*, *Carer's Leave*, *Philanthropy*, and *the Future Drought Fund*.

The Commission will also operate the Performance Reporting Dashboard and undertake further reviews of nationally significant sector – wide Commonwealth-State agreements. In addition, the Commission will fulfil the legislated role to report on water plans and initiatives nationally and in the Murray-Darling Basin.

The Commission will continue to provide cross jurisdictional reporting on the performance of government services; indicators of disadvantage experienced by Aboriginal and Torres Strait Islander people; and expenditure on services to Aboriginal and Torres Strait Islander people.

As part of its functions under the *National Agreement on Closing the Gap*, the Commission has developed and maintains a publicly accessible dashboard and annual data compilation report, underpinned by an information repository to inform reporting on progress on Closing the Gap. The Commission has also commenced the first independent review of progress, which will be complementary to an Aboriginal and Torres Strait Islander led review. Both reviews happen every 3 years.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It receives and investigates complaints and advises the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. A full list of the Commission's research reports and supporting research is provided on the Commission's website.

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the entity for its operations and to deliver programs and services on behalf of the Government.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

For more detailed information on special accounts and special appropriations, please refer to the *Budget Paper No. 4 – Agency Resourcing*.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Productivity Commission resource statement – Budget estimates for 2023–24 as at Budget May 2023

	<i>2022-23 Estimated actual \$'000</i>	2023-24 Estimate \$'000
Departmental		
Annual appropriations – ordinary annual services (a)		
Prior year appropriations available (b)	38,952	38,952
Departmental appropriation (c)	37,104	37,023
s74 External Revenue (d)	10	10
Departmental capital budget (e)	834	851
Total departmental annual appropriations	<u>76,900</u>	<u>76,836</u>
Total departmental resourcing	76,900	76,836
Total resourcing for Productivity Commission	76,900	76,836
	<u>2022-23</u>	<u>2023-24</u>
Average staffing level (number)	<u>173</u>	<u>187</u>

All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (i.e. appropriations available) basis.

- a) Appropriation Bill (No. 1) 2023–24.
- b) Estimated adjusted balance carried forward from previous year.
- c) Excludes Departmental Capital Budget (DCB).
- d) Estimated External Revenue receipts under section 74 of the PGPA Act.
- e) Departmental Capital Budgets are not separately identified in Appropriation Bill (No. 1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 Budget measures

The Productivity Commission has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

Each outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the Commonwealth Performance Framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure described in Portfolio Budget Statements will be read with broader information provided in an entity's Corporate Plans and annual performance statements – included in Annual Reports – to provide a complete picture of an entity's planned and actual performance.

The most recent Corporate Plan for the Commission can be found at:
(<https://www.pc.gov.au/about/governance/corporate-plan>).

The most recent annual performance statement can be found at:
(<https://www.pc.gov.au/about/governance/annual-reports>).

2.1 Budgeted expenses and performance 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.

Budgeted expenses for Outcome 1

This table shows how much the entity intends to spend (on an accrual basis) on achieving the outcome, broken down by program, as well as by Administered and Departmental funding sources.

Table 2.1.1: Budgeted expenses for Outcome 1

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Program 1.1: Productivity Commission					
Departmental expenses					
Departmental appropriation	37,344	37,151	37,787	38,299	38,525
s74 External Revenue (a)	10	10	10	10	10
Expenses not requiring appropriation in the Budget year (b)	1,100	1,100	1,100	1,100	1,070
Departmental total	38,454	38,261	38,897	39,409	39,605
Total expenses for program 1.1	38,454	38,261	38,897	39,409	39,605
Total expenses for Outcome 1	38,454	38,261	38,897	39,409	39,605
	2022-23	2023-24			
Average staffing level (number)	173	187			

a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act 2013.

b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, audit fees and resources received free of charge.

Table 2.1.2: Performance measure for Outcome 1

Table 2.1.2 details the performance measures for each program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the 2023–24 Budget measures that have created new programs or materially changed existing programs are provided.

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.		
Program 1.1- Productivity Commission The Commission provides governments and the Australian community with information and advice that better informs policy decisions to improve Australians’ wellbeing.		
Key Activities	The Commission undertakes inquiries, research, and performance reporting and analysis. It provides robust analysis and advice on a range of economic, social and environmental issues, taking a community wide perspective. The Commission engages widely, including through hearings, release of draft reports, roundtables, seminars and submissions, to seek informed input to its reports.	
Year	Performance measures	Expected performance results
Current Year 2022–23	<p>Providing a valuable source of robust evidence-based analysis.</p> <p>Generating effective public debate.</p> <p>Being recognised as valuable by other governments.</p> <p>Engaging effectively with the community.</p> <p>Having open and transparent processes.</p> <p>Delivering timely reports.</p>	<p>The demand for the Commission to undertake work on complex policy issues has continued and increased significantly and its work has proved highly relevant to government policy deliberations.</p> <p>Contributions to parliamentary debate and the extent of media coverage indicate a high level of public interest in the Commission’s work and its potential influence.</p> <p>The Commission engaged and exchanged research ideas with officials from multiple international organisations and countries.</p> <p>The Commission’s processes provided opportunities for extensive public input and feedback through visits, hearings, workshops and other consultative forums, and the release of draft reports and preliminary findings.</p> <p>The Commission’s advice to Government, and the information and analysis on which it is based, continued to be open to public scrutiny.</p> <p>All the major projects that were completed in 2022–23 are finished within the timeframes originally established by the Government.</p>

Table 2.1.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Planned performance results
Budget Year 2023–24	As per 2022–23	In 2023–24, the Commission expects to continue to deliver robust policy advice to contribute to public debate and inform government decisions.
Forward Estimates 2024–27	As per 2023–24	As per 2023–24
Material changes to Program 1.1 resulting from 2023–24 Budget Measures: Nil		

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2023–24 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2023–24 and the forward years.

3.2 Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
EXPENSES					
Employee benefits	30,103	30,122	30,816	31,767	32,584
Suppliers	4,904	4,732	4,718	4,339	3,782
Depreciation and amortisation (a)	3,179	3,179	3,179	3,244	3,214
Finance costs					
Write-down and impairment of assets	268	228	184	59	25
Total expenses	38,454	38,261	38,897	39,409	39,605
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	10	10	10	10	10
Other	50	50	50	50	50
Total own-source revenue	60	60	60	60	60
Total own-source income	60	60	60	60	60
Net (cost of)/contribution by services	(38,394)	(38,201)	(38,837)	(39,349)	(39,545)
Revenue from Government	37,104	37,023	37,817	38,329	38,853
Surplus/(deficit) attributable to the Australian Government	(1,290)	(1,178)	(1,020)	(1,020)	(692)
Total comprehensive income/(loss)	(1,290)	(1,178)	(1,020)	(1,020)	(692)
Total comprehensive income/(loss) attributable to the Australian Government	(1,290)	(1,178)	(1,020)	(1,020)	(692)

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June (continued)**Note: Impact of net cash appropriation arrangements**

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
Total comprehensive income/(loss) - as per statement of Comprehensive Income	(1,290)	(1,178)	(1,020)	(1,020)	(692)
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	1,050	1,050	1,050	1,050	1,020
plus: depreciation/amortisation expenses for ROU assets (b)	2,129	2,129	2,129	2,194	2,194
less: lease principal repayments (b)	1,889	2,001	2,159	2,224	2,522
Net Cash Operating Surplus/ (Deficit)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

- a) From 2010–11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget (DCB)) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.
- b) Applies leases under AASB 16 Leases.

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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	389	389	389	389	389
Trade and other receivables	39,427	39,906	40,091	40,276	40,341
Total financial assets	39,816	40,295	40,480	40,665	40,730
Non-financial assets					
Buildings ROU	15,834	13,055	10,276	7,432	4,588
Property, plant and equipment	640	732	1,129	1,534	1,929
Intangibles	1	1	1	2	50
Other non-financial assets	798	798	798	798	798
Total non-financial assets	17,273	14,586	12,204	9,766	7,365
Total assets	57,089	54,881	52,684	50,431	48,095
LIABILITIES					
Payables					
Suppliers	580	580	580	580	580
Other payables	629	629	629	629	629
Total payables	1,209	1,209	1,209	1,209	1,209
Interest bearing liabilities					
Leases	13,877	11,876	9,717	7,493	4,971
Total interest bearing liabilities	13,877	11,876	9,717	7,493	4,971
Provisions					
Employee provisions	9,324	9,444	9,564	9,684	9,684
Total provisions	9,324	9,444	9,564	9,684	9,684
Total liabilities	24,410	22,529	20,490	18,386	15,864
Net assets	32,679	32,352	32,194	32,045	32,231
EQUITY*					
Parent entity interest					
Contributed equity	12,974	13,825	14,687	15,558	16,436
Reserves	1,827	1,827	1,827	1,827	1,827
Retained surplus (accumulated deficit)	17,878	16,700	15,680	14,660	13,968
Total parent entity interest	32,679	32,352	32,194	32,045	32,231
Total equity	32,679	32,352	32,194	32,045	32,231

Prepared on Australian Accounting Standards basis.

*'Equity' is the residual interest in assets after the deduction of liabilities.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2023–24)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2023				
Balance carried forward from previous period	17,878	1,827	12,974	32,679
Adjusted opening balance	17,878	1,827	12,974	32,679
Comprehensive income				
Surplus/(deficit) for the period	(1,178)	-	-	(1,178)
Total comprehensive income	(1,178)	-	-	(1,178)
Transactions with owners				
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	851	851
Sub-total transactions with owners	-	-	851	851
Estimated closing balance as at 30 June 2024	16,700	1,827	13,825	32,352
Closing balance attributable to the Australian Government	16,700	1,827	13,825	32,352

Prepared on Australian Accounting Standards basis.

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

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	36,984	36,903	37,697	38,209	38,853
Sale of goods and rendering of services	10	10	10	10	10
Total cash received	36,994	36,913	37,707	38,219	38,863
Cash used					
Employees	29,983	30,002	30,696	31,647	32,584
Suppliers	4,854	4,682	4,668	4,289	3,732
Interest payments on lease liability	268	228	184	59	25
Total cash used	35,105	34,912	35,548	35,995	36,341
Net cash from/(used by) operating activities	1,889	2,001	2,159	2,224	2,522
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	192	492	797	806	813
Total cash used	192	492	797	806	813
Net cash from/(used by) investing activities	(192)	(492)	(797)	(806)	(813)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	192	492	797	806	813
Total cash received	192	492	797	806	813
Cash used					
Principal payments on lease liability	1,889	2,001	2,159	2,224	2,522
Total cash used	1,889	2,001	2,159	2,224	2,522
Net cash from/(used by) financing activities	(1,697)	(1,509)	(1,362)	(1,418)	(1,709)
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	389	389	389	389	389
Cash and cash equivalents at the end of the reporting period	389	389	389	389	389

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2022-23 Estimated actual \$'000	2023-24 Budget \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000	2026-27 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget – Bill 1 (DCB)	834	851	862	871	878
Total new capital appropriations	834	851	862	871	878
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	192	492	797	806	813
<i>Other Items</i>	642	359	65	65	65
Total items	834	851	862	871	878
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	192	492	797	806	813
TOTAL	192	492	797	806	813
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	192	492	797	806	813
Total cash used to acquire assets	192	492	797	806	813

Prepared on Australian Accounting Standards basis.

a) Includes purchases from current and previous years' Departmental Capital Budgets (DCBs).

Table 3.6: Statement of departmental asset movements (Budget year 2023–24)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2023				
Gross book value	4,456	1,373	811	6,640
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(1,209)	(733)	(810)	(2,752)
Accumulated depreciation/amortisation and impairment - ROU assets	(7,252)	-	-	(7,252)
Opening net book balance	15,834	640	1	16,475
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation equity (a)	-	472	20	492
Total additions	-	472	20	492
Other movements				
Depreciation/amortisation expense	(650)	(380)	(20)	(1,050)
Depreciation/amortisation on ROU assets	(2,129)	-	-	(2,129)
Total other movements	(2,779)	(380)	(20)	(3,179)
As at 30 June 2024				
Gross book value	4,456	1,845	831	7,132
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(1,859)	(1,113)	(830)	(3,802)
Accumulated depreciation/amortisation and impairment - ROU assets	(9,381)	-	-	(9,381)
Closing net book balance	13,055	732	1	13,788

Prepared on Australian Accounting Standards basis.

a) 'Appropriation equity' refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2023–24.