

PROGRAMME 5 — PRODUCTIVITY

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Objectives

The Productivity Commission's objectives are:

- analysing and providing advice on ways of improving medium-term economic performance, through reforms that improve productivity, flexibility and the sustainable development of Australian resources;
- investigate complaints about competitive neutrality implementation in Commonwealth businesses; and
- increasing public understanding of Australia's industry and productivity.

The Productivity Commission (PC) was formed on 16 April 1998, having been preceded by the Industry Commission (IC) and the Economic Planning Advisory Commission (EPAC).

As a review and advisory body the Productivity Commission does not have responsibility for implementing government programmes. Its only programme responsibility is to carry out its research, inquiry, advising and incidental functions prescribed under legislation.

Table 4.2: How the Programme is Resourced; Reconciliation of Appropriations to the Programme and Summary of Underlying Outlays

	1997-98 Budget (i) \$'000	1997-98 Revised Approp (ii) \$'000	1997-98 Estimated Outcome \$'000	1998-99 Budget \$'000	Variation (iii) %
ANNUAL APPROPRIATIONS					
<i>Appropriation Bill No. 1</i>					
Division 678 - Productivity Commission					
1. Running Costs	24,566	25,984	25,804	19,905	-23
Annotated Appropriations (Section 31 of the <i>FMA Act 1997</i>)	189	189	189	193	2
	24,755	26,173	25,993	20,098	-23
2. Other Services					
01 Contribution to economic modelling projects	457	788	788	-	-100
Total Appropriation Bill No. 1	25,212	26,961	26,781	20,098	-123
Total Appropriation Bill No. 2	-	-	-	-	-
TOTAL ANNUAL APPROPRIATIONS	25,212	26,961	26,781	20,098	-25
TOTAL SPECIAL APPROPRIATIONS	-	-	-	-	-
TOTAL APPROPRIATIONS	25,212	26,961	26,781	20,098	-25
Less annotated appropriations	189	na	189	193	2
Less other adjustments	35	na	35	36	3
TOTAL ADJUSTMENTS	224	na	224	229	2
TOTAL UNDERLYING OUTLAYS	24,988	na	26,557	19,869	-25
Staff years	231	na	227	215	-5

- (i) As presented in 1997-98 Budget documentation (May 1997 — adjusted, where necessary, to reflect underlying outlays).
(ii) 1997-98 Revised Approp amended to include Additional Estimates, Advance to the Minister for Finance, running cost borrowings, savings and other revisions.
(iii) Variation percentage = ((1998-99 Budget less 1997-98 Estimated Outcome)/1997-98 Estimated Outcome).

Programme Variation

The following table shows changes of more than 5 per cent in the underlying outlays of the Programme in 1998-99.

Table 4.3: Variations to Programme Underlying Outlays 1997-98 to 1998-99

	Amount of Variation (+ or -) \$'000	Total \$'000
1997-98 Estimated Underlying Outlays (i)		26,557
Running Costs		
Return of BIE program funds	-2,645	
Savings from formation of the Productivity Commission	-1,150	
Reduction due to EPAC resource agreement with DoFA	-1,044	
APS 1995-96 Agreement (1998-99 effects)	-51	
Return of COPS/Impact contribution	135	
Net effect of price indexation, efficiency dividend, carryovers and internal transfers	-1,145	
Programme Costs		
Contribution to economic modelling projects	-788	
Total Variations		-6,688
1998-99 Budget Underlying Outlays (ii)		19,869

(i) The 1997-98 figure appears in column 3 in Table 4.2 above.

(ii) The 1998-99 Budget figure appears in column 4 in Table 4.2 above.

Performance of the Programme in 1996-97 and 1997-98

Information on the performance of the Programme in 1996-97 is at pages 77-98 of the Annual Report of the Industry Commission and page 24 of the Economic Planning and Advisory Commission Annual Report. Performance information for 1997-98 will be published in the 1997-98 Productivity Commission Annual Report to be tabled in Parliament by 31 October 1998.

Performance Forecasts for 1998-99

Inquiries to be completed in 1998-99 include Australia's Black Coal Industry and International Air Service Agreements. Research projects to be completed will include case studies of government service provision, and further international benchmarking. Information papers will be published on various economic, infrastructure, industry, labour market arrangements and environmental policy issues. It is expected that other inquiries will be commenced, following the Government's announcement of the forward work programme - including references on gambling, the benefits of competition in rural Australia and rail reform.

Performance will be generally gauged according to views about the quality, relevance and timeliness of the Commission's work through consultation with government, industry, union and community groups. In its Annual Report the Commission will provide information in respect of its research and inquiry activities, including findings and recommendations from the Commission reports and Government responses to those reports.