

PRODUCTIVITY COMMISSION

Section 1: Overview, Appropriations and Budget Measures Summary

OVERVIEW

The Productivity Commission (PC) is the Commonwealth Government's principal advisory body on all aspects of microeconomic reform. The Commission's work covers all sectors of the economy. It extends to the public and private sectors and focuses on areas of Commonwealth as well as State and Territory responsibility.

As a review and advisory body the PC does not have responsibility for implementing government programmes. It carries out research, inquiry, advising and incidental functions prescribed under legislation.

The PC contributes to 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. It does this by undertaking:

- government-commissioned projects;
- performance reporting and other services to government bodies;
- regulation review activities;
- competitive neutrality complaints activities; and
- annual report and other supporting research and activities.

APPROPRIATIONS

Total appropriations for the PC in the 1999-2000 Budget are \$21.7 million (see Table 1.1).

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Productivity Commission — Appropriations 1999-2000

Table 1.1: Appropriations (\$'000)

Outcomes	Administered Expenses				Price of Outputs					Total Appropriations (e)	Total Estimated Expenses
	Special Appropriations (a)	Annual Appropriations		Total Administered Appropriations	Total Price of Outputs ^(c)	Revenue from Other Sources ^(d)	Revenue from Government (Appropriations)				
		Bill 1	Bill 2 (SPPs & NAOs) ^(b)				Special	Annual Bill 1	Total		
	(A)	(B)	(C)	(D= A+B+C)	(E)	(F)	(G)	(H= E-F-G)	(I= G+H)	(J=D+I)	(K=J+ F)
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	-	-	-	-	22,050,000	388,000	-	21,662,000	21,662,000	21,662,000	22,050,000
Total	-	-	-	-	22,050,000	388,000	-	21,662,000	21,662,000	21,662,000	22,050,000
Bill 2 Administered Capital ^(b)										-	
Bill 2 Agency Equity Injections and Loans ^(b)										-	
Total Appropriations										21,662,000	

(a) Estimated expenses from individual Special Appropriations are shown in Appendix 2.

(b) Under the proposed Appropriation Structure, Bill 2 includes Specific Purpose Payments (SPPs), New Agency Outcomes (NAOs), Administered Capital and Agency Capital via Agency Injections and Loans.

(c) Refer to Budget Statement of Revenue and Expenses for Application of Agency Revenue (see Table 3.1).

(d) Other Revenue includes revenue from other sources (eg sales of goods and services).

(e) Links from Appropriations to Budget Financial Statements include Budget Statement of Revenue and Expenses (see Table 3.1) and Capital Budget (see Tables 3.4 and 3.5).

ADMINISTERED CAPITAL AND EQUITY INJECTIONS AND LOANS

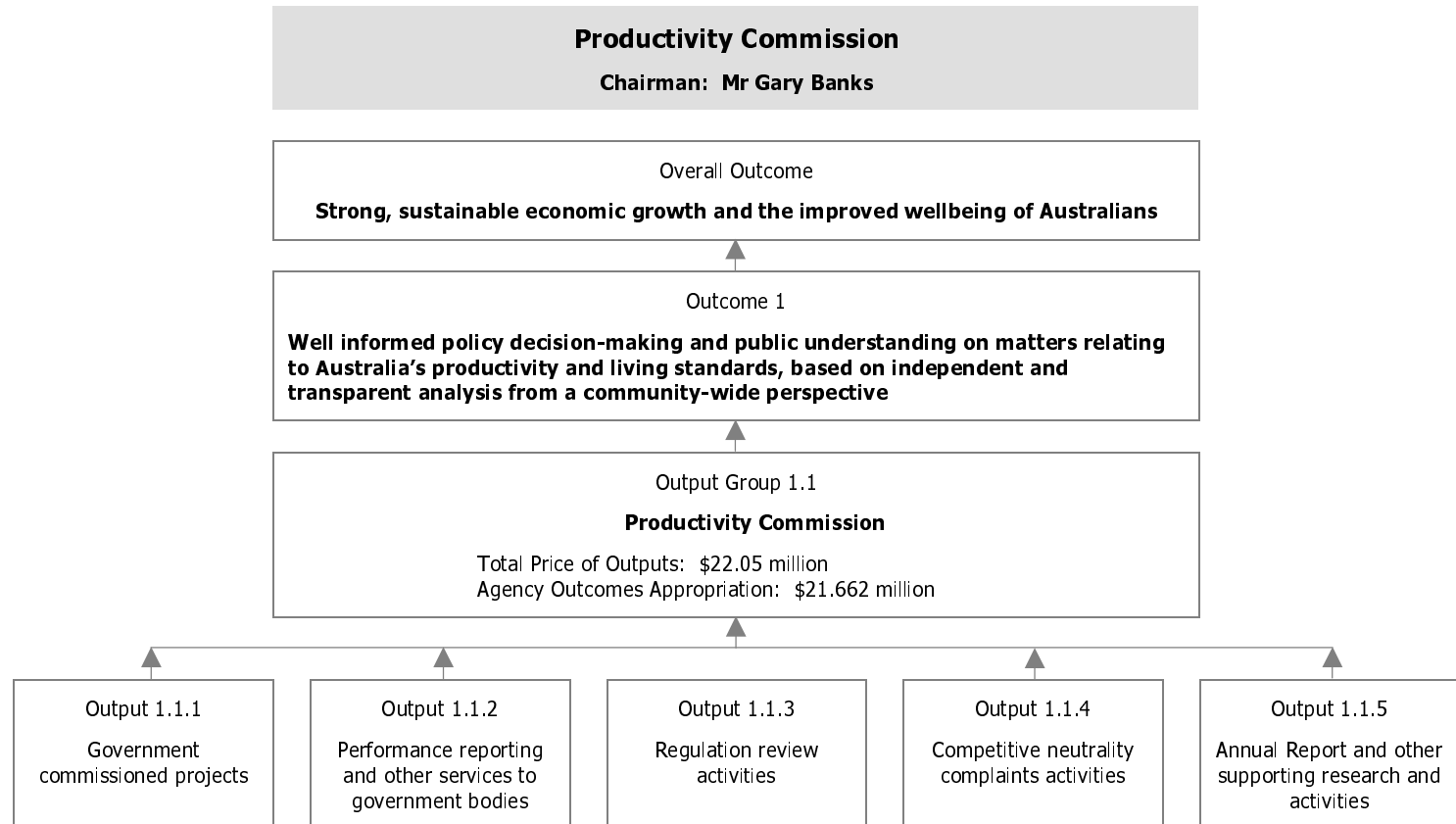
The PC does not have an appropriation for an equity injection or loan or an appropriation for administered capital for 1999-2000.

Section 2: Outcomes and Outputs Information

OUTCOMES AND OUTPUT GROUPS

The map on the following page shows the relationship between Government outcomes and the contributing outputs for the Productivity Commission. Financial detail for Outcome 1 by output appears in Table 2.2 while non-financial information for Outcome 1 appears in Table 2.3.

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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.

Table 2.1 shows the relationship between the programme structure for 1998-99 and the new outcome structure for the 1999-2000 Budget for Outcome 1.

Table 2.1: Relationship between Programme and Outcome Structure for Outcome 1

Programme Management Budgeting	Accrual Budgeting
Programme 5 — Productivity 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. Increasing public understanding of Australia's industry and productivity. Sub-programmes No sub-programmes	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 Output Groups Output Group 1.1 — Productivity Commission Appropriations for Outcome 1 Output Group 1.1 Outcome 1 Appropriation Bill 1 Agency Outputs
Appropriations for Programme 5 Sub-programmes No sub-programmes Appropriation Bill 1 Running Costs, including Section 31 receipts (678-1) Contribution to economic modelling projects (678-2-01)	

RESOURCES FOR OUTCOME 1

Table 2.2 shows how the 1998-99 appropriation and programming structure relates to total resourcing for Outcome 1.

Table 2.2: Total Resources for Outcome 1

	Estimated Actual	Estimated Actual	Budget
	1998-99 CASH \$'000	1998-99 ACCRUAL \$'000 (b)	1999-00 \$'000
Price of Agency Outputs			
Output Group 1.1 — Productivity Commission			
Output 1.1.1 — Government commissioned projects	11,600	11,600	11,000
Output 1.1.2 — Performance reporting and other services to government	3,200	3,200	3,000
Output 1.1.3 — Regulation review activities	2,700	2,700	2,600
Output 1.1.4 — Competitive neutrality complaints activities	200	200	200
Output 1.1.5 — Annual report and other supporting research and activities	5,504	5,504	5,250
Appropriation Structure 1998-99 (a)			
Programme 5 — Productivity			
Subtotal Output Group 1.1	23,204	23,204	22,050
Revenue from Government (Appropriation) for Agency Outputs	23,011	23,011	21,662
Revenue from Other Sources	193	193	388
Total Price of Outputs	23,204	23,204	22,050
Total for Outcome 1	23,204	23,204	22,050
		1998-99	1999-00
Staff Years (Number)		215	195

(a) See Table 2.1 for details.

(b) Figures in this column are on a cash basis. On an accrual basis the figures are: Output 1.1.1 — \$11,500,000; Output 1.1.2 — \$3,100,000; Output 1.1.3 — \$2,700,000; Output 1.1.4 — \$200,000; Output 1.1.5 — \$5,418,000, subtotal Output Group 1.1 — \$22,918,000; revenue from government — \$22,275,000 (including accrual carry-over adjustment).

CONTRIBUTION OF OUTPUTS TO OUTCOME 1

The Productivity Commission's five outputs derive from its statutory functions. The quantum and scope of the work under each output are largely determined externally (eg government commissioned projects, regulation impact statement assessments, competitive neutrality complaints investigations). In view of this, the Commission requires the flexibility to vary resources amongst its various outputs.

The effectiveness with which the Commission's outputs contribute to achievement of the outcome is difficult to assess and is often subjective. The Commission is but one source

of policy advice, on matters relating to Australia's productivity and living standards, and many issues are complex and long term. The Commission will aim to demonstrate its effectiveness by reporting on the relevance, quality, timeliness and cost-effectiveness of its outputs.

An elaboration of the activities covered by each of the outputs is as follows: Output 1 (government commissioned projects) — public inquiries (eg gambling, broadcasting), case studies (such as building industry and stevedoring work arrangements) and other commissioned work (such as performance measures for councils); Output 2 (performance reporting and other services to government) — Government Services and Government Trading Enterprise performance reports, as well as international benchmarking; output 3 (regulation review activities) — apart from assessments of Regulation Impact Statements, a range of associated activities such as annual reporting, research, advice and education; Output 4 (competitive neutrality complaints activities) — investigations of competitive neutrality complaints and associated activities such as research, advice and education; and Output 5 (annual report and other supporting research) — statutory annual reporting, research and working papers and associated activities such as submissions, conferences and speeches.

Table 2.3 below shows information about the outputs and their contribution to the outcome.

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.3: Performance Information 1999-2000

Performance Information for Agency Outputs

Output Group 1.1 — Productivity Commission

Output 1.1.1 — Government Commissioned Projects	Capacity to undertake projects to a cost of \$11.0 million. Projects of a high standard, useful to government, undertaken in accordance with required processes and on time.
Output 1.1.2 — Performance Reporting and Other Services to Government	Capacity to provide reports and services to the cost of \$3.0 million. Reports of a high standard, useful to government and completed on time.
Output 1.1.3 — Regulation Review Activities	Capacity to undertake Regulation Impact Statement assessments and associated activities to a cost of \$2.6 million. Resolution Impact Statement assessments and associated activities of a high standard, advice useful to government and on time.
Output 1.1.4 — Competitive Neutrality Complaints Activities	Capacity to undertake activities to a cost of \$0.2 million. Competitive Neutrality complaints successfully resolved within 90 days; associated activities of a high standard and useful to government.
Output 1.1.5 — Annual Report and other Supporting Research	Capacity to undertake annual reporting, research projects and associated activities to a cost of \$5.25 million. Reports, projects and associated activities of a high standard, useful to government, raising community awareness and on time.

Evaluations

Evaluation of actual levels of achievement will be shown in the PC's 1999-2000 Annual Report.

Competitive Tendering and Contracting

The PC's outputs stem from its legislative functions. It uses periodic benchmarking and other means to monitor the cost effectiveness of its operations.

Section 3: Budget Financial Statements

The budget financial statements will form the basis of the financial statements that will appear in the Productivity Commission's 1999-2000 Annual Report, and form the basis for the input into the Whole of Government Accounts.

Budget Statement of Revenues and Expenses (Budget Operating Statement)

This statement provides a picture of the expected financial results for the PC by identifying full accrual expenses and revenues, which highlights whether the PC is operating at a sustainable level.

Budget Statement of Assets and Liabilities (Budget Balance Sheet)

This statement shows the financial position of the PC. It enables decision makers to track the management of the PC's assets and liabilities.

Budget Cash Flow Statement

This statement identifies expected cash flows from operating activities, investing activities and financing activities.

Capital Budget

This statement shows all proposed capital expenditure funded through the Budget as appropriations or from internal sources.

Non-financial Assets — Summary of Movement

This statement shows the movement in the PC's non-financial assets over the Budget year 1999-2000.

Table 3.1: Budget Statement of Revenue and Expenses

	Estimated Actual	Estimated			
	1998-99 \$'000 ^(b)	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Agency Revenue and Expenses					
Revenue					
Revenue from government					
Ordinary annual appropriations (net appropriations)	23,011	21,662	21,392	21,430	21,633
Resources received free of charge ^(a)	50	40	40	40	40
Revenue from other sources	-	-	-	-	-
Sales of goods and services	193	195	195	195	195
Other revenue from other sources	-	193	193	193	193
Total Revenue	23,254	22,090	21,820	21,858	22,061
Expenses					
Employees	15,279	14,479	14,506	14,508	14,555
Depreciation and amortisation	762	762	792	792	792
Other costs of providing goods and services	7,213	6,849	6,522	6,558	6,714
Total Expenses	23,254	22,090	21,820	21,858	22,061
Operating Result before Capital User Charge	-	-	-	-	-
Capital User Charge	-	-	-	-	-
Transfers and Dividends	-	-	-	-	-
Accumulated Results at Year End	-	-	-	-	-

(a) It should be noted that resources received free of charge included in the revenue figure above is excluded from the total price of outputs appropriations in section 2.

(b) Figures in this column are on a cash basis.

Note: The PC does not have any Administered items.

Table 3.2: Budget Statement of Assets and Liabilities

	Estimated Actual	Estimated			
	1998-99 \$'000	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Agency Assets and Liabilities					
Debt					
Leases	50	40	30	20	10
Other	-	-	-	-	-
Total Debt	50	40	30	20	10
Provisions and Payables					
Employees	4,639	4,836	4,947	5,060	5,220
Suppliers	225	207	198	201	199
Total Provisions and Payables	4,914	5,083	5,175	5,281	5,429
Equity					
Accumulated results	-331	-331	-331	-331	-331
Total Equity	-331	-331	-331	-331	-331
Total Liabilities and Equity	4,583	4,752	4,844	4,951	5,098
Financial Assets					
Cash	20	1,811	2,343	2,866	3,431
Receivables	1,468	36	15	15	15
Total Financial Assets	1,488	1,847	2,358	2,881	3,446
Non-financial Assets					
Infrastructure, plant and equipment	2,599	2,377	2,044	1,711	1,378
Intangibles	340	373	285	198	111
Other	156	156	157	161	164
Total Non-financial Assets	3,095	2,905	2,486	2,070	1,653
Total Assets	4,583	4,752	4,844	4,951	5,099

Note: The PC does not have any Administered items.

Table 3.3: Budget Cash Flow Statement

	Estimated Actual	Estimated			
	1998-99 \$'000	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Agency Cash Flows					
Operating Activities					
Cash Received					
Appropriations	22,699	22,582	21,101	21,118	21,321
Sales of goods and services	133	135	135	135	135
Total Cash Received	22,832	22,717	21,236	21,253	21,456
Cash Used					
Employees	15,969	14,282	14,395	14,395	14,395
Suppliers	6,863	6,644	6,309	6,335	6,496
Total Cash Used	22,832	20,926	20,704	20,730	20,891
Net Cash from Operating Activities	-	1,791	532	523	565
Financing Activities					
Cash Received					
Total Cash Received	-	-	-	-	-
Cash Used					
Total Cash Used	-	-	-	-	-
Net Cash from Financing Activities	-	-	-	-	-
Investing Activities					
Cash Received					
Appropriations	312	512	312	312	312
Proceeds from sale of property, plant and equipment	60	60	60	60	60
Total Cash Received	372	572	372	372	372
Cash Used					
Purchase of property, plant and equipment	372	572	372	372	372
Total Cash Used	372	572	372	372	372
Net increase/decrease in cash held	-	1,791	532	523	565
Add cash as at 1 July	20	20	1,811	2,343	2,866
Cash as at 30 June	20	1,811	2,343	2,866	3,431

Note: The PC does not have any Administered items.

CAPITAL BUDGET

The Productivity Commission will not receive a Capital Appropriation, but will internally fund the purchase of non-current assets, including finance leases from its Agency resources.

Table 3.4: Capital Budget

Purchase of Non-current Assets	Estimated			
	1999-00 \$'000	2000-01 \$'000	2001-02 \$'000	2002-03 \$'000
Funded by capital appropriations	-	-	-	-
Funded internally by Agency resources	572	372	372	372
Total	572	372	372	372

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Table 3.5: Non-financial Assets — Summary of Movement
Budget Year 1999-2000

	Land	Buildings	Total Land and Buildings	Other Infrastructure, Plant and Equipment	Total Infrastructure, Plant and Equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross Value							
As at 1 July 1999 (opening)	-	-	-	4,988	4,988	437	5,425
Additions	-	-	-	452	45	120	572
Disposals	-	-	-	352	352	20	372
Other movements	-	-	-	-	-	-	-
As at 30 June 2000	-	-	-	5,088	5,088	537	5,625
Accumulated Depreciation							
As at 1 July 1999 (opening)	-	-	-	2,389	2,389	107	2,496
Disposals	-	-	-	352	352	20	372
Charge for the reporting period	-	-	-	675	675	87	762
Other movements	-	-	-	-	-	-	-
As at 30 June 2000	-	-	-	2,711	2,711	174	2,885
Net Book Value as at 30 June 2000 (Closing Book Value)	-	-	-	2,377	2,377	373	2,750
Net Book Value as at 1 July 1999 (Opening Book Value)	-	-	-	2,599	2,599	340	2,939
Total Additions							
	Land	Buildings	Total land and buildings	Other infrastructure, plant and equipment	Total infrastructure, plant and equipment	Intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Self funded	-	-	-	452	452	120	572
Appropriations	-	-	-	-	-	-	-
Total	-	-	-	452	452	120	572