PRODUCTIVITY COMMISSION

Section 1: Overview, variations and measures

OVERVIEW

There has been no change to the overview included in the *2003-04 Portfolio Budget Statements* (page 229).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $0.143 million for the Productivity Commission (the Commission).

Measures

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

	2003-04 $'000	2004-05 $'000	2005-06 $'000	2006-07 $'000
Outcome 1				
Budget estimates - enhanced quality and timeliness	120	76	79	81
Budget estimates - enhanced quality and timeliness *(Related capital)*	25	-	-	-

Budget estimates — enhanced quality and timeliness

The Government will provide additional funding to agencies of $88.5 million over five years (including $0.1 million in 2007-08) to implement the Budget Estimates and Framework Review (BEFR) recommendations. This funding includes capital of $7.4 million over four years.

In the 2003-04 Budget the Government made provision for $78 million over five years to improve the accuracy, responsiveness and effectiveness of agencies' contribution to the Commonwealth's budget estimates and framework system and to assist agencies to drive improved financial management and reporting within their organisations. The Government has provided an extra $10.5 million over five years to fund agencies to implement the BEFR recommendations.

Other variations to appropriations

The Commission is seeking additional price of outputs funding of $0.023 million for supplementation funding to cover increased insurance premiums levied by Comcover.

MEASURES — PRODUCTIVITY COMMISSION SUMMARY

Table 1.1: Summary of measures since the 2003-04 Budget

Measure	Outcome	Output Groups affected	2003-04 appropriations budget $'000			2004-05 appropriations forward estimate $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Budget estimates - enhanced quality and timeliness	1	1.1	-	120	120	-	76	76	-	79	79	-	81	81
Budget estimates - enhanced quality and timeliness *(Related capital)*	1	1.1	-	25	25	-	-	-	-	-	-	-	-	-

Map 2: Outcomes and output groups for the agency

Productivity Commission

Chairman: Mr Gary Banks

Overall Outcome

Strong, sustainable economic growth and the improved wellbeing of Australians

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

Total price of outputs: $24.6 million
Agency outcome appropriation: $24.3 million

Output Group 1.1

Productivity Commission

Output 1.1.1	Output 1.1.2	Output 1.1.3	Output 1.1.4	Output 1.1.5
Government commissioned projects	Performance reporting and other services to government bodies	Regulation review activities	Competitive neutrality complaints activities	Supporting research and activities and statutory annual reporting

BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

Table 1.2: Appropriation Bill (No. 3) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
AGENCY OUTPUTS					
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	23,014	24,203	24,346	143	-
Total	23,014	24,203	24,346	143	-

Table 1.3: Appropriation Bill (No. 4) 2003-04

	2002-03 available $'000	2003-04 budget $'000	2003-04 revised $'000	Additional estimates $'000	Reduced estimates $'000
Non-Operating					
Equity injection	-	-	25	25	-
Total capital	-	-	25	25	-
Total	-	-	25	25	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2003-04 budget	2003-04 revised	variation
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	195	195	-
Total	195	195	-

VARIATIONS TO REVENUE FROM OTHER SOURCES THROUGH NET ANNOTATED (SECTION 31) RECEIPTS

Table 1.5: Changes to net annotated appropriations (Section 31) receipts

	2003-04 total approp budget $'000	2003-04 total approp revised $'000	Receipts from independent sources budget $'000	Receipts from independent sources revised $'000	Variation in non-govt revenue $'000
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	24,203	24,346	280	262	(18)
Total	24,203	24,346	280	262	(18)

AGENCY REVENUES

Table 1.6: Agency revenues

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
ESTIMATED AGENCY REVENUES		
Non-appropriation agency revenues		
Goods and services	280	262
Other	35	35
Total non-appropriation agency revenues	315	297
Appropriation revenue	24,203	24,346
Total estimated agency revenues	24,518	24,643

Section 2: Revisions to outcomes and outputs

OUTCOMES AND OUTPUT GROUPS

The Productivity Commission (the Commission) has not made any changes to its outcome or outputs since the *2003-04 Portfolio Budget Statements*.

Output cost attribution

Overheads and other indirect expenses that cannot be attributed directly to outputs are allocated to outputs in proportion to the direct costs (principally salaries) of the activities undertaken within each output.

Table 2.1: Total resources for Outcome 1

	2003-04 budget estimate $'000	2003-04 revised estimate $'000
Agency appropriations		
Output Group 1.1 - Productivity Commission		
Output 1.1.1 - Government commissioned projects	9,600	9,700
Output 1.1.2 - Performance reporting and other services to government bodies	3,900	3,900
Output 1.1.3 - Regulation review activities	2,300	2,300
Output 1.1.4 - Competitive neutrality complaints activities	400	400
Output 1.1.5 - Supporting research and activities and statutory annual reporting	8,003	8,046
Total revenues from government (appropriations) contributing to price of agency outputs	24,203	24,346
Revenue from other sources		
Goods and services	280	262
Interest	-	-
Other	35	35
Total revenue from other sources	315	297
Total price from agency outputs (Total revenues from government and from other sources)	24,518	24,643
Total estimated resourcing (Total price of outputs and administered appropriations)	24,518	24,643

	2003-04	2003-04
Average staffing level (number)	195	195

Revised performance information and level of achievement – 2003-04

The Commission has not made any changes to its performance information since the *2003-04 Portfolio Budget Statements*.

Section 3: Budgeted financial statements

The budgeted financial statements will form the basis of the financial statements that will appear in the Productivity Commission's (the Commission) 2003-04 Annual Report and form the basis for the input into the Whole of Government Accounts. The financial statements should be read in conjunction with the accompanying notes.

The financial statements are prepared consistent with goods and services tax (GST) accounting requirements, as outlined by the Urgent Issues Group (UIG) of the Australian Accounting Standards Board. The UIG consensus requires that expenses and assets be accounted for net of recoverable GST, revenues be accounted for net of GST payable, and that cash flows and accounts payable and receivable are reported gross. Appropriations are thus net of recoverable GST amounts.

AGENCY FINANCIAL STATEMENTS

Budgeted agency statement of financial performance

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

Budgeted agency statement of financial position

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

Budgeted agency statement of cash flows

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

Agency capital budget statement

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

Agency non-financial assets — summary of movement

This statement shows the movement in the Commission's non-financial assets over the budget year 2003-04.

Table 3.1: Budgeted Agency Statement of Financial Performance (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	23,014	24,346	24,441	24,569	24,841
Goods and services	199	262	262	273	284
Interest	131	-	-	-	-
Revenue from sales of assets	9	-	-	-	-
Other	34	35	35	35	35
Total revenues from ordinary activities	23,387	24,643	24,738	24,877	25,160
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	18,200	19,227	17,516	17,741	17,957
Suppliers	5,203	6,532	6,388	6,457	6,524
Depreciation and amortisation	965	850	834	679	679
Value of assets sold	28	-	-	-	-
Other	-	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	24,396	26,609	24,738	24,877	25,160
Borrowing costs expense	-	-	-	-	-
Operating surplus or deficit from ordinary activities	(1,009)	(1,966)	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Net surplus or deficit attributable to Commonwealth	(1,009)	(1,966)	-	-	-

Table 3.2: Budgeted Agency Statement of Financial Position (as at 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
ASSETS					
Financial assets					
Cash	534	249	133	127	197
Receivables	3,476	2,700	2,400	3,200	4,000
Other	-	-	-	-	-
Total financial assets	4,010	2,949	2,533	3,327	4,197
Non-financial assets					
Infrastructure, plant and equipment	1,339	897	3,342	2,947	2,552
Intangibles	36	26	42	68	94
Other	278	300	300	300	300
Total non-financial assets	1,653	1,223	3,684	3,315	2,946
Total assets	5,663	4,172	6,217	6,642	7,143
LIABILITIES					
Provisions					
Employees	6,574	7,086	6,131	6,556	7,057
Total provisions	6,574	7,086	6,131	6,556	7,057
Payables					
Suppliers	302	240	240	240	240
Other	10	10	10	10	10
Total payables	312	250	250	250	250
Total liabilities	6,886	7,336	6,381	6,806	7,307
EQUITY					
Parent equity interest					
Contributed equity	1,686	1,711	1,711	1,711	1,711
Reserves	96	96	3,096	3,096	3,096
Retained surpluses or accumulated deficits	(3,005)	(4,971)	(4,971)	(4,971)	(4,971)
Total parent equity interest	(1,223)	(3,164)	(164)	(164)	(164)
Total equity	(1,223)	(3,164)	(164)	(164)	(164)
Current liabilities	3,747	3,820	3,024	3,188	3,379
Non-current liabilities	3,139	3,516	3,357	3,618	3,928
Current assets	4,287	3,249	2,833	3,627	4,497
Non-current assets	1,376	923	3,384	3,015	2,646

Table 3.3: Budgeted Agency Statement of Cash Flows (for the period ended 30 June)

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	23,014	24,346	24,441	24,569	24,841
Goods and services	199	262	262	273	284
Interest	135	-	-	-	-
Total cash received	23,348	24,608	24,703	24,842	25,125
Cash used					
Employees	18,093	18,806	18,400	17,261	17,401
Suppliers	5,172	6,470	6,404	6,457	6,524
Cash transferred to the Official Public Account	3,400	(776)	(300)	800	800
Other	27	30	30	30	30
Total cash used	26,692	24,530	24,534	24,548	24,755
Net cash from/(used by) operating activities	(3,344)	78	169	294	370
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	9	10	10	10	10
Proceeds from sales of financial instruments	4,100	-	-	-	-
Total cash received	4,109	10	10	10	10
Cash used					
Purchase of property, plant and equipment	271	398	295	310	310
Total cash used	271	398	295	310	310
Net cash from/(used by) investing activities	3,838	(388)	(285)	(300)	(300)
FINANCING ACTIVITIES					
Cash received					
Equity injection		25			
Total cash received	-	25	-	-	-
Cash used					
Other	24	-	-	-	-
Total cash used	24	-	-	-	-
Net cash from/(used by) financing activities	(24)	25	-	-	-
Net increase/(decrease) in cash held	470	(285)	(116)	(6)	70
Cash at the beginning of the reporting period	64	534	249	133	127
Cash at the end of the reporting period	534	249	133	127	197

Table 3.4: Agency Capital Budget Statement

	2002-03 actual $'000	2003-04 revised budget $'000	2004-05 forward estimate $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations	-	25	-	-	-
Funded internally by agency resources	271	373	295	310	310
Total	271	398	295	310	310

Table 3.5: Agency Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Carrying amount at the start of year	-	-	-	1,339	-	36	-	1,375
Additions	-	-	-	383	-	15	-	398
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	-	-	(825)	-	(25)	-	(850)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	897	-	26	-	923
Total additions								
Self funded	-	-	-	358	-	15	-	373
Appropriations	-	-	-	25	-	-	-	25
Total	-	-	-	383	-	15	-	398

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The financial statements have been prepared on an accrual basis in accordance with the historical cost convention, except for certain assets which are at valuation.