PRODUCTIVITY COMMISSION

Section 1: Overview, variations and measures

AGENCY OVERVIEW

There has been no change to the overview included in the *2004-05 Portfolio Budget Statements* (page 275).

ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of $3.705 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

	2004-05 $'000	2005-06 $'000	2006-07 $'000	2007-08 $'000
Outcome 1				
Australian Government micro-economic reform and regulatory agenda - increased support	3,720	3,763	3,806	3,845

Other variations to appropriations

The Commission is reducing its price of outputs funding by $0.015 million to reflect a reduction in Comcover insurance premiums in 2004-05.

Table 1.1: Summary of measures since the 2004-05 Budget

Measure	Outcome	Output Groups affected	2004-05 appropriations budget $'000			2005-06 appropriations forward estimate $'000			2006-07 appropriations forward estimate $'000			2007-08 appropriations forward estimate $'000		
			Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total	Admin items	Agency outputs	Total
Australian Government micro-economic reform and regulatory agenda - increased support	1	1.1	-	3,720	3,720	-	3,763	3,763	-	3,806	3,806	-	3,845	3,845

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: $28.6 million
Agency outcome appropriation: $28.3 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) 2004-05

	2003-04 available $'000	2004-05 budget $'000	2004-05 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	24,346	24,588	28,293	3,705	-
Total	24,346	24,588	28,293	3,705	-

SUMMARY OF STAFFING CHANGES

Table 1.4: Average staffing level (ASL)

	2004-05 budget	2004-05 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	172	200	28
Total	172	200	28

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 *2004-05 Portfolio Budget Statements*.

Output cost attribution

Overheads and other indirect expenses that cannot be directly attributed 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 — Outcome 1

		2004-05 budget estimate $'000	2004-05 revised estimate $'000
Agency appropriations			
Output Group 1.1 - Productivity Commission			
Output 1.1.1 -	Government commissioned projects	10,800	14,000
Output 1.1.2 -	Perfomance reporting and other services to government bodies	3,900	3,900
Output 1.1.3 -	Regulation review activities	2,500	2,800
Output 1.1.4 -	Competitive neutrality complaints activities	300	300
Output 1.1.5 -	Supporting research and activities and statutory annual reporting	7,088	7,293
	Total revenues from government (appropriations)	24,588	28,293
	Contributing to price of agency outputs	99%	99%
Revenue from other sources			
Goods and services		250	250
Other		35	35
	Total revenue from other sources	285	285
	Total price of agency outputs (Total revenues from government and from other sources)	24,873	28,578
	Total estimated resourcing for Outcome 1 (Total price of outputs appropriations)	24,873	28,578

	2004-05	2004-05
Average staffing level (number)	172	200

Revised performance information and level of achievement — 2004-05

The Commission has not made any changes to its performance information since the *2004-05 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) 2004-05 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 budgeted financial statements contain estimates prepared in accordance with the requirements of the Australian Government's financial budgeting and reporting framework, including the principles of Australian Accounting Standards and Statements of Accounting Concepts, as well as specific guidelines issued by the Department of Finance and Administration.

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The additional funding provided by the Government will put the Commission on a sound financial basis and enable it to meet its mandated functions at the required standards. The Commission is budgeting for a break-even operating result in 2004-05 and for the forward estimates years compared to operating losses over the last three years.

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 expected 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 expected movement in the Commission's non-financial assets over the budget year 2004-05.

Table 3.1: Budgeted agency statement of financial performance (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
REVENUES					
Revenues from ordinary activities					
Revenues from government	24,346	28,293	28,235	28,556	28,832
Goods and services	231	250	50	50	50
Revenue from sales of assets	12	-	-	-	-
Other revenues	33	35	35	35	35
Total revenues from ordinary activities	24,622	28,578	28,320	28,641	28,917
EXPENSES					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	19,135	21,670	21,938	22,093	22,266
Suppliers	5,756	5,980	5,750	5,850	5,954
Depreciation and amortisation	775	928	632	698	697
Write-down of assets	8	-	-	-	-
Value of assets sold	15	-	-	-	-
Total expenses from ordinary activities (excluding borrowing costs expense)	25,689	28,578	28,320	28,641	28,917
Operating surplus or (deficit) from ordinary activities	(1,067)	-	-	-	-
Net surplus or (deficit)	(1,067)	-	-	-	-
Outside equity interest in net surplus or (deficit)	-	-	-	-	-
Net surplus or (deficit) attributable to Australian Government	(1,067)	-	-	-	-
Net credit (debit) to asset revaluation reserve	1,076	-	-	-	-
Total changes in equity other than those resulting from transactions with owners as owners	9	-	-	-	-

Table 3.2: Budget agency statement of financial position (as at 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
ASSETS					
Financial assets					
Cash	958	250	296	262	257
Receivables	3,498	4,300	4,300	4,900	5,400
Other financial assets	296	302	302	302	302
Total financial assets	4,752	4,852	4,898	5,464	5,959
Non-financial assets					
Infrastructure, plant and equipment	1,920	1,296	1,359	926	589
Intangibles	49	44	39	34	29
Total non-financial assets	1,969	1,340	1,398	960	618
Total assets	6,721	6,192	6,296	6,424	6,577
LIABILITIES					
Provisions					
Employees	7,186	7,261	7,365	7,493	7,646
Total provisions	7,186	7,261	7,365	7,493	7,646
Payables					
Suppliers	724	120	120	120	120
Total payables	724	120	120	120	120
Total liabilities	7,910	7,381	7,485	7,613	7,766
EQUITY(1)					
Parent equity interest					
Contributed equity	1,711	1,711	1,711	1,711	1,711
Reserves	1,172	1,172	1,172	1,172	1,172
Retained surpluses or accumulated deficits	(4,072)	(4,072)	(4,072)	(4,072)	(4,072)
Total parent equity interest	(1,189)	(1,189)	(1,189)	(1,189)	(1,189)
Total equity	(1,189)	(1,189)	(1,189)	(1,189)	(1,189)
Current assets	4,752	4,852	4,898	5,464	5,959
Non-current assets	1,969	1,340	1,398	960	618
Current liabilities	4,386	3,822	3,882	3,950	4,033
Non-current liabilities	3,524	3,559	3,603	3,663	3,733

(1) 'Equity' is the residual interest in assets after deduction of liabilities.

Table 3.3: Budgeted agency statement of cash flows (for the period ended 30 June)

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	24,346	28,293	28,235	28,556	28,832
Goods and services	231	250	50	50	50
Total cash received	24,577	28,543	28,285	28,606	28,882
Cash used					
Employees	18,523	21,595	21,834	21,965	22,112
Suppliers	5,327	6,565	5,725	5,825	5,930
Cash to Official Public Account	-	802	-	600	500
Total cash used	23,850	28,962	27,559	28,390	28,542
Net cash from/(used by) operating activities	727	(419)	726	216	340
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment	12	10	10	10	10
Total cash received	12	10	10	10	10
Cash used					
Purchase of property, plant and equipment	315	299	690	260	355
Total cash used	315	299	690	260	355
Net cash from/(used by) investing activities	(303)	(289)	(680)	(250)	(345)
Net increase/(decrease) in cash held	424	(708)	46	(34)	(5)
Cash at the beginning of the reporting period	534	958	250	296	262
Cash at the end of the reporting period	958	250	296	262	257

Table 3.4: Agency capital budget statement

	2003-04 actual $'000	2004-05 revised budget $'000	2005-06 forward estimate $'000	2006-07 forward estimate $'000	2007-08 forward estimate $'000
PURCHASE OF NON-CURRENT ASSETS					
Funded by capital appropriations					
Funded internally by agency resources	315	299	690	260	355
Total	315	299	690	260	355

Table 3.5: Agency non-financial assets — Summary of movement (Budget year 2004-05)

	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	-	-	-	1,920	-	49	-	1,969
Additions	-	-	-	284	-	15	-	299
Disposals	-	-	-	-	-	-	-	-
Net revaluation increment / (decrement)	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation / amortisation expense	-	-	-	(908)	-	(20)	-	(928)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	-	-	-	1,296	-	44	-	1,340
Total additions								
Self funded	-	-	-	284	-	15	-	299
Appropriations	-	-	-	-	-	-	-	-
Total	-	-	-	284	-	15	-	299

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.