

# PRODUCTIVITY COMMISSION

<b>Section 1: Agency overview and resources; variations and measures .....</b>	<b>101</b>
Overview .....	101
Additional estimates and variations to outcomes.....	101
Measures — Agency summary .....	103
Breakdown of additional estimates by appropriation bill .....	104
Summary of staffing changes.....	104
Summary of agency savings .....	105
Other resources available to be used .....	105
Estimates of expenses from special appropriations.....	105
Estimates of special account flows .....	105
<b>Section 2: Revisions to agency outcomes .....</b>	<b>106</b>
Outcomes, administered items and outputs.....	106
<b>Section 3: Budgeted financial statements.....</b>	<b>108</b>
Analysis of budgeted financial statements.....	108
Budgeted financial statements .....	108
Notes to the financial statements .....	114



# PRODUCTIVITY COMMISSION

## Section 1: Agency overview and resources; variations and measures

### OVERVIEW

There has been no change to the overview included in the *Portfolio Budget Statements 2006-07* (page 307).

**Table 1.1: Agency outcome and output group**

Outcome	Description	Output groups
<b>Outcome 1</b>		
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	To enhance understanding and community awareness of how Australia's productivity and living standards can be improved.	Output Group 1.1 Productivity Commission

### ADDITIONAL ESTIMATES AND VARIATIONS TO OUTCOMES

The following variations contributed to a net increase in agency outputs of \$3.8 million (including capital funding of \$0.7 million) for the Productivity Commission (the Commission) in 2006-07.

**Table 1.2: Additional estimates and variations to outcomes — measures**

	2006-07 \$'000	2007-08 \$'000	2008-09 \$'000	2009-10 \$'000
<b>Outcome 1</b>				
Increase in estimates (departmental)				
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation <sup>1</sup>	3,068	2,770	3,260	3,322
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation <sup>1</sup> (Related capital)	685	-	-	-

<sup>1</sup> Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

*Agency Additional Estimates Statements – The Commission*

**Table 1.3: Additional estimates and variations to outcomes — other variations**

	2006-07	2007-08	2008-09	2009-10
	\$'000	\$'000	\$'000	\$'000
<b>Outcome 1</b>				
Variations (departmental)				
Section 32 transfer of the Business Cost				
Calculator from the Department of Industry, Tourism and Resources to the Commission	712	229	-	-

## MEASURES — AGENCY SUMMARY

**Table 1.4: Summary of measures since the 2006-07 Budget**

Measure	Output groups affected	2006-07 \$'000			2007-08 \$'000			2008-09 \$'000			2009-10 \$'000		
		Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total	Admin items	Dept outputs	Total
<b>Expense Measure</b>													
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation <sup>1</sup>	1.1	-	3,068	3,068	-	2,770	2,770	-	3,260	3,260	-	3,322	3,322
<b>Capital Measure</b>													
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation <sup>1</sup>	1.1	-	685	685	-	-	-	-	-	-	-	-	-
<b>Total of Measure</b>		-	3,753	3,753	-	2,770	2,770	-	3,260	3,260	-	3,322	3,322

<sup>1</sup> Related *Regulation Reform Agenda* measures can be found in the Prime Minister and Cabinet, Industry, Tourism and Resources and Human Services Portfolios.

## BREAKDOWN OF ADDITIONAL ESTIMATES BY APPROPRIATION BILL

**Table 1.5: Appropriation Bill (No. 3) 2006-07**

	2005-06 available \$'000	2006-07 budget <sup>1</sup> \$'000	2006-07 budget <sup>2</sup> \$'000	2006-07 revised \$'000	Additional estimates \$'000
<b>DEPARTMENTAL OUTPUTS</b>					
<b>Outcome 1</b>					
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	28,449	28,471	29,183	32,251	3,068
<b>Total departmental</b>	<b>28,449</b>	<b>28,471</b>	<b>29,183</b>	<b>32,251</b>	<b>3,068</b>

1 Original budget as shown in the *Portfolio Budget Statements 2006-07*.

2 Original budget as shown in the *Portfolio Budget Statements 2006-07* plus section 32 transfers (\$0.7 million from the Department of Industry, Tourism and Resources).

**Table 1.6: Appropriation Bill (No. 4) 2006-07**

	2005-06 available \$'000	2006-07 budget \$'000	2006-07 revised \$'000	Additional estimates \$'000
<b>Non-operating</b>				
Equity injections				
Regulation Reform Agenda - enhanced role of the Office of Best Practice Regulation	-	-	685	685
<b>Total non-operating</b>	<b>-</b>	<b>-</b>	<b>685</b>	<b>685</b>
<b>Total</b>	<b>-</b>	<b>-</b>	<b>685</b>	<b>685</b>

## SUMMARY OF STAFFING CHANGES

**Table 1.7: Average Staffing Level (ASL)**

	2006-07 budget	2006-07 revised	variation
<b>Outcome 1</b>			
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	200	220	20
<b>Total</b>	<b>200</b>	<b>220</b>	<b>20</b>

## **SUMMARY OF AGENCY SAVINGS**

### **Table 1.8: Summary of agency savings**

The Commission does not have any agency savings.

## **OTHER RESOURCES AVAILABLE TO BE USED**

### **Table 1.9: Other resources available to be used**

The Commission has not made any changes to estimated other resources available to be used since the *Portfolio Budget Statements 2006-07*.

## **ESTIMATES OF EXPENSES FROM SPECIAL APPROPRIATIONS**

### **Table 1.10: Estimates of expenses from special appropriations**

The Commission does not have any special appropriations.

## **ESTIMATES OF SPECIAL ACCOUNT FLOWS**

### **Table 1.11: Estimates of special account flows**

The Commission has not made any changes to estimated of special account flows in the *Portfolio Budget Statements 2006-07*.

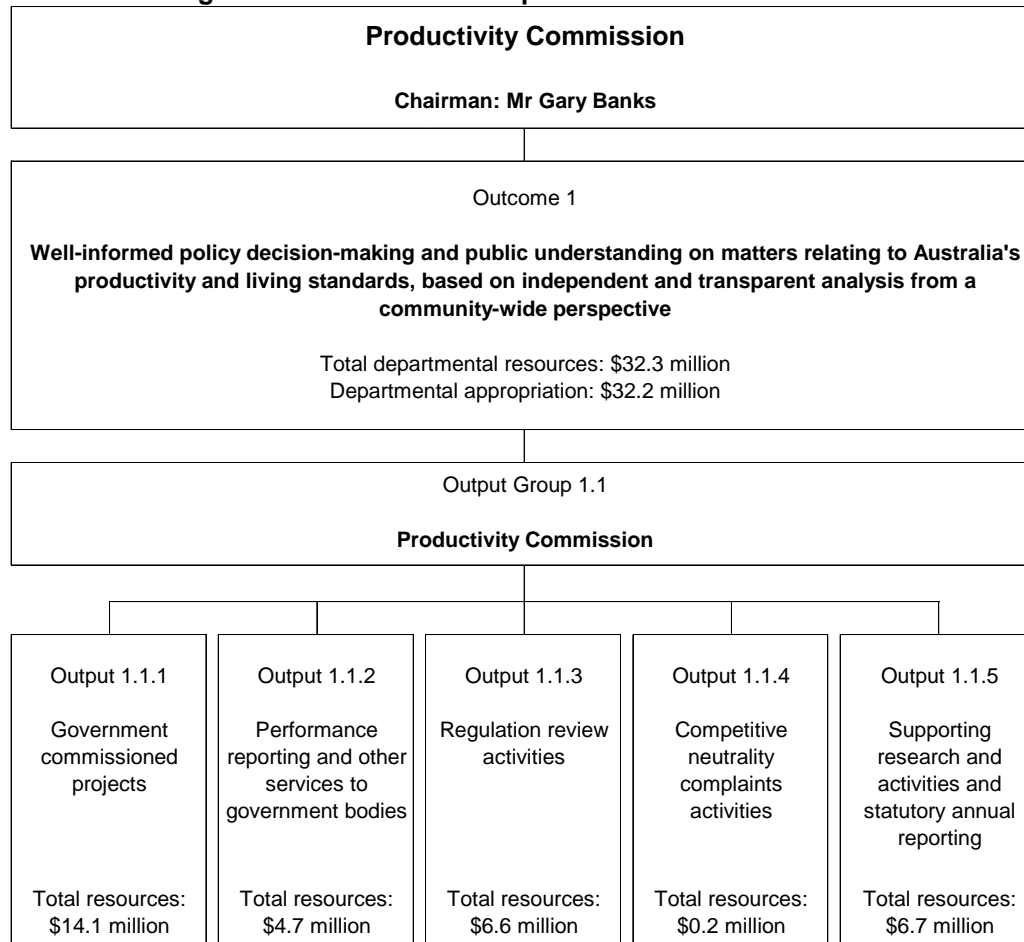
## Section 2: Revisions to agency outcomes

### OUTCOMES, ADMINISTERED ITEMS AND OUTPUTS

Table 1.1 'Agency outcome and output groups' lists the outcome and output group for the Productivity Commission (the Commission).

The Commission has not made any changes to its outcome or outputs since the *Portfolio Budget Statements 2006-07*.

**Figure 2: Outcome and output structure for Outcome 1**



## Revised performance information — 2006-07

**Table 2.1: Performance information for outputs affected by additional estimates — outcome 1**

<b>Performance indicators for individual outputs</b>	
<b>Output group 1.1: Productivity Commission</b>	
Output 1.1.1 - Government commissioned projects	<p><b>Quality:</b> Projects of a high standard, useful to government, undertaken in accordance with required processes and on time.</p> <p><b>Quantity:</b> Capacity to undertake projects to the total price of outputs.</p> <p><b>Price: \$14.1 million</b></p>
Output 1.1.2 - Performance reporting and other services to government bodies	<p><b>Quality:</b> Reports of a high standard, useful to government, and completed on time.</p> <p><b>Quantity:</b> Capacity to provide reports and services to the total price of outputs.</p> <p><b>Price: \$4.7 million</b></p>
Output 1.1.3 - Regulation review activities	<p><b>Quality:</b> Regulation Impact Statement (RIS) and compliance cost assessments, consultation and associated activities of a high standard, advice useful to government and on time.</p> <p><b>Quantity:</b> Capacity to undertake RIS assessments and associated activities to the total price of outputs.</p> <p><b>Price: \$6.6 million</b></p>
Output 1.1.4 - Competitive neutrality complaints activities	<p><b>Quality:</b> Competitive neutrality complaints successfully resolved within 90 days; associated activities of a high standard and useful to government.</p> <p><b>Quantity:</b> Capacity to undertake activities to the total price of outputs.</p> <p><b>Price: \$0.2 million</b></p>
Output 1.1.5 - Supporting research and activities and statutory annual reporting	<p><b>Quality:</b> Reports, projects and associated activities of a high standard, useful to government, raising community awareness and on time.</p> <p><b>Quantity:</b> Capacity to undertake research that supports the government's current and emerging policy agenda to the total price of outputs.</p> <p><b>Price: \$6.7 million</b></p>

## Section 3: Budgeted financial statements

### **ANALYSIS OF 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) 2006-07 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.

### **BUDGETED FINANCIAL STATEMENTS**

Additional funding is being provided to enable the Commission to implement aspects of the Government's regulation reform agenda, as outlined in the response to the report, *Rethinking Regulation: Report of the Taskforce on Reducing Regulatory Burdens on Business* and the Prime Minister and Treasurer's joint media statement of 12 October 2005.

The Commission continues to budget for a break-even operating result in 2006-07 and for the forward estimates.

**Table 3.1: Budgeted departmental income statement  
(for the period ended 30 June)**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
<b>INCOME</b>					
<b>Revenue</b>					
Revenues from Government	28,449	32,251	31,652	32,090	32,383
Goods and services	47	50	50	50	50
Other	38	35	35	35	35
<b>Total revenue</b>	<b>28,534</b>	<b>32,336</b>	<b>31,737</b>	<b>32,175</b>	<b>32,468</b>
<b>Gains</b>					
Net gains from sale of assets	9	-	-	-	-
<b>Total gains</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total income</b>	<b>28,543</b>	<b>32,336</b>	<b>31,737</b>	<b>32,175</b>	<b>32,468</b>
<b>EXPENSE</b>					
Employees	21,045	24,252	24,226	24,485	24,720
Suppliers	6,173	7,235	6,654	6,824	6,858
Depreciation and amortisation	626	824	832	841	865
Finance costs	22	25	25	25	25
Write-down of assets and impairment of assets	5	-	-	-	-
<b>Total expenses</b>	<b>27,871</b>	<b>32,336</b>	<b>31,737</b>	<b>32,175</b>	<b>32,468</b>
<b>Operating result from continuing operations</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net surplus or (deficit) attributable to the Australian Government</b>	<b>672</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
<b>ASSETS</b>					
<b>Financial assets</b>					
Cash and cash equivalents	172	204	269	230	245
Receivables	7,580	7,900	8,600	8,400	9,000
Other financial assets	337	320	330	340	350
<b>Total financial assets</b>	<b>8,089</b>	<b>8,424</b>	<b>9,199</b>	<b>8,970</b>	<b>9,595</b>
<b>Non-financial assets</b>					
Land and buildings	1,296	1,406	941	1,226	761
Infrastructure, plant and equipment	624	838	811	890	900
Intangibles	34	39	44	49	54
<b>Total non-financial assets</b>	<b>1,954</b>	<b>2,283</b>	<b>1,796</b>	<b>2,165</b>	<b>1,715</b>
<b>Total assets</b>	<b>10,043</b>	<b>10,707</b>	<b>10,995</b>	<b>11,135</b>	<b>11,310</b>
<b>LIABILITIES</b>					
<b>Payables</b>					
Suppliers	147	120	120	120	120
<b>Total payables</b>	<b>147</b>	<b>120</b>	<b>120</b>	<b>120</b>	<b>120</b>
<b>Provisions</b>					
Employees	7,363	7,333	7,579	7,679	7,814
Other provisions	722	758	800	840	880
<b>Total provisions</b>	<b>8,085</b>	<b>8,091</b>	<b>8,379</b>	<b>8,519</b>	<b>8,694</b>
<b>Total liabilities</b>	<b>8,232</b>	<b>8,211</b>	<b>8,499</b>	<b>8,639</b>	<b>8,814</b>
<b>EQUITY</b>					
Contributed equity	1,711	2,396	2,396	2,396	2,396
Reserves	1,172	1,172	1,172	1,172	1,172
Accumulated deficits	(1,072)	(1,072)	(1,072)	(1,072)	(1,072)
<b>Total equity</b>	<b>1,811</b>	<b>2,496</b>	<b>2,496</b>	<b>2,496</b>	<b>2,496</b>
<b>Current assets</b>	<b>8,089</b>	<b>8,424</b>	<b>9,199</b>	<b>8,970</b>	<b>9,595</b>
<b>Non-current assets</b>	<b>1,954</b>	<b>2,283</b>	<b>1,796</b>	<b>2,165</b>	<b>1,715</b>
<b>Current liabilities</b>	<b>6,910</b>	<b>6,853</b>	<b>7,099</b>	<b>7,199</b>	<b>7,334</b>
<b>Non-current liabilities</b>	<b>1,322</b>	<b>1,358</b>	<b>1,400</b>	<b>1,440</b>	<b>1,480</b>

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

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
<b>OPERATING ACTIVITIES</b>					
<b>Cash received</b>					
Goods and services	47	50	50	50	50
Appropriations	27,300	32,251	31,652	32,090	32,383
<b>Total cash received</b>	<b>27,347</b>	<b>32,301</b>	<b>31,702</b>	<b>32,140</b>	<b>32,433</b>
<b>Cash used</b>					
Employees	20,721	23,828	24,484	24,791	25,022
Suppliers	6,297	7,166	6,818	6,938	6,991
<b>Total cash used</b>	<b>27,018</b>	<b>30,994</b>	<b>31,302</b>	<b>31,729</b>	<b>32,013</b>
<b>Net cash from or (used by) operating activities</b>	<b>329</b>	<b>1,307</b>	<b>400</b>	<b>411</b>	<b>420</b>
<b>INVESTING ACTIVITIES</b>					
<b>Cash received</b>					
Proceeds from sales of property, plant and equipment	11	10	10	10	10
<b>Total cash received</b>	<b>11</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Cash used</b>					
Purchase of property, plant and equipment	378	1,285	345	460	415
<b>Total cash used</b>	<b>378</b>	<b>1,285</b>	<b>345</b>	<b>460</b>	<b>415</b>
<b>Net cash from or (used by) investing activities</b>	<b>(367)</b>	<b>(1,275)</b>	<b>(335)</b>	<b>(450)</b>	<b>(405)</b>
<b>Net increase or (decrease) in cash held</b>	<b>(38)</b>	<b>32</b>	<b>65</b>	<b>(39)</b>	<b>15</b>
Cash at the beginning of the reporting period	210	172	204	269	230
<b>Cash at the end of the reporting period</b>	<b>172</b>	<b>204</b>	<b>269</b>	<b>230</b>	<b>245</b>

**Table 3.4: Departmental statement of changes in equity — summary of movement (Budget 2006-07)**

	Accumulated results \$'000	Asset revaluation reserve \$'000	Other reserves \$'000	Contributed equity/ capital \$'000	Total equity \$'000
<b>Opening balance as at 1 July 2006</b>					
Balance carried forward from previous period	(1,072)	1,172	-	1,711	1,811
<b>Opening balance</b>	(1,072)	1,172	-	1,711	1,811
<b>Income and Expense</b>					
Net operating result	-	-	-	-	-
<b>Total income and expenses recognised directly in equity</b>	-	-	-	-	-
<b>Transactions with owners</b>					
<i>Contribution by owners</i>					
Appropriation (equity injection)	-	-	-	685	685
<b>Sub-total transactions with owners</b>	-	-	-	685	685
<b>Estimated closing balance as at 30 June 2007</b>	(1,072)	1,172	-	2,396	2,496

**Table 3.5: Departmental capital budget statement**

	Actual 2005-06 \$'000	Revised budget 2006-07 \$'000	Forward estimate 2007-08 \$'000	Forward estimate 2008-09 \$'000	Forward estimate 2009-10 \$'000
<b>CAPITAL APPROPRIATIONS</b>					
Total equity injections	-	685	-	-	-
<b>Total capital appropriations</b>	-	685	-	-	-
<b>Represented by:</b>					
Purchase of non-financial assets	-	685	-	-	-
<b>Total represented by</b>	-	685	-	-	-
<b>PURCHASE OF NON-FINANCIAL ASSETS</b>					
Funded by capital appropriation	-	685	-	-	-
Funded internally by					
Departmental resources	378	600	345	460	415
<b>Total</b>	378	1,285	345	460	415

**Table 3.6: Departmental property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)**

	Land	Investment property	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	\$'000
<b>As at 1 July 2006</b>									
Gross book value	-	-	1,969	-	2,661	-	575	-	5,205
Accumulated depreciation	-	-	(673)	-	(2,037)	-	(541)	-	(3,251)
<b>Opening net book value</b>	-	-	1,296	-	624	-	34	-	1,954
Additions:									
by purchase	-	-	575	-	695	-	15	-	1,285
Disposals:									
other disposals	-	-	-	-	(132)	-	-	-	(132)
Depreciation/amortisation expense	-	-	(465)	-	(349)	-	(10)	-	(824)
<b>As at 30 June 2007</b>									
Gross book value	-	-	2,544	-	3,224	-	590	-	6,358
Accumulated depreciation	-	-	(1,138)	-	(2,386)	-	(551)	-	(4,075)
<b>Estimated closing net book value</b>	-	-	1,406	-	838	-	39	-	2,283

**Table 3.7: Schedule of budgeted income and expenses administered on behalf of government (for the period ended 30 June)**

The Commission does not have any administered activities.

**Table 3.8: Schedule of budgeted assets and liabilities administered on behalf of government (as at 30 June)**

The Commission does not have any administered activities.

**Table 3.9: Schedule of budgeted administered cash flows (for the period ended 30 June)**

The Commission does not have any administered activities.

**Table 3.10: Schedule of administered capital budget**

The Commission does not have any administered activities.

**Table 3.11: Schedule of administered property, plant, equipment and intangibles — summary of movement (Budget year 2006-07)**

The Commission does not have any administered activities.

**NOTES TO THE FINANCIAL STATEMENTS**

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.