

Productivity Commission

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Productivity Commission

Section 1: Entity overview and resources

1.1 Strategic direction statement

The Productivity Commission (the Commission) is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility – Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

The Commission contributes to well-informed policy decision-making and public understanding on matters relating to Australia's economic performance and community wellbeing, based on independent and transparent analysis that takes a broad view encompassing the interests of the community as a whole, rather than just particular industries or groups. The Commission has four broad components of work:

- government commissioned projects;
- performance reporting and other services to government bodies;
- competitive neutrality complaints activities; and
- self-initiated research and statutory annual reporting.

In 2022-23 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway include: an inquiry into *Australia's productivity performance (The Productivity Review)*, an inquiry into *Australia's Maritime Logistics System*, and an inquiry into *Carer's Leave*. The Commission also has studies underway into *Aboriginal and Torres Strait Islander Visual Arts and Crafts*, *Aged Care Employment*, and a *Review of the Housing and Homelessness Agreement*. In addition, the Commission is undertaking a self-initiated research project on the topic of *Compliance Costs of 'Nuisance' Tariffs*.

The Commission will also operate the Performance Reporting Dashboard and undertake further reviews of nationally significant sector-wide Commonwealth-State agreements.

The Commission will continue to provide cross-jurisdictional reporting on the performance of government services; indicators of disadvantage experienced by Aboriginal and Torres Strait Islander people; and expenditure on services to Aboriginal and Torres Strait Islander people.

As part of its functions under the *National Agreement on Closing the Gap*, the Commission has developed and maintains a publicly accessible dashboard and annual data compilation report, underpinned by an information repository to inform reporting on progress on Closing the Gap. In 2022-23, it is anticipated that the Commission will also commence the first independent review of progress, which will be complementary to an Aboriginal and Torres Strait Islander-led review. Both reviews happen every 3 years.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It receives and investigates complaints and advises the Treasurer on the application of competitive neutrality arrangements. AGCNCO also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements.

The Commission has a mandate to undertake research to complement its other activities. A full list of the Commission's research reports and supporting research is provided on the Commission's website.

1.2 Entity resource statement

Table 1.1 shows the total funding from all sources available to the Commission.

The table summarises how resources will be applied by outcome (government strategic policy objectives) and by administered (on behalf of the Government or the public) and departmental (for the entity's operations) classification.

Information in this table is presented on a resourcing (that is, appropriations/cash available) basis, whilst the 'Budgeted expenses by Outcome 1' tables in Section 2 and the financial statements in Section 3 are presented on an accrual basis.

Table 1.1: Productivity Commission resource statement – Budget estimates for 2022-23 as at Budget March 2022

	<i>2021-22 Estimated actual \$'000</i>	<i>2022-23 Estimate \$'000</i>
Departmental		
Annual appropriations - ordinary annual services (a)		
Prior year appropriations available (b)	34,189	34,951
Departmental appropriation (c)	36,616	37,418
s74 Retained revenue receipts (d)	10	10
Departmental capital budget (e)	829	834
Total departmental annual appropriations	71,644	73,213
Total departmental resourcing	71,644	73,213
Total resourcing for the Productivity Commission	71,644	73,213
	<i>2021-22</i>	<i>2022-23</i>
Average staffing level (number)	167	192

All figures shown above are GST exclusive – these may not match figures in the cash flow statement.

Prepared on a resourcing (that is, appropriations available) basis.

(a) Appropriation Bill (No. 1) 2022-23.

(b) Estimated adjusted balance carried forward from previous year.

(c) Excludes departmental capital budget (DCB).

(d) Estimated External Revenue receipts under section 74 of the PGPA Act.

(e) Departmental capital budgets are not separately identified in Appropriation Bill (No.1) and form part of ordinary annual services items. Please refer to Table 3.5 for further details. For accounting purposes, this amount has been designated as a 'contribution by owner'.

1.3 Budget measures

The Commission has no new budget measures.

Section 2: Outcomes and planned performance

Government outcomes are the intended results, impacts or consequences of actions by the Government on the Australian community. Commonwealth programs are the primary vehicle by which government entities achieve the intended results of their outcome statements. Entities are required to identify the programs which contribute to government outcomes over the Budget and forward years.

The Commission's outcome is described below together with its related programs. The following provides detailed information on expenses for each outcome and program, further broken down by funding source.

Note:

Performance reporting requirements in the Portfolio Budget Statements are part of the enhanced Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance criteria described in Portfolio Budget Statements will be read with broader information provided in an entity's corporate plans and annual performance statements – included in Annual Reports – to provide an entity's complete performance story.

The most recent corporate plan for the Commission can be found at: <http://www.pc.gov.au/about/governance/corporate-plan>.

The most recent annual performance statement can be found at: <https://www.pc.gov.au/about/governance/annual-reports/2020-21>

2.1 Budgeted expenses and performance for Outcome 1

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.

Budgeted expenses for Outcome 1

This table shows how much the Commission intends to spend (on an accrual basis) on achieving the outcome.

Table 2.1: Budgeted expenses for Outcome 1

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
Program 1.1: Productivity Commission					
Departmental expenses					
Departmental appropriation	36,982	37,658	36,827	36,889	37,075
s74 Retained revenue receipts (a)	10	10	10	10	10
Expenses not requiring appropriation in the Budget year (b)	1,100	1,100	1,100	1,100	1,100
Departmental total	38,092	38,768	37,937	37,999	38,185
Total expenses for program 1.1	38,092	38,768	37,937	37,999	38,185
Total expenses for Outcome 1	38,092	38,768	37,937	37,999	38,185

	2020-21	2021-22
Average staffing level (number)	167	190

(a) Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.

(b) Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, audit fees and other resources received free of charge.

Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

Table 2.2: Performance criteria for Outcome 1

Table 2.2 below details the performance criteria for the program associated with Outcome 1, and summarises how that program is delivered.

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	
Program 1.1 – The Commission provides governments and the Australian community with information and advice that better informs policy decisions to improve Australians’ wellbeing.	
Delivery	The Commission undertakes inquiries, research, and performance reporting and analysis. It provides robust analysis and advice on a range of economic, social and environmental issues, taking a community-wide perspective. The Commission engages widely, including through hearings, release of draft reports, roundtables, seminars and submissions, to seek informed input to its reports.
Performance information	
Performance criteria	2022-23 and forward years
The Commission aims to be a valuable source of robust evidence-based analysis to inform public policy; to generate effective public debate; and have recognition that our approach to evidence-based policy analysis is worthy of consideration by other governments. In doing so, it seeks to engage effectively with the community, have open and transparent processes, and provide timely reporting.	A range of indicators inform the Commission’s performance assessment, including: the Commission’s work being widely referenced in public policy forums; projects and reports meeting commissioned timelines; and open and transparent processes being followed.
Purposes	The Commission’s purpose, as embodied in the <i>Productivity Commission Act 1998</i> , is to provide governments and the Australian community with information and advice that better inform policy decisions to improve Australians’ wellbeing.

Section 3: Budgeted financial statements

Section 3 presents budgeted financial statements which provide a comprehensive snapshot of entity finances for the 2022-23 budget year, including the impact of budget measures and resourcing on financial statements.

3.1 Budgeted financial statements

3.1.1 Differences between entity resourcing and financial statements

There are no material differences between entity resourcing and financial statements.

3.1.2 Explanatory notes and analysis of budgeted financial statements

The Commission is budgeting for a break-even result in 2022-23 and the forward years.

3.2. Budgeted financial statements tables

Table 3.1: Comprehensive income statement (showing net cost of services) for the period ended 30 June

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
EXPENSES					
Employee benefits	29,912	30,358	29,474	29,617	29,472
Suppliers	4,695	4,963	5,056	5,019	5,410
Depreciation and amortisation (a)	3,179	3,179	3,179	3,179	3,244
Finance costs	306	268	228	184	59
Total expenses	38,092	38,768	37,937	37,999	38,185
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	10	10	10	10	10
Other	50	50	50	50	50
Total own-source revenue	60	60	60	60	60
Total own-source income	60	60	60	60	60
Net (cost of)/contribution by services	(38,032)	(38,708)	(37,877)	(37,939)	(38,125)
Revenue from Government	36,616	37,418	36,699	36,919	37,105
Surplus/(deficit) attributable to the Australian Government	(1,416)	(1,290)	(1,178)	(1,020)	(1,020)

Note: Impact of net cash appropriation arrangements

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
Total comprehensive income/(loss) - as per statement of Comprehensive Income	(1,416)	(1,290)	(1,178)	(1,020)	(1,020)
plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and/or equity injections) (a)	1,050	1,050	1,050	1,050	1,050
plus: depreciation/amortisation expenses for ROU assets (b)	2,129	2,129	2,129	2,129	2,194
less: lease principal repayments (b)	1,763	1,889	2,001	2,159	2,224
Net Cash Operating Surplus/ (Deficit)	-	-	-	-	-

Prepared on Australian Accounting Standards basis.

(a) From 2010-11, the Government introduced net cash appropriation arrangements where Bill 1 revenue appropriations for the depreciation/amortisation expenses of non-corporate Commonwealth entities (and select corporate Commonwealth entities) were replaced with a separate capital budget (the Departmental Capital Budget, or DCB) provided through Bill 1 equity appropriations. For information regarding DCBs, please refer to Table 3.5 Departmental Capital Budget Statement.

(b) Applies to leases under AASB 16 Leases.

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

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
ASSETS					
Financial assets					
Cash and cash equivalents	453	453	453	453	453
Trade and other receivables	33,846	34,608	35,074	35,241	35,406
Total financial assets	34,299	35,061	35,527	35,694	35,859
Non-financial assets					
Land and buildings	18,587	15,808	13,029	10,250	7,406
Property, plant and equipment	967	759	871	1,288	1,713
Intangibles	70	70	50	30	10
Other non-financial assets	467	467	467	467	467
Total non-financial assets	20,091	17,104	14,417	12,035	9,596
Total assets	54,390	52,165	49,944	47,729	45,455
LIABILITIES					
Payables					
Suppliers	328	328	328	328	328
Total payables	328	328	328	328	328
Interest bearing liabilities					
Leases	15,900	14,011	12,010	9,851	7,627
Total interest bearing liabilities	15,900	14,011	12,010	9,851	7,627
Provisions					
Employee provisions	10,900	11,020	11,140	11,260	11,380
Other provisions	-	-	-	-	-
Total provisions	10,900	11,020	11,140	11,260	11,380
Total liabilities	27,128	25,359	23,478	21,439	19,335
Net assets	27,262	26,806	26,466	26,290	26,120
EQUITY*					
Parent entity interest					
Contributed equity	12,140	12,974	13,812	14,656	15,506
Reserves	1,827	1,827	1,827	1,827	1,827
Retained surplus (accumulated deficit)	13,295	12,005	10,827	9,807	8,787
Total equity	27,262	26,806	26,466	26,290	26,120

Prepared on Australian Accounting Standards basis.

*‘Equity’ is the residual interest in assets after deduction of liabilities.

Table 3.3: Departmental statement of changes in equity – summary of movement (Budget year 2022-23)

	Retained earnings \$'000	Asset revaluation reserve \$'000	Contributed equity/ capital \$'000	Total equity \$'000
Opening balance as at 1 July 2022				
Balance carried forward from previous period	13,295	1,827	12,140	27,262
Adjusted opening balance	13,295	1,827	12,140	27,262
Comprehensive income				
Surplus/(deficit) for the period	(1,290)	-	-	(1,290)
Total comprehensive income	(1,290)	-	-	(1,290)
Transactions with owners				
Contributions by owners				
Departmental Capital Budget (DCB)	-	-	834	834
Sub-total transactions with owners	-	-	834	834
Estimated closing balance as at 30 June 2023	12,005	1,827	12,974	26,806
Closing balance attributable to the Australian Government	12,005	1,827	12,974	26,806

Prepared on Australian Accounting Standards basis.

Table 3.4: Budgeted departmental statement of cash flows (for the period ended 30 June)

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
OPERATING ACTIVITIES					
Cash received					
Appropriations	36,496	37,298	36,579	36,799	36,985
Sale of goods and rendering of services	10	10	10	10	10
Total cash received	36,506	37,308	36,589	36,809	36,995
Cash used					
Employees	29,792	30,238	29,354	29,497	29,352
Suppliers	4,645	4,913	5,006	4,969	5,360
Interest payments on lease liability	306	268	228	184	59
Total cash used	34,743	35,419	34,588	34,650	34,771
Net cash from/(used by) operating activities	1,763	1,889	2,001	2,159	2,224
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	190	192	492	797	805
Total cash used	190	192	492	797	805
Net cash from/(used by) investing activities	(190)	(192)	(492)	(797)	(805)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	190	192	492	797	805
Total cash received	190	192	492	797	805
Cash used					
Principal payments on lease liability	1,763	1,889	2,001	2,159	2,224
Total cash used	1,763	1,889	2,001	2,159	2,224
Net cash from/(used by) financing activities	(1,573)	(1,697)	(1,509)	(1,362)	(1,419)
Net increase/(decrease) in cash held	-	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	453	453	453	453	453
Cash and cash equivalents at the end of the reporting period	453	453	453	453	453

Prepared on Australian Accounting Standards basis.

Table 3.5: Departmental capital budget statement (for the period ended 30 June)

	2021-22 Estimated actual \$'000	2022-23 Budget \$'000	2023-24 Forward estimate \$'000	2024-25 Forward estimate \$'000	2025-26 Forward estimate \$'000
NEW CAPITAL APPROPRIATIONS					
Capital budget - Bill 1 (DCB)	829	834	838	844	850
Total new capital appropriations	829	834	838	844	850
<i>Provided for:</i>					
Purchase of non-financial assets	190	192	492	797	805
Other items	639	642	346	47	45
Total items	829	834	838	844	850
PURCHASE OF NON-FINANCIAL ASSETS					
Funded by capital appropriation - DCB (a)	190	192	492	797	805
TOTAL	190	192	492	797	805
RECONCILIATION OF CASH USED TO ACQUIRE ASSETS TO ASSET MOVEMENT TABLE					
Total purchases	190	192	492	797	805
Total cash used to acquire assets	190	192	492	797	805

Prepared on Australian Accounting Standards basis.

(a) Include purchases from current and previous year's Departmental Capital Budget (DCB).

Table 3.6: Statement of asset movements (Budget year 2022-23)

	Buildings \$'000	Other property, plant and equipment \$'000	Computer software and intangibles \$'000	Total \$'000
As at 1 July 2022				
Gross book value	4,456	1,347	822	6,625
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(650)	(380)	(752)	(1,782)
Accumulated depreciation/amortisation and impairment - ROU assets	(5,058)	-	-	(5,058)
Opening net book balance	18,587	967	70	19,624
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	172	20	192
By purchase - other - ROU assets	-	-	-	-
Total additions	-	172	20	192
Other movements				
Depreciation/amortisation expense	(650)	(380)	(20)	(1,050)
Depreciation/amortisation on ROU assets	(2,129)	-	-	(2,129)
Total other movements	(2,779)	(380)	(20)	(3,179)
As at 30 June 2023				
Gross book value	4,456	1,519	842	6,817
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(1,300)	(760)	(772)	(2,832)
Accumulated depreciation/amortisation and impairment - ROU assets	(7,187)	-	-	(7,187)
Closing net book balance	15,808	759	70	16,637

Prepared on Australian Accounting Standards basis.

(a) 'Appropriation ordinary annual services' refers to funding provided through Appropriation Bill (No. 1) 2022-23 for depreciation/amortisation expenses, DCBs or other operational expenses.