

Productivity Commission

Entity resources and planned performance

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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
- 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 public inquiries into *Australia's Productivity Performance (The Productivity Inquiry)*, *Carters Leave*, and *Australia's Maritime Logistics System*, and studies into *Aboriginal and Torres Strait Islander Visual Arts and Crafts*, and the *National Schools Reform Agreement*.

The Commission will also operate the Performance Reporting Dashboard and undertake further reviews of nationally significant sector – wide Commonwealth-State agreements. In addition, the Commission will fulfil the legislated role to report on water plans and initiatives nationally and in the Murray-Darling Basin.

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. The Commission has also commenced the first independent review of progress, which will be complementary to an Aboriginal and Torres Strait Islander led review. Both reviews happen every three 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 entity for its operations and to deliver programs and services on behalf of the Government.

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.

For more detailed information on special accounts and special appropriations, please refer to the October *Budget Paper No. 4 – Agency Resourcing*.

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 October Budget 2022

	2021-22 <i>Estimated actual</i> \$'000	2022-23 Estimate \$'000
Departmental		
Annual appropriations – ordinary annual services (a)		
Prior year appropriations available (b)	38,951	39,713
Departmental appropriation (c)	36,616	37,104
s74 Retained revenue receipts (d)	293	10
Departmental capital budget (e)	829	834
Total departmental annual appropriations	<u>76,689</u>	<u>77,661</u>
Total departmental resourcing	76,689	77,661
Total resourcing for the Productivity Commission	76,689	77,661
	<u>2021-22</u>	<u>2022-23</u>
Average staffing level (number)	164	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.

- Appropriation Bill (No. 1) 2022–23, Supply Bill (No. 3) 2022–23 and *Supply Act (No. 1) 2022–23*.
- Estimated adjusted balance carried forward from previous year.
- Excludes departmental capital budget (DCB).
- Estimated External Revenue receipts under section 74 of the PGPA Act.
- 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

Budget measures in Part 1 relating to entity Productivity Commission are detailed in the October Budget Paper No. 2 and are summarised below.

Table 1.2: Productivity Commission October 2022–23 Budget measures
Part 1: Measures announced since the 2022–23 March Budget

	Program	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000
Payment measures						
An Ambitious and Enduring APS Reform Plan (a)	1.1					
Departmental payment		-	(13)	(37)	(45)	-
Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses (b)	1.1					
Departmental payment		-	(301)	-	-	-
Total		-	(314)	(37)	(45)	-
Total payment measures						
Departmental		-	(314)	(37)	(45)	-
Total		-	(314)	(37)	(45)	-

Prepared on a Government Finance Statistics (Underlying Cash) basis. Figures displayed as a negative (-) represent a decrease in funds and a positive (+) represent an increase in funds.

- a) The lead entity for measure An Ambitious and Enduring APS Reform Plan is the Department of Prime Minister and Cabinet. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under the Prime Minister and Cabinet portfolio.
- b) The measure Savings from External Labour, and Savings from Advertising, Travel and Legal Expenses is a cross-portfolio measure. The full measure description and package details appear in Budget Paper No. 2, *Budget Measures 2022–23*, under Cross Portfolio 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 Commonwealth performance framework established by the *Public Governance, Performance and Accountability Act 2013*. It is anticipated that the performance measure 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 a complete picture of an entity's planned and actual performance.

The most recent corporate plan for the Commission can be found at:
(<https://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>).

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	31,189	37,344	37,366	37,533	37,841
s74 Retained revenue receipts (a)	293	10	10	10	10
Expenses not requiring appropriation in the Budget year (b)					
	1,020	1,100	1,100	1,100	1,100
Departmental total	32,502	38,454	38,476	38,643	38,951
Total expenses for program 1.1	32,502	38,454	38,476	38,643	38,951
Total expenses for Outcome 1	32,502	38,454	38,476	38,643	38,951
	2021-22	2022-23			
Average staffing level (number)	164	192			

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, make good expenses, audit fees and other resources received free of charge.

Note: Departmental appropriation splits and totals are indicative estimates and may change in the course of the budget year as government priorities change.

Table 2.2: Performance measure for Outcome 1

Table 2.2 details the performance measures for the program associated with Outcome 1. It also provides the related key activities as expressed in the current Corporate Plan where further detail is provided about the delivery of the activities related to the program, the context in which these activities are delivered and how the performance of these activities will be measured. Where relevant, details of the October 2022–23 Budget measures that have created new programs or materially changed existing programs are provided.

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.		
Key Activities	The Commission undertakes inquiries, research, and performance reporting on government services. 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.	
Year	Performance measures	Expected Performance Results
Prior year 2021–22	Providing a valuable source of robust evidence-based analysis	The demand for the Commission to undertake work on complex policy issues has continued and increased significantly and its work has proved highly relevant to government policy deliberations.
	Generating effective public debate	Contributions to parliamentary debate and the extent of media coverage indicate a high level of public interest in the Commission's work and its potential influence.
	Being recognised as valuable by other governments	The Commission engaged and exchanged research ideas with officials from multiple international organisations and countries.
	Engaging effectively with the community	The Commission's processes provided opportunities for extensive public input and feedback through visits, hearings, workshops and other consultative forums, and the release of draft reports and preliminary findings.
	Having open and transparent processes	The Commission's advice to Government, and the information and analysis on which it is based, continued to be open to public scrutiny.
	Delivering timely reports	All the major projects that were completed in 2021–22 were finished within the timeframes originally established by the Government. Further information can be found in the Commission's <i>Annual Performance Statement</i> (https://www.pc.gov.au/about/governance/annual-reports).

Table 2.2: Performance measure for Outcome 1 (continued)

Year	Performance measures	Planned Performance Results
Budget Year 2022–23	As per 2021–22	In 2022–23, the Commission expects to continue to deliver robust policy advice to contribute to public debate and inform government decisions.
Forward Estimates 2023–26	As per 2022–23	As per 2022–23
Material changes to Program 1.1 resulting from October 2022–3 Budget Measure: Nil		

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 not 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	25,554	30,103	29,905	30,131	30,084
Suppliers	3,597	4,904	5,164	5,149	5,564
Depreciation and amortisation (a)	3,175	3,179	3,179	3,179	3,244
Finance costs	176	268	228	184	59
Total expenses	32,502	38,454	38,476	38,643	38,951
LESS:					
OWN-SOURCE INCOME					
Own-source revenue					
Sale of goods and rendering of services	293	10	10	10	10
Other	50	50	50	50	50
Total own-source revenue	343	60	60	60	60
Total own-source income	343	60	60	60	60
Net (cost of)/contribution by services	(32,159)	(38,394)	(38,416)	(38,583)	(38,891)
Revenue from Government	36,616	37,104	37,238	37,563	37,871
Surplus/(deficit) attributable to the Australian Government	4,457	(1,290)	(1,178)	(1,020)	(1,020)

Note: Impact of net cash appropriation arrangement

	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	4,457	(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)	970	1,050	1,050	1,050	1,050
plus: depreciation/amortisation expenses for ROU assets (b)	2,193	2,129	2,129	2,129	2,194
less: lease principal repayments (b)	1,897	1,889	2,001	2,159	2,224
Net Cash Operating Surplus/ (Deficit)	5,723	-	-	-	-

- 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 leases under AASB 16 Leases.

Prepared on Australian Accounting Standards basis.

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	389	389	389	389	389
Trade and other receivables	38,665	39,427	39,906	40,089	40,272
Total financial assets	39,054	39,816	40,295	40,478	40,661
Non-financial assets					
Land and buildings	18,613	15,834	13,055	10,276	7,432
Property, plant and equipment	848	640	733	1,130	1,535
Intangibles	1	1	-	-	-
Other non-financial assets	798	798	798	798	798
Total non-financial assets	20,260	17,273	14,586	12,204	9,765
Total assets	59,314	57,089	54,881	52,682	50,426
LIABILITIES					
Payables					
Suppliers	580	580	580	580	580
Total payables	580	580	580	580	580
Interest bearing liabilities					
Leases	15,766	13,877	11,876	9,717	7,493
Total interest bearing liabilities	15,766	13,877	11,876	9,717	7,493
Provisions					
Employee provisions	9,833	9,953	10,073	10,193	10,313
Total provisions	9,833	9,953	10,073	10,193	10,313
Total liabilities	26,179	24,410	22,529	20,490	18,386
Net assets	33,135	32,679	32,352	32,192	32,040
EQUITY*					
Parent entity interest					
Contributed equity	12,140	12,974	13,825	14,685	15,553
Reserves	1,827	1,827	1,827	1,827	1,827
Retained surplus (accumulated deficit)	19,168	17,878	16,700	15,680	14,660
Total equity	33,135	32,679	32,352	32,192	32,040

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	19,168	1,827	12,140	33,135
Adjusted opening balance	19,168	1,827	12,140	33,135
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	17,878	1,827	12,974	32,679
Closing balance attributable to the Australian Government	17,878	1,827	12,974	32,679

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	31,885	36,984	37,118	37,443	37,751
Sale of goods and rendering of services	249	10	10	10	10
Total cash received	32,134	37,308	37,128	37,453	37,761
Cash used					
Employees	26,501	29,983	29,785	30,011	29,964
Suppliers	3,626	4,854	5,114	5,099	5,514
Interest payments on lease liability	176	268	228	184	59
Total cash used	30,303	35,105	35,127	35,294	35,537
Net cash from/(used by) operating activities	1,831	1,889	2,001	2,159	2,224
INVESTING ACTIVITIES					
Cash used					
Purchase of property, plant and equipment and intangibles	24	192	492	797	805
Total cash used	24	192	492	797	805
Net cash from/(used by) investing activities	(24)	(192)	(492)	(797)	(805)
FINANCING ACTIVITIES					
Cash received					
Contributed equity	26	192	492	797	805
Total cash received	26	192	492	797	805
Cash used					
Principal payments on lease liability	1,897	1,889	2,001	2,159	2,224
Total cash used	1,897	1,889	2,001	2,159	2,224
Net cash from/(used by) financing activities	(1,871)	(1,697)	(1,509)	(1,362)	(1,419)
Net increase/(decrease) in cash held	(64)	-	-	-	-
Cash and cash equivalents at the beginning of the reporting period	453	389	389	389	389
Cash and cash equivalents at the end of the reporting period	389	389	389	389	389

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	851	860	868
Total new capital appropriations	829	834	851	860	868
<i>Provided for:</i>					
<i>Purchase of non-financial assets</i>	190	192	492	797	805
<i>Other items</i>	639	642	359	63	63
Total items	829	834	851	860	868
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) Includes purchases from current and previous years' Departmental capital budgets (DCBs).

Table 3.6: Statement of departmental 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	1,201	791	6,448
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(559)	(353)	(790)	(1,702)
Accumulated depreciation/amortisation and impairment - ROU assets	(5,123)	-	-	(5,123)
Opening net book balance	18,613	848	1	19,462
Capital asset additions				
Estimated expenditure on new or replacement assets				
By purchase - appropriation ordinary annual services (a)	-	172	20	192
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	1,373	811	6,640
Gross book value - ROU assets	19,839	-	-	19,839
Accumulated depreciation/ amortisation and impairment	(1,209)	(733)	(810)	(2,752)
Accumulated depreciation/amortisation and impairment - ROU assets	(7,252)	-	-	(7,252)
Closing net book balance	15,834	640	1	16,475

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.