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 2018-19 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 and carrying over into 2018-19 include: public inquiries into *Compensation and Rehabilitation for Veterans;* *Murray-Darling Basin Plan: Five–year assessment,* and *Superannuation: Assessing Efficiency and Competitiveness*.

The Commission will be responsible for developing a whole-of-government approach to evaluating policies and programs affecting Indigenous Australians. The Commission will also operate the COAG performance dashboard, and undertake reviews of nationally significant sector—wide Commonwealth-State agreements.

The Commission will continue to provide cross‑jurisdictional reporting to the Council of Australian Governments (COAG) on performance of government services; indicators of Indigenous disadvantage; and expenditure on services to Indigenous Australians.

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. This self-initiated research currently includes work on *Trends in Inequality.* 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 2018-19 as at Budget May 2018



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

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

1. Appropriation Bill (No.1) 2018-19.
2. Excludes $0.008m subject to quarantine by Finance or withheld under section 51 of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act).
3. Excludes departmental capital budget (DCB).
4. Estimated retained revenue receipts under section 74 of the PGPA Act.
5. 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.

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## 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 in the latest Annual Report at: <http://www.pc.gov.au/about/governance/annual-reports/2016-17>

### 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



1. Estimated expenses incurred in relation to receipts retained under section 74 of the PGPA Act.
2. Expenses not requiring appropriation in the Budget year are made up of depreciation expenses, amortisation expenses, and audit fees.

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 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** | **2017-18 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 debate; opportunities for public participation; open and transparent processes being followed; and reports being delivered within agreed timeframes. |
| **Purposes** | The Commission’s purpose, as embodied in the *Productivity Commission Act 1998*, 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 2018-19 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 2018-19 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



Note: Impact of net cash appropriation arrangements



1. 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.

Prepared on Australian Accounting Standards basis.

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



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

Prepared on Australian Accounting Standards basis.

Table 3.3: Departmental statement of changes in equity — summary of movement (Budget year 2018-19)



Prepared on Australian Accounting Standards basis.

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



Prepared on Australian Accounting Standards basis.

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



1. Does not include annual finance lease costs. Includes purchases from current and previous years’ Departmental capital budgets (DCBs).

Prepared on Australian Accounting Standards basis.

Table 3.6: Statement of asset movements (Budget year 2018‑19)



1. ‘Appropriation equity’ refers to equity injections appropriations provided through Appropriation Bill (No. 2) 2018-19.

Prepared on Australian Accounting Standards basis.