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## F Financial statements

**This appendix presents the audited financial statements for the Productivity Commission for 1998-99. The statements have been prepared on an accrual accounting basis.**

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<p align="center"><b>Productivity Commission</b></p> <p align="center"><b>REVENUES AND EXPENSES</b></p> <p align="center"><i>for the year ended 30 June 1999</i></p>
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		1999	1998
	Note	\$'000	\$'000
<b>NET COST OF SERVICES</b>			
<b>Expenses</b>			
Employees	3	15,990	16,399
Suppliers	3	5,175	5,661
Depreciation and amortisation	3	709	731
Write-down of assets	6	28	114
Net losses from sale of assets		-	4
<b>Total expenses</b>		<b>21,902</b>	<b>22,909</b>
<b>Revenues from independent sources</b>			
Sales of goods and services		113	61
Net gain from sale of assets		1	-
<b>Total revenues from independent sources</b>		<b>114</b>	<b>61</b>
<b>Net cost of services</b>		<b>21,788</b>	<b>22,848</b>
<b>REVENUES FROM GOVERNMENT</b>			
Appropriations used for:			
Ordinary annual services (net appropriations)	10	17,034	23,401
Other services		-	457
Resources received free of charge	4	66	54
<b>Total revenues from government</b>		<b>17,100</b>	<b>23,912</b>
<b>Operating (deficit)/surplus</b>	8	<b>(4,688)</b>	<b>1,064</b>
Accumulated results at 1 July		2,326	1,262
<b>Accumulated results at 30 June</b>		<b>(2,362)</b>	<b>2,326</b>

The above Statement should be read in conjunction with the accompanying notes.

<p align="center"><b>Productivity Commission</b></p> <p align="center"><b>ADMINISTERED REVENUES AND EXPENSES</b></p> <p align="center"><i>for the year ended 30 June 1999</i></p>
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	<i>Note</i>	<i>1999</i> \$'000	<i>1998</i> \$'000
<b>REVENUES</b>			
NON TAXATION			
Other		-	14
<b>Total revenues</b>		-	<b>14</b>
<b>Net contribution to government</b>		-	<b>14</b>
TRANSFERS			
Cash to Official Commonwealth Public Account		-	(14)
<b>Net change in administered assets</b>		-	-
Accumulated results at 1 July		-	-
<b>Accumulated results at 30 June</b>		-	-

The above Statement should be read in conjunction with the accompanying notes.



<b>Productivity Commission</b>
<b>ASSETS AND LIABILITIES</b>
<i>as at 30 June 1999</i>

	<i>Note</i>	<i>1999</i> \$'000	<i>1998</i> \$'000
<b>DEBT</b>			
Other		50	60
<b>Total debt</b>		<b>50</b>	<b>60</b>
<b>PROVISIONS AND PAYABLES</b>			
Employees	7(a)	5,383	5,329
Suppliers	7(b)	177	225
<b>Total provisions and payables</b>		<b>5,560</b>	<b>5,554</b>
<b>EQUITY</b>			
Capital	8	1,562	-
Reserves		96	-
Accumulated results	8	(2,362)	2,326
<b>Total equity</b>		<b>(704)</b>	<b>2,326</b>
<b>Total liabilities and equity</b>		<b>4,906</b>	<b>7,940</b>
<b>FINANCIAL ASSETS</b>			
Cash		22	22
Receivables	5	1,686	4,430
<b>Total financial assets</b>		<b>1,708</b>	<b>4,452</b>
<b>NON-FINANCIAL ASSETS</b>			
Infrastructure, plant & equipment	6	2,721	2,922
Intangibles	6	346	408
Inventories		-	4
Other		131	154
<b>Total non-financial assets</b>		<b>3,198</b>	<b>3,488</b>
<b>Total assets</b>		<b>4,906</b>	<b>7,940</b>
Current liabilities		2,947	2,406
Non-current liabilities		2,613	3,208
Current assets		1,839	4,611
Non-current assets		3,067	3,329

The above Statement should be read in conjunction with the accompanying notes.

**Productivity Commission**  
**STATEMENT OF CASH FLOWS**

*for the year ended 30 June 1999*

		<i>1999</i>	<i>1998</i>
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Revenues from appropriations		21,166	21,851
Sales of goods and services		90	77
<b>Total cash received</b>		<b>21,256</b>	<b>21,928</b>
<b>Cash used</b>			
Employees		(15,935)	(15,838)
Suppliers		(5,333)	(6,107)
<b>Total cash used</b>		<b>(21,268)</b>	<b>(21,945)</b>
<b>Net cash used by operating activities</b>	9	<b>(12)</b>	<b>(17)</b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash received</b>			
Revenues from appropriations		387	507
Proceeds from sales of plant and equipment		12	19
<b>Total cash received</b>		<b>399</b>	<b>526</b>
<b>Cash used</b>			
Purchase of plant and equipment		(387)	(507)
<b>Total cash used</b>		<b>(387)</b>	<b>(507)</b>
<b>Net cash from investing activities</b>		<b>12</b>	<b>19</b>
<b>Net (decrease)/increase in cash held</b>		<b>-</b>	<b>2</b>
add cash at 1 July		22	20
<b>Cash at 30 June</b>		<b>22</b>	<b>22</b>

The above Statement should be read in conjunction with the accompanying notes.

<p align="center"><b>Productivity Commission</b></p> <p align="center"><b>ADMINISTERED STATEMENT OF CASH FLOWS</b></p> <p align="center"><i>for the year ended 30 June 1999</i></p>
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	<i>Note</i>	<i>1999</i> \$'000	<i>1998</i> \$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
NON TAXATION			
Other		-	14
<b>Total cash received</b>		-	<b>14</b>
<b>Cash used</b>			
Cash to Official Commonwealth Public Account		-	(14)
<b>Total cash used</b>		-	<b>(14)</b>
<b>Net cash from operating activities</b>		-	-
add cash at 1 July		-	-
<b>Cash at 30 June</b>		-	-

The above Statement should be read in conjunction with the accompanying notes.

<p align="center"><b>Productivity Commission</b></p> <p align="center"><b>SCHEDULE OF COMMITMENTS</b></p> <p align="center"><i>for the year ended 30 June 1999</i></p>
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	<i>Note</i>	<i>1999</i> \$'000	<i>1998</i> \$'000
<b>OTHER COMMITMENTS</b>			
Operating leases		9,156	11,281
Other commitments		1,303	291
<b>Total other commitments</b>		<b>10,459</b>	<b>11,572</b>
<b>BY MATURITY</b>			
One year or less		2,147	1,696
From one to two years		1,668	1,599
From two to five years		4,887	4,890
Over five years		1,757	3,387
<b>Total commitments</b>		<b>10,459</b>	<b>11,572</b>

The above Statement should be read in conjunction with the accompanying notes

<p align="center"><b>Productivity Commission</b></p> <p align="center"><b>SCHEDULE OF CONTINGENCIES</b></p> <p align="center"><i>for the year ended 30 June 1999</i></p>
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	<i>Note</i>	<i>1999</i> \$'000	<i>1998</i> \$'000
<b>CONTINGENT LOSSES</b>		-	-
<b>CONTINGENT GAINS</b>		-	-
<b>Net contingencies</b>		-	-

The above Statement should be read in conjunction with the accompanying notes

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## **Productivity Commission**

### **Notes to and forming part of the Financial Statements for the Year Ended 30 June 1999**

<b>Note</b>	<b>Description</b>
1	Functions
2	Summary of Significant Accounting Policies
3	Net Cost of Services - Expenses
4	Resources Received Free of Charge
5	Financial Assets
6	Non-financial Assets
7	Provisions and Payables
8	Equity
9	Cash Flow Reconciliation
10	Expenditure from Annual Appropriations
11	Receipts and Expenditure of the Reserve Money Fund
12	Act of Grace Payments and Waivers
13	Average Staffing
14	Remuneration of Executives
15	Contingencies
16	Financial Instruments

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## **Note 1 Functions**

The Commission operates as a single outcome within the Treasury portfolio. Its functions are described in Chapter 3 of the Annual Report.

## **Note 2 Summary of Significant Accounting Policies**

### **2 (a) Basis of Accounting**

The financial statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial report. The statements have been prepared in accordance with Schedule 2 to the Financial Management and Accountability (FMA) Orders made by the Minister for Finance and Administration. Schedule 2 requires that the financial statements be prepared:

- in compliance with Australian Accounting Standards, Accounting Guidance Releases and Urgent Issues Group consensus views; and
- with regard to Australian Statements of Accounting Concepts.

The financial statements have been prepared on an accrual basis, and are in accordance with the historical cost convention, except for certain assets which, where noted, are at valuation. They do not take account of changing money values.

The Commission is an independent statutory authority and relies on appropriations by Parliament for its continued operations.

### **2 (b) Revenues from Government**

Revenues from government are revenues relating to the core operating activities of the Commission. Policies for accounting for revenue from government follow; amounts and other details are given in notes.

#### Appropriations

Appropriations for Commission operations are recognised as revenue to the extent that appropriations are spent.

Appropriations have, until 1997-1998, been recognised as revenue in the year of appropriation, including any amounts unspent at year-end.

With the introduction of accrual budgeting by the Commonwealth, any unspent revenue will be re-appropriated to the Commission by way of a capital rather than revenue appropriation. Accordingly the carry-over is not recognised as revenue but directly as

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equity in the financial statements for 1998-1999 as required by Department of Finance and Administration Estimates Memoranda 1999/27.

### Resources Received Free of Charge

Resources received free of charge are recognised as revenue where the amounts can be reliably measured. Use of those resources is recognised as an expense.

### **2 (c) *Other Revenue***

Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from disposal of non-current assets is recognised when control of the asset has passed to the buyer.

Agency revenue from the rendering of a service is recognised by the stage of completion of contracts or other agreements to provide services to other bodies. The stage of completion is determined according to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

All revenues described in this note are revenues relating to the core operating activities of the Commission, whether in its own right or on behalf of the Commonwealth, except for gains from the sale of agency assets. Details of revenue amounts are given in note 10.

### **2 (d) *Rounding***

Amounts have been rounded to the nearest \$1,000 except in relation to the following items:

- receipts and expenditure of the reserve money fund;
- expenditure from annual appropriations;
- remuneration of executives; and
- remuneration of auditors.

### **2 (e) *Employee Entitlements***

#### Leave

All vesting employee entitlements (including annual leave and long service leave) are recognised as liabilities.

The provision for annual leave reflects the value of total annual leave entitlements of all employees at 30 June 1999 and is recognised at the nominal amount. Long service leave is recognised in accordance with Department of Finance and Administration guidelines with

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on-costs applied to account for such leave not taken as part of a separation payment. The current liability for long service leave is based on past history of payments.

No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken by employees is less than the annual entitlement for sick leave.

### Separation and Redundancy

Provision is also made for separation and redundancy payments in circumstances where there is a clear intention to offer, and a reliable estimate of the amount of payments can be determined.

### Superannuation Payments

Staff of the Commission contribute to the Commonwealth Superannuation Scheme and the Public Sector Superannuation Scheme. Employer contributions amounting to \$1,808,529 (\$1,655,265 in 1997-1998) have been expensed in these financial statements.

No liability is shown for superannuation in the Assets and Liabilities as the employer contributions fully extinguish the accruing liability which is assumed by the Commonwealth.

## **2 (f) *Taxation***

The Commission's activities are exempt from all forms of taxation except fringe benefits tax.

## **2 (g) *Prepayments***

Prepayments consist of amounts paid by the Commission in respect of goods and services, which have not been received at 30 June 1999.

## **2 (h) *Cash***

Cash includes notes and coins held and deposits held at call with a bank or financial institution.

## **2 (i) *Infrastructure, Plant and Equipment***

### Asset Recognition Threshold

Infrastructure, plant and equipment consist of items having an individual cost/value in excess of \$2,000. Items costing less than this amount (other than where they form part of



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a group of similar items, which are significant in total) are expensed in the year of acquisition.

### Measurement of Assets

Assets are recorded at cost of acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken.

### Depreciation/Amortisation of Non-Current Assets

All non-current assets having a limited useful life are depreciated/amortised systematically over their estimated useful lives to the Commission, using the straight-line basis, and the rates are reviewed annually. Major depreciation/amortisation periods are:

<i>Asset Class</i>	<i>Total useful life</i>
Infrastructure, plant and equipment	
Leasehold improvements	lease term
Plant and equipment	3 to 10 years
Intangibles	
Computer software	5 years

The aggregate amount of depreciation allocated for each class of asset during the reporting period is disclosed in note 6. Depreciation/amortisation rates applied in 1998-1999 are consistent with those used in 1997-1998.

### Revaluations

Schedule 2 of the FMA Orders requires that infrastructure, plant and equipment be progressively revalued in accordance with the 'deprival method of revaluation' by 1 July 1999 and thereafter be revalued progressively on that basis every 3 years.

The Commission has implemented progressive revaluations as follows:

- plant and equipment was revalued initially in 30 June 1998; and
- the remaining assets (leasehold improvements) were revalued at 30 June 1999.

The financial effect of the move to progressive revaluations is that the carrying amounts of assets will reflect current values and that depreciation charges will reflect the current cost of the service potential consumed in each period. This has been estimated by calculating the written down replacement cost (see note 6).

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## **2 (j) *Operating Leases***

Operating lease payments are charged to Revenues and Expenses on a basis which is representative of the pattern of benefits derived from the leased assets.

## **2 (k) *Creditors***

Creditors consist of amounts which were due to be paid by the Commission for goods and services received on or before 30 June 1999, but which were unpaid at that date.

## **2 (l) *Insurance***

A new Commonwealth insurable risk managed fund, called “Comcover”, commenced operations as from 1 July 1998. From that date, the Commission has insured with the fund for risks other than workers’ compensation, which is dealt with under continuing arrangements with Comcare.

The new arrangements replace the previous policy where assets were not insured and losses were expensed as they are incurred.

## **2 (m) *Agency Items and Administered Items***

Agency assets, liabilities, revenues and expenses are those which are controlled by the Commission, including:

- infrastructure, plant and equipment used in providing goods and services;
- liabilities for employee entitlements;
- revenues from running cost appropriations (or from other appropriations for resources used in providing goods and services);
- revenues from user charges and profits on asset sales deemed to be appropriated pursuant to section 31 of the *Financial Management and Accountability Act 1997*; and
- employee expenses and other administrative expenses (including contracting out) incurred in providing goods and services.

The Commission had no administered transactions for 1998-1999. Administered assets, liabilities, revenues and expenses are those which are controlled by the Government and managed by the Commission in a fiduciary capacity.

The purpose of the separation of administered and agency items, is to enable the assessment of administered efficiency of the Commission in providing goods and services.

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Administered items are distinguished from agency items by separate statements for Revenues and Expenses, and Cash Flows.

**2 (n) *Lease Incentives***

Lease incentives taking the form of ‘free’ leasehold improvements are recognised as debt. The debt is reduced by allocating lease payments between rental expenses and the reduction in debt.

**2 (o) *Financial Instruments***

Accounting policies for Financial Instruments are stated at note 16. The Commission is complying with requirements of AAS 33 *Presentation and Disclosure of Financial Instruments*, which applied to the Commission for the first time in 1997-1998.

**2 (p) *Comparative Figures***

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the financial statements.

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### Note 3 Net Cost of Services — Expenses

The aggregate amounts shown as Expenses include the following classes of expenses:

#### Employee Expenses

	<i>1999</i>	<i>1998</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Remuneration (for services rendered)	15,383	15,650
Separation and redundancy	607	749
	<b>15,990</b>	<b>16,399</b>

#### Supplier Expenses

	<i>1999</i>	<i>1998</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Supply of goods and services	3,746	4,193
Operating lease rentals	1,429	1,468
	<b>5,175</b>	<b>5,661</b>

#### Depreciation and Amortisation

	<i>1999</i>	<i>1998</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
Infrastructure, plant and equipment	619	721
Intangibles	90	10
	<b>709</b>	<b>731</b>

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## Note 4 Resources Received Free of Charge

The following resources received free of charge from other agencies have been recognised in the Revenues and Expenses:

	1999	1998
	(\$'000)	(\$'000)
Financial statement audit fee	35	40
Department of Finance & Administration services	2	2
Comcover	29	-
Other	-	12
	<b>66</b>	<b>54</b>

The Auditor-General provides financial statement services free of charge to the Commission. The fair value of the services was \$35,000 (1997-1998 \$40,000). The Auditor-General provided no other services.

The following resources received free of charge are not recognised, as the costs cannot be measured reliably:

Australian Archives — Storage and disposal facilities.

## Note 5 Financial Assets

### Receivables

	1999	1998
	(\$'000)	(\$'000)
Appropriations <sup>1</sup>	1,562	4,415
Productivity Commission staff	-	2
Goods and services	124	13
	<b>1,686</b>	<b>4,430</b>

1 Running cost appropriation carry-over at 30 June

The Commission had no doubtful debts at year-end. Of the total amount outstanding as at 30 June 1999, there were no amounts *overdue* (ie. unpaid after 30 days from date of issue of the debit advice).

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## Note 6 Non-financial Assets

### Infrastructure, Plant and Equipment, and Intangibles

Table A Summary of all assets

	<i>1999</i>	<i>1998</i>
	<i>(\$'000)</i>	<i>(\$'000)</i>
<b>Leasehold Improvements</b>		
Leasehold at cost	-	3,229
Accumulated amortisation	-	1,289
	-	<b>1,940</b>
Leasehold improvements at valuation (June 1999)	3,594	-
Accumulated amortisation	1,887	-
<b>Total Leasehold Improvements</b>	<b>1,707</b>	<b>1,940</b>
<b>Plant and Equipment</b>		
Plant and equipment at valuation (1997-1999)	2,007	1,759
Accumulated depreciation	993	777
<b>Total Plant and Equipment</b>	<b>1,014</b>	<b>982</b>
<b>Total Infrastructure, Plant and Equipment</b>	<b>2,721</b>	<b>2,922</b>
<b>Intangibles</b>		
Intangibles at cost	466	438
Accumulated amortisation	120	30
<b>Total Intangibles</b>	<b>346</b>	<b>408</b>
<b>Total Infrastructure, Plant and Equipment, and Intangibles</b>	<b>3,067</b>	<b>3,330</b>

Table B Movement summary 1998-1999 for all assets irrespective of valuation

Item	Leasehold improvements (\$'000)	Plant and equipment (\$'000)	Total infrastructure, plant and equipment (\$'000)	Intangibles (\$'000)	Total (\$'000)
<b>Gross value (at cost)</b>					
As at 1 July 1998	3,229	1,759	4,988	438	5,426
Additions	-	359	359	28	387
Disposals	-	(51)	(51)	-	(51)
Revaluations	365	(60)	305	-	305
As at 30 June 1999	3,594	2,007	5,601	466	6,067
<b>Accumulated depreciation/amortisation</b>					
As at 1 July 1998	1,289	777	2,066	30	2,096
Charge for additions	-	39	39	-	39
Charge for assets held 1 July 1998	330	250	580	90	670
Disposals	-	(41)	(41)	-	(41)
Adjustments for revaluations	268	(32)	236	-	236
As at 30 June 1999	1,887	993	2,880	120	3,000
<b>Net book value as at 30 June 1999</b>	<b>1,707</b>	<b>1,014</b>	<b>2,721</b>	<b>346</b>	<b>3,067</b>
Net book value as at 1 July 1998	1,940	982	2,922	408	3,330

The revaluation of leasehold improvements was done as at 30 June 1999 in accordance with progressive revaluation policy stated at note 2 (i) and was completed by Mr W Philpott CPV, an employee of the Australian Valuation Office, a body independent to the Commission. Plant and equipment was revalued at 30 June 1998. The 'deprival method of valuation' was adopted as the basis of valuation, which was estimated by calculating the written down replacement cost.

Table C Summary of valuation adjustments as at 30 June 1999

	1999 (\$'000)	1998 (\$'000)
Valuation		
Cost adjustment	305	(1,211)
Depreciation adjustment	(236)	1,097
<b>Net increment/(decrement) on revaluation</b>	<b>69</b>	<b>(114)</b>

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## Note 7 Provisions and Payables

### 7 (a) Liabilities to employees

	1999	1998
	(\$'000)	(\$'000)
Salaries and wages	258	840
Annual leave	1,887	1,460
Long service leave	3,113	2,753
Superannuation	39	59
Staff redundancies	50	160
Other	36	57
	<b>5,383</b>	<b>5,329</b>

### 7 (b) Suppliers

	1999	1998
	(\$'000)	(\$'000)
Trade creditors	177	225
	<b>177</b>	<b>225</b>

## Note 8 Equity

	1999	1998
	(\$'000)	(\$'000)
<b>Opening balance at 1 July</b>	2,326	1,262
Capital <sup>1</sup>	1,562	-
Reserves	96	-
Operating result	(4,688)	1,064
<b>Balance at 30 June</b>	<b>(704)</b>	<b>2,326</b>

1 Running cost appropriation carry-over at 30 June 1999.

The operating result for 1998-1999 has been determined using a different accounting treatment of the appropriation carry-over at 30 June 1999 as required by the Department of Finance and Administration (see note 2 (b)). The carry-over is to be funded to the Commission as a capital appropriation in the 1999-2000 Additional Estimates and not as running costs appropriation, as has previously been the case. Consequently, the operating results for the two years are not comparable, as the basis for determining revenue has changed directly impacting on the operating result.



## Note 9 Cash Flow Reconciliation

A reconciliation of net cost of services to net cash provided or used by operating activities is shown below:

	1999	1998
	(\$'000)	(\$'000)
<b>Net cost of services</b>	<b>(21,788)</b>	<b>(22,848)</b>
Revenue from government for operating activities	16,737	23,405
Depreciation and amortisation	709	731
(Profit)/loss on sale of assets	(1)	4
(Increase)/decrease in financial assets	2,744	(1,484)
Decrease in non-financial assets	27	81
Increase in provisions and payables	54	562
(Decrease) in creditors	(48)	(572)
Decrease in debt	(10)	(10)
Revaluation adjustment	(69)	114
Equity	1,562	-
<b>Net cash used by operating activities</b>	<b>(12)</b>	<b>(17)</b>

## Note 10 Expenditure from Annual Appropriations

	1999 Budget Estimates Act No. 1 (\$)	1999 Additional Appropriations Act No. 3 (\$)	1999 Total Appropriations (\$)	1999 Actual Expenditure (\$)	1998 Actual Expenditure (\$)
<b>Ordinary Annual Services of Government Appropriation Act Running Costs</b>					
Division 678 - Industry Commission					17,403,336
Division 680 - Productivity Commission	19,905,000	3,106,000	23,011,000	21,552,423	4,254,615
	<b>19,905,000</b>	<b>3,106,000</b>	<b>23,011,000</b>	<b>21,552,423</b>	<b>21,657,951</b>
<b>Other Services</b>					
Contribution to Impact/Cops project					
Division 678 - Industry Commission					379,100
Division 680 - Productivity Commission	-	-	-	-	408,900
	-	-	-	-	<b>788,000</b>
<b>Total - Appropriation Acts Nos 1 and 3</b>	<b>19,905,000</b>	<b>3,106,000</b>	<b>23,011,000</b>	<b>21,552,423</b>	<b>22,445,951</b>

## Reconciliation of Commission Running Costs

	1999	1998
	(\$)	(\$)
<b>Running cost appropriation</b>		
Industry Commission	-	25,983,000
Productivity Commission	23,011,000	-
	<b>23,011,000</b>	<b>25,983,000</b>
<b>Running cost appropriation spent</b>		
Industry Commission	-	17,403,336
Productivity Commission	21,552,423	4,254,615
	<b>21,552,423</b>	<b>21,657,951</b>
less: appropriation under FMA Act section 31	(102,933)	(89,422)
Net running cost appropriation spent	<b>21,449,490</b>	<b>21,568,529</b>
add: carry-over 30 June <sup>1</sup>	-	4,415,471
less: carry-over 1 July	(4,415,471)	(2,583,000)
Running Costs Revenue (included in Statement of Revenue and Expenses)	<b>17,034,019</b>	<b>23,401,000</b>
Revenue from government - ordinary annual services (per Statement of Revenues and Expenses)	<b>17,034,019</b>	<b>23,401,000</b>

1 The ending carry-over at 30 June 1999 of \$1,561,510 is now recognised as Equity - Capital (see note 8) and not appropriation revenue in the Statement of Revenue and Expenses, in accordance with Department of Finance and Administration Estimates Memoranda 1999/27.

## Note 11 Receipts and Expenditure of the Reserve Money Fund

Transactions under the trust fund relate to incapacity payments to current employees in accordance with determinations made, and funds issued, by COMCARE. Legal authority for such transactions is section 20 of the *Financial Management and Accountability Act 1997*.

	1999	1998
	(\$)	(\$)
<b>Services for other governments and non FMA bodies</b>		
Opening balance	8,647	227,820
Receipts		
From other sources	124,987	30,827
From realisation of investments	250,000	-
	<b>374,987</b>	<b>258,647</b>
Expenditure		
For operations	128,442	-
Investments by DoFA	-	(250,000)
Closing balance	<b>255,192</b>	<b>8,647</b>

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## **Note 12 Act of Grace Payments and Waivers**

### *12 (a) Act of grace payments*

No act of grace payments were made during the reporting period.

### *12 (b) Waiver of rights to payment of moneys*

No waivers of amounts owing to the Commonwealth were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*.

## **Note 13 Average Staffing**

The average staffing level is in respect of all employees of the Commission, including Holders of Public Office.

	<i>1999</i>	<i>1998</i>
	<i>No</i>	<i>No</i>
Average staffing level	<b>203</b>	<b>218</b>

Further information on staffing levels is provided in Appendix A of the Annual Report.

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## Note 14 Remuneration of Executives

The amounts of total remuneration received/receivable by Holders of Public Office and Senior Executive Service staff, where such amounts exceed \$100,000 during the year, are shown in the table.

For 1998-1999 total remuneration includes salary, superannuation, performance pay, accrued leave and other package components such as executive vehicle.

	1999	1998
	No.	No.
<b>Total remuneration</b>		
\$100,000 to \$110,000	1	1
\$110,000 to \$120,000	1	4
\$120,000 to \$130,000	5	12
\$130,000 to \$140,000	5	1
\$140,000 to \$150,000	4	3
\$150,000 to \$160,000	-	1
\$160,000 to \$170,000	2	1
\$170,000 to \$180,000	2	1
\$180,000 to \$190,000	1	1
\$190,000 to \$200,000	1	1
\$200,000 to \$210,000	-	-
\$210,000 to \$220,000	1	-
	<b>23</b>	<b>26</b>
Aggregate amount of total remuneration of executives shown above	\$3,352,888	\$3,511,076
Aggregate amount of performance pay during the year to executives shown above	\$156,477 <sup>1</sup>	\$128,493 <sup>1</sup>
Aggregate amount of redundancy payments during the year to executives	\$208,781 <sup>2</sup>	\$91,438 <sup>2</sup>

1 Included in total remuneration

2 Excluded from aggregate total remuneration above and represents the redundancy component of packages paid

## Note 15 Contingencies

To the best of its knowledge, the Commission was not exposed to any unrecognised liabilities that would have any material effect on the financial statements.

## Note 16 Financial Instruments

### 16 (a) Terms, conditions and accounting policies

Financial Instrument	Note	Accounting Policies and Methods (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms & conditions affecting amount, timing and certainty of cash flows)
<u>Financial Assets</u>		Financial assets are recognised when control over future economic benefits is established and the amount of the benefit can be reliably measured.	
Cash		Deposits are recognised at their nominal amounts.	The Commission maintains advance accounts, which bear no interest.
Receivables	5	These receivables are recognised at nominal amounts due less any provision for doubtful debts. Collectability of debts is reviewed at balance date. Provisions are made when collection of the debt is judged to be less rather than more likely.	Credit terms are net 30 days (1998: 30 days).
<u>Financial Liabilities</u>		Financial liabilities are recognised when a present obligation to another party is entered into and the amount of the liability can be reliably measured.	
Lease incentives		The lease incentive is recognised as a liability on receipt of the incentive. The amount of liability is reduced on a straight-line over the life of the lease by allocating lease payments between rental expense and the reduction of the liability.	The Commission received a fitout incentive on entering a property operating lease in September 1996. Lease payments are made monthly.
Trade creditors	7	Creditors and accruals are recognised at their nominal amounts, being the amounts at which the liabilities will be settled. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).	Settlement is usually made net 30 days.

### 16 (b) Interest rate risk

The Commission does not have any interest-bearing financial assets or liabilities.

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16 (c) *Net fair values of financial assets and liabilities*

The net fair values of cash and non-interest-bearing financial assets, lease incentive liability and trade creditors equate to their carrying amounts.

16 (d) *Credit risk exposures*

The Commission's maximum exposure to credit risk at reporting date in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the Statement of Assets and Liabilities.

The Commission has no significant exposures to any concentrations of credit risk.