G Financial Statements

This appendix presents the audited financial statements for the Productivity Commission for 2009-10.

Contents

Australian National
Audit Office

INDEPENDENT AUDITOR'S REPORT

To the Assistant Treasurer

Report on the Financial Statements

I have audited the accompanying financial statements of Productivity Commission for the year ended 30 June 2010, which comprise: the Statement by the Chairman and Chief Finance Officer; Statement of Comprehensive Income; Balance Sheet; Statement of Changes in Equity; Cash Flow Statement; Schedule of Commitments; Schedule of Asset Additions; and Notes to and forming part of the Financial Statements, including a Summary of Significant Accounting Policies.

The Chairman's Responsibility for the Financial Statements

The Productivity Commission's Chairman is responsible for the preparation and fair presentation of the financial statements in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997*, including the Australian Accounting Standards (which include the Australian Accounting Interpretations). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I have conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. These auditing standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Productivity Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

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in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Productivity Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Productivity Commission's Chairman, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting the audit, I have followed the independence requirements of the Australian National Audit Office, which incorporate the requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial statements of the Productivity Commission:

(a) have been prepared in accordance with the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* including the Australian Accounting Standards; and

(b) give a true and fair view of the matters required by the Finance Minister's Orders including the Productivity Commission's financial position as at 30 June 2010 and its financial performance and cash flows for the year then ended.

Report on Other Legal and Regulatory Requirements

As explained in note 15 of the financial statements, certain payments not covered by Remuneration Tribunal determinations represent a breach of section 83 of the Constitution, which requires that no money shall be drawn from the Treasury of the Commonwealth except under an appropriation made by law.

Australian National Audit Office

John Jones
Executive Director

Delegate of the Auditor-General
Canberra
27 August 2010

Australian Government
Productivity Commission

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From the Chairman's Office

Statement by the Chairman and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2010 are based on properly maintained financial records and give a true and fair view of the matters required by the Finance Minister's Orders made under the *Financial Management and Accountability Act 1997,* as amended.

Gary Banks
Chairman

26 August 2010

Brian Scammell
Chief Finance Officer

26 August 2010

Statement of Comprehensive Income

for the period ended 30 June 2010

	Notes	***2010*** $'000	*2009* $'000
EXPENSES			
Employee benefits	3A	**25,206**	23,082
Supplier expenses	3B	**7,440**	7,016
Depreciation and amortisation	3C	**1,033**	1,145
Finance costs	3D	**31**	28
Write-down and impairment of assets	3E	**–**	491
Losses from asset sales	3F	**7**	–
Total Expenses		**33,717**	31,762
LESS:			
OWN-SOURCE INCOME			
Own-source revenue			
Sale of goods and rendering of services	4A	**617**	694
Total own-source revenue		**617**	694
Gains			
Sale of assets	4B	**–**	7
Other gains	4C	**35**	34
Total gains		**35**	41
Total own-source income		**652**	735
Net cost of (contribution by) services		**33,065**	**31,027**
Revenue from Government	4D	**34,388**	31,621
Surplus (Deficit) attributable to the Australian Government		**1,323**	594
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserves	5A	**429**	–
Total comprehensive income attributable to the Australian Government		**1,752**	594

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

Balance Sheet

as at 30 June 2010

	Notes	*2010* $'000	*2009* $'000
ASSETS			
Financial Assets			
Cash and cash equivalents	6A	**415**	224
Trade and other receivables	6B	**9,901**	11,784
Total financial assets		**10,316**	12,008
Non-Financial Assets			
Land and buildings	7A	**2,972**	3,191
Property, plant and equipment	7B, D	**666**	953
Intangibles	7C, D	**101**	100
Other	7E	**522**	516
Total non-financial assets		**4,261**	4,760
Total Assets		**14,577**	16,768
LIABILITIES			
Payables			
Suppliers	8A	**371**	463
Other	8B	**439**	331
Total payables		**810**	794
Provisions			
Employee provisions	9A	**9,017**	7,808
Other provisions	9B	**538**	507
Total provisions		**9,555**	8,315
Total Liabilities		**10,365**	9,109
Net Assets		**4 212**	7,659
EQUITY			
Contributed equity		**(2,341)**	2,858
Asset revaluation reserves		**2,154**	1,725
Retained earnings		**4,399**	3,076
Total Equity		**4 212**	7,659

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

Statement of Changes in Equity

as at 30 June 2010

Item	*Retained earnings*		*Asset revaluation reserve*		*Contributed equity*		*Total equity*	
	2010	*2009*	***2010***	*2009*	***2010***	*2009*	***2010***	*2009*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Opening balance								
Balance carried forward from previous period	**3,076**	2,482	**1,725**	1,725	**2,858**	2,858	**7,659**	7,065
Adjusted opening balance	**3,076**	2,482	**1,725**	1,725	**2,858**	2,858	**7,659**	7,065
Comprehensive Income								
Other comprehensive income	**–**	–	**429**	–	**–**	–	**429**	–
Surplus (Deficit) for the period	**1,323**	594	**–**	–	**–**	–	**1,323**	594
Total comprehensive income	**1,323**	594	**429**	–	**–**	–	**1,752**	594
Transactions with owners								
Distributions to Owners								
Other – net cash appropriations	**–**	–	**–**	–	**(5,199)**	–	**(5,199)**	–
Sub-total transactions with owners	**–**	**–**	**–**	**–**	**(5,199)**	**–**	**(5,199)**	**–**
Closing balance as at 30 June	**4,399**	3,076	**2,154**	1,725	**(2,341)**	2,858	**4,212**	7,659

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

Cash Flow Statement

for the period ended 30 June 2010

	Notes	2010 $'000	2009 $'000
OPERATING ACTIVITIES			
Cash received			
Goods and services		**789**	743
Appropriations		**31,488**	29,030
Net GST received		**716**	729
Total cash received		**32,993**	30,502
Cash used			
Employees		**23,915**	22,465
Suppliers		**8,266**	7,956
Other		**515**	–
Total cash used		**32,696**	30,421
Net cash from (used by) operating activities	10	**297**	81
INVESTING ACTIVITIES			
Cash received			
Proceeds from sale of property, plant and equipment		**–**	7
Total cash received		**–**	7
Cash Used			
Purchase of property, plant and equipment		**106**	152
Total cash used		**106**	152
Net cash from (used by) investing activities		**(106)**	(145)
FINANCING ACTIVITIES			
Cash received			
Contributed equity		**–**	–
Other		**–**	–
Total cash received		**–**	–
Cash Used			
Other		**–**	–
Total cash used		**–**	–
Net cash from (used by) financing activities		**–**	–
Net increase (decrease) in cash held		**191**	(64)
Cash and cash equivalents at the beginning of the reporting period		**224**	288
Cash and cash equivalents at the end of the reporting period	6A	**415**	224

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

Schedule of Commitments

as at 30 June 2010

	2010	2009
	$'000	$'000
BY TYPE		
Commitments receivable		
GST recoverable on commitments	**(1,256)**	(1,551)
Total commitments receivable	**(1,256)**	(1,551)
Commitments payable		
Other commitments		
Operating leases [1]	**13,105**	16,091
Other commitments [2]	**707**	975
Total other commitments	**13,812**	17,066
Net commitments by type	**12,556**	15,515
BY MATURITY		
Commitments receivable		
Other commitments receivable		
One year or less	**(310)**	(285)
From one to five years	**(633)**	(769)
Over five years	**(313)**	(497)
Total other commitments receivable	**(1,256)**	(1,551)
Commitments payable		
Operating lease commitments		
One year or less	**2,867**	2,683
From one to five years	**6,799**	7,938
Over five years	**3,439**	5,470
Total operating lease commitments	**13,105**	16,091
Other commitments		
One year or less	**539**	454
From one to five years	**168**	521
Over five years	**–**	–
Total other commitments	**707**	975
Net commitments by maturity	**12,556**	15,515

NB: Commitments are GST inclusive where relevant.

[1] Operating leases included are effectively non-cancellable and comprise:

Leases for office accommodation and carparking

Lease payments are subject to fixed annual increase in accordance with the lease agreement. In Melbourne, the current lease expires on 30 June 2011. In Canberra the current lease expires on 30 April 2017, with a five year option.

Agreements for the provision of motor vehicles to senior executive officers
Lease payments are fixed at the commencement of each vehicle lease. Vehicles are returned on lease expiry.

[2] Other commitments are primarily contracts for office services.

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

Schedule of Asset Additions
as at 30 June 2010

The following non-financial non-current assets were added in 2009-10:

	Buildings $'000	**Other property, plant & equipment $'000**	**Intangibles $'000**	**Total $'000**
By purchase – appropriation equity	**–**	**–**	**–**	**–**
By purchase – appropriation ordinary annual services	**–**	**77**	**29**	**106**
Total additions	**–**	**77**	**29**	**106**

The following non-financial non-current assets were added in 2008-09:

	Buildings $'000	*Other property, plant & equipment $'000*	*Intangibles $'000*	*Total $'000*
By purchase – appropriation equity	–	–	–	–
By purchase – appropriation ordinary annual services	–	95	57	152
Total additions	–	95	57	152

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

Notes to and forming part of the Financial Statements

Note	Description
1	Summary of Significant Accounting Policies
2	Events after the Reporting Period
3	Expenses
4	Income
5	Other Comprehensive Income
6	Financial Assets
7	Non-Financial Assets
8	Payables
9	Provisions
10	Cash Flow Reconciliation
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12	Senior Executive Remuneration
13	Remuneration of Auditors
14	Financial Instruments
15	Appropriations
16	Special Accounts
17	Compensation and Debt Relief
18	Reporting of Outcomes

Note 1: Summary of Significant Accounting Policies

1.1 Objectives of the Productivity Commission

The Productivity Commission (the Commission) is an Australian Public Service organisation. The Commission is the Australian Government's principal review and advisory body on microeconomic policy and regulation.

The Commission is structured to meet one outcome:

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.

Activities contributing toward this outcome are classified as departmental. Departmental activities involve the use of assets, liabilities, income and expenses controlled or incurred by the Commission in its own right.

The continued existence of the Commission in its present form and with its present program is dependent on Government policy and on continuing appropriations by Parliament for the Commission's administration and program.

1.2 Basis of Preparation of the Financial Statements

The Financial Statements are required by section 49 of the *Financial Management and Accountability Act 1997* and are a general purpose financial statements.

The Financial Statements and notes have been prepared in accordance with:

- Finance Minister's Orders (FMOs) for reporting periods ending on or after 1 July 2009; and
- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

The financial statements have been prepared on an accrual basis and is in accordance with the historical cost convention, except for certain assets at fair value. Except where stated, no allowance is made for the effect of changing prices on the results or the financial position.

The financial statements are presented in Australian dollars and values are rounded to the nearest thousand dollars unless otherwise specified.

Unless alternative treatment is specifically required by an accounting standard or the FMOs, assets and liabilities are recognised in the Balance Sheet when and only when it is probable that future economic benefits will flow to the Commission or a future sacrifice of economic benefits will be required and the amounts of the assets or liabilities can be reliably measured. However, assets and liabilities arising under agreements equally proportionately unperformed are not recognised unless required by an accounting standard. Liabilities and assets that are unrecognised are reported in the Schedule of Commitments or the Schedule of Contingencies.

Unless alternative treatment is specifically required by an accounting standard, income and expenses are recognised in the Statement of Comprehensive Income when and only when the flow, consumption or loss of economic benefits has occurred and can be reliably measured.

1.3 Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Commission has made the following judgements that have the most significant impact on the amounts recorded in the financial statements:

- The fair value of leasehold improvements has been taken to be the fair value of similar leasehold improvements as determined by an independent valuer.

No accounting assumptions or estimates have been identified that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next accounting period.

1.4 New Australian Accounting Standards

Adoption of New Australian Accounting Standard Requirements

No accounting standard has been adopted earlier than the application date as stated in the standard.

New standards, amendments to standards or interpretations that were issued prior to the signing of the statement by the Chairman and Chief Finance Officer and are applicable to the current reporting period did not have a financial impact, and are not expected to have a future financial impact on the entity.

Future Australian Accounting Standard Requirements

New standards, amendments to standards or interpretations that were issued by the Australian Accounting Standards Board prior to the signing of the statement by the Chairman and Chief Finance Officer and are applicable for future reporting periods are not expected to have a financial impact on the entity.

1.5 Revenue

Revenue from Government

Amounts appropriated for departmental outputs for the year (adjusted for any formal additions and reductions) are recognised as revenue when the Commission gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned.

Appropriations receivable are recognised at their nominal amounts.

Other Types of Revenue

Revenue from the sale of goods is recognised when:

- the risks and rewards of ownership have been transferred to the buyer;
- the Commission retains no managerial involvement nor effective control over the goods;
- the revenue and transactions costs incurred can be reliably measured; and
- it is probable that the economic benefits associated with the transaction will flow to the Commission.

Revenue from rendering of services is recognised by reference to the stage of completion of contracts at the reporting date. The revenue is recognised when:

- the amount of revenue, stage of completion and transaction costs incurred can be reliably measured; and
- the probable economic benefits associated with the transaction will flow to the Commission.

The stage of completion of contracts at the reporting date is determined by reference to the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Receivables for goods and services, which have 30 day terms, are recognised at the nominal amounts due less any impairment allowance account. Collectability of debts is reviewed at end of reporting period. Allowances are made when collectability of the debt is no longer probable.

1.6 Gains

Other Resources Received Free of Charge

Resources received free of charge are recognised as gains when, and only when, a fair value can be reliably determined and the services would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

Resources received free of charge are recorded as either revenue or gains depending on their nature.

Contributions of assets at no cost of acquisition or for nominal consideration are recognised as gains at their fair value when the asset qualifies for recognition, unless received from another Government agency or authority as a consequence of a restructuring of administrative arrangements (Refer to Note 1.7).

Sale of Assets

Gains from disposal of assets are recognised when control of the asset has passed to the buyer.

1.7 Transactions with the Government as Owner

Equity Injections

Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) are recognised directly in contributed equity in that year.

Restructuring of Administrative Arrangements

Net assets received from or relinquished to another Australian Government agency or authority under a restructuring of administrative arrangements are adjusted at their book value directly against contributed equity.

1.8 Employee Benefits

Liabilities for 'short-term employee benefits' (as defined in AASB 119 *Employee Benefits*) and termination benefits due within twelve months of end of reporting period are measured at their nominal amounts.

The nominal amount is calculated with regard to the rates expected to be paid on settlement of the liability.

Other long-term employee benefit liabilities are measured as net total of the present value of the defined benefit obligation at the end of the reporting period minus the fair value at the end of the reporting period of plan assets (if any) out of which the obligations are to be settled directly.

Leave

The liability for employee benefits includes provision for annual leave and long service leave. No provision has been made for sick leave as all sick leave is non-vesting and the average sick leave taken in future years by employees of the Commission is estimated to be less than the annual entitlement for sick leave.

The leave liabilities are calculated on the basis of employees' remuneration at the estimated salary rates that applied at the time the leave is taken, including the Commission's employer superannuation contribution rates to the extent that the leave is likely to be taken during service rather than paid out on termination.

The liability for long service leave has been determined by use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account attrition rates and pay increases through promotion and inflation.

Separation and redundancy

No provision has been made for separation and redundancy payments as the Commission has not formally identified any positions as excess to requirements at 30 June 2010. (2009: Nil)

Superannuation

The majority of the staff of the Commission are members of the Commonwealth Superannuation Scheme (CSS), the Public Sector Superannuation Scheme (PSS) or the PSS accumulation plan (PSSap).

The CSS and PSS are defined benefit schemes for the Australian Government. The PSSap is a defined contribution scheme.

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported by the Department of Finance and Deregulation as an administered item.

The Commission makes employer contributions to the employee superannuation scheme at rates determined by an actuary to be sufficient to meet the current cost to the Government of the superannuation entitlements of the Commission's employees. The Commission accounts for the contributions as if they were contributions to defined contribution plans.

The liability for superannuation recognised as at 30 June represents outstanding contributions in respect for the final fortnight of the year.

1.9 Leases

A distinction is made between finance leases and operating leases. Finance leases effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of leased assets. An operating lease is a lease that is not a finance lease. In operating leases, the lessor effectively retains substantially all such risks and benefits.

Where an asset is acquired by means of a finance lease, the asset is capitalised at either the fair value of the lease property, or, if lower, the present value of minimum lease payments at the inception of the contract and a liability is recognised at the same time and for the same amount.

The discount rate used is the interest rate implicit in the lease. Leased assets are amortised over the period of the lease. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are expensed on a straight-line basis, which is representative of the pattern of benefits derived from the leased assets, where the impact is material.

1.10 Borrowing Costs

All borrowing costs are expensed as incurred.

1.11 Cash

Cash and cash equivalents includes cash on hand, cash with outsiders, demand deposits in bank accounts with an original maturity of 3 months or less that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash is recognised at its nominal amount.

1.12 Financial Assets

The Commission classifies its financial assets in the following categories:

- financial assets as at fair value through profit or loss;
- held-to-maturity investments;
- available-for-sale financial assets; and
- loans and receivables.

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets are recognised and derecognised upon ‘trade date’.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis except for financial assets that are recognised at 'fair value through profit or loss'.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Impairment of financial assets

Financial assets are assessed for impairment at the end of each reporting period.

Financial assets held at amortised cost – if there is objective evidence that an impairment loss has been incurred for loans and receivables or held to maturity investments held at amortised cost, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount is reduced by way of an allowance account. The loss is recognised in the statement of comprehensive income.

Financial assets held at cost – if there is objective evidence that an impairment loss has been incurred the amount of the impairment loss is the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the current market rate for similar assets.

1.13 Financial Liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities.

Financial liabilities are recognised and derecognised upon 'trade date'.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction cost.

Other financial liabilities, including supplier and other payables, are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

1.14 Contingent Liabilities and Contingent Assets

Contingent Liabilities and Contingent Assets are not recognised in the balance sheet but are reported in the relevant notes. They may arise from uncertainty as to the existence of a liability or an asset or represent an asset or liability in respect of which the amount cannot be reliably measured. Contingent assets are disclosed when settlement is probable but not virtually certain and contingent liabilities are disclosed when settlement is greater than remote.

Details of each class of contingent liabilities and contingent assets are disclosed in Note 11: Contingent Liabilities and Contingent Assets.

1.15 Acquisition of Assets

Assets are recorded at cost on acquisition except as stated below. The cost of acquisition includes the fair value of assets transferred in exchange and liabilities undertaken. Financial assets are initially measured at their fair value plus transaction costs where appropriate.

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and income at their fair value at the date of acquisition, unless acquired as a consequence of restructuring of administrative arrangements. In the latter case, assets are initially recognised as contributions by owners at the amounts at which they were recognised in the transferor agency's accounts immediately prior to the restructuring.

1.16 Property, Plant and Equipment

Asset Recognition Threshold

Purchases of property, plant and equipment are recognised initially at cost in the balance sheet, except for purchases costing less than $2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

The initial cost of an asset includes an estimate of the cost of dismantling and removing the item and restoring the site on which it is located. This is particularly relevant to 'make-good' provisions in property leases taken up by the Commission where there exists an obligation to 'make-good' premises. These costs are included in the value of the Commission's leasehold improvements with a corresponding provision for the 'make-good' recognised.

Revaluations

Fair values for each class of asset are determined as shown below:

Asset class	*Fair value measured at*
Leasehold improvements	Depreciated replacement cost
Infrastructure, plant and equipment	Market selling price

Following initial recognition at cost, property, plant and equipment are carried at fair value less accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets' fair values at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets. Assets were revalued by the Australian Valuation Office (AVO) as at 30 June 2010.

Revaluation adjustments are made on a class basis. Any revaluation increment is credited to equity under the heading of asset revaluation reserve except to the extent that it reverses a previous revaluation decrement of the same asset class that was previously recognised through the surplus/deficit. Revaluation decrements for a class of assets are recognised directly in the surplus/deficit except to the extent that they reverse a previous revaluation increment for that class.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the asset restated to the revalued amount.

Depreciation

Depreciable property, plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the Commission using, in all cases, the straight-line method of depreciation.

Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods as appropriate.

Depreciation rates applying to each class of depreciable asset are based on the following useful lives:

	2010	*2009*
Leasehold improvements and make-good	**Lease term**	Lease term
Plant and equipment	**3 to 20 years**	3 to 10 years
Intangibles (computer software)	**5 years**	5 years

Impairment

All assets were assessed for impairment at 30 June 2010. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

The recoverable amount of an asset is the higher of its *fair value less costs to sell* and its *value in use. Value in use* is the present value of the future cash flows expected to be derived from the asset. Where the future economic benefit of an asset is not primarily dependent on the asset's ability to generate future cash flows, and the asset would be replaced if the Commission were deprived of the asset, its *value in use* is taken to be its depreciated replacement cost.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

1.17 Intangibles

The Commission's intangibles comprise commercially purchased software. These assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software is amortised on a straight-line basis over its anticipated useful life. The useful lives of the Commission's software are 5 years (2008-09: 5 years).

All software assets were assessed for indicators of impairment as at 30 June 2010.

1.18 Taxation

The Commission is exempt from all forms of taxation except Fringe Benefits Tax (FBT) and the Goods and Services Tax (GST).

Revenues, expenses and assets are recognised net of GST except:

- where the amount of GST incurred is not recoverable from the Australian Taxation Office; and
- for receivables and payables.

Note 2: Events after the Reporting Period

No significant events requiring disclosure in, or adjustment to, these financial statements have occurred subsequent to balance date.

Note 3: Expenses

Note 3A: Employee benefits

	2010	2009
	$'000	$'000
Wages and salaries	**18,730**	18,326
Superannuation:		
Defined contribution plans	**624**	499
Defined benefit plans	**2,310**	2,541
Leave and other entitlements	**3,542**	1,716
Separation and redundancies	**–**	–
Total employee benefits	**25 206**	23,082

Note 3B: Suppliers

	2010	2009
	$'000	$'000
Goods and Services		
Consultants	**45**	113
Contractors	**4,503**	4,103
Stationery	**158**	135
Total goods and services	**4 706**	4,351
Goods and services are made up of:		
Provision of goods – related entities	**–**	–
Provision of goods – external parties	**226**	236
Rendering of services – related entities	**363**	418
Rendering of services – external parties	**4,117**	3,697
Total goods and services	**4,706**	4,351
Other supplier expenses		
Operating lease rentals – external parties:		
Minimum lease payments	**2,693**	2,632
Workers compensation premiums	**41**	33
Total other supplier expenses	**2,734**	2,665
Total supplier expenses	**7 440**	7,016

Note 3C: Depreciation and Amortisation

	2010	2009
	$'000	$'000
Depreciation:		
Leasehold improvements	609	667
Infrastructure, plant and equipment	338	402
Total depreciation	947	1,069
Amortisation:		
Leasehold make-good	59	58
Intangibles:		
Computer software	27	18
Total amortisation	86	76
Total depreciation and amortisation	1 033	1,145

Note 3D: Finance Costs

	2010	2009
	$'000	$'000
Unwinding of discount	31	28
Total finance costs	31	28

Note 3E: Write-Down and Impairment of Assets

	2010	2009
	$'000	$'000
Asset writedowns from:		
Impairment of property, plant & equipment	–	491
Total write-down and impairment of assets	–	491

In 2008-09, an impairment of property, plant & equipment (leasehold improvement) was recognised in respect of office space no longer occupied by the Commission.

Note 3F: Losses from asset sales

	2010	2009
	$'000	$'000
Property, plant and equipment:		
Proceeds from sale	–	–
Carrying value of assets sold	6	–
Selling expense	–	–
Intangibles:		
Proceeds from sale	–	–
Carrying value of assets sold	1	–
Selling expense	–	–
Total losses from asset sales	**7**	–

Note 4: Income

REVENUE

Note 4A: Sale of Goods and Rendering of Services

	2010	2009
	$'000	$'000
Provision of goods – related entities	–	–
Provision of goods – external parties	24	1
Rendering of services – related entities	551	642
Rendering of services – external parties	42	51
Total sales of goods and rendering of services	**617**	694

GAINS

Note 4B: Sale of Assets

	2010	2009
	$'000	$'000
Property, plant and equipment:		
Proceeds from sale	–	7
Carrying value of assets sold	–	–
Selling expense	–	–
Net gain from sale of assets	–	7

Note 4C: Other Gains

	2010	2009
	$'000	$'000
Resources received free of charge	**35**	34
Total other gains	**35**	34

Revenue from Government

Note 4D: Revenue from Government

	2010	2009
	$'000	$'000
Appropriations:		
Departmental outputs	**34,388**	31,621
Total revenue from Government	**34,388**	31,621

Note 5: Other Comprehensive Income

Note 5A: Changes in asset revaluation reserves

	2010	2009
	$'000	$'000
Buildings - leasehold improvement revaluation increment	**449**	–
Property, plant and equipment revaluation decrement	**(20)**	–
Total other comprehensive income	**429**	–

Note 6: Financial assets

Note 6A: Cash and Cash Equivalents

	2010	2009
	$'000	$'000
Cash on hand or on deposit	**415**	224
Total cash and cash equivalents	**415**	224

Note 6B: Trade and Other Receivables

	2010	2009
	'000	'000
Goods and Services:		
Goods and services – related entities	–	127
Goods and services – external parties	17	18
Total receivables for goods and services	17	145
Appropriations receivable:		
For existing outputs	9,786	10,702
For additional outputs	–	868
Total appropriations receivable	9,786	11,570
Other receivables:		
GST receivable from the Australian Taxation Office	89	69
Other	9	–
Total other receivables	98	69
Total trade and other receivables	9,901	11,784
Receivables are expected to be recovered in:		
No more than 12 months	9,901	11,784
More than 12 months	–	–
Total trade and other receivables	9,901	11,784
Receivables are aged as follows:		
Not overdue	9,901	11,773
Overdue by:		
More than 90 days	–	11
Total receivables	9 901	11,784

Note 7: Non-Financial Assets

Note 7A: Land and buildings

	2010	2009
	$'000	$'000
Leasehold improvements		
Fair value	**2,972**	4,797
Accumulated depreciation	**–**	(1,115)
Accumulated impairment losses	**–**	(491)
Total leasehold improvements	**2,972**	3,191
Total land and buildings	**2,972**	3,191

No indicators of impairment were found for land and building.

No land or buildings are expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2010, an independent valuer from the Australian Valuation Office conducted the revaluations.

Note 7B: Property, plant and equipment

	2010	2009
	$'000	$'000
Other property, plant and equipment		
Fair value	**666**	1,762
Accumulated depreciation	**–**	(809)
Total other property, plant and equipment	**666**	**953**
Total property, plant and equipment	**666**	**953**

No indicators of impairment were found for property, plant and equipment.

No property, plant or equipment is expected to be sold or disposed of within the next 12 months.

All revaluations were conducted in accordance with the revaluation policy stated at Note 1. On 30 June 2010, an independent valuer from the Australian Valuation Office conducted the revaluations.

The revaluation increment for leasehold improvements and decrement for plant and equipment were credited and debited respectively to the asset revaluation reserve by asset class, and included in the equity section of the balance sheet; no increments or decrements were expensed.

Note 7C: Intangibles

	2010	2009
	$'000	$'000
Computer software		
Purchased	**544**	524
Accumulated amortisation	**(443)**	(424)
Total intangibles	**101**	100

No indicators of impairment were found for intangible assets.

No intangibles are expected to be sold or disposed of within the next 12 months.

Note 7D: Analysis of property, plant and equipment, and intangibles

TABLE A – Reconciliation of the Opening and Closing Balances of property, plant and equipment (2009-10)

Item	*Leasehold improvements*	*Other property, plant & equipment*	*Total*
	$'000	**$'000**	**$'000**
As at 1 July 2009			
Gross book value	**4,797**	**1,762**	**6,559**
Accumulated depreciation and impairment	**(1,606)**	**(809)**	**(2,415)**
Net book value 1 July 2009	**3,191**	**953**	**4,144**
Additions:			
By purchase	**–**	**77**	**77**
Revaluations and impairments recognised in other comprehensive income	**449**	**(20)**	**429**
Depreciation expense	**(668)**	**(338)**	**(1,006)**
Disposals:			
Other	**–**	**(6)**	**(6)**
Net book value 30 June 2010	**2 972**	**666**	**3 638**
Net book value as of 30 June 2010 represented by:			
Gross book value	**2,972**	**666**	**3,638**
Accumulated depreciation	**–**	**–**	**–**
	2,972	**666**	**3,638**

TABLE A continued – Reconciliation of the opening and closing balances of property, plant and equipment (2008-09)

Item	*Leasehold improvements*	*Plant and equipment*	*Total*
	$'000	$'000	$'000
As at 1 July 2008			
Gross book value	4,855	1,678	6,533
Accumulated depreciation and impairment	(448)	(418)	(866)
Net book value 1 July 2008	4,407	1,260	5,667
Additions:			
By purchase	–	95	95
Impairments recognised in the operating result	(491)	–	(491)
Depreciation expense	(725)	(402)	(1,127)
Disposals:			
Other	–	–	–
Net book value 30 June 2009	3 191	953	4,144
Net book value as of 30 June 2009 represented by:			
Gross book value	4,797	1,762	6,559
Accumulated depreciation	(1,115)	(809)	(1,924)
Accumulated impairment losses	(491)	–	(491)
	3,191	953	4,144

TABLE B – Reconciliation of the opening and closing balances of intangibles (2009-10)

Item	*Computer software purchased*	*Total*
	$'000	**$'000**
As at 1 July 2009		
Gross book value	**524**	**524**
Accumulated amortisation	**(424)**	**(424)**
Net book value 1 July 2009	**100**	**100**
Additions:		
By purchase	**29**	**29**
Amortisation	**(27)**	**(27)**
Disposals:		
Other	**(1)**	**(1)**
Net book value 30 June 2010	**101**	**101**
Net book value as of 30 June 2010 represented by:		
Gross book value	**544**	**544**
Accumulated amortisation	**(443)**	**(443)**
	101	**101**

TABLE B continued – Reconciliation of the opening and closing balances of intangibles (2008-09)

Item	Computer software purchased $'000	Total $'000
As at 1 July 2008		
Gross book value	471	471
Accumulated amortisation	(410)	(410)
Net book value 1 July 2008	61	61
Additions:		
By purchase	57	57
Amortisation	(18)	(18)
Net book value 30 June 2009	100	100
Net book value as of 30 June 2009 represented by:		
Gross book value	524	524
Accumulated amortisation	(424)	(424)
	100	100

Note 7E: Other non-financial assets

	2010	2009
	$'000	$'000
Prepayments	**522**	516
Total other non-financial assets		
Total other non-financial assets – are expected to be recovered in:		
No more than 12 months	**522**	516
More than 12 months	**–**	–
Total other non-financial assets	**522**	516

All other non-financial assets are current assets.

No indicators of impairment were found for other non-financial assets.

Note 8: Payables

Note 8A: Suppliers

	2010	2009
	$'000	$'000
Trade creditors and accruals	**371**	463
Total supplier payables	**371**	463
Supplier payables expected to be settled within 12 months:		
Related entities	**52**	65
External parties	**319**	398
Total supplier payables	**371**	463

Settlement is usually made within 30 days.

Note 8B: Other Payables

	2010	2009
	$'000	$'000
Salaries and wages	**381**	282
Superannuation	**58**	49
Total other payables	**439**	331
Total other payables are expected to be settled in:		
No more than 12 months	**439**	331
Total other payables	**439**	331

Note 9: Provisions

Note 9A: Employee provisions

	2010	*2009*
	$'000	$'000
Leave	**9,017**	7,808
Total employee provisions	**9,017**	7,808
Employee provisions are expected to be settled in:		
No more than 12 months	**2,543**	2,585
More than 12 months	**6,474**	5,223
Total employee provisions	**9,017**	7,808

Note 9B: Other provisions

	2010	*2009*
	$'000	$'000
Provision for restoration obligations	538	507
Total other provisions	**538**	507
Other provisions are expected to be settled in:		
No more than 12 months	**538**	–
More than 12 months	**–**	507
Total other provisions	**538**	507

	Provision for restoration $'000
Carrying amount 1 July 2009	**507**
Additional provisions made	**–**
Amounts used	**–**
Amounts reversed	**–**
Unwinding of discount or change in discount rate	**31**
Closing balance 2010	**538**

The Commission currently has 1 agreement for the leasing of premises which has a provision requiring the Commission to restore the premises to its original condition at the conclusion of the lease. The Commission has made provision to reflect the present value of this obligation. (2008-09: 1 agreement)

Note 10: Cash Flow Reconciliation

	2010	2009
	$'000	$'000
Reconciliation of cash and cash equivalents as per Balance Sheet to Cash Flow Statement		
Cash and Cash Equivalents as per:		
Cash Flow Statement	**415**	224
Balance Sheet	**415**	224
Difference	**–**	–
Reconciliation of net cost of services to net cash from operating activities:		
Net cost of services	**(33,065)**	(31,027)
Add revenue from Government	**34,388**	31,621
Adjustments for non-cash items		
Depreciation / amortisation	**1,033**	1,145
Net write-down of non-financial assets	**–**	491
(Gain) / loss on disposal of assets	**7**	(7)
Change in assets / liabilities:		
(Increase) / decrease in net receivables **	**(3,316)**	(2,596)
(Increase) / decrease in prepayments	**(6)**	(41)
Increase / (decrease) in employee provisions	**1,209**	545
Increase / (decrease) in supplier payables	**(92)**	(160)
Increase / (decrease) in other payables	**108**	82
Increase / (decrease) in other provisions	**31**	28
Net cash from / (used by) operating activities	**297**	81

** is net of the Distribution to owners in the Statement of Changes in Equity

Note 11: Contingent Liabilities and Contingent Assets

At 30 June 2010, to the best of its knowledge, the Commission was not exposed to any unrecognised contingencies that would have any material effect on the financial statements.

Note 12: Senior Executive Remuneration

Note 12A: Actual remuneration paid to senior executives during the financial year

	2010	2009
Executive Remuneration		
The number of senior executives who received:		
Less than $145,000*	**1**	2
$145,000 to $159,999	**3**	5
$175,000 to $189,999	**2**	3
$190,000 to $204,999	**4**	1
$205,000 to $219,999	**4**	5
$220,000 to $234,999	**1**	3
$235,000 to $249,999	**4**	3
$250,000 to $264,999	**3**	2
$265,000 to $279,999	**–**	1
$280,000 to $294,999	**4**	1
$295,000 to $309,999	**1**	–
$310,000 to $324,999	**–**	1
$355,000 to $369,999	**2**	1
Total	**29**	28

* Excluding acting arrangements and part-year service (but including part-time service).

Total expense recognised in relation to Senior Executive employment		
Short-term employee benefits:		
Salary (including annual leave taken)	**5,272,162**	4,712,736
Changes in annual leave provisions	**14,563**	(33,007)
Performance bonus	**327,188**	289,592
Other[1]	**212,450**	217,111
Total short-term employee benefits	**5,826,363**	5,186,431
Superannuation (post-employment benefits)	**764,756**	881,257
Other long-term benefits	**68,862**	(45,987)
Total	**$6 659 981**	$6,021,702

[1] "Other" includes motor vehicle allowances and other allowances.

During the year the Commission paid nil in termination benefits to senior executives. (2009: nil)

This note includes remuneration of members of the Commission and employees in the Senior Executive Service. Note 12A reflects the number of senior executives paid during the year whereas Note 12B reflects the number of senior executives at 30 June.

Note 12B: Salary packages for Senior Executives as at 30 June

Average annualised remuneration packages for substantive Senior Executives

	As at 30 June 2010			*As at 30 June 2009*		
	No. SES	***Base salary***	***Total remuneration package[1]***	*No. SES*	*Base salary*	*Total remuneration package[1]*
Total Remuneration:						
Less than $145,000*	**3**	**120,430**	**132,266**	4	118,726	131,673
$160,000 to $174,999	**–**	**–**	**–**	1	136,337	170,921
$175,000 to $189,999	**2**	**145,514**	**187,495**	6	158,302	183,887
$190,000 to $204,999	**7**	**154,248**	**193,317**	4	166,765	198,075
$205,000 to $219,999	**4**	**165,375**	**212,885**	3	173,440	210,123
$220,000 to $234,999	**2**	**173,309**	**223,534**	3	176,710	227,240
$235,000 to $249,999	**1**	**192,456**	**243,431**	–	–	–
$250,000 to $264,999	**1**	**194,497**	**251,805**	4	211,438	259,647
$265,000 to $279,999	**5**	**228,422**	**270,609**	2	237,931	273,126
$280,000 to $294,999	**1**	**253,488**	**287,337**	1	226,037	285,193
$295,000 to $309,999	**–**	**–**	**–**	1	237,207	308,756
$340,000 to $354,999	**1**	**278,828**	**345,904**	–	–	–
$355,000 to $369,999	**–**	**–**	**–**	1	270,239	360,741
$445,000 to $459,999	**1**	**400,767**	**455,252**	–	–	–
Total	**28**			30		

* Excluding acting arrangements and part-year service (but including part-time service).

[1] Non-Salary elements available to Senior Executives include motor vehicle allowance and superannuation. Some executives have access to a performance bonus (not included above). The average performance bonus for those eligible was $12,584. (2009: $11,138). ‘Total remuneration package’ excludes accrued Long Service Leave. ‘Total remuneration package’ and ‘base salary’ are the average of those within the band of ‘Total Remuneration’.

Note 13: Remuneration of Auditors

	2010	2009
	$'000	$'000
Financial statement audit services are provided free of charge to the Commission.		
The fair value of the services provided was:	**35**	34
	35	34

No other services were provided by the Auditor-General.

Note 14: Financial Instruments

Note 14A: Categories of financial instruments

	2010	2009
	$'000	$'000
Financial Assets		
Loans and receivables		
Cash and cash equivalents	**415**	224
Trade receivables	**17**	145
Carrying amount of financial assets	**432**	369
Financial Liabilities		
Other liabilities		
Payables – suppliers	**371**	463
Carrying amount of financial liabilities	**371**	463

Note 14B: Net income and expense from financial assets

There is no income or expense from financial assets – loans and receivables in the year ending 30 June 2010. (2009: nil)

Note 14C: Net income and expense from financial liabilities

There is no income or expense from other financial liabilities in the year ending 30 June 2010. (2009: nil)

Note 14D: *Fair value of financial instruments*

There are no financial instruments held at 30 June 2010 where the carrying amount is not a reasonable approximation of fair value. (2009: nil)

Note 14E: *Credit Risk*

The Commission is exposed to minimal credit risk as loans and receivables are cash and trade receivables. The maximum exposure to credit risk is the risk that arises from potential default of a debtor. This amount is equal to the total of trade receivables (2010: $17,000 and 2009: $145,000). The Commission has assessed that there is no the risk of default on payment.

The Commission manages its credit risk by mainly dealing with other government agencies.

The Commission holds no collateral to mitigate against credit risk.

No financial instruments were impaired in 2010. (2009: nil)

Ageing of financial assets that are not past due nor impaired and past due but not impaired are shown at Note 6B.

Note 14F: *Liquidity Risk*

The Commission's financial liabilities are payables. The exposure to liquidity risk is based on the notion that the Commission will encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely due to appropriation funding and mechanisms available to the Commission (eg. Advance to the Finance Minister) and internal policies and procedures put in place to ensure there are appropriate resources to meet its financial obligations.

The Commission is appropriated funding from the Australian Government. The Commission manages its budgeted funds to ensure it has adequate funds to meet payments as they fall due. In addition, the Commission has policies in place to ensure timely payments are made when due and has no past experience of default.

All financial liabilities mature within one year. (2009: one year)

Note 14G: Market Risk

The Commission holds basic financial instruments that do not expose the Commission to certain market risks.

The Commission is not exposed to currency risk, other price risk or interest rate risk.

Note 15: Appropriations

Table A1: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund (CRF) for Ordinary Annual Services Appropriations

	Departmental Outputs	
Particulars	***2010***	*2009*
	$'000	$'000
Balance carried forward from previous period (*Appropriation Acts)*	**10,995**	9,371
Appropriation Act:		
Appropriation Act (No 1, 3 & 5) 2009-2010 as passed	**34,561**	30,753
Appropriations reduced (*Appropriation Act* sections 10, 11, 12 & 14)	**(5,372)**	–
FMA Act:		
Repayments to the Commonwealth (*FMA Act section*	**21**	52
Appropriations to take account of recoverable GST (*FMA Act section 30A*)[1])	**736**	694
Relevant agency receipts (*FMA s 31*)	**768**	698
Total appropriations available for payments	**41,709**	41,568
Cash payments made during the year (GST inclusive)	**(31,419)**	(30,573)
Balance of authority to draw cash from the Consolidated Revenue Fund for ordinary annual services appropriations as represented by:	**10 290**	10,995
Cash at bank and on hand	**415**	224
Departmental appropriations receivable	**9,786**	10,702
Net GST payable to/from ATO	**89**	69
Total as at 30 June	**10 290**	10,995

[1] The amounts in this line are calculated on an accrual basis to the extent that an expense may have been incurred that includes GST but has not been paid by year end.

Departmental and non-operating appropriations do not lapse at financial year end. However, the responsible Minister may decide that part or all of a departmental or non-operating appropriation is not required and request the Finance Minister to reduce that appropriation. The reduction in the appropriation is effected by the Finance Minister's determination and is disallowable by Parliament.

On 13 May 2010, the Finance Minister determined a reduction in departmental appropriations. The amount of the reduction determined under Appropriation Act (No.3) 2009-10 was $5,199,000.

On 29 June 2010, the Finance Minister determined a reduction in departmental appropriations following a request by the Treasurer. The amount of the reduction determined under Appropriation Act (No.1) of 2009-10 was $173,000.

During 2009-10, the Commission received legal advice that certain payments were not covered by Remuneration Tribunal determinations. The payments, amounting to $54,268, represent a breach of section 83 of the Constitution. A waiver for recovery of these payments was made pursuant to section 34(1) of the FMA Act (refer Note 17). Appropriate determinations have subsequently been put in place to allow payments to be made in future.

Table B: Acquittal of Authority to Draw Cash from the Consolidated Revenue Fund for Ordinary Annual Services Appropriations

	Non-operating					
	Equity		*Previous Years' Outputs*		***Total***	
Particulars	***2010***	*2009*	***2010***	*2009*	***2010***	*2009*
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Balance carried forward from previous period	**–**	–	**–**	–	**–**	–
(Appropriation Acts):						
Appropriation Act (No 2, 4 & 6 2009-2010 as passed	**–**	–	**868**	–	**–**	–
Total appropriations available for payments	**–**	–	**868**	–	**–**	–
Cash payments made during the year (GST inclusive)	**–**	–	**(868)**	–	**–**	–
Balance of authority to draw cash from the Consolidated Revenue Fund for other than ordinary annual services appropriations and as represented by:	**–**	–	**–**	–	**–**	–
Departmental appropriation receivable	**–**	–	**868**	868	**868**	868
Adjustments under s101.13 of the Finance Minister's Orders not reflected above	**–**	–	**(868)**	(868)	**(868)**	(868)
Total as at 30 June	**–**	–	**–**	–	**–**	–

In accordance with s101.10 and s101.13 of the Finance Minister's Orders, the Productivity Commission has recognised as revenue and appropriation receivable an additional appropriation relating to the 2008-09 year to be received in 2009-10 as previous years' outputs. This amount is reflected in the 2009-10 Appropriation Bills and Portfolio Budget Statements.

Note 16: Special Accounts

The Commission has an Other Trust Monies Special Account. This account was established under section 20 of the *Financial Management and Accountability Act 1997*. The purpose of the Other Trust Monies Special Account is for expenditure of monies temporarily held on trust or otherwise for the benefit of a person other than the Commonwealth. Any money held is thus special public money under section 16 of the *Financial Management and Accountability Act 1997*. For the years ended 30 June 2000-2010, the account had a nil balance and there were no transactions debited or credited to it.

The Commission's Services for other Governments and Non-Agency Bodies Account was abolished with effect from 11 September 2009.

Note 17: Compensation and Debt Relief

	2010	*2009*
	$	*$*
Departmental		
No 'Act of Grace' expenses were incurred during the reporting period. (2009: No expenses)	**–**	–
2 waivers of amounts owing to the Australian Government were made pursuant to subsection 34(1) of the *Financial Management and Accountability Act 1997*. (2009: No waivers)	**54,268**	–
No payments were provided under the Compensation for Detriment caused by Defective Administration (CDDA) Scheme during the reporting period. (2009: No payments)	**–**	–
No ex gratia payments were provided for during the reporting period. (2009: No payments)	**–**	–
No payments were provided in special circumstances relating to APS employment pursuant to section 73 of the Public Service Act 1999 (PS Act) during the reporting period. (2009: No payments)	**–**	–

Note 18: Reporting of Outcomes

Note 18A: Net Cost of Outcome Delivery

	Outcome 1	
	2010	*2009*
	$'000	$'000
Expenses		
Departmental	**33,717**	31,762
Total	**33,717**	31,762
Income from non-government sector		
Departmental		
Gain from disposal of asset	**–**	7
Reversal of previous asset write-downs	**–**	–
Goods and services income	**66**	52
Other	**–**	–
Total departmental	**66**	59
Total	**66**	59
Other own-source income		
Departmental	**586**	676
Total	**586**	676
Net cost/(contribution) of outcome delivery	**33,065**	31,027

Outcome 1 is described in Note 1.1. Net costs shown include intra-government costs that are eliminated in calculating the actual Budget Outcome. Refer to Outcome 1 Resourcing Table on page [page no.] of this Annual Report.