Australian Government
National Capital Authority

File No: 07/426
Our Ref: 37661

Ms Russell Chafer
Secretary
Joint Committee of Public Accounts and Audit
Parliament House
CANBERRA ACT 2600

Dear Mr Chafer

SUBMISSION TO THE JOINT COMMITTEE OF PUBLIC ACCOUNTS AND AUDIT INQUIRY INTO THE EFFECTS OF THE ONGOING EFFICIENCY DIVIDEND ON SMALLER PUBLIC SECTOR AGENCIES

Please find attached the National Capital Authority's submission to the Joint Committee of Public Accounts and Audit inquiry into the effects of the ongoing efficiency dividend on smaller public sector agencies.

This submission seeks to contribute to the Committee's Inquiry into the effects of the ongoing efficiency dividend on smaller public sector agencies, reporting from the perspective of National Capital Authority's role in the planning and development of Canberra as the National Capital.

Accordingly this submission focuses on the evolution of the current financial position over the last ten years, as well as current issues and developments that will shape its further evolution, particularly in terms of its financial sustainability.

I would welcome the opportunity to discuss the submission directly with members, as necessary or appropriate.

If you have any queries about any of the above matters, please do not hesitate to contact Philip Wales, Managing Director Governance on (02) 6271 2817.

Yours sincerely

APegrum

Annabelle Pegrum AM
Chief Executive

18 July 2008

Building the National Capital in the hearts of all Australians

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Introduction

1. The National Capital Authority's (NCA) financial position and performance framework has undergone significant change over the last ten years. This has included the introduction of accrual accounting, the continued impact of the efficiency dividend on the agency and changes in performance reporting in the public sector.

2. Such changes pose special challenges for smaller agencies such as the NCA that have limited scope in securing additional funds to develop new initiatives, meet statutory requirements and maintain existing national infrastructure.

About the National Capital Authority

3. The National Capital Authority (NCA) is established under the *Australian Capital Territory (Planning and Land Management) Act 1988* (PALM Act). The NCA is a smaller agency (refer clause 9).

4. As a prescribed agency under the *Financial Management and Accountability Act 1997* (FMA Act) the NCA is budget funded through Departmental and Administered Appropriation.

5. Part II of the PALM Act establishes the Authority, prescribes its powers and functions and makes it subject to general ministerial direction.

6. The functions of the NCA as set out in section 6 of the PALM Act are:

   (a) to prepare and administer a National Capital Plan;

   (b) to keep the Plan under constant review and to propose amendments to it when necessary;

   (c) on behalf of the Commonwealth, to commission works to be carried out in Designated Areas in accordance with the Plan where neither a Department of State of the Commonwealth nor any Commonwealth authority has the responsibility to commission those works;

   (d) to recommend to the Minister the carrying out of works that it considers desirable to maintain or enhance the character of the National Capital;

   (e) to foster an awareness of Canberra as the National Capital;

   (f) with the approval of the Minister, to perform planning services for any person or body, whether within Australia or overseas; and

   (g) with the Minister's approval, on behalf of the Commonwealth, to manage National Land designated in writing by the Minister as land required for the special purposes of Canberra as the National Capital.

7. The statutory functions of the NCA comprehensively identify the Commonwealth's interest in the National Capital. The statutory functions are non discretionary deliverables.

8. The statutory functions are directly aligned to the NCA outputs in the Portfolio Budget Statements (PBS). The 2008-2009 outputs are

   1. Canberra and the Australian Capital Territory are planned and developed in accordance with their national significance
   2. Promotion and awareness of the significance of Canberra as the National Capital
   3. Advocacy, enhancement and management of the national capital estate.

9. The NCA 2008-09 departmental budget (operational) is \$15.4m and administered budget is \$11.1m. The NCA has a staff of 55 people (48.04 FTE).

10. The Chief Executive manages the affairs of the NCA under the general directions of the Authority and has the responsibility of a Chief Executive under the *Financial Management and Accountability Act 1997* (FMA Act) and an Agency Head under the *Public Service Act 1999*.

11. In order to deliver our statutory and regulatory functions under the PALM Act and in order to comply with service-wide government reporting and compliance obligations, the NCA requires a diverse range of skills in it's staff profile, primarily in the professional areas of urban planning, architecture, engineering, landscape architecture, promotions, education and corporate business and finance.

12. Like many small agencies, the NCA has outsourced the majority of its traditional corporate functions such as payroll services, security services, legal services and IT support.

13. The NCA also outsources the major proportion of work in respect of the maintenance of national assets through competitively tendered contractual arrangements.

14. In February 2008, the Government announced an inquiry by the Joint Standing Committee on the National Capital and External Territories (the Committee) into the role of the NCA. The Committee reported on 16 July 2008.

15. The Committee's Report makes recommendations to clarify the future role of the Commonwealth and of the NCA including in relation to planning, promotion and maintenance and enhancement functions, and importantly a number of recommendations associated with funding.

16. The Committee's Report includes twenty-two specific recommendations and a number of secondary recommendations (contained in the body of the report). The Report acknowledged the ongoing funding constraints and challenges facing the NCA in delivering its outputs, particularly after the recent savings measures introduced by the Government.

17. The Report called for the Government to:

    - Provide priority funding for maintenance works (for example Scrivener Dam);
    - Recognise and endorse the role of the NCA in promoting Canberra as the National Capital and for the restoration of appropriate funding to restore: Australia Day in the National Capital including Australia Day Live; Blundell's Cottage; National Capital Exhibition; and
    - Reinstate funding for the upgrade of Constitution Avenue;

18. The recommendations from the Committee Report, if adopted by the Government, in part or in full may impact on the outputs, resources and staffing profile of the NCA or its successor agency.

Funding for the NCA

19. For the purposes of the inquiry the NCA is a "small agency" with departmental revenue from government for the 2008-09 financial year of $13.66m.

20. The NCA is a material agency under the FMA Act due to the value of its national assets.

21. The NCA receives three funding streams:

    - <u>Appropriation for Departmental Expenses</u> – These funds are appropriated for the delivery of three NCA outputs. The outputs are directly related to statutory responsibilities. This funding stream includes funds for maintenance of all Administered assets;
    - <u>Appropriation for Administered Expenses</u> – This is the source of NCA funding for the replacement of administered assets (commonly known as depreciation funding) and cannot be used for maintenance; and

- Appropriation for Administered Assets and Liabilities – These funds are appropriated for the construction of new assets which will result in an increase in the value of Administered assets (commonly known as capital injection).

22. Outlined below are the NCA's specific comments on the terms of reference.

Disproportionate Impact of the Efficiency Dividend on Smaller Agencies and Lack of Access to NPPs (TOR#1)

23. Every Australian Public Sector (APS) agency has to comply with the Constitution, common law, specific public sector legislation, government policy and guidelines, conventions, in what the APS Commission describes as the 'must do' elements of governance.

24. Irrespective of the functions of the agency, level of appropriation, value of assets, or the number of employees, these compliance and reporting responsibilities required by the government, parliament and other APS agencies are the same for a smaller agency as a medium or large agency.

25. As an APS agency the NCA must provide for non-discretionary corporate functions to support the agency and its staff, for example - ministerial and parliamentary services, financial services, records management, human resources, information technology, and property services. The frequency and complexity of these functions is significant for a smaller agency.

26. In this regard, the NCA must maintain the same range of professional corporate and managerial positions as a larger agency – including professionals in the fields of finance, human resource management, governance and information technology.

27. The NCA must also prepare and maintain its own agency specific policies and procedures to ensure compliance with public sector legislation and whole-of-government requirements including Annual Procurement Plans, Annual Regulatory Plans, Chief Executive Instructions, Code of Conduct procedures, Contract/Consultancy reporting, Energy, efficiency and environmental reporting, Fraud Control Plan, Fraud and Security Surveys, Regulation Impact Statements, Service Charters, State of the Service, Whistleblowing Procedures, reporting, and a Workplace Diversity Plan.

28. Due to the economies of scale, however, the allocation of funds within the NCA (as a small agency) on non-discretionary governance and core corporate functions is (of necessity) disproportionally higher than that of a medium or large agency.

29. The NCA has not been successful in generating support for New Policy Proposals (NPPs) seeking supplementary funding for cost pressures associated with existing activities, especially the maintenance of new additional assets (there is no automatic supplementary funding for the maintenance of these assets as they are built) and rising utility costs (outside of the control of the NCA or the Commonwealth) because, fiundamenatlly, these are not 'new policies'. In general terms, the NCA has observed four particular barriers faced in raising NPPs related to cost pressures:

    - The quantum of potential NPPs (usually under $5 million) related to cost pressures is typically small in comparison to the NPPs submitted by large agencies. This can make them easy to ignore and dismiss without adequate analysis.

    - Because cost pressure NPPs are related to the sustainability of existing programs they are not as attractive as funding new projects or policy initiatives.

    - The sustainability of existing programs is often difficult to frame within the mandate to address NPPs at the overt policy agenda of Government.

    - Any 'routine' proposals in the National Capital (such as supplementary maintenance funding) are frequently considered less attractive than NPPs from larger agencies which are more likely to have a national or regional impact.

Implementing the Efficiency Dividend – Impacts on Functions, Performance & Staffing (TOR#2-5)

Preliminary comments

30. The responsibility of balancing the NCA's annual budget as a small material agency has become increasingly difficult.

31. Excluding the impact of special measures such as the Griffin Legacy initiative, the NCA's departmental appropriation grew at an average of 1.32% per annum across the period 1999 to 2007. This is below the Labour Price Index (LPI) (previously called the Wage Cost Index) which increased at an average of 3.69% per annum over the same period.

32. It is important to note that the slow rate of increase in appropriation revenue is due to the impact of two separate factors – the efficiency dividend and inadequate base indexation. Inadequate indexation of funding can be almost as significant in impact as the efficiency dividend. Baseline appropriation has been indexed by an average of 2.5% per annum in recent years.

33. In applying indexation to agency funding, a broad indexation measure is adopted which may not be specific enough to reflect the inflationary pressure observed by smaller agencies with quite narrow and specific expenditure bases.

34. For example, the NCA spends the majority of its supplier expense budget on out-sourced land and asset maintenance contracts. The price movement on these contracts over time is linked to the cost of labour and materials in the construction and engineering industries. Adopting a broad public sector expenditure based index has resulted in a disparity between the budget assumption for inflation and the actual inflation faced by the NCA. Over recent years, this disparity has been to the detriment of the NCA's available funds for asset maintenance.

35. The combination of inadequate indexation and the efficiency dividend leaves the NCA with a net annual increase in appropriation of approximately 1.25% in nominal terms but an annual reduction of more than 2% in real terms (against the LPI). Over the period 1999-2007, the aggregate budget deterioration in real terms was in excess of 20%.

36. Attachment A provides a summary of the NCA Staffing and Funding 1997-2009 in real terms (Adjusted by Wage Cost Index to reflect 2008 dollars).

37. Despite the deteriorating real level of appropriation, the NCA has endeavoured to increase the quality and quantity of deliverables in respect of Outputs 1 and 2 and assumed responsibility for a large number of additional assets requiring maintenance under Output 3. These additional activities have been funded through the realisation of internal efficiencies and seeking alternate sources of external funding - including sponsorship of public events.

Maintenance Pressures

38. Since 1999, the National Capital Authority has assumed responsibility for protection and preservation of a large number of new memorial assets within the national capital estate. The NCA has not received additional funding to meet the annual cost of managing these important cultural assets.

39. Currently the NCA is responsible for the management of more than $670m in administered assets (as at 30 June 2008). Over the past seven financial years (2001 - 2008) the value of administered assets under NCA management has increased by 100% (from $335m in 2001-02 to $672m in 2007-08 – an increase of $337m).

40. The NCA's increasing number and value of administered assets will place further pressure on the maintenance budget. Typically, as new memorials and commemorative works are built, the NCA assumes responsibility for the ongoing maintenance and management of the asset but there is no supplementation in funding for the cost of that maintenance which has to be met from departmental funds.

41. In 2001-02, the ratio of departmental appropriation for maintenance expense to administered asset value was approximately 1:35. This means that $1 of maintenance funding was spent by the NCA for every $35 of asset value held.

42. By 2006-07 this ratio had fallen to 1:45. The forecast for 2008-09 is another fall in the ratio to 1:68. This means that there will be $1 of maintenance funding for every $68 of asset value held. This is not sustainable given the Commonwealth's duty of care related to maintenance obligations including public safety, amenity and use, and compliance with environment and heritage legislation.

43. There have also been significant increases in utility costs beyond the control of the Commonwealth. The cost of water and electricity use supplied by ACTEW has doubled in the past 3 years across the estate despite reductions in water use to address the drought. There is no supplementation for these increases in utility costs. This too is not sustainable.

44. To date, the maintenance cost of newly acquired assets and green landscape assets has been borne through internal efficiencies.

45. Another funding gap which is increasing in magnitude is in relation to renewal of the ageing green landscape within the estate. Under the current funding arrangements, the green landscape assets (including heritage trees surrounding the Old Parliament House lawns and street trees on Anzac Parade) are not carried as depreciating assets on the NCA's asset register. This means that depreciation funding is not available for the replacement of green landscape assets.

46. Over the next few years, the NCA forecasts another series of maintenance cost increases related to compliance with the *Environment Protection and Biodiversity Conservation Act 1999*, the review of the *Statements of National Significance* and investigation into the nomination of Canberra to the National Heritage List. The impact of these three items is critical in protecting and preserving the character and cultural aspects of Canberra as the national capital.

47. The NCA has had to increase its delivery of outputs, in particular in the maintenance of new assets across the estate. Without supplementation from Government to meet the cost of maintaining these assets and memorials the NCA has already maximised the internal efficiencies available to fund this maintenance. Therefore the ability of the NCA to absorb further budget cuts associated with the efficiency dividend has the potential to impact on the Commonwealth's duty of care.

Workforce Planning

The changing face of the APS workforce

48. Over the past fifteen years the APS has undertaken significant reforms to its employment and financial frameworks that have increased the levels of accountability and reporting to government for the performance of functions and expenditure. At the same time there has been an increase in community expectations and consultation about how the government will deliver its programs or services.

49. Trends in the APS are also affecting the nature of public sector work including:

- an ageing APS profile with the likely departure of a significant proportion of its workforce over the next five years;
- major shifts in the APS classification structure, with more than 50 per cent of recruits with tertiary qualifications, more rapid advancement of new recruits and greater competition and mobility within and between the public and private sector; and
- changes in the nature and distribution of employment, including the increasing use of part-time, casual and contract labour and the impact of technological changes on the location of work and the type of skills required.

The NCA as an employer

50. Like all APS agencies, the NCA has had to respond by building a capable workforce to meet these reforms while continuing to attract and retain the necessary qualified professionals to meet its ongoing statutory functions.

51. The NCA pays its employees at rates which are generally below the average rate for APS employees at comparable classifications under collective agreements. The NCA will seek parity in its upcoming negotiations for a replacement collective agreement (commencing July 2008), noting that the Australian Government Employment Bargaining Framework requires workplace agreements to be self-funded. As a small agency with a limited departmental budget, our ability to identify ongoing productivity savings of any magnitude to fund pay rises and contemporary employment conditions in collective agreements (and under former Australian Workplace Agreements) is restricted.

52. The NCA requires a diverse range of skills from its workforce, primarily in the professional areas of urban planning, architecture, engineering, landscape architecture, corporate business and finance.

53. Professional qualifications are considered mandatory for many staff in planning and projects because of statutory responsibilities under the PALM Act, the *Environment Protection and Biodiversity Conservation Act 1999*, the *National Land Ordinance 1989* and because of the registration requirements for practising architects.

54. Because the NCA has an ongoing need to maintain a minimum level of specialised professional staff to perform its statutory responsibilities, it does not have a traditional or broad APS career path for its employees as exists in larger APS agencies..

55. The lack of career opportunities and options for our employees has become a real challenge for the NCA to manage, particularly since the NCA reduced its workforce from 89 staff in January 2008 to 51 staff in July 2008 to accommodate savings measures required by Government for the 2007-08 and 2008-09 financial years. The savings measures represented a budget saving of approximately 35% and staff reductions of 40% (38 people, 31 FTE).

56. The NCA decisions in determining how the savings and associated staff reductions were to be achieved were based on meeting non discretionary statutory obligations (e.g. under the PALM Act and the EPBC); areas were discretion could be used; mandatory governance requirements and related changes to specific projects in the 2007-08 Business Plan. Consistent with Government policy the NCA has managed the staff reductions largely by redeployment. There have been no redundancy payouts to date.

57. Some projects in the 2007-08 Business Plan were deferred for future consideration in the next financial year(s), however, because of the magnitude of savings measures a number of major projects were ceased.

58. The added impact of less staff for the NCA and an uncertain future (because of the Committee inquiry) has meant that staff who were not excess, and who were considered central to the NCA meeting it statutory and non-discretionary responsibilities, are also looking for new positions elsewhere. Five key staff who we wanted to retain have left the NCA since March 2008 to take up other positions in the public or private sector.

59. Although the NCA had previously been able to attract and retain a workforce (with the necessary qualification and skills) it is likely to face increasing pressure for higher salaries and other innovative and more flexible work practices to be included in a future collective agreement.

60. The NCA will need to address these issues if it is to ensure its workforce profile does not drop below critical levels in order to undertake its statutory functions and other responsibilities.

Impacts on section 31 revenue

61. The NCA has on occasion, in the past, used section 31 revenues as a means of supplementing appropriated funds for its outputs. The approach has been to use a relatively small base funding contribution from the departmental appropriation to leverage significantly more section 31 revenue to fund output delivery.

62. This approach has been used with greatest effect in Output 2 (*promotion and awareness of the significance of Canberra as the National Capita*l). By funding a small team of events and partnerships staff, the NCA was able to generate significant private sector support (including cash and in-kind sponsorship) for major events which promoted Canberra as the National Capital. Key examples of such events include *Tropfest*, *Summer in the Capital* and *Winter in the Capital*.

63. The leveraging achieved by the NCA was in excess of 2:1 (meaning $2 of output was delivered for every $1 contributed by the NCA). In some cases, the leveraging was as high as 6:1 ($6 of output delivered for every $1 contributed by the NCA).

64. While not technically section 31 revenue, the NCA applied the same leveraging principle in harnessing the power of volunteers to deliver outputs. By funding just one staff position to coordinate the activities of volunteers and paying the costs of uniforms, training and insurance, the NCA was able to gain the services of in excess of one hundred volunteers. These volunteers contributed in areas ranging from maintaining the roses in the Old Parliament House Gardens to educating visiting school groups in the National Capital Exhibition and guiding tours of Anzac Parade. In this regard, the effective level of leveraging (in full time equivalent staff terms) was in the order of 20:1.

65. Unfortunately, with the ongoing impact of the efficiency dividend, in 2007-08 and in association with the budget savings initiatives from January 2008 the NCA eventually reached a point where it could no longer fund the base staff costs necessary to leverage these section 31 partnership and volunteer contributions.

66. At event leveraging of 2:1, this means for $1 saved, $2 of output delivery was lost. On the volunteer leveraging, the saving of one salary will result in a far greater loss of staff-equivalent output delivery time.

Alternatives to the Efficiency Dividend (TOR#6)

67. The NCA would like the Committee to consider the following:

- **Exemption from Efficiency Dividend:**

  Smaller agencies with tightly defined core responsibilities could be exempt or have a lower efficiency dividend applied in recognition of their contribution to the community and the nation.

- **Agency-specific indexation:**

  Review the indexation measures that are applied to smaller agencies. Where possible, adopt indexation measures that reflect more closely the geographic areas and economic sectors in which those agencies are likely to observe actual price movements (similar to the way Comcover premiums are tailored).

- **Cyclic zero-base-budgeting for smaller agencies:**

  Smaller agencies could be subject to a periodic expenditure review – possibly every 3-5 years. The aim of such a review would be to examine the cost of delivering the core functions of the agency. Terms of reference would require agencies to identify changes in service delivery over that period (both increases and reductions) to limit excessive claims for supplementation. Any recommended movement, saving or supplementation, would become a parameter adjustment in the budget process.

- **Longer-term growth factors:**

  Smaller agencies could be given a specific opportunity as part of the Budget process to identify areas of their core functions that require routine supplementation of funding at levels which would normally be too small to garner support in the full New Policy Proposal process. For example, the NCA would seek routine supplementation of departmental funding automatically for the maintenance of new assets as they are completed in two streams, ongoing maintenance and for replacement costs.

In summary

68. The NCA considers the efficiency dividend continues to be an anomalous and blunt administrative instrument to implement across the board savings to resources regardless of the outputs expected of agencies, particularly in relation to ongoing statutory and other non-discretionary functions.

69. The efficiency dividend has a disproportionate impact on the departmental operating budget of smaller agencies in terms of the average cost per employee to deliver internal corporate services and the non-discretionary reporting and compliance responsibilities to other APS agencies, the government and parliament.

70. Because of the statutory responsibilities of the NCA including ongoing maintenance requirements for the management of more than $670m in national assets, the impact of the ongoing efficiency dividend has proved to be particularly difficult to absorb while costs, and the number and value of assets managed by the NCA continue to increase. This has created an environment where assets cannot be maintained to obviate risk, and where to mitigate risks management is constantly weighing up unplanned versus planned maintenance priorities.

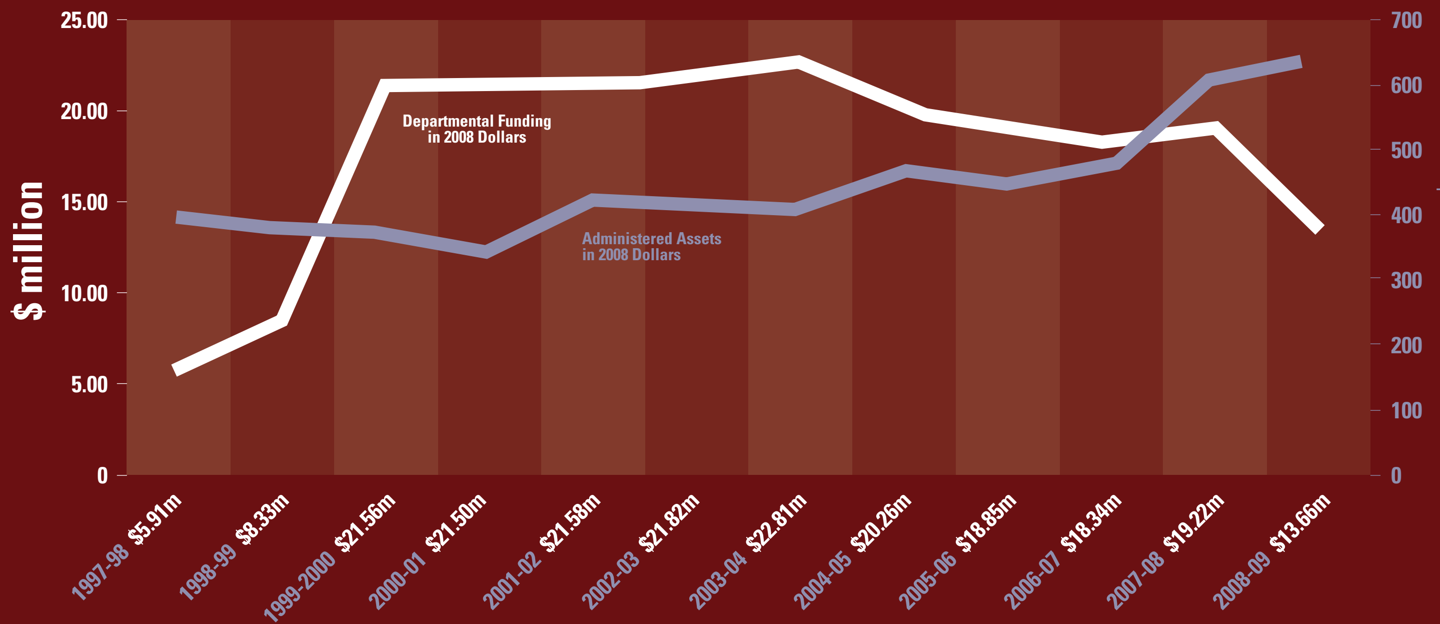
71. The continued application of the efficiency dividend (combined with savings measures introduced by the Government to the NCA in January 2007 and further savings identified in the next two financial years) presents real challenges in terms of the long-term financial sustainability of the agency and our ability to attract and retain an appropriate staff profile to deliver our statutory functions and non-discretionary core functions..

72. The NCA does not consider in its own circumstances that a reduction or exemption from the continued application of the efficiency dividend to departmental funding would have enough of a financial impact to enable the NCA to maintain appropriate relativities with anticipated costs increases in managing its responsibilities for the estate and national assets in the immediate future.

73. Because of our statutory responsibilities and ongoing maintenance obligations (including public safety, aesthetics, amenity and use, and compliance with environment and heritage legislation), the NCA would welcome a one-off review of the base funding for the maintenance of land and assets managed by the NCA. The NCA would willingly participate in a budget review that could also serve as a pilot program for the cyclic zero-base-budget proposed by the NCA as an alternative to the efficiency dividend.

AUTHORITY STAFFING & FUNDING 1997–2009

NCA Departmental Funding - in real terms *(Adjusted by Wage Cost Index to reflect 2008 dollars)*



This graph reflects the Authority's Departmental funding in real terms from 1997 to 2009. The actual, or nominal, funding provided in each year has been adjusted to reflect inflation over the period. This adjustment to allows meaningful comparison of the Authority's funding across a wide time period. The Australian Bureau of Statistics' Wage Cost Index (also known as the Labour Price Index) has been used to measure that inflation. Interpretive notes and commentary are provided below.

A **1997–1999:** Funding level reflects cash accounting regime. The cost of asset maintenance and management is not reflected in these values.

B **1999-2000:** Implementation of accrual accounting. The largest impact was first-time recognition of the cost of asset maintenance – representing approximately $13m in real terms.

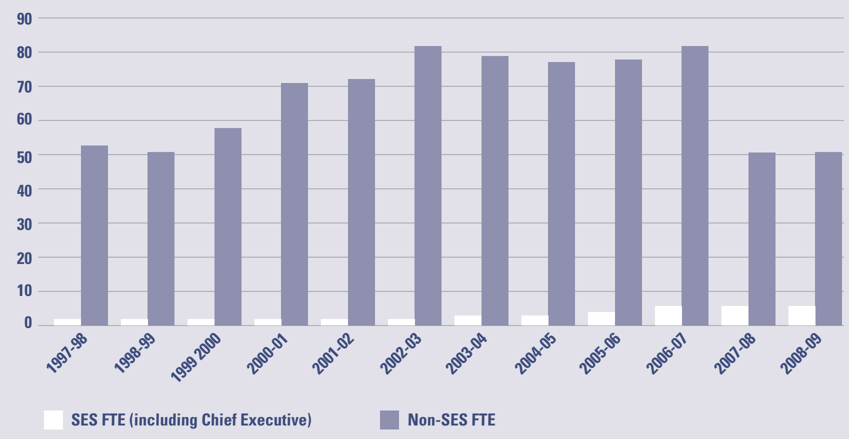
C **2000-2004:** The level of real funding remains fairly steady. The minor increase in funding in 2003-04 is attributable to supplementary funding for settlement of a one-off legal claim and a whole-of-government devolution of insurance responsibilities.

D **2005-2007:** The impact of the efficiency dividend results in funding failing to keep pace with inflation. Real funding falls by almost 20% over three years.

E **2007-2008:** The NCA receives $3m additional funding for Griffin Legacy maintenance of assets transferred from the ACT. The Government required a saving of $1.6m (a pre-election commitment). That saving will increase to $3.7m in 2008-09 and $3.5m per annum thereafter.

F **2008-2009:** The Government's decision to reverse funding for Constitution Avenue in the 2007-08 Budget also resulted in the removal of $3m funding for the maintenance of road, land and civil infrastructure assets transferred from the ACT.

NCA Staffing Profile



Data Table – Conversion of Nominal Funding to Real Funding

Year	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
1. Nominal Funding	$4.15m	$6.03m	$16.04m	$16.53m	$17.14m	$17.93m	$19.37m	$17.84m	$17.25m	$17.43m	$18.75m	$13.66m
2. ABS Wage Cost Index	82.7	85.2	87.6	90.6	93.6	96.8	100	103.7	107.8	111.9	114.9	117.8*
3. Inflator	1.4244	1.3826	1.3447	1.3002	1.2585	1.2169	1.1779	1.1359	1.0927	1.0527	1.2500*	1.0000
4. Funding in Real Terms	$5.91m	$8.33m	$21.56m	$21.50m	$21.58m	$21.82m	$22.81m	$20.26m	$18.85m	$18.34m	$19.22m	$13.66m

(* ABS data not published yet. 2.5% has been adopted as this reflects the estimate currently recommended by the Department of Finance and Deregulation)

Nominal Appropriation (Row 1) is the actual value of the funding provided in each year. They are as published in the Authority's Annual Report for each respective year.

ABS Wage Cost Index (Row 2) is the data used to adjust the nominal funding for the effects of inflation. The data is sourced from the Australian Bureau of Statistics. The series of data provides a relative sequence of values. Calculation of the rate of increase from period A to period B is expressed by the formula Rate of Increase = (B-A)/A where A is the earlier year Index and B is the latter year Index. For example, from 2000-01 to 2001-02 the index increased from 90.6 to 93.6. The Rate of Increase = (93.6-90.6)/90.6 = 3.3%

Inflator (Row 3) is the amount by which prior year nominal funding must be multiplied to give parity with 2008 dollars. It is calculated dividing the 2008-09 ABS Wage Cost Index by the value of that Index in the comparison year. Fore example, the Inflator for 2002-03 is calculated as 117.8/96.8 = 1.22.

Funding in Real Terms (Row 4) is relative level of funding without any inflationary impacts. It is calculated by multiplying the Nominal Funding in the respective year by the Inflator for that year. For example, in 2004-05 the Real Funding is calculated as $17.84m x 1.1359 = $20.26m