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## 2 Review of Commission activities and performance

### **Some highlights from 2012-13**

- published reports on a range of policy topics:
  - Climate change adaptation
  - Default superannuation funds
  - Electricity network regulation and Australia's patent system
  - Joint study (with the New Zealand Productivity Commission) on furthering economic relations between the two countries
- completed further regulatory benchmarking studies on the role of local government and regulatory impact analysis
- released the eighteenth edition of the annual Report on Government Services and a range of National Agreement performance reports
- commissioned an external independent review of the Overcoming Indigenous Disadvantage: Key Indicators report
- completed a variety of supporting research, including papers on Income Distribution, Forms of Work, Deep and Persistent Disadvantage, Sustainability and Efficiency and Effectiveness.

### **Some areas of focus for 2013-14**

- current inquiries and government-commissioned research:
  - Minerals and energy resource exploration
  - National access regime
  - Major project development assessment processes
  - Regulator engagement with small business
  - Geographic labour mobility
  - Access to civil justice and
  - Processed tomato and fruit import Safeguards
- Report on Government Services, Overcoming Indigenous Disadvantage report, Indigenous Expenditure Report and National Partnership Agreement data

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## Overview

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Consistent with the objective of raising national productivity and living standards, its remit covers all sectors of the economy.

The Commission is expected to contribute to well-informed policy making and public understanding on matters related to Australia's productivity and living standards. Its work is based on transparent analysis that takes a community-wide perspective, beyond the interests of particular industries or groups. It often deals with contentious and complex issues where the potential long-term pay-off for the nation from better informed policy making is high.

The outcome objective designated for the Productivity Commission is:

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.

The Commission, in pursuing this objective, is active in four broad work streams:

- government-commissioned inquiries or studies
- performance reporting and related analysis of Commonwealth and State service provision
- competitive neutrality complaints
- supporting research activities and a statutory analysis of industry support.

Appendices E and F provide further detail on recent projects.

A substantial increase in work on hand has occurred in recent months. This includes inquiries and studies on mineral and energy resource exploration, the national access regime, major project development assessment processes, regulator engagement with small business, geographic labour mobility, access to civil justice and import safeguards.

The Commission continues to assist all Australian governments and COAG through a mix of standing research responsibilities and specific projects. In the current year, it continued to provide secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision. Specific projects undertaken to assist policy development across jurisdictions in 2012-13 included a benchmarking study on the regulatory role of local government, to assist the work of the COAG Business Regulation and Competition Working Group

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(BRCWG), and a benchmarking study into regulatory impact analysis (RIA) processes.

## Year in review

The Productivity Commission's role in informing public policy development and community understanding on key issues influencing Australia's productivity and living standards is pursued through four main work streams. The principal developments in these activities during 2012-13 are outlined below.

### Public inquiries and commissioned studies

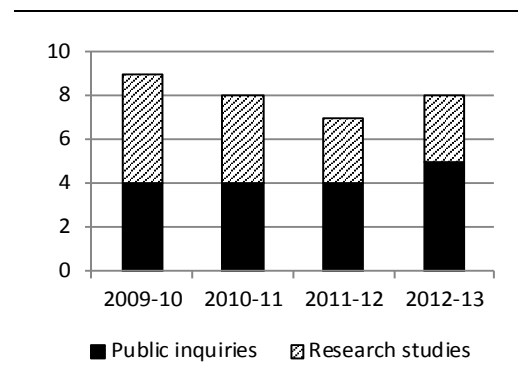
There were nine public inquiries and six commissioned research studies underway at some time during 2012-13. In addition to completing seven references from the previous year, references were received for eight new projects on a range of topics (figure 2.1 and table B.3).

The Commission completed four inquiries commenced in the previous financial year on: climate change adaptation, electricity network regulation, default superannuation funds and the compulsory licensing of patents.

Five new inquiries commenced in 2012-13.

- In September 2012, the Australian Government asked the Commission to undertake a 12 month inquiry into the non-financial barriers to mineral and energy resource exploration. The inquiry will examine the exploration approval systems and processes within and across jurisdictions to assess their effectiveness and efficiency, and examine the costs associated with the regulation of exploration activities.
- A 12 month inquiry into the National Access Regime commenced in October 2012. The Regime is intended to promote the economically efficient operation of, use of and investment in the infrastructure by which services are provided, thereby promoting effective competition in upstream and downstream markets. The inquiry is to include examination of the rationale, role and objectives of the National Access Regime (the Regime), and Australia's overall framework of access regulation; assess the performance of the Regime in meeting its rationale

Figure 2.1 **References on hand**  
Number as at 30 June



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and objectives; and report on whether the implementation of the Regime adequately ensures that its economic efficiency objectives are met.

- In June 2013, a 15 month inquiry into Australia's system of civil dispute resolution commenced, with a focus on constraining costs and promoting access to justice and equality before the law. As part of its inquiry, the Commission is to examine the factors contributing to the current costs of securing legal representation and accessing justice services, the social and economic impacts of these costs, and whether they are proportionate to the issues in dispute. It is also required to report on options for achieving lower-cost dispute resolution, including through alternative dispute resolution, the use of technology and expedited procedures. The inquiry will also provide advice on data collection across the justice system to enable better monitoring of costs and evaluation of measures aimed at keeping costs down.
- The Commission was also requested in June 2013 to undertake two inquiries into whether safeguard action is warranted against imports of processed tomato products and processed fruit products. The inquiries are to be undertaken in accordance with the World Trade Organization (WTO) safeguard investigation procedures published in the Gazette of S297 of 25 June 1998, as amended by GN39 of 5 October 2005. The Commission is to provide accelerated reports to the Government as soon as possible but not later than 3 months from commissioning date and final reports within 6 months of receipt of the references.

Research studies commissioned by the Government were a further significant component of the Commission's workload in 2012-13. During the year the Commission finalised three research studies commenced in the previous year:

- regulation benchmarking studies on the role of local government as a regulator and on regulatory impact assessments
- a study on economic relations between Australia and New Zealand (jointly conducted with the New Zealand Productivity Commission).

Requests were also received during the year to conduct research studies on major project development assessment processes, regulator engagement with small business and geographic labour mobility.

Further information on public inquiries and commissioned research studies undertaken during 2012-13 and government responses to the Commission's reports is provided in appendices B and D.

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## Performance reporting and other services to government bodies

The Commission has provided secretariat services to the Steering Committee for the Review of Government Service Provision since the Review's commencement in 1993. The collaborative efforts of more than 80 Commonwealth, State and Territory government agencies contribute to the Steering Committee's four major outputs: the Report on Government Services; the Overcoming Indigenous Disadvantage: Key Indicators report; the Indigenous Expenditure Report; and the collation of performance data for the COAG Reform Council under the Intergovernmental Agreement on Federal Financial Relations.

### *Report on Government Services*

The *Report on Government Services 2013* was the eighteenth in this series. The Report provides comparative performance information on 15 government service delivery areas that contribute to the wellbeing of Australians — spanning child care, education and training, health, justice, community services, emergency management, housing and homelessness. The services covered in the 2013 Report collectively account for \$172 billion of government recurrent expenditure, equivalent to about 11.8 per cent of gross domestic product.

A separate *Indigenous Compendium* was also published, providing a more accessible collation of data from the Report relating to the delivery of services to Indigenous Australians.

The Review has a focus on improved reporting over time. The 2013 Report included new indicators and measures for several service areas, as well as improvements in the timeliness, comparability, quality and scope of reporting.

### *Overcoming Indigenous Disadvantage: Key Indicators*

The *Overcoming Indigenous Disadvantage: Key Indicators* series of reports was commissioned by COAG in April 2002, as part of COAG's reconciliation commitment. COAG set two core objectives for this reporting:

- to inform Australian governments about whether policy, programs and interventions are achieving improved outcomes for Indigenous people
- to be meaningful to Indigenous people themselves.

Five editions of the report have been released, in November 2003, July 2005, June 2007, July 2009 and August 2011. The then Prime Minister acknowledged the importance of the report when issuing revised terms of reference in March 2009:

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Since it was first established in 2003, the OID report has established itself as a source of high quality information on the progress being made in addressing Indigenous disadvantage across a range of key indicators. The OID report has been used by Governments and the broader community to understand the nature of Indigenous disadvantage and as a result has helped inform the development of policies to address Indigenous disadvantage.

In early 2012, an external consultant was appointed to undertake a review of the OID report. The final review report and the Steering Committee's proposed responses to the review can be found on the PC website. Following external consultations on the proposed responses, directions for the next OID report, anticipated to be released in late 2014.

### *National Agreement reporting*

In November 2008, COAG endorsed the Intergovernmental Agreement on Federal Financial Relations (IGA). Under the reforms, six National Agreements clarify the respective roles and responsibilities of the Commonwealth and the states and territories in the delivery of services. COAG has requested that the PC and Steering Committee provide the CRC with the performance information needed to undertake its assessment, analytical and reporting responsibilities.

Reports cover performance under Agreements on education, skills, healthcare, affordable housing, disability and Indigenous reform; and most recently the National Partnership Agreement on Essential Vaccines.

### *Indigenous Expenditure Report*

In 2007, COAG agreed to the reporting of Indigenous expenditure, and the Productivity Commission assumed secretariat responsibilities from November 2008. The Indigenous Expenditure Report contributes to governments' understanding of the levels and patterns of expenditure on services that relate to Indigenous Australians, and provides policy makers with an additional tool for targeting policies to Close the Gap in Indigenous disadvantage.

The 2012 Indigenous Expenditure Report, the second in the series, was released on 4 September 2012. It provides estimates of expenditure for each level of government, Australia as a whole, and by state and territory, for 2008-09 and 2010-11. The next Indigenous Expenditure Report is planned for release in 2014.

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## **Competitive neutrality complaints activities**

Competitive neutrality seeks to ensure that government businesses do not have advantages (or disadvantages) over private sector counterparts simply by virtue of their public ownership.

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) operates as a separate unit within the Commission. Its function is to receive and investigate complaints and provide advice to the Treasurer on the application of competitive neutrality arrangements. The Office received one formal written complaint in 2012-13. Details of the complaint and action taken by the AGCNCO are provided in appendix C.

The Office also provides informal advice on, and assists agencies in, implementing competitive neutrality requirements. During 2012-13, the Office provided advice twice a week, on average, to government agencies or in response to private sector queries.

Details of the advisory and research activities of the AGCNCO are reported in appendix B.

## **Supporting research activities and annual reporting**

The Commission is required under its Act to undertake research to complement its other activities. It must also report annually on these matters, including on the effects of assistance and regulation, and has a wider information role in promoting public understanding of the trade-offs involved in different policy approaches, and how productivity and the living standards of Australians can be enhanced.

The development of themes and projects for the Commission's program of supporting research is guided by government statements on policy priorities, including potential commissioned work; parliamentary debate and committee work; and informal and formal consultations with Australian Government departments, business, community and environmental groups, union bodies and academics.

In 2012-13 the Commission's supporting research program covered a number of important economic and social topics. It included work on income distribution, forms of work, efficiency and effectiveness and sustainability. Several papers connected to the Commission's statutory annual reporting requirements were also published.

Several reports on productivity, including a Productivity Update and several research notes, were also published.

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Further information on the Commission's supporting research activities and publications in 2012-13 is provided in appendix E. This also details the 59 presentations given by the Chair, Commissioners and staff during the year to ministerial councils, industry and community groups, and conferences. These presentations covered the gamut of the Commission's inquiry, research and performance reporting work (table E.1).

The Commission also briefed 25 international delegations and visitors during 2012-13, with a focus on the Commission's role and activities and related policy matters (table E.2). In 2013-14, the Commission will continue to maintain linkages with policy agencies in other countries, with a focus on APEC, ASEAN and East Asia Summit member economies.

## **Transparency and public consultation**

A central feature of the Commission is the scope its processes provide for people to participate in and scrutinise its work. These open and consultative processes are integral to its operation. They ensure that the Commission's research and policy advice draw on public input and are tested publicly in advance.

### **Open inquiry procedures**

The Commission's public hearing process, public access to the submissions made to its inquiries and the publication of draft and final inquiry reports are among the better known aspects of its operations. During the course of its public inquiry activities in 2012-13, the Commission met with more than 200 organisations or groups, held 11 days of public hearings, and received around 258 submissions.

The Commission has adapted its processes to suit the variety of research studies commissioned by the Government. Participants at public hearings related to studies do not receive the same protection as at Inquiry hearings. As a consequence, few such hearings are held. This policy will be reviewed in future. Nevertheless, these studies require less formal public interaction than inquiries, but the Commission nevertheless provides opportunities for participants or experts to comment on its analytic frameworks and preliminary findings and, where applicable, draft recommendations. For example, the Commission received around 180 submissions to these studies in 2012-13, with many visit programs and targeted roundtable discussions to engage with key participant groups on the issues of concern to them.

The nature of consultative and transparent processes in the past year is illustrated in box 2.1. These included some innovations to ensure that the views and experiences of a diverse range of stakeholders could be taken into account.



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**Box 2.1 Participative and transparent processes**

The Commission seeks to maximise public participation in, and transparency of, its inquiries and commissioned research studies. In undertaking its study on regulator engagement with small business, an initial circular advertising the study was distributed to several hundred government representatives, industry organisations and individuals. The study was advertised widely, and an Issues Paper in January 2013 was used to assist interested parties in preparing their submissions.

A survey was also undertaken of approximately 400 national and state government regulators. The Commission partnered with the Council of Small Business of Australia (COSBOA) to canvas views of small businesses on regulator engagement practices.

To facilitate this, COSBOA developed a number of targeted questions for their website to which they invited small business responses. An aggregation of these responses was then provided to the Commission as part of COSBOA's submission to this study. The study is ongoing, with a final report expected in September 2013.

## **Enhancing its own research capabilities**

The Commission continues to involve outside policy advisers and researchers in its work. Roundtables, workshops and other forums provide valuable opportunities to access wider sources of expertise in its inquiries and research. From time to time the Commission also utilises specialist external expertise.

The Commission held a roundtable on *Better Indigenous Policies: The Role of Evaluation* on 22–23 October 2012. Participants included representatives of Indigenous organisations, government officials, academics, consultants and representatives of non-government organisations. The roundtable considered both the particular challenges in Indigenous policy evaluation and the actions needed to ensure that evidence gained from evaluations can be embedded in policy-making and program evaluation. Papers were initially made available on the Commission's website and the proceedings were subsequently published in April 2013.

A one-day productivity conference (conducted jointly with the Australian Bureau of Statistics) was also held in Canberra on 20 November 2012. The conference provided an overview of productivity trends and a range of productivity measurement, analytical and policy issues.

There is an active seminar program involving external experts on a range of policy issues relevant to the Commission's work. These seminars are intended to bring new ideas and stimulate debate within the Commission, as well as to foster networks with academic and other experts of relevance to the Commission's work. In the current year there were 18 seminars provided by external experts on a range

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of topics, including alcohol taxation, environmental impact assessment, the distribution of income in Australia and patent systems.

There is also a Visiting Researcher Program which seeks to attract established researchers with an outstanding research record in areas related to its priority research themes and activities. Visiting Researchers contribute to both the work and intellectual life of the Commission. In 2012-13 Dean Parham, Dr Larry Cook, Richard Clarke and Ian Gibbs were Visiting Researchers at the Commission.

## **Research collaboration**

The Commission continued to participate in collaborative research projects with academic institutions and other organisations in 2012-13. The projects involved:

- the University of Queensland, Australian Bureau of Statistics, the Department of Planning and Community Development (Victoria), and several government departments in Queensland to examine the utilisation of social science research in policy development and program review
- the University of New South Wales and the University of British Columbia (Vancouver) on tackling problems in productivity measurement in infrastructure, services and research and development (other partner organisations were the ABS and the Reserve Bank of Australia).

The Commission is also a member of the Global Trade Analysis Project (GTAP) Consortium based at Purdue University in the United States. Membership gives the Commission early access to database updates needed in its research, as well as priority access to model training and input to the future direction of model and database development. The Commission is represented on the GTAP advisory board, providing direction to the project along with 29 other international institutions.

## **Research networks and linkages**

The Commission has linkages, domestically and internationally, to research and other organisations through the involvement of Commissioners and staff in research alliances and participation in working groups and forums. For example:

- A number of Commissioners are members of various advisory boards and committees and non-profit organisations, including the Institute of Public Administration Australia (IPAA) (Victoria), the Board of Good Shepherd Youth and Family Services, the Brotherhood of St Laurence, Dairy Australia, the

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Australian Rural Leadership Foundation, AirServices Australia and the Australian Institute of Company Directors.

- Members of staff have recently served on a range of bodies including the ABS Productivity Measurement Reference Group, the ABS Analytical Reference Group and the OECD Working Party on Industry Analysis. Members of staff have also been recently involved in APEC capacity building activities that assist developing economies in furthering their structural reform plans.
- The Commission also received funding from the Australian Government to undertake a visit program for government officials in APEC economies across 2012-13. As part of the program, visits to Australia were conducted during the year by officials from Malaysia, Vietnam, Indonesia and China.

### **e Government and the PC's communications approach**

As a significant research and advisory body, and with statutory responsibilities related to communicating the results of its work, the Commission actively uses web-based tools to allow interested parties to access our information.

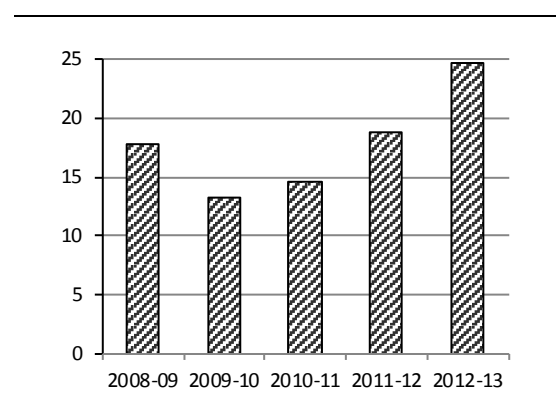
An email alert service currently notifies more than 1500 recipients of significant events, including report releases and the commencement and completion of inquiries. Additional email alerts are also sent to Commonwealth parliamentarians, the media, government departments and contacts in the states and territories.

The Commission now has a Twitter account to advise of forthcoming activities.

We will be undertaking an examination of ways to improve knowledge of our reports in the course of 2013, having considered the subject closely at the Commissioners' most recent strategy session.

The Commission's website received over 24 million file requests from external users in 2012-13 (figure 2.2). There were more than 207 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2012-13. There was heavy interest in default superannuation (30 192 requests), climate change adaptation (29 395 requests) and electricity (40 349 requests). Other heavily accessed web pages were for the

**Figure 2.2 Website hits**  
Million



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2012 and 2013 *Report on Government Services* (25 459 and 22 793 requests, respectively) and the 2011 *Overcoming Indigenous Disadvantage: Key Indicators* report (15 141 requests).

Speeches by the Commission's current and former Chair attracted more than 12 000 requests over the year.

Even after an inquiry or research study is completed, community interest can remain high. For example, during the year, the web pages for the Commission's 2011 inquiry on disability care and support received over 48 000 requests; and the Commission's 2005 study of the health workforce received over 7 600 requests.

## **Feedback on the Commission's work**

The Commission monitors reaction to, and seeks feedback on, its work in order to improve its performance and its contribution to public understanding and policy making. Box 2.2 provides some examples of support for the Commission's contribution.

In addition to its rolling program of surveys, less formal sources of feedback on the public record are also monitored. Views expressed about the value of the Commission's processes and the quality of its outputs can reflect agreement with, or opposition to, specific pieces of Commission analysis or advice.

The Commission systematically offers recipients of its reports and users of its website the opportunity to provide feedback. The website has provision for sending comments via email and an online survey form and the Commission provides a publication feedback card in reports for mailing comments.

## **Policy and wider impacts**

All of the Commission's activities are directed at meeting the policy needs of government or otherwise fulfilling statutory requirements. The outcome objective against which the Commission's overall performance is assessed is:

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.

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## Box 2.2 **Respect for Commission activities: some recent examples**

In welcoming a joint scoping study by the Australian and New Zealand Productivity Commissions in December 2012, the then Prime Minister, the Hon. Julia Gillard stated:

... this report from the two Productivity Commissions presents the most important opportunity for many years to shape the next steps in trans-Tasman economic integration in this the Asian Century. The report provides a thoughtful analysis of our economic relationship and considers the scope for its future development to create jobs and boost productivity for both Australia and New Zealand. (Gillard and Key 2012)

The Council of Australian Governments identified several further areas where Commission projects would assist it with its work, including a benchmarking study on the regulatory role of local government, and a benchmarking study into regulatory impact analysis processes.

Commission inquiry reports on the NDIS and gambling are regularly cited across the spectrum of commentary as pioneering examples of policy analysis, years after publication.

A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews on a wide range of topics, including large scale infrastructure projects; the development of standards for the comprehensive release of models and data upon which policy assessments are made; agricultural productivity; the cost effectiveness of illicit drug law enforcement; productivity and competitiveness; and the costs of illicit drug use.

The Human Rights Commission released a report in February 2013 that called for a Commission inquiry into valuing unpaid care work.

In April 2013, the Victorian Water Minister, the Hon. Peter Walsh, and the Commonwealth Water Minister, the Hon. Tony Burke, supported calls for the Commission to conduct an independent review of water management programs in the Murray-Darling Basin.

Details are provided in appendix B.

Assessment of the Commission's performance is complicated by it being one contributor among many to any policy outcome. Even when its specific recommendations are not supported by government, the Commission can play a significant role in helping governments, parliaments and the community understand the trade-offs in different policy choices.

Furthermore, as the Commission's public inquiry and research outputs contribute to public debate and policy development across a range of complex and often contentious issues, its contribution is best considered over the medium term. (These and other considerations in assessing the Commission's overall performance and across each of its four main activity streams are discussed in appendix B.)

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The Commission also takes note of the comments of its critics, as contributions to improving its approach to analysis and design.

## **Influence on government policy-making**

Government decisions in response to the Commission's inquiry reports and commissioned research studies provide a tangible indication of their usefulness to the Government, Parliament and the broader community.

During the year, the Australian Government announced the following decisions on Commission reports.

- The Australian Government released a final response to the Commission's 2011 report on rural research and development corporations in July 2012 (Australian Government 2012a). The Government agreed or agreed in principle to thirteen of the Commission's recommendations. These included recommendations on public funding principles, industry requests for marketing, evaluations and performance reviews, specific maximum levy rates, government matching funding, annual monitoring and reporting, and government representation on Research and Development Corporation (RDC) Boards. The Government did not agree with four of the Commission's recommendations, including those on halving the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap, and on the possible establishment of a new RDC, Rural Research Australia.
- On 5 December 2012, the Australian Government released a comprehensive response to the Commission's report on Identifying and Evaluating Regulatory Reforms (Australian Government 2012b). The Government accepted or accepted in principle nine of the report's recommendations and noted a further three recommendations.
- On 29 January 2013, the then Minister for Trade and Competitiveness, the Hon. Craig Emerson, released the Government response to the Commission's report on export credit arrangements (Australian Government 2013c). The response provided agreement to four of the Commission's recommendations, agreed in part to twelve recommendations, and noted a further six. The Government agreed with a Commission recommendation to remove the 'market gap' mandate from its Statement of Expectations with the Export Finance and Investment Corporation (EFIC). It also agreed with a recommendation to amend the EFIC Act to allow the Minister to direct the Board of EFIC to return capital to the Australian Government when the Minister determines that EFIC has surplus capital, after seeking the views of the Treasurer and the Minister for Finance. The Government agreed to amend the EFIC Act to exclude Australian Public

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Service personnel from the EFIC Board. Agreement was also provided that the Minister should table EFIC's corporate plan in Parliament (and, in due course, the Act should be amended to require this), and that EFIC should provide quarterly progress reports to the Minister against its corporate plan. The Government did not agree with a recommendation that the Minister should direct EFIC to cease providing financial services for transactions that are not based on an export contract. It also did not agree with several recommendations involving legislative amendments in respect of the Commercial Account.

- In March 2013, the Australian Government released its response to the Commission's report on climate change adaptation (Australian Government 2013b). Of the twelve recommendations made by the Commission, the Government agreed with three, provided in-principle agreement with seven, and noted a further two. The Government agreed on the Commission's recommendations regarding information provision, not requiring insurers to offer mandatory flood cover, and not subsidising insurance. The Government agreed in principle to recommendations on assessing reform options, improving the flexibility of the economy, listing local governments' regulatory roles, clarifying local government legal liability, adopting flexible land-use planning, considering climate change in the building code and phasing out state insurance taxes. Recommendations to review ways to manage risks to existing settlements, and on disaster mitigation and recovery, were noted. While the Government provided broad agreement with the report, it did raise concerns regarding the Commission's treatment of 'cognitive barriers' to adaptation.
- On 30 May 2013, the Parliamentary Secretary for Climate Change, Industry and Innovation, the Hon. Yvette D'Ath MP, introduced the Intellectual Property Laws Amendment Bill 2013 into Parliament. In announcing the introduction of the Bill, the Parliamentary Secretary stated:

The announcement follows the release of the Productivity Commission's Report on Compulsory Licensing of Patents which found there was uncertainty around the scope of current Crown use provisions, particularly in the context of healthcare. (D'Ath 2013)

The aim of the Bill was to clarify the operation of Crown use provisions in the *Patents Act 1990*, in line with recommendations made in the Commission's report on the Compulsory Licensing of Patents.

- On 26 June 2013 the Australian Government released its response to the Commission's report on electricity network regulatory frameworks (Australian Government 2013d). The response covered recommendations on a broad range of topics, including benchmarking, interconnectors, network ownership, demand management, reliability standards, governance of National Electricity Market institutions, consumer involvement and timeliness in decision making and rule changes. While generally supportive of the Commission's approach, the

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response also emphasised the reform work currently underway across jurisdictions, and stated that:

The Commission's report is a contribution to a long running and broad energy market reform program, which has been substantially redefined during the course and conclusion of this inquiry... This reform agenda addresses many of the issues raised in the Commission's Final Report. However, the success of this package is contingent on all jurisdictions delivering on the reform milestones agreed by COAG to ensure the benefits of reform flow through to consumers as quickly as possible. (Australian Government 2013d, p. i).

The response supported 13 of the Commission's recommendations, provided in principle support for a further 21 recommendations, and supported in part 12 recommendations. A further 15 recommendations were noted and 2 recommendations were not supported.

Summaries of recent government responses to Commission reports are in appendix D.

Governments need not accept the Commission's advice, and sometimes do not (at least initially). That said, a review of the Commission's inquiry outputs since its inception in 1998 shows that governments have typically adopted a substantial majority of the Commission's recommendations and generally endorsed its findings (details are provided in appendix B and table B.7). Further, an assessment of the nature and extent of references made to Commission inquiry reports suggests that those reports have contributed to policy debates in federal, state and territory parliaments, as well as within the media and general community (appendix B).

## **Contribution to parliamentary debate**

Commission inquiry and research reports continue to be used frequently by parliamentarians in debates and questions. During the 2012-13 sittings of the *Federal Parliament*:

- 145 Members and 66 Senators referred to 55 different Commission reports or inquiries, or to the Commission's role in policy processes
- in over three-quarters of the mentions in debates and questions, federal parliamentarians cited the Commission as an authoritative source. Less than 1 per cent of mentions were of a critical nature
- Commission inquiries and reports which featured most prominently were those on disability care and support and aged care.

In addition, there were 89 mentions of the Commission and its work in the Hansard proceedings of *federal parliamentary committees* in 2012-13. The Commission was



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mentioned in the proceedings of 25 different committees, most prominently in proceedings of the Senate Standing Committee on Community Affairs, the Senate Standing Committee on Economics, and the House of Representatives Standing Committee on Economics. The most frequent mentions were to the reports on aged care and disability care and support.

Ten parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports during the year. The 27 recent parliamentary committee reports listed in table B.1 referred to 17 different Commission outputs.

Research material provided to parliamentarians during 2012-13 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 18 different Commission outputs (table B.2). These included 14 inquiry and other commissioned research reports and several research papers. Use of Commission outputs by the Australian National Audit Office is also reported in appendix B.

Commission inquiry and research reports, from this and previous years, were also used extensively in debate and questions by *state and territory parliamentarians*. During the 2012-13 sittings of the eight state and territory parliaments:

- 117 members referred to 35 different Commission publications or inquiries, the Report on Government Services, or to the Commission's role in policy processes
- in 67 per cent of the 182 mentions in debates and questions, State and Territory parliamentarians cited the Commission as an authoritative source, while less than 0.5 per cent of mentions were critical of a particular finding, report or Commission attribute
- the most frequent mentions were to the Report on Government Services, with the Commission's reports on disability care and support and gambling also featuring prominently.

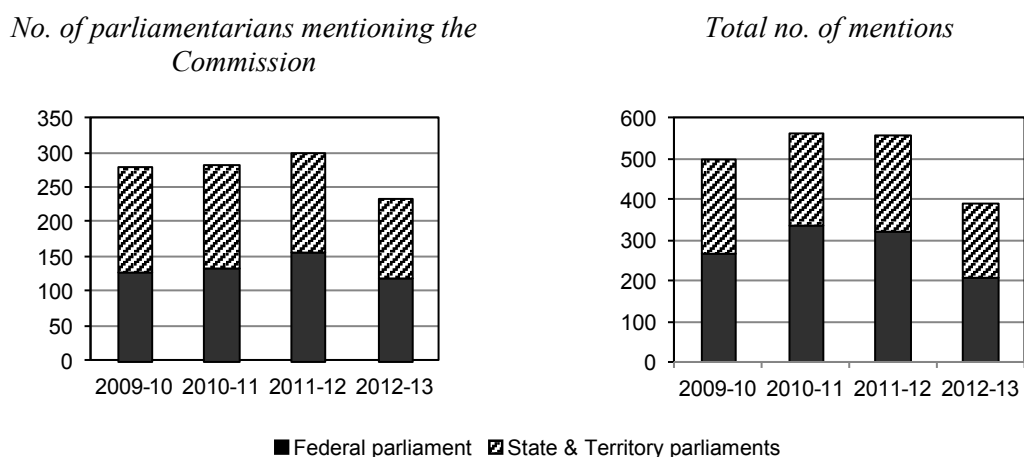
Recent trends in mentions of the Commission in federal, state and territory parliamentary proceedings are shown in figure 2.3.

### **Other indicators of policy impact**

Recognition of the contribution of the Commission's work to policy formulation and debate is also demonstrated by the following examples:

- use of Commission analysis during the year by the Prime Minister, Treasurer, Assistant Treasurer and other Ministers, the Leader of the Opposition and Shadow Ministers, including use of Commission reports on electricity markets, disability care and support, trade and assistance and climate change adaptation

**Figure 2.3 Mentions of the Commission in Australian parliaments, 2009-10 to 2012-13**



- the widespread use being made of the Report on Government Services by central and line government agencies, state Ministers, parliamentarians, parliamentary committees, Auditors-General, and community and industry groups
- the use made by the Commonwealth Treasury, COAG, the Reserve Bank of Australia, the ACCC, state governments, federal parliamentary committees, the Parliamentary Library, the ABS, the AIHW and others of a diverse range of Commission supporting research outputs
- use of Commission outputs by key international agencies, including the OECD and the IMF.

One continuing indicator of the degree of interest in the Commission’s inquiry and other work is the many invitations to give briefings and present papers to parliamentary, business and community groups and to conferences (table E.1). As part of a rolling program of briefings for state and territory governments on the Commission’s work, presentations and visits were made to Queensland, New South Wales, Western Australia and the ACT, and visits to other jurisdictions are scheduled throughout 2013-14. The Commission also responded to requests for briefings to visiting officials and delegations from Argentina, New Zealand, the United States, Iraq, India, Colombia, South Korea, Greece, Indonesia, Cambodia, Japan, the Philippines, the WTO and the IMF (table E.2).

A further indicator of public interest in the Commission’s work, and its potential influence, is the extent of media coverage. During 2012-13, 37 editorials in 5 major metropolitan newspapers drew on the findings or recommendations in 14 different Commission reports, or referred to the Commission’s role in assisting public policy making. The Commission’s reports on climate change adaptation, disability care and support and electricity network regulation featured prominently.

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The Commission rated an average of 160 mentions a month in electronic media and an average of 240 mentions a month in print media in 2012-13. The Commission's inquiries into disability and electricity networks received the most coverage. Indicators of the influence of Commission outputs during the year — its inquiry, performance reporting, competitive neutrality work and supporting research — are discussed more fully in appendix B.

## **Associated reporting**

Management and accountability information for 2012-13 is reported in appendix A. The audited financial statements for the Commission are contained in appendix G.

In response to suggestions by the Senate Standing Committee on Economics (2008), details of appearances at Senate Estimates during the year are provided in Appendix B. In response to a further suggestion by the Senate Standing Committee on Economics (2013), detail of salary ranges by classification are included in Appendix A.

In association with this annual report, the Commission is preparing the following companion publications:

- the 2014 *Productivity Update*, which will include reporting on recent trends in productivity performance
- *Trade & Assistance Review 2012-13*, which will report on trade policy and assistance developments and contain the Commission's latest estimates of assistance to Australian industry.