
1 Review of Commission activities and performance

Some highlights from 2013-14

- published reports on a wide range of policy topics:
 - Australia's automotive manufacturing industry
 - Public infrastructure
 - Tasmanian shipping and freight
 - Minerals and energy resource exploration
 - National access regime
 - Processed tomato and fruit import safeguards
 - Major project development assessment processes
 - Regulator engagement with small business
 - Geographic labour mobility
- released a flagship research paper on an ageing Australia
- published the nineteenth edition of the annual Report on Government Services
- released a variety of other supporting research, including papers on Environmental Policy Analysis, Productivity in Manufacturing, Transition Pathways and Deep and Persistent Disadvantage

Some areas of focus for 2014-15

- current inquiries and government-commissioned research:
 - Access to justice
 - Childcare and early childhood learning
 - Natural disaster funding
 - Costs of doing business in dairy manufacturing and retail trade
- a flagship research paper on public housing and access to employment
- give particular emphasis in the Commission's supporting research program to the sustainability of productivity growth
- Report on Government Services, Overcoming Indigenous Disadvantage and Indigenous Expenditure reports
- new research priorities in international tourism and the development of the gas market

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

Appendices D, E and F provide further detail on recent projects.

Over the year, the Commission has completed a considerable number of government commissioned projects on a diverse set of topics. These include inquiries and studies on automotive manufacturing, public infrastructure, Tasmanian shipping and freight, mineral and energy resource exploration, the national access regime, regulator engagement with small business, geographic labour mobility, access to civil justice and import safeguards.

Given that many of these projects have now been completed, there is significant scope for new projects to be commenced.

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 2013-14 included a study of major project development assessments to assist the work of the COAG Business Advisory Forum, and a study of regulator engagement with small business to assist the work of the COAG Business Regulation and Competition Working Group (BRCWG).

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 2013-14 are outlined below.

Public inquiries and commissioned studies

There were ten public inquiries and five commissioned research studies underway at some point during 2013-14, a substantially higher workload than in recent years. In addition to completing eight references from the previous year, references were received for seven new projects on a range of topics (table 1.1 and figure 1.1).

Table 1.1 Program of public inquiries and other government-commissioned projects^a

	2012-13					2013-14												2014-15							
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Public inquiries:																									
Compulsory Licensing of Patents	■	■																							
Electricity Network Regulation	■	■	■																						
Mineral and Energy Resource Exploration	■	■	■	■		■	■	■																	
National Access Regime	■	■	■	■		■	■	■	■																
Safeguards Inquiry (Processed Fruit Products)						■	■	■	■	■															
Safeguards Inquiry (Processed Tomato Products)						■	■	■	■	■	■														
Access to Justice						■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Australia's Automotive Manufacturing Industry												■	■	■	■	■	■	■	■	■	■	■	■	■	■
Public Infrastructure																									
Childcare and Early Childhood Learning																									
Tasmanian Shipping and Freight																									
Natural Disaster Funding																									
Commissioned research studies:																									
Regulation Benchmarking: Regulator Engagement with Small Business	■	■	■	■		■	■	■																	
Major Project Development Assessment Processes	■	■	■	■		■	■	■	■																
Geographic Labour Mobility						■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■
Costs of Doing Business: Dairy Manufacturing																									
Costs of Doing Business: Retail Trade																									

^a Shaded area indicates the approximate duration of the project in the period covered by the table

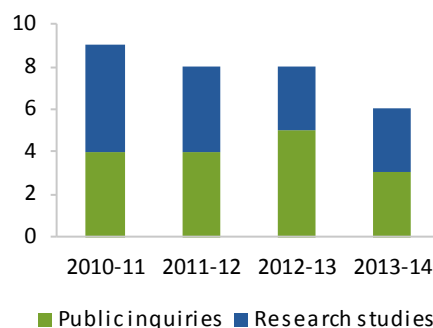
The Commission completed four inquiries commenced in 2012-13 on: **mineral and energy resource exploration**, the **national access regime**, and two inquiries into **whether safeguard action is warranted against imports of processed tomato products and processed fruit products**.

Five new inquiries commenced in 2013-14.

- In late October 2013, the Australian Government asked the Commission to inquire into Australia's **automotive industry**. The Terms of Reference included examination of the industry's current structure, productivity, investment, profitability, international competitiveness, exports, workforce structure and practices, skills levels and long-term sustainability. The changing international automotive environment, including further potential for Australian made cars to be exported overseas, and the type and level of support provided to overseas manufacturers. The changing nature of domestic demand and consumer preferences, including demand for new products and technologies; and Australia's attractiveness as an investment location for all phases of automotive manufacturing activity. A final report was provided on 26 August 2014.
- On 13 November 2013, the Australian Government asked the Commission to undertake a six month inquiry to consider ways to encourage private financing and funding for **public infrastructure projects**, including issues relating to the high cost and the long lead times associated with these projects. The Commission was asked to conduct a broad ranging investigation into costs, competitiveness and productivity in the provision of nationally significant economic infrastructure and examine ways to address any barriers to private sector financing, including assessing the role and efficacy of alternative infrastructure funding and financing mechanisms, and to recommend mechanisms and operating principles to overcome such barriers. It was also asked to consider ways to reduce infrastructure construction costs. A final report was provided on 27 May 2014.
- The Commission was asked by the Australian Government on 22 November 2013 to undertake an inquiry into **child care and early childhood learning**. In undertaking the inquiry, the Commission was asked to use evidence from Australia and overseas to report on, and make recommendations about, the contribution that access to affordable, high quality child care can make to increased participation in the workforce, particularly for women; and to optimising children's learning and development. The current and future need for child care in Australia was also to be considered, as was consideration of specific models of care for trial or implementation in Australia, with attention given to international models, such as the home based care model in New Zealand and models that specifically target vulnerable or at risk children and their families.

Figure 1.1 **References on hand**

Number as at 30 June



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- An inquiry into the arrangements for supporting **Bass Strait shipping** was also conducted during the year. The Commission was asked to examine shipping costs, competition and shipping industry competitive structures between the mainland and Tasmania; and identify the factors inhibiting the provision of international shipping services to Tasmania. It was also asked to consider the competitiveness of Tasmania's freight industry, economic infrastructure and possible reforms that would assist in enhancing effective competition, investment and productivity growth. A final report was provided to the Government in early March 2014.
 - The Australian Government asked the Commission on 28 April 2014 to undertake an inquiry into the efficacy of current national **natural disaster funding arrangements**. At the request of the Government, the scope of the inquiry has focused on naturally occurring rapid onset events that cause a serious disruption to a community or region, such as flood, bushfire, earthquake, storm, cyclone, storm surge, tornado, landslide or tsunami. In conducting its inquiry, the Commission was asked to analyse the full scope (incorporating the quantum, coherence, effectiveness and sustainability) of current Commonwealth, state and territory expenditure on natural disaster mitigation, resilience and recovery.

The Commission also continued its inquiry into **access to justice** during the year, and provided its final report to Government in September 2014.

Research studies commissioned by the Government were a further significant component of the Commission's workload in 2013-14. During the year the Commission finalised three studies commenced in the previous year on: regulator engagement with small business, major project development assessment processes, and geographic labour mobility.

Requests were also received during the year to conduct research studies on the costs of doing business in the dairy manufacturing and retail trade industries.

Further information on public inquiries and commissioned research studies undertaken during 2013-14 and government responses to the Commission's reports is provided in appendices B and D.

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 major outputs: the Report on Government Services; the Overcoming Indigenous Disadvantage: Key Indicators report; the Indigenous Expenditure Report; and (until the abolition of the COAG Reform Council in June 2014) the collation of performance data for the Council under the Intergovernmental Agreement on Federal Financial Relations.

Report on Government Services

The *Report on Government Services 2014* was the nineteenth in this series. The Report provides comparative performance information on 16 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 2014 Report collectively account for \$184 billion of government recurrent expenditure, equivalent to about 12 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 Aboriginal and Torres Strait Islander Australians.

The Review has a focus on improved reporting over time. The 2014 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:

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 review found a positive view of the report and identified a number of opportunities to strengthen it, including a broadening of focus from overcoming disadvantage to improving wellbeing. The review and the Steering Committee's response can be found on the Commission's website.

The next report is anticipated to be released in late 2014.

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 Aboriginal and Torres Strait Islander Australians, and provides policy makers with an additional tool for targeting policies to address the disadvantage experienced by many Aboriginal and Torres Strait Islander Australians.

Two reports have been published, in 2010 and 2012. The next Indigenous Expenditure Report, planned for release in late 2014, will provide comparable estimates of expenditure for each level of government, Australia as a whole, and by state and territory, for 2008-09, 2010-11 and 2012-13.

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. The Productivity Commission, in association with a Commonwealth-State Steering Committee, provided the CRC with the performance information needed to undertake its assessment, analytical and reporting responsibilities.

In May 2014, the Commonwealth announced that the CRC would cease operations from 30 June 2014, and the Department of the Prime Minister and Cabinet would have an ongoing monitoring role in relation to the National Agreements. The roles of the Commission and the Steering Committee under these changed arrangements are still to be determined.

Competitive neutrality complaints activities

Competitive neutrality policy 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 2013-14. 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 2013-14, 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.

A flagship project, directed to an area of imminent public policy interest, was created for the first time. This considered the impact of demography and an ageing population on aspects of health, aged care and the age pension. The Commission put forward for public debate a number of potential policy shifts to deal with identified issues. It also provided a substantial data input to the expected 2015 Intergenerational Report by the Treasury.

In 2013-14 the Commission's supporting research program also covered a number of important economic, environmental and social topics. It included work on deep and persistent disadvantage, transition pathways in education and the labour market, environmental policy analysis and literacy and numeracy skills.

Several reports on productivity, including a Productivity Update and a staff working paper on productivity in manufacturing, were also published.

Further information on the Commission's supporting research activities and publications in 2013-14 is provided in appendix E. This also details the 84 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 15 international delegations and visitors during 2013-14, with a focus on the Commission's role and activities and related policy matters (table E.2). In 2014-15, 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 2013-14, the Commission met with more than 440 organisations or groups, held 35 days of public hearings, and received around 1670 submissions.

The Commission has adapted its processes to suit the variety of research studies commissioned by the Government and provides a range of opportunities for participants or experts to comment on its analytic frameworks, preliminary findings and, where applicable, draft recommendations. For example, the Commission received around 150 submissions to these studies in 2013-14, 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 1.1. These included some innovations to ensure that the views and experiences of a diverse range of stakeholders could be taken into account.

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.

Box 1.1 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 of geographic labour mobility, for example, Commissioners and staff met with stakeholders across Australia, visiting every capital city. Given the study covered issues affecting regional areas (particularly mining communities), Commissioners and staff also visited Newcastle, Moranbah and the Pilbara. Pre-draft and post-draft roundtables were held in Melbourne and Canberra, and a public forum was held on the Gold Coast. The public forum, held in Surfers Paradise and advertised in the Gold Coast Bulletin, provided an opportunity to get a local perspective on issues and receive valuable feedback from the public on the key points from the draft report.

Innovative approaches to consultation were also apparent, mixing old and new formats, in the Commission's ongoing inquiry into childcare and early childhood development. The Commission provided facilities on the inquiry website for interested stakeholders to lodge a short email comment. A total of 729 comments were received prior to the release of the draft report. There were 464 formal submissions also received by the Commission prior to the release of the draft report. On the release of its draft report in July 2014, the Commission also used a series of short YouTube clips to outline its approach and key recommendations.

Together with the Reserve Bank of Australia and the Lowy Institute, the Commission organised a conference in March 2014 on financial flows and infrastructure finance. The conference brought together senior central bankers, government officials, leading academics and prominent practitioners to discuss: the factors affecting the ability of savings to flow across borders to the most productive investments; the role of financial market development; the challenges specific to infrastructure financing; the ability of public private partnerships to rise to these challenges; and the potential for institutional investors to meet the financing needs of infrastructure providers.

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 year there were 21 seminars provided by external experts on a range of topics, including linked data, housing policies, public-private partnerships, patent analytics, federal reform strategies, hospital efficiency and the regulation of infrastructure.

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 2013-14 Dean Parham and Dr Larry Cook were Visiting Researchers at the Commission.

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 of Australia, the Brotherhood of St Laurence, Dairy Australia, the Australian Rural Leadership Foundation, the Royal Aeronautical Society 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, ASEAN and East Asia Summit economies across 2013-14. As part of the program, visits to Australia were conducted during the year by officials from the Philippines, Thailand and Cambodia.

e Government and the Commission's communications approach

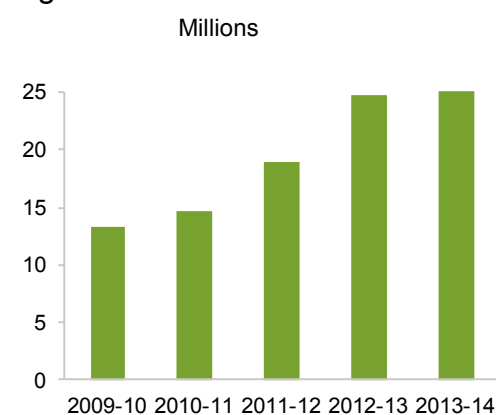
As a significant research and advisory body, and with statutory responsibilities related to communicating the results of its work, the Commission actively uses web-based tools to allow interested parties to access our information.

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 also has a Twitter account (<https://twitter.com/ozprodcom>) to advise of report releases and forthcoming activities, with in excess of a thousand followers. The Twitter account is also a new source of public feedback for the Commission.

The Commission's website received over 25 million file requests from external users in 2013-14 (figure 1.2). There were more than 192 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2013-14. The projects of most interest were childcare (29 171 requests), public infrastructure (23 538 requests), access to civil justice (27 832 requests) and automotive manufacturing (24 647 requests). Other heavily accessed web pages were for the 2013 and 2014 *Report on Government Services* (24 652 and 32 096 requests, respectively) and the 2011 *Overcoming Indigenous Disadvantage: Key Indicators* report (12 047 requests).

Figure 1.2 **Website hits**



Speeches by the Commission's Chair attracted more than 18 900 requests over the year.

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 1.2 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.

Box 1.2 **Respect for Commission activities: some recent examples**

In welcoming the announcement of the inquiry into childcare and early childhood learning in November 2013, the Prime Minister, the Hon. Tony Abbott, stated that the Commission:

... has done magnificent work on a whole range of subjects... there is no better body to look at it than the Productivity Commission. (Abbott 2013)

When discussing the Commission's report on regulator engagement in October 2013, the Minister for Small Business, the Hon. Bruce Billson, said:

The Commission's report represents a significant body of work that can inform broader work on deregulation. (Billson 2013)

During the year COAG identified several further areas where Commission projects would assist it with its work. Specific projects undertaken to assist policy development across jurisdictions in 2013-14 included a study of major project development assessments to assist the work of the COAG Business Advisory Forum, and a study of regulator engagement with small business to assist the work of the COAG Business Regulation and Competition Working Group (BRCWG).

In May 2014 a report by the Australia Institute and Australia21 called for a Commission inquiry into the impact of inequality on economic efficiency and growth. (Douglas, Friel, Denniss and Morawetz 2014)

Infrastructure Partnerships Australia produced a discussion paper in March 2014 that called on the Treasurer to direct the Commission to establish a detailed public inquiry into the funding, regulation and pricing of Australia's road transport market, and related impacts in the broader transport market. (Infrastructure Partnerships Australia 2014)

The Australian Competition and Consumer Commission recommended in June 2014 that the Commission be asked to conduct a comprehensive review of Australia's intellectual property arrangements. (ACCC 2014)

The Australian Greens proposed in November 2013 that the Commission be asked to conduct a review of rental assistance. (Ludlam 2013)

In its submission to the Competition Policy Review, the New South Wales Government proposed that the Commission should be tasked with determining the growth and revenue impacts of any future reform package; and be asked to prepare a five-yearly report on Australia's productivity performance, factors impeding productivity growth (including impediments to competition), and the future direction for productivity-enhancing reform. (New South Wales Government 2014)

A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews on a diverse range of topics including the Qantas Sale Act; the regulation of road use by bikes; departmental functions and programs; the fiscal performance of Australian governments using scorecard indicators; corporate welfare; and fees and charges in public health.

General endorsement of the Commission's role and work can also be found in various proposals for new agencies that have similar roles. For example, in January 2014, the Indian Council for Research and International Economic Relations called for the establishment of a National Productivity Commission, focused on productivity-based growth across all sectors of the Indian economy, including services and agriculture. (Raj 2014)

Details are provided in appendix B.

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

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.

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.)

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.

- On 9 May 2014 the Australian and New Zealand Governments released a joint response to the report by the Australian and New Zealand Productivity Commissions on strengthening economic relations between the two countries (Australian Government and New Zealand Government 2014). Of the 32 recommendations made in the report, the Government response listed 25 recommendations that received joint support, support in-part or that were being addressed under existing government arrangements. Seven recommendations were deemed as requiring further consideration.

A recommendation on the mutual recognition of imputation credits will be considered as part of the White Paper on taxation, as already announced. Also the Commission's report recommended 5 yearly reviews of the Australia-New Zealand Closer Economic Relations Trade Agreement (CER) to take stock of what has been achieved and learnt

and to ensure that the agenda remains relevant and forward looking. The governments' response states that they will, ahead of the 2015 Leaders' meeting, consider how to progress the five-yearly reviews of CER, including identifying opportunities for further collaboration between the productivity commissions.

- On 28 May 2014, the Australian Government released an interim response to the Commission's report on minerals and petroleum resource exploration (Australian Government 2014a). The response stated:

Of the 22 recommendations, the Commonwealth has implemented six through previous processes; agreed five; provisionally agreed four; and noted seven. This forms the Commonwealth's interim response. The interim response is being tabled in order to commence negotiations with the states and Northern Territory; a final response will be tabled within 24 months. (Australian Government 2014a, p. 2)

The recommendations agreed to by the Commonwealth included endorsement of the National Offshore Petroleum Safety and Environmental Management Authority's (NOPSEMA's) process to assess environmental approvals; strengthened bilateral arrangements with the States and Territories for assessments; undertaking and publishing a review of the benefits and costs of the 'water trigger' amendment to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth); and setting regulatory requirements relating to exploration that are proportionate to impacts and risks.

- The Australian Government released a response to the Commission's report on automotive manufacturing on 26 August 2014. The response provided support or in-principle support for most of the recommendations. This included support for recommendations to repeal the Automotive Transformation Scheme; to not extend the Green Car Innovation Fund; to accelerate harmonising Australian Design Rules with internationally prevailing UNECE standards; and to abolish Australian Government fleet procurement policies that favour the purchase of locally-made vehicles.

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

Governments need not accept the Commission's advice. 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. 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 2013-14 sittings of the *Federal Parliament*:

- 110 Members and Senators referred to 47 different Commission reports or inquiries, or to the Commission's role in policy processes
- in around three quarters of the mentions in debates and questions, federal parliamentarians cited the Commission as an authoritative source.
- Commission inquiries and reports which featured most prominently were those on childcare, automotive manufacturing and paid parental leave.

In addition, there were 102 mentions of the Commission and its work in the Hansard proceedings of *Federal Parliamentary Committees* in 2012-13. The Commission was mentioned in the proceedings of 16 different committees, most prominently in proceedings of the Senate Standing Committee on Economics and the House of Representatives Standing Committee on Economics. The most frequent mentions were to the reports on infrastructure, childcare and major projects.

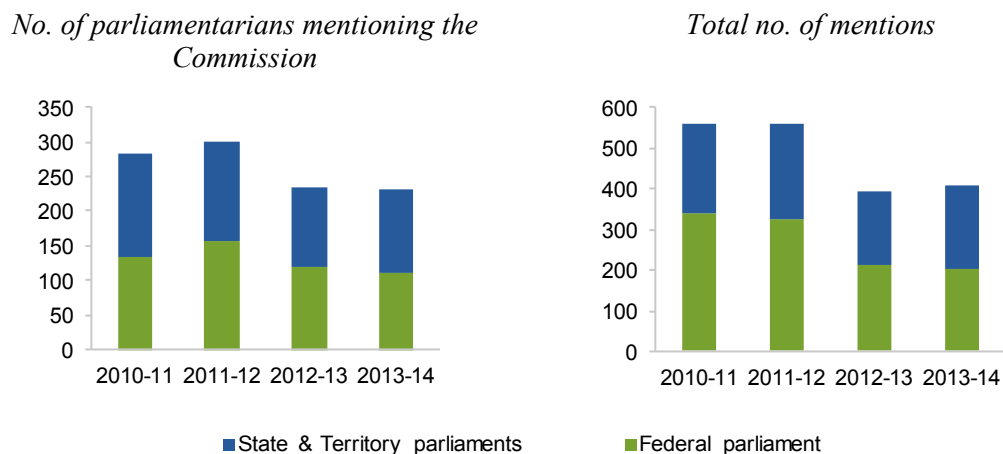
Parliamentary committees and the Parliamentary Library drew on a range of Commission inquiry and research outputs in their own reports and briefing materials during the year (table B.1). Use of Commission outputs by the Australian National Audit Office is also reported in appendix B.

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 2013-14 sittings of the eight state and territory parliaments:

- 120 members referred to 44 different Commission publications or inquiries, the Report on Government Services, or to the Commission's role in policy processes
- in 71 per cent of the 207 mentions in debates and questions, State and Territory parliamentarians cited the Commission as an authoritative source, while less than 0.7 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, gambling and automotive manufacturing also featuring prominently.

Recent trends in mentions of the Commission in federal, state and territory parliamentary proceedings are shown in figure 1.3.

Figure 1.3 Mentions of the Commission in Australian parliaments, 2010-11 to 2013-14



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 and other Ministers, the Leader of the Opposition and Shadow Ministers, including use of Commission reports on public infrastructure, an ageing Australia, trade and assistance and disability care and support
- 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, Victoria and Western Australia. The Commission also responded to requests for briefings to visiting officials and delegations from Taiwan, Timor Leste, Lao PDR, Myanmar, Liberia, Indonesia, China, Thailand, South Korea, India, Japan, Vietnam and the OECD (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 2013-14, 28 editorials in major metropolitan newspapers drew on the findings or recommendations in 11 different Commission reports, or referred to the Commission's role in assisting public policy making. The Commission's reports on infrastructure, trade agreements, automotive manufacturing and childcare featured prominently.

The Commission rated an average of 150 mentions a month in electronic media and an average of 250 mentions a month in print media in 2013-14. 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 2013-14 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 2015 *Productivity Update*, which will include reporting on recent trends in productivity performance
- *Trade & Assistance Review 2013-14*, which will report on trade policy and assistance developments and contain the Commission's latest estimates of assistance to Australian industry.