



**Australian Government**  
**Productivity Commission**

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Productivity Commission

# Annual Report 2019-20



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### **The Productivity Commission**

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. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website ([www.pc.gov.au](http://www.pc.gov.au)).

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# Letter of transmittal



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**Productivity Commission**

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23 September 2020

The Hon Josh Frydenberg MP  
Treasurer  
Parliament House  
CANBERRA ACT 2600

Dear Treasurer

I am pleased to present to you the Productivity Commission's Annual Report for 2019-20.

The Report has been prepared in accordance with section 10 of the *Productivity Commission Act 1998*. It has also been prepared in accordance with all obligations of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), including section 46, which requires that you present the report in Parliament.

The Report contains the Productivity Commission's annual performance statement and annual financial statements for the period 2019-20 as required by sections 39(1)(b) and 43(4) of the PGPA Act.

In accordance with the subsection 17AG(2)(b) of the Public Governance, Performance and Accountability Rule 2014 and the Commonwealth Fraud Control Framework 2017, I hereby certify that I am satisfied that the Productivity Commission has:

- prepared fraud risk assessments and fraud control plans
- in place appropriate fraud prevention, detection, investigation, reporting mechanisms that meet the specific needs of the Commission
- taken all reasonable measures to appropriately deal with fraud relating to the Commission.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Michael Brennan'.

Michael Brennan  
Chair



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# Foreword

In 2019-20, the Commission continued to provide evidence-based policy and inform the public debate on a range of topics of significance to the Australian community.

During the year we completed two inquiries commissioned by the Australian Government. The first reviewed national transport regulatory reforms, while the second looked at the role of mental health in social and economic participation.

We also completed two Government-commissioned studies during the year, reviewing the zone tax offset and related remote area tax concessions and payments, as well as examining government expenditure on children and family services in the Northern Territory.

In addition, the Commission took part in efforts across the Australian Public Service to support the whole-of-government response to the COVID-19 pandemic, providing research and analytical support for the economic response to the crisis, including by deploying staff to other agencies.

We also continued to develop a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people, as well as working on the next *Overcoming Indigenous Disadvantage: Key Indicators* report. The Commission is also making changes to its ways of engaging and working with Aboriginal and Torres Strait Islander people and organisations.

During the year, we released research that examined the experiences of vulnerable people in the private rental market, and the policies that affect their outcomes. We also published research on the impediments to adopting Integrated Water Cycle Management in urban environments, including the policy and implementation frameworks for urban water. And we progressed research looking at youth incomes.

We continued to fulfil our legislated role to promote public understanding of matters relating to industry, industry development and productivity, including through our annual *Trade and Assistance Review* and *Productivity Insights* publications. With reporting on foreign investment to be part of the annual *Trade and Assistance Review*, we produced a research paper examining foreign investment in Australia and the Australian Government's related policies.

The 2020 edition of the *Report on Government Services* was published during the year, providing comparative performance information on government service delivery areas. The staged transition of this material to interactive online reporting continued, with three more sectors moving to the new format.

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New inquiries and studies referred to us by the Australian Government during the year and currently underway include a study on regulation in the resources sector, a review of the National Agreement for Skills and Workforce Development and the second triennial inquiry into the progress of national water reforms.

In 2019-20, the Commission also commenced case studies on productivity reform within Australia for the Council on Federal Financial Relations. These case studies are intended to inform and to diffuse knowledge and practices across governments and identify reform opportunities.

I would like to thank the Commission's staff and my fellow Commissioners for their hard work over the course of the year.

Michael Brennan

Chair



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# Commissioners



**Michael Brennan**  
Chair



**Julie Abramson**  
Commissioner



**Ken Baxter AM**  
Commissioner



**Jonathan Coppel**  
Commissioner



**Jane Doolan**  
Commissioner



**Catherine de Fontenay**  
Commissioner



**Lisa Gropp**  
Commissioner



**Stephen King**  
Commissioner



**Paul Lindwall**  
Commissioner



**Angela MacRae**  
Commissioner



**Romlie Mokak**  
Commissioner



**Malcolm Roberts**  
Commissioner



**Richard Spencer**  
Commissioner



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# 1 About the Commission

## **The Commission's role**

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. Its remit covers all sectors of the economy, with a view to better informing policy making to raise national productivity and living standards.

The Productivity Commission's outcome objective 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.

This objective is pursued in four broad work streams (outlined in figure 1):

- government-commissioned inquiries and studies
- other research projects and annual reporting on industry support
- performance reporting and related analysis of Commonwealth and State service provision
- competitive neutrality complaints.

The Commission's activities over 2019-20 are outlined in chapter 3.

Figure 1 Main activities of the Productivity Commission



## Commissioners and staff

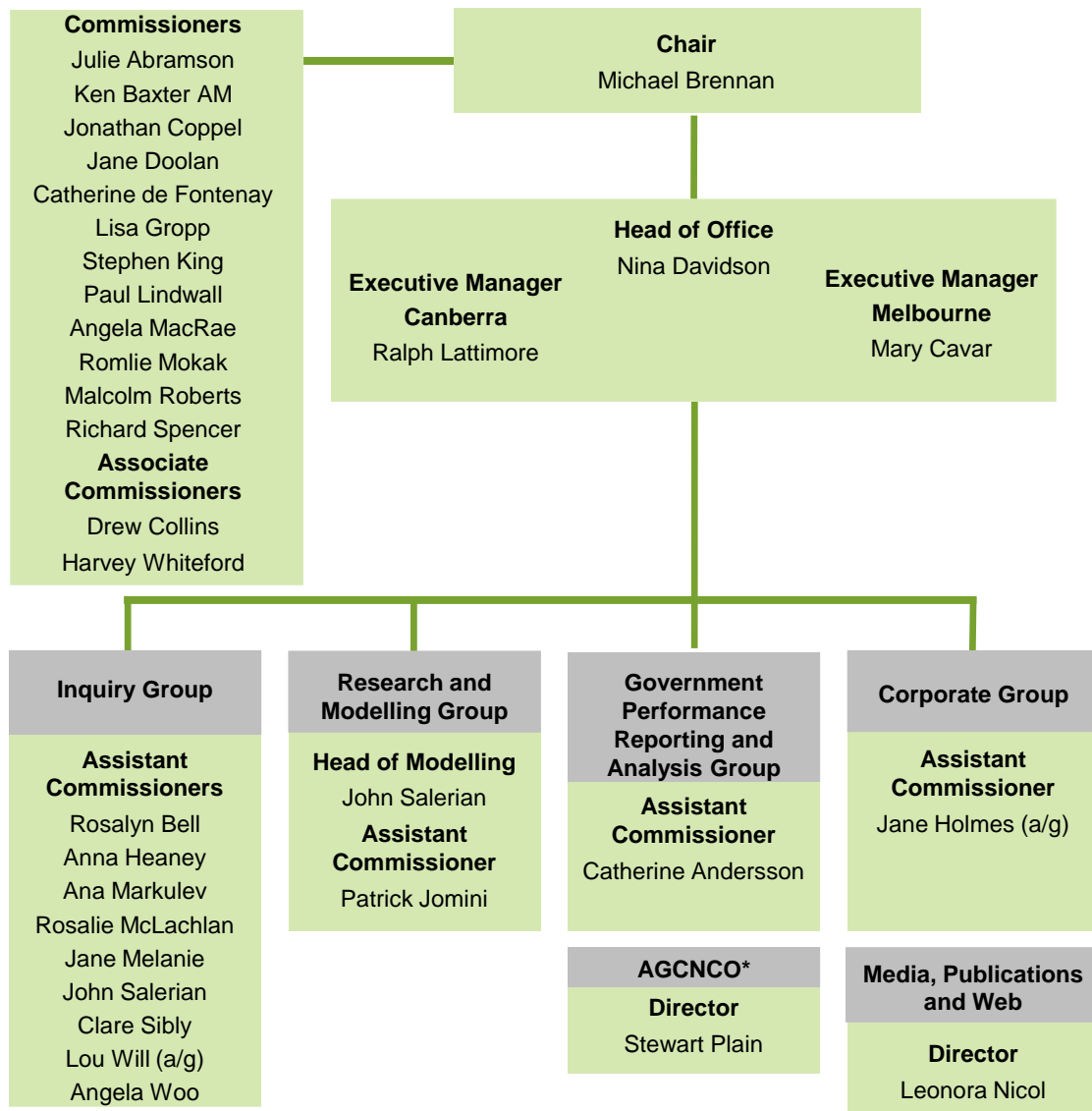
The Commission comprises its Chair and between four and twelve other Commissioners, appointed by the Governor-General for periods of up to five years. Associate Commissioners can be appointed by the Treasurer for terms of up to five years or for the duration of specific inquiries.

At 30 June 2020, there were twelve members of the Commission, plus the Chair, with six Commissioners holding part-time appointments. The Commission also included two Associate Commissioners, Harvey Whiteford and Drew Collins, appointed for the inquiries into *Mental Health* and *National Water Reform*, respectively.

The work of the Commission is assisted by employees who are employed under the *Public Service Act 1999*. In 2019-20, the average staffing level was 174.

The Commission's structure and senior staff at 30 June 2020 are shown in figure 2.

Figure 2 Commission structure and senior staff



\* Australian Government Competitive Neutrality Complaints Office

As at 30 June 2020.



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## 2 Annual Performance Statement

### Introductory statement

This annual performance statement meets the Productivity Commission's requirements under s. 39(1)(a) of the *Public Governance, Performance and Accountability Act 2013* (Cwlth) (PGPA Act) for the 2019-20 financial year, and accurately reflects the entity's performance in accordance with s. 39(2) of the PGPA Act.

### Entity purpose

The Commission's purpose, as embodied in the *Productivity Commission Act 1998* (Cwlth), is to provide governments and the Australian community with information and advice that better informs policy decisions to improve Australians' wellbeing. The Commission applies robust, transparent analysis, and adopts a community-wide perspective.

### Results

The Commission has assessed its performance against six criteria associated with its impact and delivery. In 2019-20, the Commission performed consistent with these criteria. The criteria, as set out in the Corporate Plan 2019-20 (p. 7) and Portfolio Budget Statement 2019-20 (p. 314), are:

- providing a valuable source of robust evidence-based analysis
- generating effective public debate
- being recognised as valuable by other governments
- engaging effectively with the community
- having open and transparent processes
- delivering timely reports.

Performance against each of the Commission's impact and delivery criteria is summarised below, with analysis presented in more detail in chapter 3. The COVID-19 pandemic affected the Commission's prioritisation and approach during the year.

A number of factors complicate the assessment of the Commission's performance. The Commission is only one contributor among many to the Australian policy debate and policy

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decision making; and the nature, scope and timing of projects commissioned by the Australian Government varies from one year to the next. Further, the Commission's inquiry and research outputs contribute over a period of years to the public debate and policy development on a range of complex and often contentious issues. Their impact can go far beyond their immediate release. This means that the Commission's contribution is best considered over the medium term.

Given the nature of its work, the Commission relies mainly on qualitative indicators of performance, with quantitative indicators helping to inform the assessment in some areas.

The Commission also undertakes periodic surveys of stakeholders to help gauge the relevance, analytical rigour and clarity of its work, as well as the effectiveness of its participatory processes and its openness and transparency. Such a survey informed the 2017-18 Annual Performance Statement, with the next due for 2020-21.

## **Impact Criteria**

*The Productivity Commission is a valuable source of evidence-based analysis to inform public policy in Australia.*

In 2019-20, the demand for the Commission to undertake work on complex policy issues continued.

The Commission received references from the Government for three new projects, including a study on resource sector regulation, and the second triennial inquiry into the progress of reform in Australia's water resources sector. The second review of nationally significant, sector-wide agreements between the Australian, State and Territory governments also commenced, with a review of the National Agreement for Skills and Workforce Development.

During the year, the Commission also commenced work on case studies on productivity reform in Australia, following a request from the Council on Federal Financial Relations. The purpose of these case studies is to diffuse knowledge and practices across governments, and identify reform opportunities.

The Commission completed four government-commissioned inquiries and studies on a diverse set of topics during 2019-20:

- a major inquiry into the impact of mental health on social and economic participation
- an inquiry into national transport regulatory reform
- a study into government expenditure in the Northern Territory on children and family services aimed at preventing harm to children
- a study of remote area tax concessions and payments.



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The Commission also continued its work to develop a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people.

In addition, the Commission continued its annual reporting of Australian Government assistance to industry through the *Trade and Assistance Review*, and released research on foreign investment in Australia. The Commission also continued to provide secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision, including for the 2020 *Overcoming Indigenous Disadvantage: Key Indicators* report.

As part of efforts across the Australian Public Service to support the whole-of-government response to the COVID-19 pandemic, the Commission provided support to agencies engaged in the economic response to the crisis. This included providing research and analytical support, and seconding staff to other agencies.

*The Productivity Commission generates effective public debate.*

Contributions to parliamentary debate and the extent of media coverage indicate a high level of public interest in the Commission's work and its potential influence.

During 2019-20, about 115 federal members and senators referred to at least 47 different Commission reports or inquiries, or to the Commission's role in the policy process. At the state and territory level, about 92 members of state and territory parliaments referred to 26 different Commission projects or to the Commission's role during the 2019-20 sittings.

The Commission rated, on average, more than 145 media mentions a month in connection with the four completed inquiries and studies during 2019-20, with particular interest in the *Mental Health* and the *Remote Area Tax Concessions and Payments* study. The *2020 Report on Government Services* also generated a substantial amount of public interest during the year, reflected in media articles and downloads of the report.

Commission reports from previous years also appeared in media reporting and were cited in academic literature during 2019-20, including the 2017 *Shifting the Dial: 5-Year Productivity Review* and the 2010 *Australian Gambling Industries* inquiry.

In 2019-20, there were slightly fewer presentations and speeches by the Chair, Commissioners and staff than in previous years, as a result of the COVID-19 pandemic.

*The Productivity Commission is recognised as a model for evidence-based policy analysis worthy of consideration by other governments.*

In 2019-20, the Commission was approached by a number of other governments interested in its institutional arrangements, how it approaches its work and to discuss the outcomes of specific inquiries. The Commission briefed visiting officials and delegations from eight

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countries, including Chile, Indonesia and the United Kingdom, covering a wide range of topics, from the role of the Commission, to performance benchmarking of government services, to productivity measurement in the non-market sector.

The OECD and IMF cited the Commission's work in 28 reports published throughout the year. This included references to the *Data Availability and Use* and *Murray-Darling Basin Plan: Five-year assessment* reports, along with older reports such as the Commission's reviews of mutual recognition schemes and the inquiry into *Rural Research and Development Corporations*.

## Delivery Criteria

*The Productivity Commission engages effectively with the community.*

In 2019-20, the Commission's processes provided opportunities for extensive public input and feedback through visits, hearings, workshops and other consultative forums, and the release of draft reports and preliminary findings.

For all major projects commenced during 2019-20, the Commission published issues papers — outlining relevant issues and calling for public submissions — shortly after receiving the terms of reference. And interested parties had another opportunity to make submissions following the release of draft or interim reports.

In total, the Commission received 1160 submissions to Government-commissioned projects during 2019-20. The Commission also received 'brief comments' on all government-commissioned projects during 2019-20, providing an opportunity for a more informal avenue for feedback. The *Mental Health* inquiry received the highest volume of submissions and comments.

For all inquiries and studies, there was also an opportunity for participants to appear at public hearings, roundtable discussions and/or workshops during 2019-20. As well as visits to all capital cities, the Commission travelled to a number of regional and remote communities, such as Karratha, Kalgoorlie-Boulder, Groote Eylandt, Rockhampton, Broken Hill and others during 2019-20. Further, given the priority efforts devoted by governments, businesses, organisations and communities in responding to the COVID-19 pandemic, the Commission adjusted its processes to ensure adequate opportunities to engage, including extending timelines for submissions and using videoconferencing.

The Commission is also expanding its mechanisms for engaging and working with Aboriginal and Torres Strait Islander people and organisations. Oral submissions were used to inform the *Indigenous Evaluation Strategy*, while Commission staff also spent time in Yuendumu to inform the *Expenditure on Children in the Northern Territory* study and obtain practical insights into service delivery, including through interviewing service providers and community members.

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*The Productivity Commission's processes are open and transparent.*

The Commission operates under the powers, protection and guidance of its own legislation. Its independence is formally exercised under the *Productivity Commission Act 1998* (Cwlth) through the Chair and Commissioners, who are appointed by the Governor-General for fixed periods.

The Commission has its own budgetary allocation and a small permanent staff, operating at arm's length from other government agencies. While the Government initiates the Commission's inquiries and studies, the Commission's findings and recommendations are based on its own analysis and judgment.

The Commission's objectivity and independence are key strengths of its work. The Commission delivers high quality advice by ensuring analysis and judgements are scrutinised and drawing on public input.

The Commission's advice to government, and the information and analysis on which it is based, continued to be open to public scrutiny in 2019-20. As noted above, the Commission's processes provided for extensive public input and feedback through hearings, workshops and other consultative forums, and through the release of draft or interim reports. For example, the Commission conducted 13 days of public hearings around Australia and hosted 11 roundtables on a range of topics for the *Mental Health* inquiry.

In addition, the Commission made a number of key data sets and modelling publicly available to support the release of its reports in 2019-20, including analysis and supporting data for the *Mental Health* and *National Transport Regulatory Reform* draft reports, as well as an interactive map and associated data alongside the release of the final report of the *Economic Regulation of Airports* inquiry.

*The Productivity Commission delivers reports within agreed timeframes.*

All of the completed major projects in 2019-20 were finished within the timeframes originally established by Government or as subsequently varied. The timeframes for some projects were adjusted due to the COVID-19 pandemic, to ensure that there were adequate opportunities for interested parties to engage and to allow consideration of the implications of the pandemic.

The timing of tabling of commissioned inquiry reports, following completion of a project, is a matter for Government.



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## 3 The year in review: Commission activities

### Public inquiries and commissioned studies

The Commission commenced three new projects at the request of the Australian Government in 2019-20, compared to the commencement of six new projects in 2018-19.

- In August 2019, the Commission received a reference to conduct a study into regulation in the resources sector, to identify effective regulatory approaches, highlight examples of best practice regulation, and examine where successful relationships have been developed with the community. A draft report was released in March 2020.
- In November 2019, the Government asked the Commission to review the National Agreement for Skills and Workforce Development. The study is to examine how well the Agreement's goals have been achieved and its suitability for the future, including options for reform across coordination, funding, pricing and efficiency. An interim report was released in June 2020.
- In May 2020, the Commission commenced the second of its triennial inquiries into the progress of reform in Australia's water resources sector, as required by the *Water Act 2007*. A draft report is expected to be released later in 2020.

During 2019-20, the Commission also continued developing a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people. A draft strategy was released in June 2020.

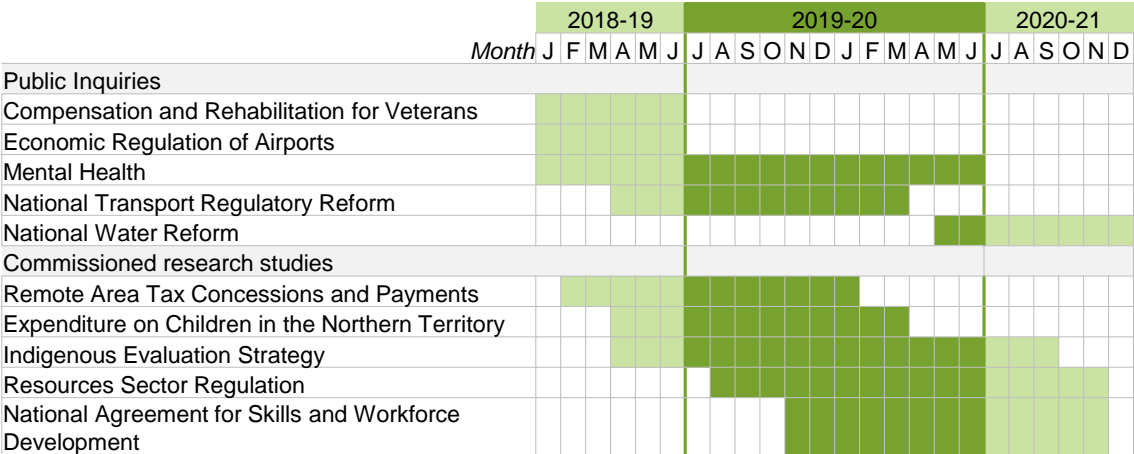
The Commission completed four inquiries or studies in 2019-20, compared with six in 2018-19.

- A review into the zone tax offset and related remote area tax concessions and payments, making recommendations on whether the tax concessions and payments should continue and, if so, what form they should take.
- A study into government expenditure in the Northern Territory on children and family services, including how decisions about expenditure are being made and ways to improve funding arrangements and service delivery.
- A review of national transport regulatory reform, to investigate the long-run economic impacts of recent heavy vehicle, rail and maritime reforms.
- An inquiry into the role of mental health in social and economic participation, which considered measures to improve mental health to produce long-term economic benefits.

This meant there were three inquiries and five studies underway at some point during 2019-20 (figure 3). In addition, the Commission commenced case studies on productivity reform within Australia for the Council on Federal Financial Relations, to inform and diffuse knowledge and practices across governments and identify reform opportunities.

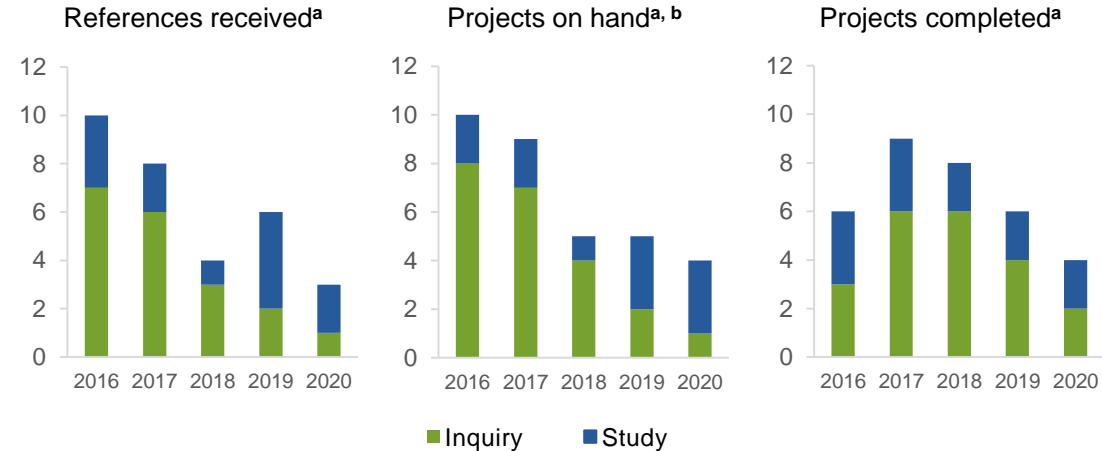
Trends in public inquiry activity and participation over the past five years are shown in figure 4 and table 1. Further information on public inquiries and commissioned studies undertaken during 2019-20 is available on the Commission’s website.

**Figure 3 Program of public inquiries and other government-commissioned projects**



Shaded areas indicates the approximate duration of the project in the period covered by the figure.

**Figure 4 Projects commenced, on hand and completed**



<sup>a</sup> Figures are for financial years. <sup>b</sup> As at 30 June 2020.

**Table 1 Public inquiry and other commissioned project activity, 2014-15 to 2019-20**

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
<b>Public inquiries</b>						
Inquiry references received	3	7	6	3	2	1
Issues papers released <sup>a</sup>	3	6	5	5	3	1
Public hearings (sitting days) <sup>b</sup>	14	19	20	23	23	17
Organisations/people visited	205	594	626	519	395	160
Submissions received	941	955	1302	610	1499	762
Draft reports <sup>c</sup>	3	3	7	4	3	2
Inquiry reports completed	3	3	6	6	4	2
Inquiries on hand (30 June)	3	8	7	4	2	1
<b>Research studies</b>						
References received	3	3	2	1	4	2
Issues papers released <sup>a</sup>	3	2	2	0	4	2
Submissions received	131	72	544	210	166	398
Draft reports	1	2	4	0	0	5
Research reports completed	3	3	3	2	2	2
Studies on hand (30 June)	3	2	2	1	3	3
<b>Total references</b>						
Total references received	6	10	8	4	6	3
Total references completed	6	6	9	8	6	4
Total references on hand (30 June)	6	10	9	5	5	4

<sup>a</sup> Includes issues papers or equivalents, such as discussion papers and guidance notes. <sup>b</sup> Excludes forums and roundtable discussions. <sup>c</sup> Includes all types of draft reports.

## Performance reporting and other services to government bodies

The Commission provides secretariat services to the Steering Committee for the Review of Government Service Provision, and has done so since the Review's commencement in 1993. The Steering Committee's major outputs are a collaborative effort, with more than 80 Commonwealth, State and Territory government agencies contributing to: the *Report on Government Services*; the *Overcoming Indigenous Disadvantage: Key Indicators* report; and the *Indigenous Expenditure Report*.

### Report on Government Services

The *Report on Government Services 2020* was the twenty-fourth in this series. The Report provides comparative performance information on 17 government service delivery areas that contribute to the wellbeing of Australians — spanning child care, education and training,

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health, justice, community services, emergency management, housing and homelessness. The services covered in the 2020 Report collectively account for \$247 billion of government recurrent expenditure, equivalent to about 13 per cent of GDP.

As part of the continued development of the Report, a staged transition to interactive online reporting continued in 2019-20 with the transition of Justice, Emergency Management and Health material. In addition, a pilot to improve the timeliness of reporting was completed, with a mid-2020 release of a subset of the Report's data (Police Services). It is anticipated that subsequent mid-year releases will occur for selected Report material.

## **Reporting specific to Aboriginal and Torres Strait Islander people**

The *Overcoming Indigenous Disadvantage: Key Indicators* (OID) reports, commissioned by COAG in 2002, measure the wellbeing of Aboriginal and Torres Strait Islander people. The latest report was the seventh edition and was released in November 2016, with the next report expected to be released in December 2020.

Engagement on the report with governments and Aboriginal and Torres Strait Islander people and organisations continued through 2019-20. The 2020 report will have a greater strengths-based narrative and its case study focus will be on shared decision making between Aboriginal and Torres Strait Islander people and governments

COAG agreed to the reporting of Indigenous expenditure in 2007, with the Productivity Commission assuming secretariat responsibilities in November 2008. The *Indigenous Expenditure Report* (IER) seeks to contribute to understanding of the levels and patterns of expenditure on services for Aboriginal and Torres Strait Islander people across over 150 expenditure categories. The report does not attempt to assess the adequacy, effectiveness or efficiency of government expenditure. The latest IER was published in October 2017, and was the fourth edition.

## **National Agreement reporting**

The Commission supports the provision of information to assess performance against the six National Agreements agreed by COAG under the Intergovernmental Agreement on Federal Financial Relations.

During 2019-20, the Steering Committee collated performance information for the National Indigenous Reform Agreement, and incorporated applicable indicators and data from other National Agreements in its *Report on Government Services*.



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## Performance Reporting Dashboard

The Commission maintains the Performance Reporting Dashboard, which provides a single, streamlined source of information on progress towards key commitments agreed by COAG. In 2019-20, the Commission published its third update of the Dashboard.

## Competitive neutrality activities

Competitive neutrality policy seeks to ensure that government businesses do not have advantages (or disadvantages) relative to their private sector competitors, 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 AGCNCO also provides informal advice to individuals and private organisations on the application of competitive neutrality to government activities, and to government agencies on implementing their competitive neutrality obligations.

In 2019-20, the AGCNCO received 35 queries about competitive neutrality matters from various parties, including one formal competitive neutrality complaint.

In response to requests for information, the AGCNCO also provided advice to the Treasury on a revised edition of the Australian Government's *Competitive Neutrality Guidelines for Managers* and to a Senate Committee to assist its consideration of legislation to establish the Australian Business Growth Fund.

## Other research activities and annual reporting

The Commission is required under its Act to undertake research to complement its other activities. This research supports its 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. It also reports annually on the effects of assistance and regulation.

The Commission's research program 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.

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During 2019-20, the Commission released three research papers, on:

- the experiences of vulnerable people in the private rental market and the policies that affect outcomes for vulnerable renters
- policy and implementation frameworks in urban water, to identify where there may be impediments to the adoption of Integrated Water Cycle Management (the joint management of water, wastewater and stormwater resources in urban environments)
- the trends and drivers of foreign investment in Australia, its positive and negative effects, and the Australian Government's foreign investment policies
  - Future *Trade and Assistance Reviews* will build on this initial work through regular reporting on foreign investment, following Government support for the Commission's recommendation to this effect in the 2016 *Regulation of Australian Agriculture* inquiry.

As part of efforts across the Australian Public Service to support the whole-of-government response to the COVID-19 pandemic, the Commission also provided research and analytical support to agencies engaged in the economic response to the crisis, including by deploying several staff to other agencies.

During the year, the Commission commenced work on case studies on Australian productivity reforms, following a request from the Council on Federal Financial Relations in October 2019. The first case study, focusing on Victoria's commercial land use zoning, was released in September.

The Commission released the *Trade and Assistance Review 2018-19* in April 2020. The review outlined the latest quantitative estimates of Australian Government assistance to industry and discussed recent developments in industry assistance and trade policy. Industry support measures associated with the COVID-19 pandemic are expected to be considered in the next Review, where relevant.

The Commission also published its annual stocktake of productivity performance through the release of two Productivity Insights papers in February and March 2020. The papers discussed recent productivity trends and Australia's relative levels of productivity and income compared with other advanced economies.

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## 4 The policy and wider impact of Commission activities

### Assessing the Commission's performance

The Commission assesses its overall performance against the following outcome objective:

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 can be complicated by it being one contributor among many to any policy outcome. As such, the Commission's contribution is best considered over the medium term. 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 involved with different policy choices, and in providing data that is a source of reference for policy makers.

The Commission monitors reaction to its work in order to improve its performance and its contribution to public understanding and policy making. Those with an interest in the Commission's reports and users of the Commission's website have the opportunity to provide feedback.

### Generating effective debate

The Commission obtains an indicator of its success in generating effective public debate by considering the degree of acceptance of recommendations, the quantity of report downloads, and the number of mentions in the media and parliaments.

Internal analysis (both qualitative and quantitative) across the four projects completed in 2019-20 indicates that the *Mental Health* inquiry generated a high level of public debate and the *Remote Area Tax Concessions and Payments* study generated a medium level of debate. There were relatively low levels of debate for *National Transport Regulatory Reform* and *Expenditure on Children in the Northern Territory*.

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

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During 2019-20, the Government issued responses to two of the reports released during the year.

- In December 2019, the Government responded to the Commission's *Economic Regulation of Airports* inquiry report (released October 2019), with nine out of the report's 14 recommendations agreed to or supported.
- In February 2020, the Government stated that it would not be acting on any of the recommendations in the *Remote Area Tax Concessions and Payments* final study report, due to the challenges faced by regional Australia, including recent droughts and bushfires.

In addition, some of the actions taken by the Australian, State and Territory governments in response to the COVID-19 pandemic (including some of the temporary measures) align with previous Commission recommendations. For example, the expansion of retail trading hours for supermarkets and pharmacies (*Economic Structure and Performance of the Australian Retail Industry* 2011; *Workplace Relations Framework* 2015), the introduction of electronic pharmaceutical prescriptions (*Shifting the Dial: 5 Year Productivity Review* 2017), and the expansion of telehealth services (*Shifting the Dial* 2017).

Commission inquiry and research reports were frequently cited by parliamentarians in debates and questions during 2019-20. In the Federal Parliament, about 115 members and senators referred to more than 47 different Commission reports or inquiries, or to the Commission's role in policy processes. In addition, there were at least 69 mentions of 29 different Commission inquiries and its work in the Hansard proceedings of Federal Parliamentary Committees in 2019-20. The most frequent mentions were *Superannuation* and *Compensation and Rehabilitation for Veterans*.

The Commission's inquiry and research reports were also used extensively in debate and questions by state and territory parliamentarians. During the 2019-20 sittings of the eight state and territory parliaments, 92 members referred to about 26 different Commission publications or inquiries (including the *Report on Government Services*), or to the Commission's role in policy processes. In about 75 per cent of the 131 total mentions the Commission was cited as an authoritative source, while 5 per cent of mentions were critical of a particular finding, report or Commission attribute. The *Report on Government Services* was mentioned most frequently, while the Commission's *Gambling* and *Mental Health* reports also featured prominently.

Another indicator of the Commission's success in generating effective public debate is the traffic to the Commission's website and the number of downloads of Commission reports. In 2019-20, the Commission's website received a high level of traffic from external users, with more than 117 000 downloads of government-commissioned inquiry and study reports. The projects of most interest were the *Mental Health* draft report (around 25 000 downloads), the *Compensation and Rehabilitation for Veterans* inquiry (around 9000 downloads) and the superannuation inquiry (around 5000 downloads). The 2020 *Report on Government Services*

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was also highly sought after by website users — as in previous years — with a large number of report downloads (about 9000).

During 2019-20, there were an average of 145 media mentions each month for the four inquiries and studies that were completed during the year. More broadly, there were at least 1100 media mentions of the Productivity Commission each month, which includes discussion of the Commission's previous reports and its role in the policy process. The *Mental Health* inquiry received the highest number of media mentions of the reports published in 2019-20, while the *Superannuation* and *Shifting the Dial* reports also received significant media interest during the year.

Invitations to give briefings and present papers to conferences and to parliamentary, business and community groups are another indicator of the Commission's role in generating public debate. However, the COVID-19 pandemic resulted in some events being cancelled during early 2020. In total, there were 58 presentations by the Chair, Commissioners and staff during the year, slightly fewer than the previous year (65 presentations). Common topics included mental health and water reform, as well as discussion of evidence-based policymaking and regulation.

International recognition of the Commission as a model for evidence-based policy is also an indicator of the Commission's impact. The Commission briefed 12 international delegations and visitors from eight countries during 2019-20, including officials and delegations from Chile, Indonesia and the United Kingdom. Topics of discussion included the Commission's role and activities, performance benchmarking of government services, and productivity measurement in the non-market sector.

Some of the Commission's international liaison has been with other productivity organisations around the world, and with officials in countries where there is a desire to strengthen the focus on productivity-enhancing policies.

The OECD and IMF cited the Commission's work in 28 of their reports published throughout the year. This included references to the 2017 *Data Availability and Use* and 2019 *Murray-Darling Basin Plan: Five-year Assessment* reports, along with older reports such as the Commission's reviews of mutual recognition schemes and the 2011 inquiry into *Rural Research and Development Corporations*.

The Commission also continued to be well cited in academic literature during the year. In 2019-20, new academic literature referred to a number of reports, such as the Commission's inquiry into superannuation, along with older reports, such as the 2010 *Australian Gambling Industries* inquiry, the latter being the most cited of the Commission's publications in the academic literature over time. This demonstrates that the Commission's role as a source of evidence-based policy advice can continue long after the release of a report.

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## Transparency and community engagement

A central feature of the Commission's processes is the opportunity for people to participate in and scrutinise its work. Engaging with the community through open and transparent processes ensures that the Commission's research and policy advice is informed by those who are interested in, and affected by, that advice, and that the analysis is tested publicly.

The Commission conducts public hearings, calls for submissions that are made publicly available, and publishes draft and final reports. Roundtables, workshops and other forums provide valuable opportunities for the Commission to access wider sources of expertise in its inquiries and research.

The Commission provided a range of opportunities for public participation in each of the inquiries and studies completed in 2019-20, including public hearings, roundtables, workshops and the release of papers for public comment. For all of inquiries and studies completed in 2019-20, the Commission released an issues paper, issued a draft report and held two rounds of submissions to allow written participation from interested parties.

Given the priority efforts devoted by governments, businesses, organisations and communities in responding to the COVID-19 pandemic, the Commission also adjusted its processes to ensure participants had adequate opportunities to engage, including extending timelines for submissions and using videoconferencing to engage with participants.

During its 2019-20 inquiry activities, the Commission met with approximately 160 organisations or groups, held 17 days of public hearings, and received 762 submissions. And for studies, the Commission received a total of 398 submissions during the year. As part of this engagement, the Commission visited all capital cities during 2019-20, as well as a number of regional and remote communities, such as Karratha, Kalgoorlie-Boulder, Groote Eylandt, Rockhampton, Broken Hill and others.

A number of inquiries provided opportunities for 'brief comments', a more informal avenue for feedback compared to submissions. The *Mental Health* inquiry received 308 brief comments during 2019-20, in addition to the 680 submissions it received following the release of the draft report in October 2019.

The Commission used a variety of means to communicate with inquiry participants during 2019-20. For example, the Commission released videos alongside the draft reports for the *Mental Health* and *Indigenous Evaluation Strategy* projects, in order to reach a wider audience of interested parties. The Commission is also expanding its mechanisms for engaging and working with Aboriginal and Torres Strait Islander people and organisations (box 1).

Extensive consultation with all Australian governments continued throughout 2019-20 for the Commission's government performance reporting work, through the processes agreed by the Steering Committee for the Review of Government Service Provision. The Commission

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provided opportunities for the public to provide feedback on its government performance reporting and analysis work via the Commission’s website.

As part of its open and transparent processes, the Commission also makes key data sets and modelling available. In 2019-20, this included releasing analysis and supporting data for the *Mental Health* and *National Transport Regulatory Reform* draft reports, as well as an interactive map and associated data alongside the release of the final report of the *Economic Regulation of Airports* inquiry in October 2019.

### **Box 1            Engaging with Aboriginal and Torres Strait Islander people**

Several Commission inquiries and studies undertaken during the year had a focus on issues of particular relevance to Aboriginal and Torres Strait Islander people. For each of these inquiries and studies, the Commission undertook engagement using a range of methods.

For example, Commission staff spent time in Yuendumu to strengthen our understanding of the local context, including through interviewing service providers and community members, to inform the *Expenditure on Children in the Northern Territory* study and obtain practical insights into service delivery.

To inform the *Indigenous Evaluation Strategy*, the Commission took oral submissions, and engaged with Aboriginal and Torres Strait Islander people and organisations across the country, including visits and meetings in all capital cities, the Kimberley, and the Torres Strait.

The *Mental Health* inquiry convened a roundtable discussion on the experiences of Aboriginal and Torres Strait Islander people with the mental health system in urban areas, with a Torres Strait Islander facilitator.

Engagement with Aboriginal and Torres Strait Islander people and organisations also continued throughout 2019-20 for the next *Overcoming Indigenous Disadvantage: Key Indicators* report, due in late 2020.

## **Timeliness and cost effectiveness**

In 2019-20, all of the Commission’s inquiry and study reports, as well as all reports produced as part of the Commission’s performance reporting and other functions, were completed within the timeframes originally established by Government, or as subsequently varied. The timeframes for some projects were adjusted due to the COVID-19 pandemic, to ensure that there were adequate opportunities for interested parties to engage, and to allow consideration of the policy implications of the pandemic.

The timing of tabling of commissioned inquiry reports following completion of a project is a matter for Government.

The Commission endeavours to conduct projects efficiently, while ensuring rigorous analysis and maximising the opportunity for participation. Total estimated costs (covering salaries, direct administrative expenses and an allocation for corporate overheads) for

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inquiries and Government-commissioned research studies completed in 2019-20 are shown in table 2.

The major administrative (non-salary) costs associated with public inquiries and other Government-commissioned projects completed in 2019-20 relate to the Commission's extensive consultation processes and the wide dissemination of its draft and final reports. Travel restrictions associated with the COVID-19 pandemic are expected to impact these costs for projects completed in 2020-21.

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**Table 2 Cost of public inquiries and other government commissioned projects completed in 2019-20**

<i>Government-commissioned project</i>	<i>Total cost<sup>a</sup> (\$'000)</i>
Remote Area Tax Concessions and Payments	1,600
National Transport Regulatory Reform	1,712
Expenditure on Children in the Northern Territory	1,247
Mental Health	5,215

<sup>a</sup> Includes estimated overheads and staffing.

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## **Commission capabilities, linkages and networks**

The Commission seeks to maintain a capability that provides rigorous analysis, transparent processes, and independence and balance in its conclusions. Particular attention is paid to the quality of recruitment, in-house and external training, and diversity of work experiences.

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. During the year, there were seminars on topics as diverse as the housing market, the future of work and technological disruption, gender equality and work productivity.

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. The Commission also engages regularly with the New Zealand, South Australian, Queensland and NSW Productivity Commissions.

In 2019-20, a number of Commissioners were also members of various boards, committees and non-profit organisations, including the Western Water Authority, Australian Institute of Health and Welfare, Canberra Symphony Orchestra, Coordinare, Social Ventures Australia, and the Governing Council of the Photography Studies College.



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## 5 Management and accountability

### Commissioners and staff

The Commission operates under the powers, protection and guidance of its own legislation. Its independence is formally exercised under the *Productivity Commission Act 1998* through the Chair and Commissioners.

#### Commissioners

At 30 June 2020, there were twelve members of the Commission, plus the Chair. Six Commissioners held part-time appointments.

Dr Catherine de Fontenay commenced her term as a full-time Commissioner on 1 July 2019. Prior to her appointment, Dr de Fontenay was an Associate Professor of Economics at the Melbourne Business School, University of Melbourne. After completing her PhD in 1998 at Stanford University, Dr de Fontenay taught at the University of New South Wales. She also held visiting positions at the Stanford Institute for Economic Policy Research, Stanford University, and the Stern School of Business, New York University.

Following the end of the term of his initial five-year appointment, Mr Ken Baxter AM was re-appointed as a part-time Commissioner from 14 May 2020 to 31 December 2020.

Biographical information on all Commissioners is available on the Commission's website and their terms of appointment are listed in table 3.

**Table 3 Chair and Commissioners, 30 June 2020**

	Location	Period of appointment	
		From	To
Mr M Brennan (Chair)	Canberra	11 Sep 2018	10 Sep 2023
Ms J Abramson (p/t)	Melbourne	10 Dec 2015	9 Dec 2020
Mr K Baxter AM (p/t)	Sydney	30 Apr 2015	31 Dec 2020
Mr J Coppel	Melbourne	28 Jul 2011	27 Jul 2021
Dr C de Fontenay	Melbourne	1 Jul 2019	30 Jun 2024
Dr J Doolan (p/t)	Melbourne	8 Dec 2016	7 Dec 2021
Ms L Gropp (p/t)	Melbourne	1 May 2019	30 Apr 2024
Dr S King	Melbourne	1 Jul 2016	30 Jun 2021
Mr P Lindwall	Canberra	1 Jan 2015	30 Apr 2024
Ms A MacRae (p/t)	Melbourne	19 Mar 2007	9 Dec 2020
Mr R Mokak	Canberra	25 Mar 2019	24 Mar 2024
Dr M Roberts	Canberra	1 May 2019	30 Apr 2024
Mr R Spencer (p/t)	Canberra	27 Oct 2016	26 Oct 2021

(p/t) denotes part time.

## Associate Commissioners

The Commission also had two Associate Commissioners as at 30 June 2020, appointed by the Treasurer for the duration of their specific inquiries (table 4).

Professor Harvey Whiteford remained a part-time Associate Commissioner throughout 2019-20, to assist the Commission's *Mental Health* inquiry. With the *Mental Health* inquiry to be completed on extended timeframe (discussed in chapter 4), Prof Whiteford was reappointed for the period to 31 August 2020.

On 15 January 2020, Mr Drew Collins was appointed as an Associate Commissioner for a period of 12 months, to assist with the Commission's second inquiry into *National Water Reform*. Mr Collins has extensive experience in agricultural, natural resource and environmental policy development and analysis, including in the areas of natural resource management, pollution tax and trading schemes, water pricing and allocation, and the design of market instruments for environmental management. Mr Collins has worked in senior management positions across the government, research and private sectors.

**Table 4 Associate Commissioners, 30 June 2020**

	<i>Location</i>	<i>Inquiry/study</i>	<i>Period of appointment</i>	
			<i>From</i>	<i>To</i>
Prof H Whiteford (p/t)	Canberra	Mental Health	21 Nov 2018	31 Aug 2020
Mr D Collins	Canberra	National Water Reform	15 Jan 2020	14 Jan 2021

## Staff

The average staffing level during 2019-20 was 174, compared with 168 in 2018-19. The Commission recruited 23 staff during the year, including seven through its graduate recruitment program. Staff turnover was approximately 14 per cent.

Statistical information on staffing is provided in the Appendix.

## Outcome objective and resources

The financial and staffing resources devoted to achieving the Government's outcome objective for the Commission are summarised in table 5. An agency resource statement for 2019-20 is included in the Appendix

**Table 5 Financial and staffing resources summary**

	<i>Budget<sup>a</sup> 2019-20</i>	<i>Actual 2019-20</i>	<i>Variation</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<b>Outcome 1: Well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective</b>			
<b>Program 1.1 Productivity Commission</b>			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	33,517	34,213	(696)
Revenues from independent sources (Section 74)	145	521	(376)
Expenses not requiring appropriation in the Budget year	1,110	1,177	(67)
<b>Total for Outcome 1</b>	<b>34,772</b>	<b>35,911</b>	<b>(1,139)</b>
	<i>2018-19</i>	<i>2019-20</i>	
Average staffing level (number)	168	174	6

<sup>a</sup> Full-year budget, including any subsequent adjustment made to the 2019-20 Budget..

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## Governance

The Commission's governance arrangements are designed to achieve efficient, effective and ethical use of resources in delivering the Commission's mandated outcome objective. The arrangements are also designed to ensure compliance with legislative and other external requirements in regard to administrative and financial management practices.

In keeping with good governance principles, the Commission's governance arrangements encompass:

- establishing clear responsibilities for decision making and the undertaking of mandated activities
- ensuring accountability through the monitoring of progress, and compliance with legislative and other requirements, of mandated activities
- underpinning these arrangements through the promotion of a risk management and ethical behaviour culture.

### Key responsibilities

The Commission's Chair is responsible for the overall management and governance of the Commission, its reputation and public handling of issues, and the quality of its output. The Chair is the 'Accountable Authority' under the PGPA Act.

The Chair is assisted in these tasks by the Head of Office and a Management Committee that addresses matters of strategic direction, organisational development, policies and practices, monitoring of performance and resource allocation. Management Committee comprises the Chair (as chair), the Head of Office, the Executive Managers of the Melbourne and Canberra offices, and the Assistant Commissioner responsible for Corporate Group. It meets monthly, or more frequently as needed.

The Research Committee oversees the Commission's self-initiated research program to ensure delivery of high quality, policy relevant research in a timely way. It also oversees data analysis, and modelling capability and development to promote fit for purpose model use that is quality assured. It meets monthly and comprises the Chair (as chair), two Commissioners, the Head of Office, the Executive Managers, the Head of Modelling, and the Assistant Commissioners for Research and Modelling.

Commissioners are responsible for the conduct and quality of the individual inquiries, studies or other activities to which they are assigned by the Chair, and the overall quality of Commission work via their contributions to monthly Commission meetings.

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## Accountability

Management Committee's monitoring of the Commission is aided through the provision of regular reports covering staffing, expenditure, staff development and other operational matters.

Monthly Commission meetings — also attended by senior staff — are used to discuss and monitor progress across the Commission's four mandated outputs. Specifically:

- the responsible Commissioners on government commissioned projects report at each Commission meeting on significant issues and progress against key milestones
- reports are provided on the status and future directions of the research program at each Commission meeting
- the activities of the Steering Committee for the Review of Government Service Provision, chaired by the Chair of the Commission, are reported on a quarterly basis
- a Commissioner designated with responsibility for competitive neutrality issues reports to the Commission annually
- the Head of Office provides monthly updates on key management issues.

The Audit and Risk Committee is a further source of accountability through its periodic review of particular aspects of the Commission's operations. Its membership comprises a chairperson (a Commissioner) and two external members (table 6). The Commission's contracted internal auditors generally attend meetings, as does a representative of the Australian National Audit Office on an 'as required' basis. The Audit and Risk Committee meets at least four times a year. The charter determining the functions of the Audit and Risk Committee can be found at [www.pc.gov.au/about/governance/audit-committee](http://www.pc.gov.au/about/governance/audit-committee).

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**Table 6      Audit and Risk Committee membership 2019-20**

<i>Member name</i>	<i>Qualifications, knowledge, skills or experience</i>	<i>Number of meetings attended</i>	<i>Total annual remuneration</i>
Paul Lindwall <sup>a</sup>	Paul has over 30 years' experience in the Australia public service as an economist and financial specialist at Defence, Treasury, Finance and the Productivity Commission. He has Bachelor and Master degrees in economics and is a graduate of the Australian Institute of Company Directors. As well as chairing the Productivity Commission's Audit and Risk Committee, Paul is the chair of the Audit and Risk Committee of the Canberra Symphony Orchestra.	5	\$0
Dennis Mihelyi	Dennis has more than 40 years' experience in finance, corporate services and governance within the Commonwealth public sector including key management roles as Chief Financial Officer and Head of Corporate Services. He holds a Bachelor of Planning from RMIT and Graduate Diploma in Accounting from Deakin University and is a CPA.	5	\$6,210
Michael Everett	Michael has over 30 years' experience in all aspects of finance, corporate services and governance in the both the Victorian and Commonwealth public service. He holds a Bachelor of Economics from La Trobe University and is FCPA and GAICD qualified.	5	\$0

<sup>a</sup> Mr Lindwall is also a Commissioner, and does not receive any additional remuneration for his membership on the Audit and Risk Committee.

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## **Risk management and fraud control**

Risk assessments are undertaken within a formal risk management model specified in the Commission's risk management plan. Senior management and the Audit and Risk Committee review the plan annually.

The Commission has prepared a fraud risk assessment and fraud control plan and has in place appropriate fraud prevention, detection, investigation reporting and data collection procedures and processes that meet the specific needs of the Commission and comply with the Commonwealth Fraud Control Framework. No instances of fraud were reported during 2019-20.

Information about the Commission's risk management procedures is available to all employees. It is brought to the attention of new employees on commencement, and awareness raising for existing employees is periodically undertaken.

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## Ethical standards

The Commission has adopted a range of measures to promote ethical standards.

- It has embraced the Australian Public Service (APS) Values, Employment Principles and Code of Conduct.
- Senior managers are encouraged to set an example through the ethical and prudent use of Commonwealth resources.

The Commission has a number of specific policies relating to ethical standards that have regard to its own operational context. These deal with matters such as email and internet use, harassment and bullying, discrimination, fraud, disclosure of information, and managing conflicts of interest. The policies are readily available to all employees, including as part of induction, and are updated as required. Staff awareness and training sessions are offered periodically on these topics, with workplace behaviour training delivered to all staff in 2019-20.

## External and internal scrutiny

The Commission's processes, which provide for high levels of transparency and community participation in its work, are a key means of promoting external scrutiny. These processes are outlined in detail in chapter 4.

External scrutiny is also promoted through the Commission's extensive reporting, in various publications, of different aspects of its work.

Both the Commission and the Australian Government Competitive Neutrality Complaints Office (which has separate functions although located within the Commission) have service charters. Performance against the charters is monitored on an exceptions basis — that is, by complaints to designated senior managers. No complaints were received during 2019-20 in respect of either charter.

The Auditor-General issued an unqualified independent audit report on the Commission's 2019-20 financial statements. The Commission also engages an accounting firm to undertake a program of internal audit reviews. In 2019-20, the internal auditors conducted a review of workforce planning, to assess the extent to which the Commission's current arrangements and activities support development of the capacity of its workforce. In addition, the internal auditors reviewed the Commission's fraud control plan and fraud risk assessment.

The Audit and Risk Committee also plays an important internal scrutiny role. The Committee's efforts during the year related mainly to:

- oversight of the Commission's internal audit program
- consideration of the annual financial statements

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- scrutiny of the Commission’s risk management assessment and plan
  - reviews of relevant ANAO reports.

The use of Commission reports by Federal parliamentary committees during the year is discussed in chapters 2 and 4. The Commission is often invited to appear before Senate Committees to assist the work of Federal Parliament and facilitate scrutiny of its work. In previous years, the Commission has frequently been requested to attend Senate Estimates hearings, with appearances by the Chair and senior staff before the Senate Standing Committee on Economics.

The Commission’s website continues to provide a valuable source of information about the current work of the Commission, its publications and other activities. During 2019-20, the Commission continued to develop its use of social media to raise awareness of its work and promote participation in its public inquiries. The use of infographics and videos to highlight and promote aspects of the Commission’s work also continued.

## **Management of human resources**

The Commission’s human resources management operates within the context of relevant legislation, government policy and Commission-developed policy. Day-to-day management is devolved to senior managers within a broad framework agreed by Management Committee. The Committee routinely monitors the performance of people management functions, including through standing reports to its monthly meetings.

### **Workforce planning**

The Commission undertakes a range of workforce planning strategies, programs and practices designed to develop and maintain its workforce capability. Management Committee plays the key role of ensuring alignment between the Commission’s resources and its future capability requirements.

The Commission regularly considers a range of workforce planning issues associated with the attraction, retention and development of staff. Regular recruitment activity was undertaken in 2019-20, to further build capability across roles and classifications.

The Commission also reviews its graduate recruitment process annually, with a view to increasing the awareness of graduating university students of the Commission as a potential employer. Seven new employees were engaged during 2019-20 through the graduate recruitment program (a decrease from 13 graduates in 2018-19).

An important input to workforce planning is the information obtained from departing employees through exit questionnaires and, where possible, personal interviews on exit. Such information is considered by Management Committee and applied to a variety of



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initiatives including conditions of service, developing employment agreements, employee retention strategies, and learning and development initiatives.

Work was undertaken during 2019-20 to draw together key information, strategies and activities associated with the Commission's workforce planning practices.

## **Remuneration and employment conditions**

Remuneration for the Chair and Commissioners is set directly by the Remuneration Tribunal in determinations that are publicly available on the Tribunal's website.

The Commission's Senior Executive Service (SES) employees are employed under individual determinations made under section 24(1) of the *Public Service Act 1999*. SES remuneration is set by the Chair, and subject to review periodically, in the context of particular role requirements and how the roles are performed, and taking account of public and private sector benchmarks, including those contained in the APS Remuneration Report published by the Australian Public Service Commission.

Information on key management personnel remuneration is set out in note 1 to the Financial Statements (chapter 6) and disaggregated reporting is in the Appendix. Average remuneration for senior executives and other highly paid staff is also in the Appendix.

APS salary ranges for non-SES staff, which correspond to the Commission's broadbanded classifications, are shown in the enterprise agreement (available on the Commission's website). The Appendix provides details of salary ranges at 30 June 2020.

The remuneration and terms and conditions of the Commission's non-SES employees are covered by the Enterprise Agreement 2017-2020 (the Agreement), which came into effect on 5 September 2017. On 24 January 2020, following consultation with staff, the Chair made a determination (under subsection 24(1) of the *Public Service Act 1999*), which sits alongside the Agreement. This determination provides additional annual salary increases out to September 2022. All other terms and conditions remain in the Agreement.

The Agreement also includes provisions aimed at providing work-life balance and a satisfying and rewarding environment for employees. At 30 June 2020, four individual flexibility agreements were in place, addressing allowances and working arrangements.

## **Performance management and pay**

All Commission employees participate in regular performance management activities. The Commission's performance management policy and practice was reviewed in 2019-20, to provide a greater focus on regular, meaningful feedback to support individuals' development.

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The practical elements of the Commission’s policy and practice are designed to:

- develop and maintain a strong culture of conversation between employees and managers, where two-way discussions and feedback are part of regular work practices
- focus on individual’s capability development, including building and maintaining the capability of employees and managers to support and sustain high performance
- recognise that an individual’s performance is shaped by both results and outcomes, and the behaviours demonstrated along the way
- continue to focus efforts on learning and development in a way that can be tailored to individuals’ needs at different points in their careers.

Ahead of each formal feedback round — which occur at six-monthly intervals — training is conducted for employees and managers to ensure readiness for formal feedback sessions.

Under the Commission’s enterprise agreement, all salary increases are conditional upon employees being rated fully effective in their formal performance feedback. Performance bonuses are not a feature of remuneration for Commission employees.

## **Consultative arrangements**

The formal employee consultative mechanism is the Productivity Commission Consultative Committee. The committee comprises elected employee representatives, a CPSU representative, and management representatives. The committee met four times in 2019-20.

In addition, there is regular direct consultation between management and employees, including through regular team and all-staff meetings.

## **Learning and development**

The Commission encourages employees to undertake learning and development across four core competencies:

- management and leadership
- conceptual and analytical skills
- time and work management
- oral and written communication.

The need for learning and development can be employee identified (including through individual development plans settled with supervisors as part of performance feedback), be supervisor-encouraged or directed, or reflect organisation-wide initiatives.

The Commission’s *Learning and Development Strategy and Action Plan 2018–2020* sets out a range of priorities and activities to foster and maintain a vibrant learning culture, and

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support the Commission's work and employees' career development. In 2019-20, a number of internal learning and development activities were introduced or expanded as part of this strategy, with further refinements to in-house economic modelling and 'new starter' courses. Training on giving and receiving feedback was another area of focus, to support the Commission's revised performance management policy and practice. A mentoring program to support the development of Executive Level staff was also launched in early 2020.

The Commission continued to provide access to specific training and development activities for individuals, including one-on-one coaching to address particular development needs and extensive on-the-job training within the Commission. A program of internal seminars on a range of topical economic, social and environmental issues also contributed to staff development.

Employees may also seek to access studies assistance (in the form of paid leave and/or assistance with fees) in the pursuit of tertiary qualifications.

## **Work health and safety**

A Work Health and Safety (WHS) Committee oversees the Commission's work health and safety program. Committee membership includes management and staff health and safety representatives from both the Commission's Canberra and Melbourne offices. The Committee met four times during 2019-20.

Regular workplace hazard inspections are conducted by members of the WHS Committee. No formal WHS investigations were conducted during the year and there were no notifiable incidents. No notices under Part 10 of the *Work Health Safety Act 2011* were given to the Commission during 2019-20. Training is provided for employees who have specific WHS related responsibilities.

WHS activities and offerings during the year included:

- Commission-funded flu vaccinations and health checks
- sessions on Building and Maintaining Resilience, and 'understanding and managing your mental health' (for any interested staff) and 'managing for team wellbeing' (for managers)
- ergonomic workstation assessments, as required.

Work health and safety has been a key priority for the Commission during 2019-20, given the impacts of the COVID-19 pandemic across Australia. The Commission's focus has been on supporting the wellbeing of employees, ensuring technology and WHS practices support greater use of home-based work, and developing COVIDSafe plans and protocols to mitigate risk. There has been regular communication and consultation on WHS matters arising from COVID-19, and a range of supports have been made available to employees.

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An indicator of the effectiveness of the Commission's WHS programs is Comcare's workers' compensation rate. The Commission's rate for 2019-20 was 0.14 per cent of payroll, compared to an overall scheme premium rate of 0.87 per cent. There was one claim for injury that was accepted by Comcare in 2019-20.

## **Employee Assistance Program**

The Commission offers its employees and their immediate family members access to independent, confidential and professional counselling and assistance for work-related or personal issues.

## **Workplace diversity**

The Commission is committed to building and maintaining a workplace culture that values and serves people with different backgrounds, experiences, and perspectives. The Commission continues to foster a culture that is supportive of employees achieving their potential and which values employee diversity. As at 30 June 2020:

- 55 per cent of staff were female
- 1 per cent of staff identified as Indigenous
- 21 per cent of staff were born outside Australia
- 13 per cent of staff identified as having a first language other than English
- 3 per cent of staff identified as having a disability
- 28 per cent of staff were aged 50 years or older
- 24 per cent of staff were under 30 years of age.

In 2019-20, the Commission reviewed its Workplace Diversity and Inclusion Strategy, which outlines a range of actions and activities to support diversity and inclusion.

The Strategy reflects the Commission's commitment to focus efforts on three priority areas — disability employment, Indigenous employment and awareness of Indigenous cultures, and Culturally and Linguistically Diverse (CALD) / multicultural employment — as well as support for diversity and inclusion matters more broadly.

A staff-led CALD network was also formed in 2019-20, open to all employees interested in promoting and celebrating cultural awareness and diversity.

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## Financial performance

The Productivity Commission is a listed entity under the *Public Governance, Performance and Accountability Act 2013*.

Revenue from government remained unchanged in 2019-20 at \$33.5 million (\$33.5 million in 2018-19). Revenue from other sources remained unchanged at \$0.6 million (\$0.6 million in 2018-19).

Operating expenses increased in 2019-20 to \$35.9 million (\$34.0 million in 2018-19). The major expenses in 2019-20 were \$27.6 million in respect of employee expenses, \$4.4 million relating to supplier payments, and \$3.6 million in asset depreciation, amortisation and related expenses.

Under the Australian Government's net cash appropriation arrangements, individual agencies are not funded for depreciation or amortisation expenses through appropriation revenue. The operating result for 2019-20 was a \$0.5 million deficit, after excluding those depreciation and amortisation expenses. The deficit mainly arose from the change in accounting standards for leases (AASB 16) and from lower than anticipated staff turnover.

Table 5 (above) provides a summary of financial and staffing resources. The agency resource statement is provided in the Appendix. The audited financial statements for 2019-20 are shown in chapter 6 and include commentary on major budget variances.

## Other reporting requirements

### Purchasing

The Commission applies the Commonwealth Procurement Rules. The Commission's purchases of goods and services during 2019-20 were consistent with the 'value-for-money' principle underpinning those rules.

The Commission did not enter into any contracts or standing offers that were exempt from AusTender publication. Contracts of \$100 000 or more (inclusive of GST) during 2019-20 included a provision for the ANAO to have access to the contractor's premises if required.

The Commission supports small business participation in the Commonwealth Government procurement market by, for example, use of the Commonwealth Contracting suite for low-risk procurements valued under \$200 000 and communication in clear, simple language in accordance with the Small Business Engagement Principles. Small and medium enterprises and small enterprise participation statistics are available on the Department of Finance's website at [www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/](http://www.finance.gov.au/procurement/statistics-on-commonwealth-purchasing-contracts/).

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## Consultancies

The Commission continued to utilise the services of a small number of consultants during the year where it was cost-effective to do so. Many of the consultancies were for the purpose of refereeing particular pieces of work and were generally of relatively low cost.

During 2019-20, the Commission entered into seven new consultancy contracts involving total actual expenditure of \$0.2 million. There were no ongoing consultancy contracts active during the 2019-20 year (table 7).

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**Table 7      Number and expenditure on consultants, current reporting period (2019-20)**

	<i>Total</i>
No. of New contracts entered into during the period	7
Total actual expenditure during the period on new contracts (\$ inc. GST)	181,141
No. of Ongoing contracts engaging consultants that were entered into during a previous period	0
Total actual expenditure during the period on ongoing contracts (\$ inc. GST)	0

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Table 8 provides information on consultants in the five years to 2019-20.

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**Table 8      Expenditure on consultancies, 2015-16 to 2019-20**

	<i>2015-16</i>	<i>2016-17</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Expenditure	95	98	98	63	181

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Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website [www.tenders.gov.au](http://www.tenders.gov.au).

## Ecologically sustainable development (ESD)

Under the *Environment Protection and Biodiversity Conservation Act 1999*, agencies are required — through their annual reports — to report on ecologically sustainable development (ESD) and environmental matters. This requirement is part of the Government's program to improve progress in implementing ESD.

The Commission operates under statutory guidelines, one of which is to have regard to the need 'to ensure that industry develops in a way that is ecologically sustainable' (s. 8(1)(i) of

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the *Productivity Commission Act 1998*). This legislation also prescribes that at least one member of the Commission ‘must have extensive skills and experience in matters relating to the principles of ecologically sustainable development and environmental conservation’ (s. 26(3)).

There are five aspects against which agencies are required to report.

The first relates to how an agency’s actions during the reporting period accorded with the principles of ESD. Reflecting its statutory guidelines, ESD principles are integral to the Commission’s analytical frameworks, their weighting depending on the particular inquiry or research topic. The Commission’s five-year assessment of the Murray-Darling Basin Plan is a recent example of work undertaken requiring integration of complex economic, social and environmental considerations, while the ongoing *Resources Sector Regulation* study is another.

The second reporting requirement asks how the Government’s outcome for the Commission contributes to ESD. As stated elsewhere in this report, the outcome nominated for the 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.

In pursuing this outcome, the Commission is required to take into account impacts on the community as a whole — these may be economic, social and/or environmental. The transparency of its processes provides the opportunity for anyone with an interest in an inquiry to make their views known and to have these considered. Consequently, a broad range of views and circumstances are taken into account, in keeping with the ESD principle that ‘decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations’.

The third to fifth reporting requirements relate to the impact of the Commission’s internal operations on the environment. The Commission is a relatively small, largely office-based, organisation in rented accommodation, and it adopts measures aimed at the efficient management of waste and minimising energy consumption.

In order to manage its impacts on the environment in a systematic and ongoing way, the Commission maintains an Environmental Management System. The Environmental Management System contains the Commission’s environmental policy, an environmental management program to address identified impacts, and provision for monitoring and reporting on performance.

During 2019-20, the Commission recorded energy usage of 4407 MJ/person/annum (2018-19: 4853 MJ/person/annum) against the Government’s energy target of 7500 MJ/person/annum for tenant light and power usage in office buildings. The Commission has offices in Melbourne and Canberra in buildings that have 4.5 star NABERS Energy ratings.

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## National Disability Strategy

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service* reports and the *APS Statistical Bulletin*. These reports are available at [www.apsc.gov.au](http://www.apsc.gov.au). From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by the National Disability Strategy 2010–2020, which sets out a ten-year national policy framework to improve the lives of people with disability, promote participation and create a more inclusive society. A high-level two-yearly report will track progress against each of the six outcome areas of the Strategy and present a picture of how people with disability are faring. The first of these progress reports was published in 2014, and can be found at [www.dss.gov.au](http://www.dss.gov.au).

## Freedom of information

Entities subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements. The Commission's plan is at [www.pc.gov.au/about/governance/freedom-of-information](http://www.pc.gov.au/about/governance/freedom-of-information).

## Advertising and market research

The Commission does not undertake 'advertising campaigns'. But it does publicise its government-commissioned inquiries and studies so that any individual, firm or organisation with an interest has an opportunity to present their views. Publicity takes the form of newspaper advertisements (as required by the *Productivity Commission Act 1998*), press releases, email alerts, notification on the Commission's website and via social media, and distribution of Commission circulars.

In 2019-20, a total of \$25,748 was paid to Universal McCann for advertising (including recruitment advertising).



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# 6 Financial Statements

## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

#### To the Treasurer

#### Opinion

In my opinion, the financial statements of the Productivity Commission (the Entity) for the year ended 30 June 2020:

- (a) comply with Australian Accounting Standards – Reduced Disclosure Requirements and the *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015*; and
- (b) present fairly the financial position of the Entity as at 30 June 2020 and its financial performance and cash flows for the year then ended.

The financial statements of the Entity, which I have audited, comprise the following as at 30 June 2020 and for the year then ended:

- Statement by the Chair and Chief Finance Officer;
- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Cash Flow Statement;
- Overview; and
- Notes to and forming part of the Financial Statements.

#### Basis for opinion

I conducted my audit in accordance with the Australian National Audit Office Auditing Standards, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Entity in accordance with the relevant ethical requirements for financial statement audits conducted by the Auditor-General and his delegates. These include the relevant independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) to the extent that they are not in conflict with the *Auditor-General Act 1997*. I have also fulfilled my other responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### Accountable Authority's responsibility for the financial statements

As the Accountable Authority of the Entity, the Chair is responsible under the *Public Governance, Performance and Accountability Act 2013* (the Act) for the preparation and fair presentation of annual financial statements that comply with Australian Accounting Standards – Reduced Disclosure Requirements and the rules made under the Act. The Chair is also responsible for such internal control as the Chair determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chair is responsible for assessing the ability of the Entity to continue as a going concern, taking into account whether the Entity's operations will cease as a result of an administrative restructure or for any other reason. The Chair is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the assessment indicates that it is not appropriate.

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### **Auditor's responsibilities for the audit of the financial statements**

My objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian National Audit Office Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with the Australian National Audit Office Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Accountable Authority;
- conclude on the appropriateness of the Accountable Authority's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern; and
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Australian National Audit Office



Colin Bienke  
Audit Principal

Delegate of the Auditor-General

Canberra  
31 August 2020

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## Statement by the Chair and Chief Finance Officer



Australian Government  
Productivity Commission

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Facsimile 03 9653 2199  
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*From the Chair's Office*

### Statement by the Chair and Chief Finance Officer

In our opinion, the attached financial statements for the year ended 30 June 2020 comply with subsection 42(2) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act), and are based on properly maintained financial records as per subsection 41(2) of the PGPA Act.

In our opinion, at the date of this statement, there are reasonable grounds to believe that the Productivity Commission will be able to pay its debts as and when they fall due.

Handwritten signature of Michael Brennan in blue ink.

Michael Brennan  
Chair

28 August 2020

Handwritten signature of Jane Holmes in blue ink.

Jane Holmes  
Chief Finance Officer (A/g)

28 August 2020

# Statement of Comprehensive Income

for the period ended 30 June 2020

		2020	2019	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1A	27,659	26,245	27,359
Suppliers	2A	4,418	6,725	6,342
Depreciation and amortisation	4A	3,637	1,055	1,060
Finance costs	2F	<u>197</u>	<u>12</u>	<u>11</u>
<b>Total Expenses</b>		<b><u>35,911</u></b>	<b><u>34,037</u></b>	<b><u>34,772</u></b>
<b>Own-Source Income</b>				
<b>Own-Source Revenue</b>				
Revenue from contracts with customers	5B	521	515	145
Resources received free of charge		<u>50</u>	<u>50</u>	<u>50</u>
<b>Total own-source income</b>		<b><u>571</u></b>	<b><u>565</u></b>	<b><u>195</u></b>
<b>Net cost of services</b>		<b><u>35,340</u></b>	<b><u>33,472</u></b>	<b><u>34,577</u></b>
Revenue from Government		<u>33,517</u>	<u>33,541</u>	<u>33,517</u>
<b>Surplus / (Deficit)</b>		<b><u>(1,823)</u></b>	<b><u>69</u></b>	<b><u>(1,060)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
<b>Total comprehensive (loss) / income</b>		<b><u>(1,823)</u></b>	<b><u>69</u></b>	<b><u>(1,060)</u></b>

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

## Budget Variances Commentary

The budget variances are primarily due to the adoption of the new AASB 16 Leases standard. This is reflected in a \$2.585 million decrease in suppliers and a \$2.510 million increase in depreciation. Revenue from contracts with customers is higher due to the unexpected extension of a previous arrangement.

# Statement of Financial Position

as at 30 June 2020

	Notes	2020 \$'000	2019 \$'000	Original Budget \$'000
<b>ASSETS</b>				
<b>Financial Assets</b>				
Cash and cash equivalents		288	436	337
Trade and other receivables	5A	165	177	151
Appropriation receivables	3B	<u>34,215</u>	<u>33,704</u>	<u>32,428</u>
<b>Total financial assets</b>		<b><u>34,668</u></b>	<b><u>34,317</u></b>	<b><u>32,916</u></b>
<b>Non-Financial Assets</b>				
Buildings <sup>1</sup>	4A	11,372	2,574	1,925
Plant and equipment	4A	709	898	1,168
Computer software	4A	146	222	49
Other non-financial assets		<u>294</u>	<u>577</u>	<u>751</u>
<b>Total non-financial assets</b>		<b><u>12,521</u></b>	<b><u>4,271</u></b>	<b><u>3,893</u></b>
<b>Total Assets</b>		<b><u>47,189</u></b>	<b><u>38,588</u></b>	<b><u>36,809</u></b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2B	270	233	344
Other payables	2C	<u>387</u>	<u>1,402</u>	<u>1,098</u>
<b>Total payables</b>		<b><u>657</u></b>	<b><u>1,635</u></b>	<b><u>1,442</u></b>
<b>Interest Bearing Liabilities</b>				
Leases	2D	<u>9,499</u>	-	-
<b>Total interest bearing liabilities</b>		<b><u>9,499</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Provisions</b>				
Employee provisions	1B	11,519	11,372	11,135
Other provisions	2E	<u>603</u>	<u>592</u>	<u>603</u>
<b>Total provisions</b>		<b><u>12,122</u></b>	<b><u>11,964</u></b>	<b><u>11,738</u></b>
<b>Total Liabilities</b>		<b><u>22,278</u></b>	<b><u>13,599</u></b>	<b><u>13,180</u></b>
<b>Net Assets</b>		<b><u>24,911</u></b>	<b><u>24,989</u></b>	<b><u>23,629</u></b>
<b>EQUITY</b>				
Contributed equity		8,984	8,456	9,280
Reserves		1,593	1,593	1,593
Retained surplus		<u>14,334</u>	<u>14,940</u>	<u>12,756</u>
<b>Total Equity</b>		<b><u>24,911</u></b>	<b><u>24,989</u></b>	<b><u>23,629</u></b>

The above statement should be read in conjunction with the accompanying notes. <sup>1</sup> Right-of-use assets are included in Buildings line item

## Budget Variances Commentary

The budget variances are primarily due to the adoption of the new AASB 16 Leases standard. This is reflected in a \$9.449 million increase in Buildings (\$11.958 million gross book value

and \$2.510 million accumulated depreciation as at 30 June 2020) and \$9.499 million increase to Interest Bearing Liabilities – Leases. Other variances relate to a higher than forecast opening balance for Appropriations Receivable and delays in asset purchases due to COVID-19.

## Statement of Changes in Equity

for the period ended 30 June 2020

		2020	2019	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		8,456	7,630	8,456
<b>Transactions with owners</b>				
<b>Distribution to Owners</b>				
Departmental equity returns	3A	(296)	-	-
<b>Contributions by Owners</b>				
Departmental capital budget	3A	824	826	824
<b>Total transactions with owners</b>		<b>528</b>	826	824
<b>Closing balance as at 30 June</b>		<b>8,984</b>	8,456	9,280
<b>RETAINED EARNINGS</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		14,940	14,871	13,816
Adjustment on initial application of AASB 16		1,217	-	-
<b>Adjusted opening balance</b>		<b>16,157</b>	14,871	13,816
<b>Comprehensive Income</b>				
(Deficit) / Surplus for the period		(1,823)	69	(1,060)
<b>Total comprehensive income</b>		<b>(1,823)</b>	69	(1,060)
<b>Closing balance as at 30 June</b>		<b>14,334</b>	14,940	12,756
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		1,593	1,593	1,593
<b>Closing balance as at 30 June</b>		<b>1,593</b>	1,593	1,593

	<i>2020</i>	<i>2019</i>	<i>Original Budget</i>
<b>Notes</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>TOTAL EQUITY</b>			
<b>Opening balance</b>			
Balance carried forward from previous period	<b>24,989</b>	24,094	23,865
Adjustment on initial application of AASB 16	<b>1,217</b>	-	-
<b>Adjusted opening balance</b>	<b>26,206</b>	24,094	23,865
<b>Comprehensive Income</b>			
(Deficit) / Surplus for the period	(1,823)	69	(1,060)
Other comprehensive income	-	-	-
<b>Total comprehensive income</b>	<b>(1,823)</b>	69	(1,060)
<b>Transactions with owners</b>			
<b><i>Distribution to Owners</i></b>			
Departmental equity returns	<b>(296)</b>	-	-
<b><i>Contributions by Owners</i></b>			
Departmental capital budget	<b>824</b>	826	824
<b>Total transactions with owners</b>	<b>528</b>	826	824
<b>Closing balance as at 30 June</b>	<b>24,911</b>	24,989	23,629

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

### **Budget Variances Commentary**

The budget variances are primarily due to the adoption of the new AASB 16 Leases standard.

The variation against budget in respect of retained earnings reflects the higher than anticipated operating surpluses in the prior year — ie. a higher than expected opening balance.

The Departmental Equity return is the unspent 2017-18 Departmental Capital Budget appropriation which lapses after three years.

# Cash Flow Statement

for the period ended 30 June 2020

	2020	2019	Original Budget
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	34,781	33,474	33,586
Sales of goods and rendering of services	556	444	145
GST received	<u>692</u>	<u>807</u>	<u>-</u>
<b>Total cash received</b>	<b><u>36,029</u></b>	<b><u>34,725</u></b>	<b><u>33,731</u></b>
<b>Cash used</b>			
Employees	27,314	25,562	27,139
Suppliers	4,248	6,823	6,592
Interest payments on lease liabilities	186	-	-
GST paid	711	757	-
Section 74 receipts transferred to OPA	<u>1,459</u>	<u>1,484</u>	<u>-</u>
<b>Total cash used</b>	<b><u>33,918</u></b>	<b><u>34,626</u></b>	<b><u>33,731</u></b>
<b>Net cash from operating activities</b>	<b><u>2,111</u></b>	<b><u>99</u></b>	<b><u>-</u></b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	<u>212</u>	<u>408</u>	<u>492</u>
<b>Total cash used</b>	<b><u>212</u></b>	<b><u>408</u></b>	<b><u>492</u></b>
<b>Net cash used by investing activities</b>	<b><u>(212)</u></b>	<b><u>(408)</u></b>	<b><u>(492)</u></b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	<u>212</u>	<u>408</u>	<u>492</u>
<b>Total cash received</b>	<b><u>212</u></b>	<b><u>408</u></b>	<b><u>492</u></b>
<b>Cash used</b>			
Principal payments of lease liabilities	<u>2,259</u>	<u>-</u>	<u>-</u>
<b>Total cash used</b>	<b><u>2,259</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Net cash (used by) / from financing activities</b>	<b><u>(2,047)</u></b>	<b><u>408</u></b>	<b><u>492</u></b>
<b>Net (decrease) / increase in cash held</b>	<b>(148)</b>	<b>99</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	<u>436</u>	<u>337</u>	<u>337</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>288</u></b>	<b><u>436</u></b>	<b><u>337</u></b>

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



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## Budget Variances Commentary

The budget variances are primarily due to the adoption of the new AASB 16 Leases standard. Other variances reflect higher rendering of services revenue due to the unexpected extension of a previous arrangement and delays in asset purchases due to COVID-19.

On 30 January 2020, COVID-19 was declared as a global health emergency of international concern by the World Health Organisation. In response, the Commission placed restrictions on non-essential visitors, reduced travel, and implemented work from home arrangements where appropriate.

The COVID-19 pandemic has created unprecedented economic uncertainty. It has impacted the Commission operations in the following areas for the financial year ended 30 June 2020:

- Financial savings because of reduced travel amounted to \$0.35 million
- Financial savings due to postponed or cancelled face to face contact activities including staff development amounted to \$0.1 million
- Caused delays in asset purchases of \$0.30 million due to delivery issues

## Overview

### Objectives of the Productivity Commission

The Productivity Commission is an Australian Government controlled entity. It is a not-for-profit entity.

The objective of the Productivity Commission (Commission) is to provide independent research and advice on a range of economic, social and environmental issues affecting the welfare of Australians. The Commission's work encompasses all sectors of the economy as well as social and environmental issues. Its activities cover all levels of government responsibility — Federal, State and Territory and Local.

As a review and advisory body, the Commission does not have responsibility for implementing government programs. It carries out inquiry, research, advising and incidental functions prescribed under the *Productivity Commission Act 1998*.

### The Basis of Preparation

The financial statements are general purpose financial statements and are required by section 42 of the *Public Governance, Performance and Accountability Act 2013*.

The financial statements have been prepared in accordance with:

- *Public Governance, Performance and Accountability (Financial Reporting) Rule 2015 (FRR)*; and
- Australian Accounting Standards and Interpretations — Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) that apply for the reporting period.

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

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

## New Accounting Standards

All new standards, revised standards, amendments to standards or interpretations that were issued prior to the sign-off date and are applicable to the current reporting period did not have a material effect on the Commission’s financial statements.

Standard/ Interpretation	Nature of change in accounting policy, transitional provisions, and adjustment to financial statements
<p>AASB 15 <i>Revenue from Contracts with Customers</i> / AASB 2016-8 <i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i> and AASB 1058 <i>Income of Not-For-Profit Entities</i></p>	<p>AASB 15, AASB 2016-8 and AASB 1058 became effective 1 July 2019.</p> <p>AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 <i>Revenue</i>, AASB 111 <i>Construction Contracts</i> and Interpretation 13 <i>Customer Loyalty Programmes</i>. The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.</p> <p>AASB 1058 is relevant in circumstances where AASB 15 does not apply. AASB 1058 replaces most of the not-for-profit (NFP) provisions of AASB 1004 <i>Contributions and applies to transactions where the consideration to acquire an asset is significantly less than fair value principally to enable the entity to further its objectives, and where volunteer services are received</i>.</p> <p>The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.</p>
<p>AASB 16 <i>Leases</i></p>	<p>AASB 16 became effective on 1 July 2019. This new standard has replaced AASB 117 <i>Leases</i>, Interpretation 4 <i>Determining whether an Arrangement contains a Lease</i>, Interpretation 115 <i>Operating Leases—Incentives</i> and Interpretation 127 <i>Evaluating the Substance of Transactions Involving the Legal Form of a Lease</i>.</p> <p>AASB 16 provides a single lessee accounting model, requiring the recognition of</p>

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assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting in AASB 117, with the distinction between operating leases and finance leases being retained. The details of the changes in accounting policies, transitional provisions and adjustments are disclosed below and in the relevant notes to the financial statements.

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### *Application of AASB 15 Revenue from Contracts with Customers / AASB 1058 Income of Not-For-Profit Entities*

The Commission adopted AASB 15 and AASB 1058 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2019. Accordingly, the comparative information is presented as previously reported under the various applicable AASBs and related interpretations.

Under the new income recognition model the Commission will first determine whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are ‘sufficiently specific’. If an enforceable agreement exists and the promises are ‘sufficiently specific’ (to a transaction or part of a transaction), the Commission applies the general AASB 15 principles to determine the appropriate revenue recognition. If these criteria are not met, the Commission shall consider whether AASB 1058 applies.

In relation to AASB 15, the Commission elected to apply the new standard to all new and uncompleted contracts from the date of initial application. The Commission aggregated the effect of all of the contract modifications that occur before the date of initial application.

AASB 1058 will apply when the Commission:

- Enters into a transaction where the consideration to acquire an asset is significantly less than fair value principally to enable the Commission to further its objectives; and
- Receives volunteer services

There were no transactions in 2019-20 financial year where the Commission acquired an assets (including cash) in exchange for no or significantly less than fair value consideration.

There was no impact on the Commission on transition.

### *Application of AASB 16 Leases*

The Commission adopted AASB 16 using the modified retrospective approach, under which the cumulative effect of the initial application was recognised in retained earnings at 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated.

The Commission elected to apply the practical expedient to not reassess whether a contract is, or contains a lease at the date of initial application. Contracts entered into before the transition date that were not identified as leases under AASB 117 were not reassessed. The

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definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2019.

AASB 16 provides for certain optional practical expedients, including those related to the initial adoption of the standard. The Commission applied the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Excluded initial direct costs from the measurement of right-of-use assets at the date of initial application for leases where the right-of-use asset was determined as if AASB 16 had been applied since the commencement date;
- Relied on previous assessments on whether leases are onerous as opposed to preparing an impairment review under AASB 136 Impairment of assets as at the date of initial application; and
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term remaining as of the date of initial application.

As a lessee, the Commission previously classified leases as operating or finance leases based on its assessment of whether the lease transferred substantially all of the risks and rewards of ownership. Under AASB 16, the Commission recognises right-of-use assets and lease liabilities for most leases. However, the Commission has elected not to recognise right-of-use assets and lease liabilities for some leases of low value assets based on the value of the underlying asset when new or for short-term leases with a lease term of 12 months or less.

On adoption of AASB 16, the Commission recognised right-of-use assets and lease liabilities in relation to leases of office space which had previously been classified as operating leases.

The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Commission's incremental borrowing rate as at 1 July 2019. The Commission's incremental borrowing rate is the rate at which a similar borrowing could be obtained from an independent creditor under comparable terms and conditions. The weighted-average rate applied was 1.96%.

The right-of-use assets were measured as follows:

- (a) Office space: measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.
- (b) All other leases: the carrying value that would have resulted from AASB 16 being applied from the commencement date of the leases, subject to the practical expedients noted above.

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### *Impact on transition*

On transition to AASB 16, the Commission recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

<b>Departmental</b>	1 July 2019
	\$'000
Right-of-use assets – buildings	11,958
Lease liabilities	-11,758
Retained earnings	-1,217
Reversal / de-recognition of provisions	1,217
Reversal / de-recognition of prepayments	-200

The following table reconciles the Departmental minimum lease commitments disclosed in the Commission's 30 June 2019 annual financial statements to the amount of lease liabilities recognised on 1 July 2019:

	1 July 2019
	\$'000
Minimum operating lease commitment at 30 June 2019	14,896
Less: short-term leases not recognised under AASB 16	4
Plus: effect of extension options reasonable certain to be exercised	-
<b>Undiscounted lease payments</b>	<b>14,892</b>
Less: effect of discounting using the incremental borrowing rate as at the date of initial application	3,134
<b>Lease liabilities recognised at 1 July 2019</b>	<b>11,758</b>

### **Cash**

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

### **Resources Received Free of Charge**

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

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## **Taxation**

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

## **Events after the Reporting Period**

There was no subsequent event that had the potential to significantly affect the on-going structure and financial activities of the Commission.

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## Notes to and forming part of the Financial Statements

### **1 Employee Related**

- 1A Employee Benefits
- 1B Employee Provisions
- 1C Key Management Personnel Remuneration
- 1D Related Party Disclosures

### **2 Supplier Related**

- 2A Suppliers (Expense)
- 2B Suppliers (Liability)
- 2C Other Payables
- 2D Interest Bearing Liabilities - Leases
- 2E Other Provisions
- 2F Finance Costs

### **3 Funding from Government and Other Sources**

- 3A Appropriations
- 3B Appropriations Receivable
- 3C Net Cash Appropriation Arrangements

### **4 Property, Plant and Equipment**

- 4A Analysis of Property, Plant and Equipment and Intangibles
- 4B Fair Value Measurement

### **5 Other Financial Assets and Own Source Income**

- 5A Trade and Other Receivables
- 5B Own-Source Income – Revenue from Contracts with Customers

### **6 Other Information**

- 6A Contingent Assets and Liabilities
- 6B Financial Instruments
- 6C Aggregate Assets and Liabilities (Maturity Information)

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## Note 1: Employee Related

### Note 1A: Employee Benefits

	2020	2019
	\$'000	\$'000
Wages and salaries	20,955	19,635
Superannuation:		
Defined contribution plans	1,688	1,448
Defined benefit plans	1,843	1,899
Leave and other entitlements	3,173	3,263
<b>Total employee benefits</b>	<b><u>27,659</u></b>	<b><u>26,245</u></b>

### Note 1B: Employee Provisions

	2020	2019
	\$'000	\$'000
Leave	<u>11,519</u>	<u>11,372</u>
<b>Total employee provisions</b>	<b><u>11,519</u></b>	<b><u>11,372</u></b>

## Accounting Policy

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

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

### Leave

The liability for employee benefits includes provision for annual leave and long service leave.

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

The liability for long service leave has been determined by use of the Australian Government Actuary's shorthand method using the Standard Commonwealth sector probability profile. The estimate of the present value of the liability takes into account staff turnover rates and expected pay increases. This method is affected by fluctuations in the Commonwealth Government 10 year Treasury Bond rate.



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## *Separation and Redundancy*

Provision is made for separation and redundancy benefit payments. The Commission recognises a provision for termination when it has developed a detailed formal plan for terminations and has informed those employees affected that it will carry out the terminations.

## *Superannuation*

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

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

The liability for defined benefits is recognised in the financial statements of the Australian Government and is settled by the Australian Government in due course. This liability is reported in the Department of Finance's administered schedules and notes.

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

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

## *Note 1C: Key Management Personnel Remuneration*

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Commission, directly or indirectly, including any director (whether executive or otherwise) of the Commission. The Commission has determined the key management personnel to be the Chair, Head of Office, Executive Managers and Assistant Commissioner Corporate. Key management remuneration is reported in the table below:

	<i>2020</i>	<i>2019</i>
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>1,619</b>	1,931
Post-employment benefits	<b>180</b>	237
Other long-term employee benefits	<b>41</b>	48
<b>Total key management personnel remuneration expenses</b>	<b><u>1,840</u></b>	<b><u>2,216</u></b>

The total number of key management personnel that are included in the above table are 6 (2019: 7).

1. The above key management personnel remuneration excludes the remuneration and other benefits of the Portfolio Minister. The Portfolio Minister's remuneration and other benefits are set by the Remuneration Tribunal and are not paid by the Commission.
2. During 2019-20, the Assistant Commissioner Corporate retired and the position was not filled for several months.

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*Note 1D: Related Party Disclosures*

*Related party relationships:*

The Commission is an Australian Government controlled entity. Related parties to the Commission are Key Management Personnel, the Portfolio Minister and Executive and other Australian Government entities.

*Transactions with related parties:*

Given the breadth of Government activities, related parties may transact with the government sector in the same capacity as ordinary citizens. Such transactions are the payment or refund of taxes, receipt of Medicare rebate or higher education loans. These transactions have not been disclosed in this note.

The Commission transacts with other Australian Government controlled entities consistent with normal day-to-day business operations provided under normal terms and conditions, including payment of workers compensation and insurance premiums; transfer of employee entitlements; purchase of statistical data; and other payments required by/according to Government policy or regulations. These are not considered individually significant to warrant separate disclosure as related party transactions.

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## Note 2: Supplier Related

### Note 2A: Suppliers (Expense)

	2020	2019
	\$'000	\$'000
<b>Goods and services supplied or rendered</b>		
Consultants	165	58
Contractors	354	204
Travel	784	1,135
IT services	1,021	1,054
Other administration expenses	<u>2,058</u>	<u>1,648</u>
<b>Total goods and services supplied or rendered</b>	<b><u>4,382</u></b>	<b><u>4,099</u></b>
Goods supplied	133	253
Services rendered	<u>4,249</u>	<u>3,846</u>
<b>Total goods and services supplied or rendered</b>	<b><u>4,382</u></b>	<b><u>4,099</u></b>
<b>Other supplier expenses</b>		
Workers compensation expenses	36	41
Operating lease rentals <sup>1</sup>	-	2,585
<b>Total other supplier expenses</b>	<b><u>36</u></b>	<b><u>2,626</u></b>
<b>Total supplier expenses</b>	<b><u>4,418</u></b>	<b><u>6,725</u></b>

<sup>1</sup> The Commission has applied AASB 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

### Accounting Policy

#### Short-term leases and leases of low value assets

The Commission has elected not to recognise right-of-use assets and lease liabilities for short term leases of assets that have a lease term of 12 months or less and leases of low-value assets (less than \$10,000). The Commission recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term. The Commission no longer has any short-term leases at 30 June 2020.

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### *Note 2B: Suppliers (Liability)*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors and accruals	<u>270</u>	<u>233</u>
<b>Total suppliers payables</b>	<b><u>270</u></b>	<b><u>233</u></b>

Settlement was usually made within 30 days. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### *Note 2C: Other Payables*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	<b>333</b>	158
Superannuation	<b>54</b>	27
Rent (lease) payable	-	785
Lease incentive <sup>1</sup>	<u>-</u>	<u>432</u>
<b>Total other payables</b>	<b><u>387</u></b>	<b><u>1,402</u></b>

<sup>1</sup> The Commission has applied AASB 16 using the retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117.

### *Note 2D: Interest Bearing Liabilities - Leases*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	<u>9,499</u>	-
<b>Total interest bearing liabilities - leases</b>	<b><u>9,499</u></b>	<b><u>-</u></b>

The Commission has applied AASB 16 using the retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. Total cash outflow for leases for the year ended 30 June 2020 was \$2,445,000.

### *Accounting Policy*

Refer Overview section for accounting policy on leases.

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*Note 2E: Other Provisions*

	<i>Provision for restoration</i>
	\$'000
<b>Carrying amount 1 July 2019</b>	<b>592</b>
Unwinding of discount or change in discount rate	<u>11</u>
<b>Closing balance 30 June 2020</b>	<u><b>603</b></u>

The Commission currently has agreements for the leasing of premises which have provisions requiring the Commission to restore the premises to its original condition at the conclusion of the lease. The Commission has made provision to reflect the present value of these obligations.

*Note 2F: Finance Costs*

	<b>2020</b>	<b>2019</b>
	\$'000	\$'000
Interest on lease liabilities	<b>186</b>	-
Unwinding of discount	<u>11</u>	<u>12</u>
<b>Total finance costs</b>	<u><b>197</b></u>	<u><b>12</b></u>

The Commission has applied AASB 16 using the retrospective approach and therefore the comparative information has not been restated and continues to be reported under AASB 117. The above lease disclosures should be read in conjunction with the accompanying notes 2E and 4A.

*Accounting Policy*

All borrowing costs are expensed as incurred.

## Note 3: Funding from Government and Other Sources

### Note 3A: Appropriations

#### Note 3A-1: Appropriations – Annual Appropriations ('Recoverable GST exclusive')

##### Annual Appropriations for 2020

	Annual Appropriation <sup>1</sup>	Adjustment to appropriation <sup>2</sup>	Total appropriation	Appropriation applied in 2020 (current and prior years)	Variance <sup>4</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>					
Ordinary annual services	33,517	763	34,280	34,233	47
Capital Budget <sup>3</sup>	824	-	824	212	612
<b>Total departmental</b>	<b>34,341</b>	<b>763</b>	<b>35,104</b>	<b>34,445</b>	<b>659</b>

#### Notes:

<sup>1</sup> Departmental appropriations do not lapse at financial year-end.

<sup>2</sup> The adjustment to appropriation was PGPA Act Section 74 receipts.

<sup>3</sup> The Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

<sup>4</sup> The variance in appropriation applied to the capital budget reflects variation in the timing of procurement of capital items, mainly due to COVID-19.

#### Note 3A-1: Appropriations – Annual Appropriations ('Recoverable GST exclusive') continued

##### Annual Appropriations for 2019

	Annual Appropriation <sup>1</sup>	Adjustment to appropriation <sup>2</sup>	Total appropriation	Appropriation applied in 2019 (current and prior years)	Variance <sup>3</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>					
Ordinary annual services	33,541	854	34,395	32,745	1,650
Capital Budget <sup>4</sup>	826	-	826	408	418
<b>Total departmental</b>	<b>34,367</b>	<b>854</b>	<b>35,221</b>	<b>33,153</b>	<b>2,068</b>

#### Notes:

<sup>1</sup> Departmental appropriations do not lapse at financial year-end.

<sup>2</sup> The adjustment to appropriation was PGPA Act Section 74 receipts.

<sup>3</sup> The variance in appropriation applied to ordinary annual services largely reflects the lower drawdown of funds to meet employee related expenses (as a consequence of lower staffing levels due to higher than budgeted turnover). The variance in appropriation applied to the capital budget reflects variation in the timing of

procurement of capital items, with a lower draw-down of funds required in 2019. The variance shown above excludes any section 51 determination reduction.

<sup>4</sup> The Departmental Capital Budgets are appropriated through Appropriation Acts (No.1,3,5). They form part of ordinary annual services and are not separately identified in the Appropriation Acts.

*Note 3A-2: Appropriations – Unspent Departmental Annual Appropriations  
(‘Recoverable GST exclusive’)*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Authority</b>		
Appropriation Act (No.1) 2016-17	-	7
Appropriation Act (No.1) 2017-18 <sup>1</sup>	<b>296</b>	508
Appropriation Act (No.1) 2018-19	<b>826</b>	33,632
Appropriation Act (No.1) 2019-20	<b><u>33,677</u></b>	<u>-</u>
<b>Total as at 30 June</b>	<b><u>34,799</u></b>	<b><u>34,147</u></b>

**Notes:**

<sup>1</sup> Appropriation Act (No.1) 2017-18 was repealed on 1 July 2020. The amount has been derecognised as Appropriation Receivable and shown as Departmental Equity Return in the Balance Sheet and Statement of Changes in Equity respectively.

*Accounting Policy*

*Revenue from Government* – Amounts appropriated for departmental appropriations for the year (adjusted for any formal additions and reductions) are recognised as Revenue from Government when the Commission gains control of the appropriation, except for certain amounts that relate to activities that are reciprocal in nature, in which case revenue is recognised only when it has been earned. Appropriations receivable are recognised at their nominal amounts.

*Equity Injections* – Amounts appropriated which are designated as ‘equity injections’ for a year (less any formal reductions) and Departmental Capital Budgets (DCBs) are recognised directly in contributed equity in that year.

*Note 3B: Appropriations Receivable*

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Appropriations receivable</b>		
Appropriation receivable	<b><u>34,215</u></b>	<u>33,704</u>
<b>Total appropriations receivable</b>	<b><u>34,215</u></b>	<b><u>33,704</u></b>

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**Note 3C: Net Cash Appropriation Arrangements**

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	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total comprehensive (loss) / income less depreciation / amortisation expenses previously funded through revenue appropriations</b>	<b>(445)</b>	1,124
Plus: depreciation/amortisation expenses previously funded through revenue appropriation	<b>(1,127)</b>	(1,055)
Plus: depreciation right-of-use assets	<b>(2,510)</b>	-
Less: principal repayments - leased assets	<u><b>2,259</b></u>	-
<b>Total comprehensive (loss) / income - as per the Statement of Comprehensive Income</b>	<u><b>(1,823)</b></u>	<u><b>69</b></u>

From 2010-11, the Government introduced net cash appropriation arrangements where revenue appropriations for depreciation/amortisation expenses ceased. Entities now receive a separate capital budget provided through equity appropriations. Capital budgets are to be appropriated in the period when cash payment for capital expenditure is required.

The inclusion of depreciation/amortisation expenses related to ROU leased assets and the lease liability principle repayment amount reflects the cash impact on implementation of AASB 16 Leases, it does not directly reflect a change in appropriation arrangements.



## Note 4: Property, Plant and Equipment

### Note 4A: Analysis of Property, Plant and Equipment and Intangibles

#### Reconciliation of the opening and closing balances of property, plant and equipment and intangibles (2019-20)

	<i>Buildings</i>	<i>Plant &amp; equipment</i>	<i>Computer software</i>	<i>Total</i>
	\$'000	\$'000	\$'000	\$'000
<b>As at 1 July 2019</b>				
Gross book value	3,761	1,596	781	6,138
Accumulated depreciation / amortisation and impairment	<u>(1,187)</u>	<u>(698)</u>	<u>(559)</u>	<u>(2,444)</u>
<b>Total as at 1 July 2019</b>	<u>2,574</u>	<u>898</u>	<u>222</u>	<u>3,694</u>
Recognition of right-of-use asset on initial application of AASB 16	<u>11,958</u>	-	-	<u>11,958</u>
<b>Adjusted total as at 1 July 2019</b>	<u>14,532</u>	<u>898</u>	<u>222</u>	<u>15,652</u>
Additions:				
By purchase	-	191	21	212
Depreciation / amortisation expense	(650)	(380)	(97)	(1,127)
Depreciation on right-of-use assets	(2,510)	-	-	(2,510)
<b>Total as at 30 June 2020</b>	<u>11,372</u>	<u>709</u>	<u>146</u>	<u>12,227</u>
<b>Total as at 30 June 2020 represented by:</b>				
Gross book value	15,662	1,787	802	18,251
Accumulated depreciation/amortisation and impairment	<u>(4,290)</u>	<u>(1,078)</u>	<u>(656)</u>	<u>(6,024)</u>
<b>Total as at 30 June 2020</b>	<u>11,372</u>	<u>709</u>	<u>146</u>	<u>12,227</u>
<b>Carrying amount of right-of-use assets</b>	<b>9,449</b>	<b>-</b>	<b>-</b>	<b>9,449</b>

No indicators of impairment were found for buildings, plant and equipment and intangible assets.

The fair value of buildings has been taken to be the depreciated replacement cost of similar buildings as determined by an independent valuer.

There are no capital commitments to acquire any property, plant, equipment and intangible assets as at balance date.

There are no plans to dispose of any property, plant equipment or intangibles in the next 12 months.

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## *Accounting Policy*

### **Asset Recognition Threshold**

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

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

### **Lease Right of Use (ROU) Assets**

Leased ROU assets are capitalised at the commencement date of the lease and comprise of the initial lease liability amount, initial direct costs incurred when entering into the lease less any lease incentives received. These assets are accounted for by Commonwealth lessees as separate asset classes to corresponding assets owned outright, but included in the same column as where the corresponding underlying assets would be presented if they were owned.

On initial adoption of AASB 16 the Commission has adjusted the ROU assets at the date of initial application by the amount of any provision for onerous leases recognised immediately before the date of initial application. Following initial application, an impairment review is undertaken for any right of use lease asset that shows indicators of impairment and an impairment loss is recognised against any right of use lease asset that is impaired. Lease ROU assets continue to be measured at cost after initial recognition in Commonwealth agency, General Government Sector and Whole of Government financial statements.

### **Revaluations**

Following initial recognition at cost, property, plant and equipment excluding ROU assets are carried at fair value less subsequent accumulated depreciation and accumulated impairment losses. Valuations are conducted with sufficient frequency to ensure that the carrying amounts of assets do not differ materially from the assets’ fair values at the reporting date. The regularity of independent valuations depends upon the volatility of movements in market values for the relevant assets.

Assets were revalued by Jones Lang LaSalle Advisory Services Pty Ltd as at 30 June 2017. The revaluation decrement for leasehold improvements and increment for plant and equipment were debited and credited respectively to the asset revaluation reserve by asset class and included in the equity section of the statement of financial position.

Management reviewed the valuation at 30 June 2020 and concluded that the fair value does not differ materially from the carrying amount; and is satisfied that the carry amount does not exceed the recoverable amount.

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

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

### Depreciation and Amortisation

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

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

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

	<i>2020</i>	<i>2019</i>
Buildings (leasehold improvements, make-good and ROU assets)	<b>Lease term</b>	Lease term
Plant and equipment	<b>3 to 20 years</b>	3 to 20 years
Intangibles (computer software)	<b>3 to 5 years</b>	3 to 5 years

### Impairment

All assets were assessed for impairment at 30 June 2020. Where indications of impairment exist, the asset's recoverable amount is estimated and an impairment adjustment made if the asset's recoverable amount is less than its carrying amount.

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

### Derecognition

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

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## Intangibles

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

### Note 4B: Fair Value Measurement

	Fair value measurements at the end of reporting period	
	2020	2019
	\$'000	\$'000
<b>Non-financial assets</b>		
Buildings	11,372	2,574
Other property, plant and equipment	<u>709</u>	<u>898</u>
<b>Total fair value measurements of assets in the statement of financial position</b>	<u><b>12,081</b></u>	<u><b>3,472</b></u>

## Note 5: Other Financial Assets and Own Source Income

### Note 5A: Trade and Other Receivables

	2020	2019
	\$'000	\$'000
<b>Goods and services receivables</b>		
Goods and services	<u>72</u>	<u>108</u>
<b>Total goods and services receivables</b>	<u><b>72</b></u>	<u><b>108</b></u>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	83	64
Other	<u>10</u>	<u>5</u>
<b>Total other receivables</b>	<u><b>93</b></u>	<u><b>69</b></u>
<b>Total trade and other receivables (gross and net)</b>	<u><b>165</b></u>	<u><b>177</b></u>

All receivables are not overdue and are expected to be recovered within 12 months. Credit Terms for goods and services were within 30 days (2019: 30 days)

### Accounting Policy

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

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**Note 5B: Own Source Income – Revenue from Contracts with Customers**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Rendering of services – outsourced service delivery	<u>521</u>	<u>515</u>
<b>Total revenue from contracts with customers</b>	<u><u>521</u></u>	<u><u>515</u></u>

There is no disaggregation of revenue from contracts with customers as all contracts were of similar characteristics and primarily consists of the provision of shared services to other government agencies via memorandum of understanding on a cost recovery basis.

*Accounting Policy*

The 2019-20 reporting period is the first period for the Commission to apply *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not for Profit Entities*. Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed and over time when the customer simultaneously receives and consumes the services as it is provided. The Commission's non-appropriation revenue primarily consists of the provision of shared services to other government agencies via a memorandum of understanding (MOU) on a cost recovery basis. Approximately 99% of the Commission's revenue is from Government Appropriation and therefore outside the scope of AASB 15. The application of AASB 15 and AASB 1058 have no material impact on the Commission's financial statements.

**Note 6: Other Information**

*Note 6A: Contingent Assets and Liabilities*

At 30 June 2020, to the best of its knowledge, the Commission was not exposed to any unrecognised contingencies that would have any material effect on the financial statements. (2019: Nil)

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

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*Note 6B: Financial Instruments*

*Note 6B-1: Financial Instruments - Categories of financial instruments*

	<b>2020</b>	2019
	<b>\$'000</b>	\$'000
<b>Financial Assets</b>		
<b><i>Financial assets at amortised cost</i></b>		
Cash and cash equivalents	288	436
Trade receivables	<u>72</u>	<u>108</u>
<b>Total financial assets</b>	<u><b>360</b></u>	<u><b>544</b></u>
<b>Financial Liabilities</b>		
<b><i>Financial liabilities measured at amortised cost</i></b>		
Payables – suppliers	<u>270</u>	<u>233</u>
<b>Total financial liabilities</b>	<u><b>270</b></u>	<u><b>233</b></u>

*Accounting Policy*

**Financial Assets**

The Commission classifies its financial assets in the following categories:

- a) financial assets at fair value through profit or loss;
- b) financial assets at fair value through other comprehensive income; and
- c) financial assets measured at amortised cost.

The classification depends on both the Commission's business model for managing the financial assets and contractual cash flow characteristics at the time of initial recognition. Financial assets are recognised when the Commission becomes a party to the contract and, as a consequence, has a legal right to receive or a legal obligation to pay cash and derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred upon trade date.

The Commission currently only has financial assets at amortised cost.

**Financial Assets at Amortised Cost**

Financial assets included in this category need to meet two criteria:

1. the financial asset is held in order to collect the contractual cash flows; and
2. the cash flows are solely payments of principal and interest (SPPI) on the principal outstanding amount.

Amortised cost is determined using the effective interest method.

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## **Effective Interest Method**

Income is recognised on an effective interest rate basis for financial assets that are recognised at amortised cost.

## **Impairment of Financial Assets**

Financial assets are assessed for impairment at the end of each reporting period based on Expected Credit Losses, using the general approach which measures the loss allowance based on an amount equal to *lifetime expected credit losses* where risk has significantly increased, or an amount equal to *12-month expected credit losses* if risk has not increased.

The simplified approach for trade, contract and lease receivables is used. This approach always measures the loss allowance as the amount equal to the lifetime expected credit losses.

A write-off constitutes a derecognition event where the write-off directly reduces the gross carrying amount of the financial asset.

## **Financial Liabilities**

Financial liabilities are classified as either financial liabilities ‘at fair value through profit or loss’ or other financial liabilities. Financial liabilities are recognised and derecognised upon ‘trade date’.

The Commission currently only has financial liabilities at amortised cost.

## **Financial Liabilities at Amortised Cost**

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. These liabilities are subsequently measured at amortised cost using the effective interest method, with the interest expense recognised on an effective interest basis.

Supplier and other payables are recognised at amortised cost. Liabilities are recognised to the extent that the goods or services have been received (and irrespective of having been invoiced).

### *Note 6B-2: Financial Instruments - Net gains or losses from financial assets*

There were no gains or losses from financial assets at amortised cost in the year ending 30 June 2020. (2019: nil)

### *Note 6B-3: Financial Instruments - Net gains or losses from financial liabilities*

There were no gains or losses from financial liabilities at amortised cost in the year ending 30 June 2020. (2019: nil)

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*Note 6C: Aggregate Assets and Liabilities*

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	<i>2020</i>	<i>2019</i>
	<i>\$'000</i>	<i>\$'000</i>
<b>Assets expected to be recovered in:</b>		
<b><i>No more than 12 months</i></b>		
Cash and cash equivalents	288	436
Trade and other receivables	165	177
Appropriation receivables	34,215	33,704
Prepayments	<u>294</u>	<u>577</u>
	<b><u>34,962</u></b>	<b><u>34,894</u></b>
<b><i>More than 12 months</i></b>		
Leasehold improvements	11,372	2,574
Plant and equipment	709	898
Computer software	<u>146</u>	<u>222</u>
	<b><u>12,227</u></b>	<b><u>3,694</u></b>
<b>Total assets</b>	<b><u>47,189</u></b>	<b><u>38,588</u></b>
<b>Liabilities expected to be recovered in:</b>		
<b><i>No more than 12 months</i></b>		
Suppliers	270	233
Other payables	387	580
Employee provisions	2,098	1,933
Other provisions	<u>603</u>	<u>-</u>
	<b><u>3,358</u></b>	<b><u>2,746</u></b>
<b><i>More than 12 months</i></b>		
Other payables	-	822
Employee provisions	9,421	9,439
Other provisions	<u>-</u>	<u>592</u>
	<b><u>9,421</u></b>	<b><u>10,853</u></b>
<b>Total liabilities</b>	<b><u>12,779</u></b>	<b><u>13,599</u></b>

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# Appendix

## Executive remuneration

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**Table 9 Key management personnel, 2019-20**

<i>Name</i>	<i>Position</i>	<i>Term as KMP</i>
Michael Brennan	Chair	Full year
Nina Davidson	Head of Office	Full year
Mary Cavar	Executive Manager	Full year
Ralph Lattimore	Executive Manager	Full year
Brian Scammell	Assistant Commissioner, Corporate (CFO)	Part year - to 6 December 2019
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	Part year - from 4 May 2020

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**Table 10 Key management personnel remuneration (as reported in the Notes to the Financial Statements)**

<i>Benefit type</i>	<i>\$'000</i>
Short-term employee benefits	1,619
Post-employment benefits	180
Other long-term employee benefits	41

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**Table 11 Information about remuneration for key management personnel**

Name	Position title	Short-term benefits			Post-employment benefits	Other long-term benefits		Termination benefits	Total remuneration
		Base salary	Bonuses	Other benefits and allowances	Post-employment benefits	Long service leave	Other long-term benefits		
Michael Brennan	Chair	582,942	-	-	21,168	14,699	-	-	618,809
Nina Davidson	Head of Office	353,024	-	-	65,937	8,839	-	-	427,800
Mary Cavar	Executive Manager	305,349	-	-	21,168	7,278	-	-	333,795
Ralph Lattimore	Executive Manager	277,137	-	-	48,865	6,777	-	-	332,779
Brian Scammell	Assistant Commissioner, Corporate (CFO)	74,074	-	-	18,154	2,485	-	-	94,713
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	27,035	-	-	4,643	658	-	-	32,336

**Note:** Base salary includes annual leave provision movement (accrued annual leave less any leave paid during the year)

**Table 12 Information about remuneration for Senior Executives and Commissioners**

<i>Total remuneration bands</i>	<i>Number of senior executives</i>	<i>Short-term benefits</i>			<i>Post-employment benefits</i>	<i>Other long-term benefits</i>		<i>Termination benefits</i>	<i>Total remuneration</i>
		<i>Average base salary</i>	<i>Average bonuses</i>	<i>Average other benefits and allowances</i>	<i>Average superannuation contributions</i>	<i>Average long service leave</i>	<i>Average other long-term benefits</i>	<i>Average termination benefits</i>	<i>Average total remuneration</i>
\$0 - \$220,000	7	146,252	-	-	20,361	3,940	-	-	170,553
\$220,001 - \$245,000	1	208,803	-	-	23,591	5,426	-	-	237,820
\$245,001 - \$270,000	5	215,513	-	-	34,275	5,330	-	-	255,118
\$270,001 - \$295,000	4	241,771	-	-	38,203	6,024	-	-	285,998
\$295,001 - \$320,000	1	253,996	-	-	45,389	6,097	-	-	305,482
\$345,001 - \$370,000	1	299,572	-	-	39,975	7,019	-	-	346,566
\$395,001 - \$420,000	4	359,995	-	-	39,989	8,688	-	-	408,672
\$420,001 - \$445,000	2	367,007	-	-	53,059	8,609	-	-	428,675

**Note:** 'Number of senior executives' includes Senior Executives and Commissioners during the year, excluding key management personnel. Base salary includes annual leave provision movement (accrued annual leave less any leave paid during the year).

The Commission did not pay remuneration for any 'other highly paid staff' during 2019-20.

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## Accountable authority

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Table 13      **Details of accountable authority during 2019-20**

<i>Name</i>	<i>Position held</i>	<i>Period as the accountable authority or member within the reporting period</i>
Michael Brennan	Chair	Full year

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## Resource statement

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Table 14      **Entity resource statement 2019-20**

	<i>Actual available appropriation - current year</i>	<i>Payments made</i>	<i>Balance remaining</i>
	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
<i>Departmental</i>	<i>(a)</i>	<i>(b)</i>	<i>(a)-(b)</i>
Annual appropriations - ordinary annual services <sup>a</sup>	69,244	34,445	34,799
Total departmental annual appropriations	69,244	34,445	34,799
Total departmental resourcing	69,244	34,445	34,799
<b>Total resourcing and payments for entity</b>	<b>69,244</b>	<b>34,445</b>	<b>34,799</b>

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<sup>a</sup> Appropriation Act (No. 1) 2019-20 and Appropriation Act (No. 3) 2019-20. This may also include prior-year departmental appropriation and section 74 external revenue.

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## Human resources

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	39	3	42	39	14	53	0	0	0	95
WA	0	0	0	0	0	0	0	0	0	0
ACT	26	0	26	21	8	29	0	0	0	55
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>65</b>	<b>3</b>	<b>68</b>	<b>60</b>	<b>22</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>
As at 30 June 2020										

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	3	3	6	4	3	7	0	0	0	13
WA	0	0	0	0	0	0	0	0	0	0
ACT	0	0	0	1	0	1	0	0	0	1
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
As at 30 June 2020										

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	42	6	48	41	12	53	0	0	0	101
WA	0	0	0	0	0	0	0	0	0	0
ACT	26	0	26	16	6	22	0	0	0	48
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>68</b>	<b>6</b>	<b>74</b>	<b>57</b>	<b>18</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149</b>
As at 30 June 2019										

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
NSW	0	0	0	0	0	0	0	0	0	0
Qld	0	0	0	0	0	0	0	0	0	0
SA	0	0	0	0	0	0	0	0	0	0
Tas	0	0	0	0	0	0	0	0	0	0
Vic	3	1	4	3	0	3	0	0	0	7
WA	0	0	0	0	0	0	0	0	0	0
ACT	1	0	1	2	1	3	0	0	0	4
NT	0	0	0	0	0	0	0	0	0	0
External Territories	0	0	0	0	0	0	0	0	0	0
Overseas	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
As at 30 June 2019										

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	1	0	1	1	0	1	0	0	0	2
SES 1	2	0	2	7	3	10	0	0	0	12
EL 2	20	0	20	9	4	13	0	0	0	33
EL 1	18	1	19	16	4	20	0	0	0	39
APS 6	9	2	11	12	4	16	0	0	0	27
APS 5	7	0	7	10	2	12	0	0	0	19
APS 4	8	0	8	4	4	8	0	0	0	16
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>65</b>	<b>3</b>	<b>68</b>	<b>60</b>	<b>22</b>	<b>82</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>150</b>
As at 30 June 2020										

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	0	0	0	0	0	0	0	0	0	0
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	1	0	1	0	0	0	0	0	0	1
EL 1	0	1	1	3	1	4	0	0	0	5
APS 6	1	1	2	0	0	0	0	0	0	2
APS 5	1	1	2	1	1	2	0	0	0	4
APS 4	0	0	0	1	1	2	0	0	0	2
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>14</b>
As at 30 June 2020										

**Table 21 Australian Public Service Act ongoing employees previous reporting period (2018-19)**

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	0	0	0	1	0	1	0	0	0	1
SES 2	1	0	1	1	0	1	0	0	0	2
SES 1	6	0	6	6	0	6	0	0	0	12
EL 2	19	1	20	9	2	11	0	0	0	31
EL 1	15	2	17	11	7	18	0	0	0	35
APS 6	13	2	15	13	4	17	0	0	0	32
APS 5	6	1	7	5	2	7	0	0	0	14
APS 4	8	0	8	11	2	13	0	0	0	21
APS 3	0	0	0	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>68</b>	<b>6</b>	<b>74</b>	<b>57</b>	<b>18</b>	<b>75</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>149</b>
As at 30 June 2019										

**Table 22 Australian Public Service Act non-ongoing employees previous reporting period (2018-19)**

	<i>Male</i>			<i>Female</i>			<i>Indeterminate</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	0	0	0	0	0	0	0	0	0	0
SES 2	1	0	1	0	0	0	0	0	0	1
SES 1	0	0	0	0	0	0	0	0	0	0
EL 2	0	0	0	0	1	1	0	0	0	1
EL 1	1	0	1	1	0	1	0	0	0	2
APS 6	1	1	2	2	0	2	0	0	0	4
APS 5	1	0	1	2	0	2	0	0	0	3
APS 4	0	0	0	0	0	0	0	0	0	0
APS 3	0	0	0	0	0	0	0	0	0	0
APS 2	0	0	0	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>11</b>
As at 30 June 2019										



	<i>Ongoing</i>			<i>Non-Ongoing</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	0	0	2
SES 1	9	3	12	0	0	0	12
EL 2	29	4	33	1	0	1	34
EL 1	34	5	39	3	2	5	44
APS 6	21	6	27	1	1	2	29
APS 5	17	2	19	2	2	4	23
APS 4	12	4	16	1	1	2	18
APS 3	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>125</b>	<b>25</b>	<b>150</b>	<b>8</b>	<b>6</b>	<b>14</b>	<b>164</b>
As at 30 June 2020.							

	<i>Ongoing</i>			<i>Non-Ongoing</i>			<i>Total</i>
	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	<i>Full-time</i>	<i>Part-time</i>	<i>Total</i>	
SES 3	1	0	1	0	0	0	1
SES 2	2	0	2	0	1	1	3
SES 1	12	0	12	0	0	0	12
EL 2	28	3	31	0	1	1	32
EL 1	26	9	35	2	0	2	37
APS 6	26	6	32	3	1	4	36
APS 5	11	3	14	3	0	3	17
APS 4	19	2	21	0	0	0	21
APS 3	0	1	1	0	0	0	1
APS 2	0	0	0	0	0	0	0
APS 1	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>125</b>	<b>24</b>	<b>149</b>	<b>8</b>	<b>3</b>	<b>11</b>	<b>160</b>
As at 30 June 2019.							

<b>Table 25 Australian Public Service Act employment type by location current reporting period (2019-20)</b>			
	<i>Ongoing</i>	<i>Non-Ongoing</i>	<i>Total</i>
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	95	13	108
WA	0	0	0
ACT	55	1	56
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
<b>TOTAL</b>	<b>150</b>	<b>14</b>	<b>164</b>
As at 30 June 2020.			

<b>Table 26 Australian Public Service Act employment type by location previous reporting period (2018-19)</b>			
	<i>Ongoing</i>	<i>Non-Ongoing</i>	<i>Total</i>
NSW	0	0	0
Qld	0	0	0
SA	0	0	0
Tas	0	0	0
Vic	101	7	108
WA	0	0	0
ACT	48	4	52
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
<b>TOTAL</b>	<b>149</b>	<b>11</b>	<b>160</b>
As at 30 June 2019.			

<b>Table 27 Australian Public Service Act Indigenous employment</b>			
	<i>Current reporting period (2019-20)</i>		<i>Previous reporting period (2018-19)</i>
Ongoing		1	2
Non-Ongoing		0	0
<b>TOTAL</b>		<b>1</b>	<b>2</b>
As at 30 June 2020 and 2019, respectively.			

<b>Table 28 Australian Public Service Act employment arrangements current reporting period (2019-20)</b>			
	<i>SES</i>	<i>Non-SES</i>	<i>Total</i>
S.24 Determination	15	0	15
Individual Flexibility Arrangements (IFA)	0	4	4
Enterprise Agreement (EA)	0	149	149
<b>TOTAL</b>	<b>15</b>	<b>153</b>	<b>168</b>
As at 30 June 2020.			
<b>Note:</b> Four employees are covered by both the EA and IFA — total reflects employees counted under both employment arrangement types.			

<b>Table 29 Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current reporting period (2019-20)</b>		
	<i>Minimum Salary</i>	<i>Maximum Salary</i>
SES 3	\$353,553	\$353,553
SES 2	\$271,063	\$291,112
SES 1	\$180,000	\$243,890
EL 2	\$120,898	\$159,853
EL 1	\$99,710	\$126,270
APS 6	\$78,724	\$96,046
APS 5	\$72,250	\$83,958
APS 4	\$64,479	\$78,718
APS 3	\$56,929	\$69,853
APS 2	\$49,972	\$57,763
APS 1	\$43,709	\$48,662
Other	-	-
<b>Minimum/Maximum range</b>	<b>\$43,709</b>	<b>\$353,553</b>
As at 30 June 2020.		
<b>Note:</b> Salary excludes annual leave provision movement. The major non-salary benefit is superannuation, which is not included in the table. The above salary ranges for APS 1 to EL 2 are those available under the Commission's current Enterprise Agreement. Due to 'grandfathering' of provisions from a previous agreement, or individual flexibility arrangements, some employees receive a higher salary – the maximum salaries actually paid at each level are: EL 1 \$129,213; and EL 2 \$178,799. Under the Commission's Enterprise Agreement, progression to a maximum of \$159,853 is available at the EL 2 level in limited circumstances (not through incremental advancement).		

**Table 30 Australian Public Service Act employment performance pay by classification level current reporting period (2019-20)**

	<i>Number of employees receiving performance pay</i>	<i>Aggregated (sum total) of all payments made</i>	<i>Average of all payments made</i>	<i>Minimum payment made to employees</i>	<i>Maximum payment made to employees</i>
SES 3	0	\$0	\$0	\$0	\$0
SES 2	0	\$0	\$0	\$0	\$0
SES 1	0	\$0	\$0	\$0	\$0
EL 2	0	\$0	\$0	\$0	\$0
EL 1	0	\$0	\$0	\$0	\$0
APS 6	0	\$0	\$0	\$0	\$0
APS 5	0	\$0	\$0	\$0	\$0
APS 4	0	\$0	\$0	\$0	\$0
APS 3	0	\$0	\$0	\$0	\$0
APS 2	0	\$0	\$0	\$0	\$0
APS 1	0	\$0	\$0	\$0	\$0
Other	0	\$0	\$0	\$0	\$0
<b>TOTAL</b>	<b>0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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# Indexes

## Annual reporting requirements and aids to access

Information contained in this annual report is provided in accordance with Schedule 2 Part 4 of the *Work Health and Safety Act 2011*, section 46 of the *Public Governance, Performance and Accountability Act 2013* and Part II of the *Freedom of Information Act 1982*.

The entire report is provided in accordance with section 10 of the *Productivity Commission Act 1998*. The annual report has also been prepared in accordance with parliamentary requirements for departmental annual reports issued by the Department of Finance. A compliance index is provided in the Indexes.

The contact officer for enquiries or comments concerning this report is:

Assistant Commissioner, Corporate  
Productivity Commission  
Locked Bag 2, Collins Street East Post Office  
MELBOURNE VIC 8003  
Telephone: (03) 9653 2251

This annual report can be found at [www.pc.gov.au/about/governance/annual-reports](http://www.pc.gov.au/about/governance/annual-reports). Enquiries about any Commission publication can be made to:

Director  
Media, Publications and Web  
Productivity Commission  
GPO Box 1428  
CANBERRA CITY ACT 2601  
Telephone: (02) 6240 3239  
Email: [mpw@pc.gov.au](mailto:mpw@pc.gov.au)

Table 31 Aids to access details, current reporting period (2019-20)	
Annual Report contact officer (title/position held)	Assistant Commissioner, Corporate
Contact phone number	(03) 9653 2251
Contact email	<a href="mailto:mpw@pc.gov.au">mpw@pc.gov.au</a>
Entity website (URL)	<a href="https://www.pc.gov.au">https://www.pc.gov.au</a>

## List of requirements – non-corporate Commonwealth entities

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AD(g)	<i>Letter of transmittal</i>		
17AI	p. iii	A copy of the letter of transmittal signed and dated by accountable authority on date final text approved, with statement that the report has been prepared in accordance with section 46 of the Act and any enabling legislation that specifies additional requirements in relation to the annual report.	Mandatory
17AD(h)	<i>Aids to access</i>		
17AJ(a)	p. v	Table of contents.	Mandatory
17AJ(b)	p. 91-93	Alphabetical index.	Mandatory
17AJ(c)	p. 94	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	p. 84-90	List of requirements.	Mandatory
17AJ(e)	p. 83	Details of contact officer.	Mandatory
17AJ(f)	p. 83	Entity's website address.	Mandatory
17AJ(g)	p. 83	Electronic address of report.	Mandatory
17AD(a)	<i>Review by accountable authority</i>		
17AD(a)	p. vii	A review by the accountable authority of the entity.	Mandatory
17AD(b)	<i>Overview of the entity</i>		
17AE(1)(a)(i)	p. 1	A description of the role and functions of the entity.	Mandatory
17AE(1)(a)(ii)	p. 2-3	A description of the organisational structure of the entity.	Mandatory
17AE(1)(a)(iii)	p. 2	A description of the outcomes and programmes administered by the entity.	Mandatory
17AE(1)(a)(iv)	p. 1	A description of the purposes of the entity as included in corporate plan.	Mandatory
17AE(1)(aa)(i)	p. 74	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	p. 74	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	p. 74	Period as the accountable authority or member of the accountable authority within the reporting period.	Mandatory
17AE(1)(b)	N/A	An outline of the structure of the portfolio of the entity.	Portfolio departments - mandatory

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AE(2)	N/A	Where the outcomes and programs administered by the entity differ from any Portfolio Budget Statement, Portfolio Additional Estimates Statement or other portfolio estimates statement that was prepared for the entity for the period, include details of variation and reasons for change.	If applicable, Mandatory
17AD(c)	<i>Report on the Performance of the entity</i>		
	<i>Annual performance Statements</i>		
17AD(c)(i); 16F	p. 5-9	Annual performance statement in accordance with paragraph 39(1)(b) of the Act and section 16F of the Rule.	Mandatory
17AD(c)(ii)	<i>Report on Financial Performance</i>		
17AF(1)(a)	p. 35	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	p. 74	A table summarising the total resources and total payments of the entity.	Mandatory
17AF(2)	N/A	If there may be significant changes in the financial results during or after the previous or current reporting period, information on those changes, including: the cause of any operating loss of the entity; how the entity has responded to the loss and the actions that have been taken in relation to the loss; and any matter or circumstances that it can reasonably be anticipated will have a significant impact on the entity's future operation or financial results.	If applicable, Mandatory.
17AD(d)	<i>Management and Accountability</i>		
	<i>Corporate Governance</i>		
17AG(2)(a)	p. iii, 28	Information on compliance with section 10 (fraud systems)	Mandatory
17AG(2)(b)(i)	p. iii	A certification by accountable authority that fraud risk assessments and fraud control plans have been prepared.	Mandatory
17AG(2)(b)(ii)	p. iii	A certification by accountable authority that appropriate mechanisms for preventing, detecting incidents of, investigating or otherwise dealing with, and recording or reporting fraud that meet the specific needs of the entity are in place.	Mandatory
17AG(2)(b)(iii)	p. iii	A certification by accountable authority that all reasonable measures have been taken to deal appropriately with fraud relating to the entity.	Mandatory
17AG(2)(c)	p. 26-29	An outline of structures and processes in place for the entity to implement principles and objectives of corporate governance.	Mandatory

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AG(2)(d) – (e)	N/A	A statement of significant issues reported to Minister under paragraph 19(1)(e) of the Act that relates to non-compliance with Finance law and action taken to remedy non-compliance.	If applicable, Mandatory
<i>Audit Committee</i>			
17AG(2A)(a)	p. 27	A direct electronic address of the charter determining the functions of the entity's audit committee.	Mandatory
17AG(2A)(b)	p. 28	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	p. 28	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	p. 28	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	p. 28	The remuneration of each member of the entity's audit committee.	Mandatory
<i>External Scrutiny</i>			
17AG(3)	p. 29-30	Information on the most significant developments in external scrutiny and the entity's response to the scrutiny.	Mandatory
17AG(3)(a)	N/A	Information on judicial decisions and decisions of administrative tribunals and by the Australian Information Commissioner that may have a significant effect on the operations of the entity.	If applicable, Mandatory
17AG(3)(b)	p. 29-30	Information on any reports on operations of the entity by the Auditor-General (other than report under section 43 of the Act), a Parliamentary Committee, or the Commonwealth Ombudsman.	If applicable, Mandatory
17AG(3)(c)	N/A	Information on any capability reviews on the entity that were released during the period.	If applicable, Mandatory
<i>Management of Human Resources</i>			
17AG(4)(a)	p. 30-35	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	p. 75-76	Statistics on the entity's employees on an ongoing and non-ongoing basis, including the following: <ul style="list-style-type: none"> <li>• statistics on full-time employees;</li> <li>• statistics on part-time employees;</li> <li>• statistics on gender;</li> <li>• statistics on staff location.</li> </ul>	Mandatory



<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AG(4)(b)	p. 77-80	Statistics on the entity's APS employees on an ongoing and non-ongoing basis; including the following: <ul style="list-style-type: none"> <li>• Statistics on staffing classification level;</li> <li>• Statistics on full-time employees;</li> <li>• Statistics on part-time employees;</li> <li>• Statistics on gender;</li> <li>• Statistics on staff location;</li> <li>• Statistics on employees who identify as Indigenous.</li> </ul>	Mandatory
17AG(4)(c)	p. 31, 81	Information on any enterprise agreements, individual flexibility arrangements, Australian workplace agreements, common law contracts and determinations under subsection 24(1) of the <i>Public Service Act 1999</i> .	Mandatory
17AG(4)(c)(i)	p. 81	Information on the number of SES and non-SES employees covered by agreements etc identified in paragraph 17AG(4)(c).	Mandatory
17AG(4)(c)(ii)	p. 81	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 31-33	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 82	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 82	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 82	Information on the average amount of performance payment, and range of such payments, at each classification level.	If applicable, Mandatory
17AG(4)(d)(iv)	p. 82	Information on aggregate amount of performance payments.	If applicable, Mandatory
<b>Assets Management</b>			
17AG(5)	N/A	An assessment of effectiveness of assets management where asset management is a significant part of the entity's activities.	If applicable, Mandatory
<b>Purchasing</b>			
17AG(6)	p. 35	An assessment of entity performance against the <i>Commonwealth Procurement Rules</i> .	Mandatory
<b>Consultants</b>			

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AG(7)(a)	p. 36	A summary statement detailing the number of new contracts engaging consultants entered into during the period; the total actual expenditure on all new consultancy contracts entered into during the period (inclusive of GST); the number of ongoing consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting year on the ongoing consultancy contracts (inclusive of GST).	Mandatory
17AG(7)(b)	p. 36	A statement that <i>"During [reporting period], [specified number] new consultancy contracts were entered into involving total actual expenditure of \$[specified million]. In addition, [specified number] ongoing consultancy contracts were active during the period, involving total actual expenditure of \$[specified million]."</i>	Mandatory
17AG(7)(c)	p. 36	A summary of the policies and procedures for selecting and engaging consultants and the main categories of purposes for which consultants were selected and engaged.	Mandatory
17AG(7)(d)	p. 36	A statement that <i>"Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website."</i>	Mandatory
<b>Australian National Audit Office Access Clauses</b>			
17AG(8)	N/A	If an entity entered into a contract with a value of more than \$100 000 (inclusive of GST) and the contract did not provide the Auditor-General with access to the contractor's premises, the report must include the name of the contractor, purpose and value of the contract, and the reason why a clause allowing access was not included in the contract.	If applicable, Mandatory
<b>Exempt contracts</b>			
17AG(9)	N/A	If an entity entered into a contract or there is a standing offer with a value greater than \$10 000 (inclusive of GST) which has been exempted from being published in AusTender because it would disclose exempt matters under the FOI Act, the annual report must include a statement that the contract or standing offer has been exempted, and the value of the contract or standing offer, to the extent that doing so does not disclose the exempt matters.	If applicable, Mandatory
<b>Small business</b>			

<b>PGPA Rule Reference</b>	<b>Part of Report</b>	<b>Description</b>	<b>Requirement</b>
17AG(10)(a)	p. 35	A statement that “[Name of entity] supports small business participation in the Commonwealth Government procurement market. Small and Medium Enterprises (SME) and Small Enterprise participation statistics are available on the Department of Finance’s website.”	Mandatory
17AG(10)(b)	p. 35	An outline of the ways in which the procurement practices of the entity support small and medium enterprises.	Mandatory
17AG(10)(c)	N/A	If the entity is considered by the Department administered by the Finance Minister as material in nature — a statement that “[Name of entity] recognises the importance of ensuring that small businesses are paid on time. The results of the Survey of Australian Government Payments to Small Business are available on the Treasury’s website.”	If applicable, Mandatory
<i>Financial Statements</i>			
17AD(e)	p. 39-70	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<i>Executive Remuneration</i>			
17AD(da)	p. 71-73	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory
17AD(f)	<i>Other Mandatory Information</i>		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that “During [reporting period], the [name of entity] conducted the following advertising campaigns: [name of advertising campaigns undertaken]. Further information on those advertising campaigns is available at [address of entity’s website] and in the reports on Australian Government advertising prepared by the Department of Finance. Those reports are available on the Department of Finance’s website.”	If applicable, Mandatory
17AH(1)(a)(ii)	p. 38	If the entity did not conduct advertising campaigns, a statement to that effect.	If applicable, Mandatory
17AH(1)(b)	N/A	A statement that “Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”	If applicable, Mandatory
17AH(1)(c)	p. 38	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory

<b><i>PGPA Rule Reference</i></b>	<b><i>Part of Report</i></b>	<b><i>Description</i></b>	<b><i>Requirement</i></b>
17AH(1)(d)	p. 38	Website reference to where the entity's Information Publication Scheme statement pursuant to Part II of FOI Act can be found.	Mandatory
17AH(1)(e)	N/A	Correction of material errors in previous annual report.	If applicable, mandatory
17AH(2)	p. 36-37	Information required by other legislation.	Mandatory

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## Abbreviations

<i>Acronym</i>	<i>Meaning</i>
AASB	Australian Accounting Standards Board
ABARE	Australian Bureau of Agricultural and Resource Economics
ABS	Australian Bureau of Statistics
ACCC	Australian Competition and Consumer Commission
AGCNCO	Australian Government Competitive Neutrality Complaints Office
AIHW	Australian Institute of Health and Welfare
ANAO	Australian National Audit office
APS	Australian Public Service
COAG	Council of Australian Governments
CPSU	Community and Public Sector Union
EPA	Environment Protection Authority
ESD	Ecologically Sustainable Development
FBT	Fringe Benefit Taxes
FOI Act	Freedom of Information Act
GDP	Gross Domestic Product
GST	Goods and Services Tax
IMF	International Monetary Fund
NASWD	National Agreement for Skills and Workforce Development
NSW	New South Wales
OECD	Organisation for Economic Cooperation and Development
OHS	Occupation Health and Safety
OID	Overcoming Indigenous Disadvantage
PGPA Act	Public Governance, Performance and Accountability Act 2013
RATCAP	Remote area tax concessions and payments
ROGS	Report on Government Services
SES	Senior Executive Service
WHS	Work Health and Safety

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