



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

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Productivity Commission

# Annual Report 2020-21



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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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15 September 2021

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 2020-21.

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 2020-21 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 2020-21, the Commission continued to provide evidence-based advice on a range of topics of significance to the Australian community.

During the year we completed an inquiry into progress with the reform of Australia's water resources sector that was commissioned by the Australian Government. We also completed three government-commissioned studies. One study examined regulation affecting the resources sector, another evaluated Australia's resilience to global supply chain disruptions and the third was a review of the National Agreement for Skills and Workforce Development. The Commission also delivered a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people.

During the year we also released research examining the decline in young people's average incomes from 2008 to 2018. And we progressed research on range of issues including working from home, small and medium business access to finance, and wealth transfers.

The Commission continued its work on productivity reform within Australia for the Council on Federal Financial Relations (CFFR). We completed case studies on Victoria's Commercial Land Use Zoning and Innovations in Care for Chronic Health Conditions. We also provided CFFR with two information papers – one set out a Plan to Identify Planning and Zoning Reforms, and the other was on Regulatory Technology.

We also 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. The Commission released two *Productivity Insights* reports in 2020-21. The first examined long-run trends in Australia's productivity performance and lessons that can be drawn for the recovery from the COVID-19 pandemic. The second was an overview of productivity in the services sector, which accounts for about 80 per cent of production and 90 per cent of employment.

We released the 2020 *Overcoming Indigenous Disadvantage: Key Indicators* report, the eighth such report since 2003. We continued our journey of changing the ways we engage and work with Aboriginal and Torres Strait Islander people and organisations. We also commenced our new functions under the National Agreement on Closing the Gap, which included the release of the first version of the Closing the Gap Information Repository.

The 2021 edition of the *Report on Government Services* was published during the year, providing comparative performance information on government service delivery areas.

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On behalf of the National Federation Reform Council, the Commission undertook a stocktake of mental health and suicide prevention programs to help inform the development of the new National Mental Health and Suicide Prevention Agreement.

New inquiries referred to us by the Australian Government during the year and currently underway include inquiries into the Right to Repair in Australia and the effectiveness of the Register of Foreign Ownership of Water Entitlements.

In 2021 we undertook a survey of stakeholders in government, industry, academia and the not-for-profit sector. We conduct these surveys every three years to help gauge the relevance, analytical rigour and clarity of our work, as well as the effectiveness our participatory processes and our openness and transparency. The results of the survey informed the Annual Performance Statement in this Annual Report.

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



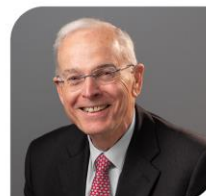
**Angela MacRae**  
Commissioner



**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:

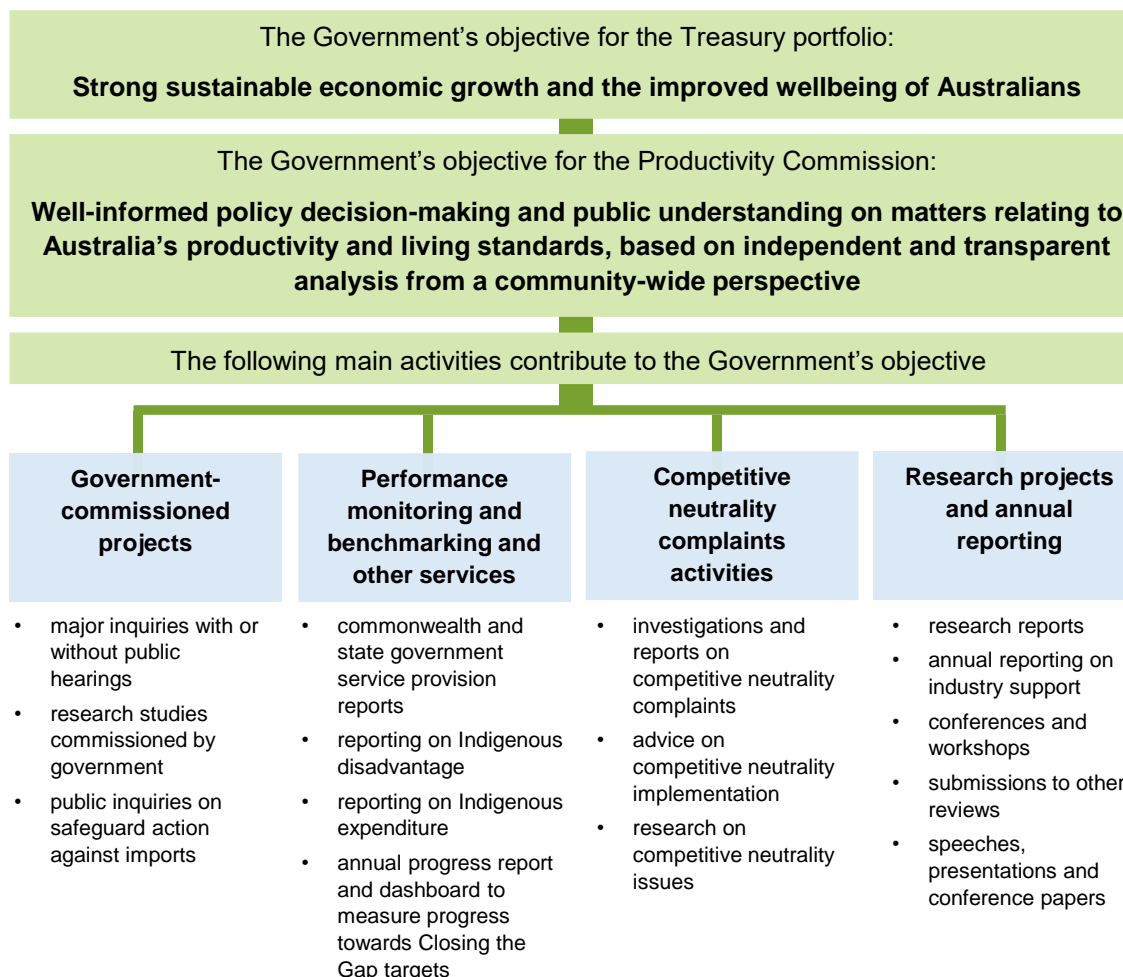
*Well-informed policy decision making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.*

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 2020-21 are outlined in chapter 3.

Figure 1 **Main activities of the Productivity Commission**



## Commissioners and staff

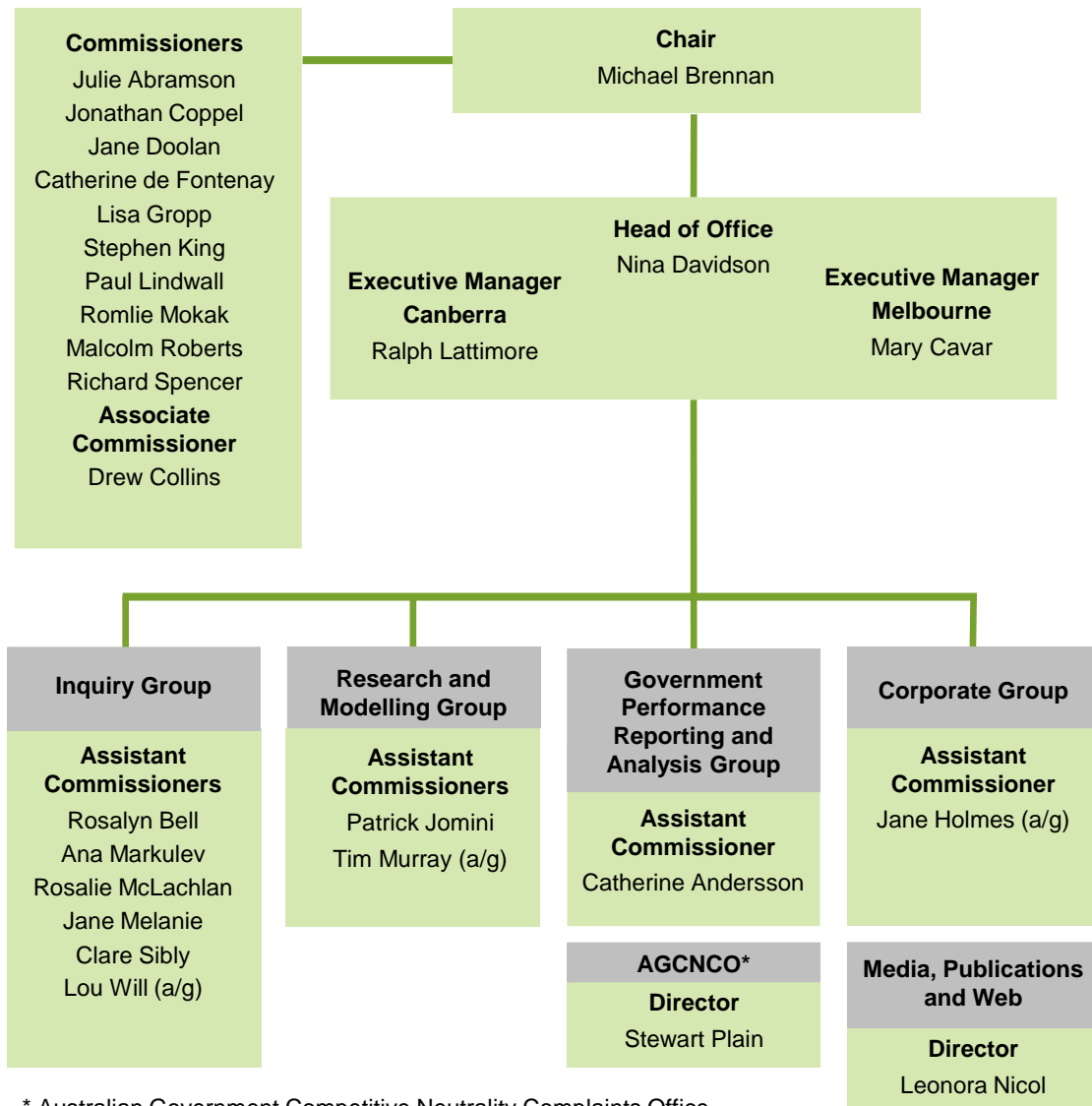
The Commission comprises its Chair and between four and twelve other Commissioners, appointed by the Governor-General for periods of up to five years. Associate Commissioners can be appointed by the Treasurer for terms of up to five years or for the duration of specific inquiries.

At 30 June 2021, there were ten members of the Commission, plus the Chair, with four Commissioners holding part-time appointments.

The work of the Commission is assisted by employees who are employed under the *Public Service Act 1999*. In 2020-21, the average staffing level was 169.

The Commission's structure and senior staff as at 30 June 2021 are shown in figure 2.

Figure 2 Commission structure and senior staff



As at 30 June 2021



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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 2020-21 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 2020-21, the Commission performed consistent with these criteria. The criteria, as set out in the Corporate Plan 2020-21 (p. 6) and Portfolio Budget Statement 2020-21 (p. 345), 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.

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 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

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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 Annual Performance Statement for 2020-21 is informed by a survey of stakeholders. The Commission undertakes such surveys every three years 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. The results from the 2021 survey were not significantly different to the results of the previous survey, undertaken in 2018.

## **Impact Criteria**

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

In 2020-21 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 an inquiry into the right to repair in Australia, an inquiry into the effectiveness of the Register of Foreign Ownership of Water Entitlements and a study into Australia's resilience to global supply chain disruptions.

The Commission also undertook case studies for the Council on Federal Financial Relations (CFFR) on Victoria's Commercial Land Use Zoning, and Innovations in Care for Chronic Health Conditions. The Commission also provided CFFR with two information papers. The first set out a Plan to Identify Planning and Zoning Reforms; the second was on the topic of Regulatory Technology.

The Commission also undertook a stocktake of mental health and suicide prevention programs to assist in the development of the new National Mental Health and Suicide Prevention Agreement, on behalf of the National Federation Reform Council.

The Commission commenced its new functions under the National Agreement on Closing the Gap - releasing the first version of the Closing the Gap Information Repository, which included baseline data on 18 socioeconomic outcome targets and more recent data on seven of the targets.



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The Commission completed five government-commissioned inquiries and studies on a diverse set of topics during 2020-21:

- a whole-of-government evaluation strategy for policies and programs affecting Indigenous Australians
- a study of regulation affecting the resources sector
- a review of the National Agreement for Skills and Workforce Development
- an Inquiry into progress with the reform of Australia's water resources sector
- a study into Australia's resilience to global supply chain disruptions.

In addition, the Commission continued its annual reporting of Australian Government assistance to industry through the *Trade and Assistance Review*, and released research on Australia's productivity performance. The Commission also continued to provide secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision.

The Commission's contribution to public policy and clarity of evidence-based analysis were considered key strengths of its work amongst respondents in the 2021 Stakeholder Survey. In addition to a range of positive commentary on the thoroughness and rigour evident in its work, a significant proportion of respondents agreed that the Commission always or mostly based its findings on evidence (83%), and explained its findings well (79%).

*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 2020-21, about 121 federal members and senators referred to at least 51 different Commission reports or inquiries, or to the Commission's role in the policy process. At the state and territory level, about 122 members of state and territory parliaments referred to 34 different Commission projects or to the Commission's role during the 2020-21 sittings.

The Commission rated, on average, more than 200 media mentions a month in connection with the five completed inquiries and studies during 2020-21. The final *Mental Health* inquiry report was released in 2020-21 and was the most frequently mentioned Commission inquiry, with an average of more than 50 media mentions each month. The *2021 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 2020-21, including the 2011 *Disability Care and Support Inquiry Report*.

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In 2020-21 Commissioners and staff made a number of speeches and presentations. The topics of speeches included mental health, superannuation, water resources and reform priorities to enhance productivity in a post-pandemic Australia.

Participants' perception of the Commission as effectively generating public debate was largely positive in the 2021 Stakeholder Survey. In respect of public inquiry and research work, 76% of respondents either agreed or strongly agreed that the Commission generated valuable public debate, and 80% that the Commission enhanced the information used in the debate.

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

In 2020-21, 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 officials from six countries, including Japan, Malaysia and the Philippines, covering a wide range of topics, including the role of the Commission, performance benchmarking of government services and effective rates of assistance to industry. The Commission also met with international organisations, including the Organisation for Economic Cooperation and Development (OECD) the World Bank and the International Monetary Fund (IMF).

The OECD cited the Commission's work in 12 reports published throughout the year. This included references to the *Mental Health* and *Data Availability and Use* reports, as well as the *Report on Government Services* and the *Trade and Assistance Review*.

## **Delivery Criteria**

*The Productivity Commission engages effectively with the community.*

In 2020-21, 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 2020-21, 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 607 submissions to government-commissioned projects during 2020-21. The Commission also received 'brief comments' on all government-commissioned projects during 2020-21, providing an opportunity for a more informal

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avenue for feedback. The *Right to Repair* 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 2020-21. The Commission also held over 200 meetings with stakeholders for Government-commissioned projects. The Commission has adapted its approach to consultation through the COVID-19 pandemic to ensure that stakeholders have 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. The 2021 Stakeholder Survey included questions for Aboriginal and Torres Strait Islander participants that provided feedback on the Commission's engagement and ways of working. Survey responses indicated that the Commission has made progress in its ways of working with Aboriginal and Torres Strait Islander people.

Through the 2021 survey results, the Commission found that participants were largely positive about how it engages with the community and that its consultative approach is seen as a strength. 66% of respondents agreed that the Commission either always or mostly provided the opportunity for engagement with people in the respondent's community of interest, with a further 70% agreeing that the Commission showed awareness of the arguments made by their community.

### *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 2020-21. As noted above, the Commission's processes provided for public input and feedback through hearings, workshops and other consultative forums, and through the release of draft or interim reports.

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In the 2021 Stakeholder Survey 78% of participants stated that the Commission had always or mostly been ‘open and transparent’.

*The Productivity Commission delivers reports within agreed timeframes.*

All of the completed major projects in 2020-21 were finished within the timeframes originally established by the 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.

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 2020-21, which was the same as the number commenced in 2019-20.

- In October 2020, the Commission received a reference to conduct an inquiry into the right to repair in Australia. The inquiry is to examine the potential benefits and costs associated with 'right to repair'. A draft report was released in June 2021.
- In December 2020, the Commission received a reference to conduct an inquiry into the effectiveness of the Register of Foreign Ownership of Water Entitlements. The inquiry is to assess the benefits and costs of maintaining the Register and the publication of an annual report outlining statistics from the register. A draft report was released in August 2021.
- In February 2021, the Commission received a reference to conduct a study into Australia's resilience to global supply chain disruptions. An interim report was released in March and the final report was sent to Government in July 2021.

The Commission completed five inquiries or studies in 2020-21, compared with four in 2019-20.

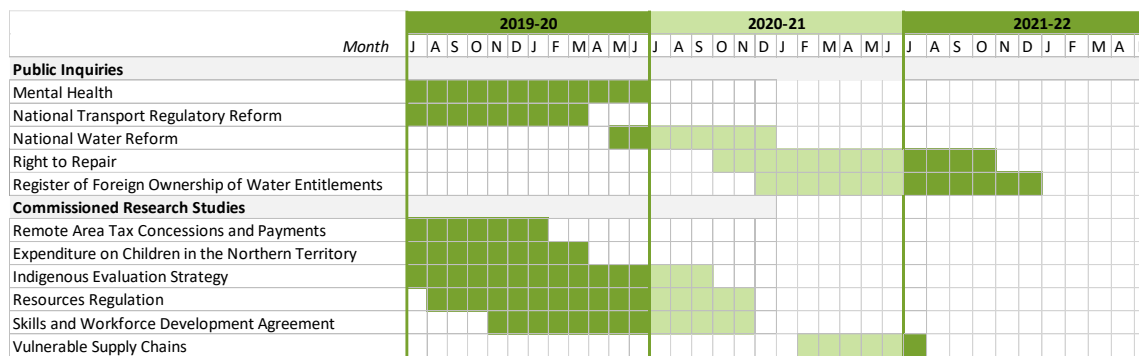
- A whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people.
- A study into regulation in the resources sector, that examined how regulation is designed, administered and enforced and identified examples of leading practice in regulation of the sector.
- A review of the National Agreement for Skills and Workforce Development, which examined 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.
- The second of the Commission's triennial inquiries into the progress of reform in Australia's water resources sector, as required by the Water Act 2007.
- The study into Australia's resilience to global supply chain disruptions

This meant there were three inquiries and four studies underway at some point during 2020-21 (figure 3). In addition, the Commission undertook case studies for the Council on Federal Financial Relations (CFFR) on Victoria's Commercial Land Use Zoning and

Innovations in Care for Chronic Health Conditions. The Commission also provided CFFR with two information papers. The first set out a Plan to Identify Planning and Zoning Reforms; the second was on Regulatory Technology.

The Commission also undertook a stocktake of mental health and suicide prevention programs to assist in the development of the new National Mental Health and Suicide Prevention Agreement, on behalf of the National Federation Reform Council.

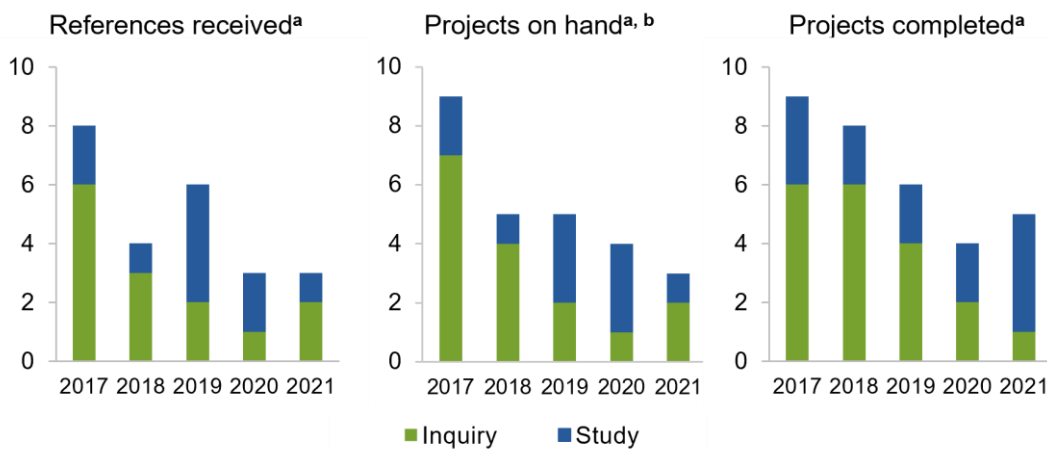
**Figure 3 Program of public inquiries and other government-commissioned projects**



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

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 2020-21 is available on the Commission’s website.

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



<sup>a</sup> Figures are for financial years. <sup>b</sup> As at 30 June 2021.

**Table 1 Public inquiry and other commissioned project activity, 2015-16 to 2020-21**

	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
<b>Public inquiries</b>						
Inquiry references received	7	6	3	2	1	2
Issues papers released <sup>a</sup>	6	5	5	3	1	2
Public hearings (sitting days) <sup>b</sup>	19	20	23	23	17	2
Organisations/people visited	594	626	519	395	160	219
Submissions received	955	1302	610	1499	762	360
Draft reports <sup>c</sup>	3	7	4	3	2	2
Inquiry reports completed	3	6	6	4	2	1
Inquiries on hand (30 June)	8	7	4	2	1	2
<b>Research studies</b>						
References received	3	2	1	4	2	1
Issues papers released <sup>a</sup>	2	2	0	4	2	0
Submissions received	72	544	210	166	398	247
Draft reports	2	4	0	0	5	1
Research reports completed	3	3	2	2	2	4
Studies on hand (30 June)	2	2	1	3	3	0
<b>Total references</b>						
Total references received	10	8	4	6	3	3
Total references completed	6	9	8	6	4	5
Total references on hand (30 June)	10	9	5	5	4	3

<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 2021* was the twenty-fifth 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 2021 Report collectively account for \$276 billion of government recurrent expenditure, equivalent to about 15 per cent of GDP.

As part of the continued development of the Report, a staged transition to interactive online reporting continued in 2020-21 with the transition of Child care, education and training material. Following the successful pilot in mid-2020 to improve the timeliness of reporting, there was a mid-2021 release of a subset of the Report's data (Vocational education and training, Police Services and Housing).

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

The *Overcoming Indigenous Disadvantage: Key Indicators (OID)* reports, commissioned by the then Council of Australian Governments (COAG) in 2002, measure the wellbeing of Aboriginal and Torres Strait Islander people. The latest report was the eighth edition and was released in December 2020. The 2020 report incorporated a greater strengths-based narrative and its case study focus was 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 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 four National Agreements agreed by Australian governments under the Intergovernmental Agreement on Federal Financial Relations (covering health, skills and workforce development and disability services). During 2020-21, the Steering Committee incorporated applicable indicators and data from these Agreements in its Report on Government Services.

The National Agreement on Closing the Gap was signed in July 2020, replacing the National Indigenous Reform Agreement. The Commission has two roles under the new Agreement – monitoring progress under the Agreement with a Dashboard and Annual Data Compilation Report underpinned by an Information Repository, and undertaking three-yearly reviews of progress.

The Commission commenced work on the Closing the Gap Information Repository with the release of the prototype in December 2020 followed by a first data update for the Dashboard in June 2021.



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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 Australian Governments. In 2020-21, the Commission published its fourth 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 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 2020-21, the AGCNCO received 17 queries about competitive neutrality matters from various parties, including two formal competitive neutrality complaints (against NBN Co and the Australian Business Growth Fund). Those complaints resulted in formal investigations, both of which are still ongoing.

Among the requests for information was a request from the competitive neutrality unit of the Finnish Competition and Consumer Authority about Australia's competitive neutrality policies and complaint-handling arrangements. The AGCNCO provided a comprehensive response, which was included in the Authority's report on *Competitive Neutrality regulation in Scandinavia, Germany, France and Australia and their compatibility with the OECD regulations*.

## 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

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work; and informal and formal consultations with Australian Government departments, business, community and environmental groups, union bodies and academics.

During 2020-21, the Commission released a research paper *Why did young people's incomes decline?* The research examined potential explanations for the decline in incomes of people aged 15-34 over the period 2008-2018.

The Commission also commenced several other research projects in 2020-21 on the following diverse topics: working from home, criminal justice, small and medium business access to finance, wealth transfers, and public transport pricing.

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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 across the five projects completed in 2020-21 indicates that the National Water Reform inquiry generated a high level of public debate. The *Indigenous Evaluation Strategy* and *Vulnerable Supply Chains* study both generated a medium level of debate, while there was a lower level of debate on the *Resources Sector Regulation* study and the review of the *National Agreement for Skills and Workforce Development*.

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 2020-21, the Government issued its response to the Commission's *Expenditure on Children in the Northern Territory* inquiry report (released April 2020). The Government agreed in principle with the Commission's 11 recommendations across four reform areas and committed to working with the Northern Territory Government and the Northern Territory Children and Families Tripartite Forum to progress the Commission's recommendations.

Commission inquiry and research reports were frequently cited by parliamentarians in debates and questions during 2020-21. In the Federal Parliament, about 121 members and senators referred to at least 51 different Commission reports or inquiries, or to the Commission's role in policy processes. In addition, there were at least 197 mentions of 45 different Commission inquiries and its work in the Hansard proceedings of Federal Parliamentary Committees in 2020-21. The most frequent mentions were *Superannuation* and *Mental Health*.

The Commission's inquiry and research reports were also used extensively in debate and questions by state and territory parliamentarians. During the 2020-21 sittings of the eight state and territory parliaments, 122 members referred to about 34 different Commission publications or inquiries (including the *Report on Government Services*), or to the Commission's role in policy processes. In about 91 per cent of the 125 total mentions the Commission was cited as an authoritative source, while one mention was critical of a particular finding, report or Commission attribute. The *Report on Government Services* was mentioned most frequently, while the Commission's *Overcoming Indigenous Disadvantage* 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 2020-21, the Commission's website received a high level of traffic from external users, with more than 133000 downloads of government-commissioned inquiry and study reports. The projects of most interest were the *Mental Health* inquiry (around 37 000 downloads), the *National Water Reform* inquiry (around 7000 downloads) and the *Indigenous Evaluation Strategy* (around 5000 downloads). The 2021 *Report on Government Services* was also highly sought after by website users — as in previous years — with a large number of report downloads (about 6000).

During 2020-21, there were an average of 200 media mentions each month for the five inquiries and studies that were completed during the year. More broadly, there were at least 2300 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 *National Water Reform* inquiry received the highest number of media mentions of the reports published in 2020-21, while the *Mental Health* report and the *Report on Government Services* 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. In total, there were 64 presentations by the Chair, Commissioners and staff during the year, 6 more than the previous year. Due to the COVID-19 pandemic the majority of the

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presentations were conducted virtually. Common topics included mental health, water reform and digital technology.

International recognition of the Commission as a model for evidence-based policy is also an indicator of the Commission's impact. The Commission briefed 17 international delegations from six countries during 2020-21, including officials and delegations from Japan, Malaysia and the Philippines. Topics of discussion included the Commission's role and activities, performance benchmarking of government services, and effective rates of assistance to industry.

The OECD cited the Commission's work in 12 reports published throughout the year. This included references to the *Mental Health* and *Data Availability and Use* reports, as well as the *Report on Government Services* and the *Trade and Assistance Review*, 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 2020-21, new academic literature referred to a number of reports, such as the Commission's *Mental Health* inquiry, along with older reports, such as the 2011 *Disability Care and Support* Inquiry. Several editions of the *Report on Government Services* were cited, including the 2008, 2015 and 2018 editions. This demonstrates that the Commission's role as a source of evidence-based policy advice can continue long after the release of a report.

## **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 2020-21, including public hearings, roundtables, workshops and the release of papers for public comment. For all of inquiries and studies completed in 2020-21, 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.

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During its 2020-21 inquiry activities, the Commission met with more than 200 individuals, organisations or groups and received 360 submissions. Due to the timeframes of the commissioned inquiries the Commission held only two days of public hearings in 2020-21 (for the *National Water Reform* inquiry). And for studies, the Commission received a total of 247 submissions during the year. Due to the limitations on travel and in-person meetings that were imposed in response to the COVID-19 pandemic, the majority of the Commission's engagement was conducted by videoconference.

A number of inquiries provided opportunities for 'brief comments', a more informal avenue for feedback compared to submissions. The *Right to Repair* inquiry received about 200 brief comments during 2020-21, in addition to the 154 submissions it received over the year.

The Commission used a variety of means to communicate with inquiry participants during 2020-21. For example, Commissioners appeared on podcasts to discuss the Commission's work on *National Water Reform* and superannuation.

## **Timeliness and cost effectiveness**

In 2020-21, 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.

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 inquiries and commissioned research studies completed in 2020-21 are shown in table 2.

In most years the major administrative (non-salary) costs associated with public inquiries and other Government-commissioned projects 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 led to savings in some of these costs for projects completed in 2020-21.

**Table 2 Cost of public inquiries and other government commissioned projects completed in 2020-21**

<i>Government-commissioned project</i>	<i>Total cost<sup>a</sup> (\$'000)</i>
Vulnerable Supply Chains	1,068
National Water Reform	2,278
Skills and Workforce Development Agreement	2,498
Resources Sector Regulation	1,646
Indigenous Evaluation Strategy	3,089

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

## 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 including the impacts of remote work, productivity measurement and immigration.

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 and NSW Productivity Commissions and the Queensland Office of Productivity and Red Tape Reduction (formerly the Queensland Productivity Commission).

In 2020-21, 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 2021, there were ten members of the Commission, plus the Chair. Four Commissioners held part-time appointments.

Following the end of the term of her initial five-year appointment, Ms Julie Abramson was re-appointed as a part-time Commissioner from 10 December 2020 to 9 December 2025.

Angela MacRae, who commenced as a Commissioner in 2007, completed her term in December 2020. Ken Baxter also completed his term in December 2020 after five years as a Commissioner.

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

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**Table 3 Chair and Commissioners, 30 June 2021**

	<i>Location</i>	<i>Period of appointment</i>	
		<i>From</i>	<i>To</i>
Mr M Brennan (Chair)	Canberra	11 Sep 2018	10 Sep 2023
Ms J Abramson (p/t)	Melbourne	10 Dec 2015	9 Dec 2025
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
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.

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## Associate Commissioners

The Commission had one part time Associate Commissioner at 30 June 2021 (table 4). Mr Drew Collins was appointed on 15 January 2020 to assist with the Commission's second inquiry into National Water Reform. Mr Collins' term was extended from 15 January 2021 to 30 June 2021, in line with the extension of the timeframe for completion of the *National Water Reform* inquiry.

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Table 4      **Associate Commissioners, 30 June 2021**

	<i>Location</i>	<i>Inquiry/study</i>	<i>Period of appointment</i>	
			<i>From</i>	<i>To</i>
Mr D Collins	Canberra	National Water Reform	15 Jan 2020	30 June 2021

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## Staff

The average staffing level during 2020-21 was 169, compared with 174 in 2019-20. The Commission recruited 18 staff during the year, including five through its graduate recruitment program. Staff turnover was approximately 10 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 2020-21 is included in the Appendix.

**Table 5 Financial and staffing resources summary**

	Budget <sup>a</sup> 2020-21	Actual 2020-21	Variation
	\$'000	\$'000	\$'000
<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>			
Program 1.1 Productivity Commission			
Departmental expenses			
Ordinary annual services (Appropriation Bill No. 1)	32,191	28,653	3,538
Revenues from independent sources (Section 74)	310	348	(38)
Expenses not requiring appropriation in the Budget year	4,231	4,317	(86)
<b>Total for Outcome 1</b>	<b>36,732</b>	<b>33,318</b>	<b>3,414</b>
	2019-20	2020-21	
Average staffing level (number)	174	169	

<sup>a</sup> Full year budget, including any subsequent adjustment made to the 2020-21 Budget..

## 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.

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## 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, 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.

## 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, term ended 30 June 2021) 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).

**Table 6 Audit and Risk Committee membership 2020-21**

<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	\$2,719
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.

## **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 2020-21.

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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.

## **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.

## **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 2020-21 in respect of either charter.

The Auditor-General issued an unqualified independent audit report on the Commission’s 2020-21 financial statements. The Commission also engages a firm to undertake a program of internal audit reviews. In 2020-21, the internal auditors conducted a review of stakeholder engagement, to assess whether the Commission has developed and implemented adequate stakeholder engagement processes. In addition, the internal auditors assessed the effectiveness and efficiency of the Commission’s internal facing inquiry systems and processes.

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

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- oversight of the Commission’s internal audit program
  - consideration of the annual financial statements
  - 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, as well as being 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 2020-21, 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**

In 2020-21, the Commission drew together key information to articulate the capabilities required across the Commission’s workforce, and on our workforce planning activities – including recruitment, performance development and career feedback, learning and development, staff mobility and assignment, and feedback and information gathering.

The Commission’s workforce planning approach reflects its operational context and objective. In order to inform good policy and program design and promote public understanding of issues, the Commission must develop and maintain:

- a capability in its people that is grounded in strong policy awareness and understanding of community values, rigour, excellence in evidence-based research and analysis, and influential communication
- specialist technical expertise, with a strong client orientation in its corporate and supporting service roles, and

- 
- a culture of open mindedness, honesty, collaboration, respectful interaction, challenge and debate, and individual responsibility and growth.

Management Committee plays the key role of ensuring alignment between the Commission's resources and its future capability requirements.

## **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.

The salary ranges of the Commission's non-SES employees are set out in the Enterprise Agreement 2017-2020 (the Agreement) and 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. The Agreement also includes provisions aimed at providing a flexible, satisfying and rewarding environment for employees. The Agreement and determination are available on the Commission's website. The Appendix provides details of salary ranges at 30 June 2021.

At 30 June 2021, 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 focuses on regular, meaningful feedback to support individuals' development.

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



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- 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
  - 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 2020-21.

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

## **Learning and development**

The Commission’s approach to learning and development aims to foster and maintain a vibrant learning culture, and support the Commission’s work and employees’ career development.

Employees can undertake learning and development across three core skills families:

- Technical
- Leadership/Management/Workplace
- Individual/Interpersonal.

Opportunities for learning and development may be employee-identified, be supervisor-encouraged or directed, or reflect organisation-wide initiatives.

In 2020-21, the Commission reviewed its *Learning and Development Strategy*, to reflect updated performance capabilities for employees, and in the context of its workforce planning approach.

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This strategy ensures a structured and coordinated approach to learning and development across the Commission, with regular engagement with Management Committee on emerging priorities.

Given the impacts of COVID-19 in 2020-21, many learning and development activities shifted to online delivery modes, and there were a number of learning and development activities focused on supporting individual wellbeing and building manager capability to support employees.

Other learning and development activities delivered in 2020-21 included a reinstated mentoring program for Executive Level employees, refined 'new starter training' for graduates and other new employees, and opportunities for staff participation in Jawun secondment program and external leadership courses.

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.

The Commission also continues to offer opportunities for secondments and temporary transfers as a way to further build capability and experience.

## **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 2020-21.

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 2020-21. Training is provided for employees who have specific WHS related responsibilities.

WHS activities and offerings during the year included:

- sessions on Building and Maintaining Resilience, Mental Health First Aid and 'understanding and managing your mental health' (for any interested employees) and 'managing for team wellbeing' (for managers)

- 
- tailored support to assist individuals with challenges arising during the COVID-19 pandemic, including facilitated small group sessions on mental wellbeing, webinars on wellbeing topics, and access to confidential wellbeing ‘check-ins’
  - Commission-funded flu vaccinations
  - ergonomic workstation assessments, as required
  - virtual ergonomic home-based work area assessments, as required.

Work health and safety continued to be a key priority for the Commission during 2020-21, 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 further developing and maintaining 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.

The Commission continues to provide effective early intervention support to ill and injured employees, where required. It also offers 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 2021:

- 57 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
- 2 per cent of staff identified as having a disability
- 27 per cent of staff were aged 50 years or older
- 18 per cent of staff were under 30 years of age.

The Commission’s Workplace Diversity and Inclusion Strategy 2019 - 2022 was revised and endorsed by Management Committee in 2020, following staff consultation.

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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.

To support the delivery of actions in the Strategy, two SES Inclusion and Diversity Champions were appointed during 2020-21, and an SES Champion focused on supporting the Commission in building its Indigenous cultural capability. In addition, around 25 staff and Commissioners are participating in Core Cultural Learning through the Aboriginal and Torres Strait Islander Australia (Core) Foundation Course. Core is an online course developed by the Australian Institute of Aboriginal and Torres Strait Islander Studies (AIATSIS), to strengthen the cultural capability of organisations and their employees at all levels.

## Financial performance

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

Revenue from government in 2020-21 was at \$33.3 million (\$33.5 million in 2019-20). Revenue from other sources was \$0.4 million (\$0.6 million in 2019-20).

Operating expenses fell in 2020-21 to \$33.3 million (\$35.9 million in 2019-20). The major expenses in 2020-21 were \$24.5 million in respect of employee expenses, \$4.3 million relating to supplier payments, and \$4.3 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 2020-21 was a \$2.2 million surplus, after excluding those depreciation and amortisation expenses.

The surplus mainly arose from lower than forecast employee related expenses and supplier costs. Employee benefits were lower primarily due to delays in filling positions, higher than expected outward secondments on cost recovery basis and lower than forecast leave expenses.

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 2020-21 are shown in chapter 6 and include commentary on major budget variances.

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## Other reporting requirements

### Purchasing

The Commission applies the Commonwealth Procurement Rules. The Commission's purchases of goods and services during 2020-21 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 2020-21 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/).

### 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.

During 2020-21, the Commission entered into three new consultancy contracts and there were five ongoing consultancy contracts that had been entered into during 2019-20. Total expenditure on consultancies was \$66,965 (table 7).

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**Table 7      Number and expenditure on consultants, current reporting period (2020-21)**

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	3	\$44,730
Ongoing contracts entered into during a previous reporting period	5	\$22,235
Total	8	\$66,965

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Table 8 provides information on consultants in the five years to 2020-21.

**Table 8 Expenditure on consultancies, 2016-17 to 2020-21**

	2016-17	2017-18	2018-19	2019-20	2020-21
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenditure	98	98	63	181	67

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).

### Reportable non-consultancy contracts

During 2020-21, the Commission entered into six new reportable non-consultancy contracts and there were two ongoing consultancy contracts that had been entered into during 2019-20. Total expenditure on reportable non-consultancy contracts was \$120,030 (table 9).

**Table 9 Number and expenditure on reportable non-consultancy contracts, current reporting period (2020-21)**

	Number	Expenditure \$ (GST inc.)
New contracts entered into during the reporting period	6	78,010
Ongoing contracts entered into during a previous reporting period	2	42,020
Total	8	120,030

Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.

### 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 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

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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 *Resources Sector Regulation* study and the inquiry into *National Water Reform* are examples of work undertaken in 2020-21 that required integration of complex economic, social and environmental considerations.

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 2020-21, the Commission recorded energy usage of 3,307 MJ/person/annum (2019-20: 4,407 MJ/person/annum) against the Government’s energy target of 7,500 MJ/person/annum for tenant light and power usage in office buildings. The major reason behind the reduction in office occupant density is due to COVID-19 restrictions and improved TLP (Tenant Light and Power) performance. The Commission has offices in Melbourne and Canberra in buildings that have 5.0 star and 4.5 stars NABERS Energy ratings respectively.

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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). Australia's Disability Strategy 2021-2031, which is the successor to the National Disability Strategy 2010-2020, is due to be released in the second half of 2021.

## 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 2020-21, expenditure on advertising related to commissioned inquiries and studies was \$7,385.



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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 2021:

- (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 2021 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 2021 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; and
- Notes to and forming part of the financial statements, comprising a summary of significant accounting policies and other explanatory information.

#### 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.

GPO Box 707, Canberra ACT 2601  
38 Sydney Avenue, Forrest ACT 2603  
Phone (02) 6203 7300

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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  
27 August 2021

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## Statement by the Chair and Chief Finance Officer



Locked Bag 2  
Collins Street East  
Melbourne VIC 8003  
Telephone 03 9653 2100  
Facsimile 03 9653 2199  
[www.pc.gov.au](http://www.pc.gov.au)

*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 2021 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

27 August 2021

Handwritten signature of Jane Holmes in blue ink.

Jane Holmes  
Chief Finance Officer (A/g)

27 August 2021

## Statement of Comprehensive Income

for the period ended 30 June 2021

		2021	2020	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>NET COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits	1A	24,451	27,659	28,350
Suppliers	2A	4,250	4,418	3,849
Depreciation and amortisation	4A	4,267	3,637	4,181
Finance costs	2F	212	197	352
Losses from asset sales		<u>138</u>	-	-
<b>Total expenses</b>		<b><u>33,318</u></b>	<b><u>35,911</u></b>	<b><u>36,732</u></b>
<b>Own-Source Income</b>				
<b>Own-Source Revenue</b>				
Revenue from contracts with customers	5B	348	521	310
Resources received free of charge		<u>50</u>	<u>50</u>	<u>50</u>
<b>Total own-source income</b>		<b><u>398</u></b>	<b><u>571</u></b>	<b><u>360</u></b>
<b>Net cost of services</b>		<b><u>32,920</u></b>	<b><u>35,340</u></b>	<b><u>36,372</u></b>
Revenue from Government		<b><u>33,297</u></b>	<b><u>33,517</u></b>	<b><u>33,297</u></b>
<b>Surplus / (Deficit)</b>		<b><u>377</u></b>	<b><u>(1,823)</u></b>	<b><u>(3,075)</u></b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<b>Items not subject to subsequent reclassification to net cost of services</b>				
Changes in asset revaluation reserve	4A	<u>234</u>	-	-
<b>Total other comprehensive income</b>		<b><u>234</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Total comprehensive income / (loss)</b>		<b><u>611</u></b>	<b><u>(1,823)</u></b>	<b><u>(3,075)</u></b>

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

### Budget Variances Commentary

The main budget variance is in expenses, which were lower than the original budget mainly due to lower than forecast employee related expenses and supplier costs. Employee benefits were lower primarily due to delays in filling positions, higher than expected outward secondments on cost recovery basis and lower than forecast leave expenses (see Note 1 regarding accounting policy applied to leave). Supplier costs were lower mainly due to variations in inquiry and other project activity. The nature, scope and timing of public inquiries and other work commissioned by Government are not always known when the original budget estimates are prepared, and those factors have had a bearing on cost outcomes. Revenue from contracts with customers is higher due to the unexpected extension of a previous arrangement.

# Statement of Financial Position

as at 30 June 2021

		2021	2020	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Financial assets</b>				
Cash and cash equivalents		453	288	288
Appropriation receivables	3B	32,977	34,215	30,384
Trade and other receivables	5A	110	165	165
<b>Total financial assets</b>		<b>33,540</b>	<b>34,668</b>	<b>30,837</b>
<b>Non-financial Assets</b>				
Buildings <sup>1</sup>	4A	21,366	11,372	20,744
Plant and equipment	4A	1,177	709	1,284
Computer software	4A	70	146	146
Other non-financial assets		467	294	294
<b>Total non-financial assets</b>		<b>23,080</b>	<b>12,521</b>	<b>22,468</b>
<b>Total assets</b>		<b>56,620</b>	<b>47,189</b>	<b>53,305</b>
<b>LIABILITIES</b>				
<b>Payables</b>				
Suppliers	2B	328	270	270
Other payables	2C	460	387	387
<b>Total payables</b>		<b>788</b>	<b>657</b>	<b>657</b>
<b>Interest bearing liabilities</b>				
Leases	2D	17,663	9,499	16,746
<b>Total interest bearing liabilities</b>		<b>17,663</b>	<b>9,499</b>	<b>16,746</b>
<b>Provisions</b>				
Employee provisions	1B	10,320	11,519	11,739
Other provisions	2E	-	603	-
<b>Total provisions</b>		<b>10,320</b>	<b>12,122</b>	<b>11,739</b>
<b>Total liabilities</b>		<b>28,771</b>	<b>22,278</b>	<b>29,142</b>
<b>Net Assets</b>		<b>27,849</b>	<b>24,911</b>	<b>24,163</b>
<b>EQUITY</b>				
Contributed equity		11,311	8,984	11,311
Reserves		1,827	1,593	1,593
Retained surplus		14,711	14,334	11,259
<b>Total equity</b>		<b>27,849</b>	<b>24,911</b>	<b>24,163</b>

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

1. Right-of-use assets are included in Buildings line item

## Budget Variances Commentary

The main budget variance in respect of the financial position is a higher level of appropriation receivables (Revenue from Government) as a consequence of lower expenses

in 2020-21 (refer to the commentary under the Statement of Comprehensive Income) and a higher than forecast opening balance.

## Statement of Changes in Equity

for the period ended 30 June 2021

		2021	2020	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>CONTRIBUTED EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		<b>8,984</b>	8,456	8,984
<b>Transactions with owners</b>				
<b>Distribution to Owners</b>				
Departmental equity returns	3A	-	(296)	-
<b>Contributions by Owners</b>				
Departmental capital budget	3A	<b>2,327</b>	824	2,327
<b>Total transactions with owners</b>		<b>2,327</b>	528	2,327
<b>Closing balance as at 30 June</b>		<b>11,311</b>	8,984	11,311
<b>RETAINED EARNINGS</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		<b>14,334</b>	14,940	14,334
Adjustment on initial application of AASB 16		-	1,217	-
<b>Adjusted opening balance</b>		<b>14,334</b>	16,157	14,334
<b>Comprehensive Income</b>				
Surplus / (Deficit) for the period		<b>377</b>	(1,823)	(3,075)
<b>Total comprehensive income</b>		<b>377</b>	(1,823)	(3,075)
<b>Closing balance as at 30 June</b>		<b>14,711</b>	14,334	11,259
<b>ASSET REVALUATION RESERVE</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		<b>1,593</b>	1,593	1,593
<b>Comprehensive Income</b>				
Other comprehensive income		<b>234</b>	-	-
<b>Total comprehensive income</b>		<b>234</b>	-	-
<b>Closing balance as at 30 June</b>		<b>1,827</b>	1,593	1,593

		2021	2020	Original Budget
	Notes	\$'000	\$'000	\$'000
<b>TOTAL EQUITY</b>				
<b>Opening balance</b>				
Balance carried forward from previous period		24,911	24,989	24,911
Adjustment on initial application of AASB 16		-	1,217	-
<b>Adjusted opening balance</b>		<b>24,911</b>	26,206	24,911
<b>Comprehensive Income</b>				
Surplus / (Deficit) for the period		377	(1,823)	(3,075)
Other comprehensive income		234	-	-
<b>Total comprehensive income</b>		<b>611</b>	(1,823)	(3,075)
<b>Transactions with owners</b>				
<b><i>Distribution to Owners</i></b>				
Departmental equity returns		-	(296)	-
<b><i>Contributions by Owners</i></b>				
Departmental capital budget		2,327	824	2,327
<b>Total transactions with owners</b>		<b>2,327</b>	528	2,327
<b>Closing balance as at 30 June</b>		<b>27,849</b>	24,911	24,163

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

### **Budget Variances Commentary**

The variation against budget in respect of retained earnings mainly reflects the higher operating surpluses in the current and prior year (refer to the commentary under the Statement of Comprehensive Income), together with asset revaluation. The variance in the opening and closing balances for Contributed Equity reflect the reclassification of \$1.5 million from Annual Operating Appropriation to Departmental Capital Budget.

# Cash Flow Statement

for the period ended 30 June 2021

	2021	2020	Original Budget
	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>			
<b>Cash received</b>			
Appropriations	35,478	34,781	35,478
Sale of goods and rendering of services	386	556	310
GST received	1,200	692	-
Other	300	-	-
<b>Total cash received</b>	<b><u>37,364</u></b>	<b><u>36,029</u></b>	<b><u>35,788</u></b>
<b>Cash used</b>			
Employees	25,571	27,314	28,130
Suppliers	4,927	4,248	4,413
Interest payments on lease liabilities	201	186	341
GST paid	1,189	711	-
Section 74 receipts transferred to OPA	2,593	1,459	-
<b>Total cash used</b>	<b><u>34,481</u></b>	<b><u>33,918</u></b>	<b><u>32,884</u></b>
<b>Net cash from operating activities</b>	<b><u>2,883</u></b>	<b><u>2,111</u></b>	<b><u>2,904</u></b>
<b>INVESTING ACTIVITIES</b>			
<b>Cash used</b>			
Purchase of property, plant and equipment	4,058	212	4,275
<b>Total cash used</b>	<b><u>4,058</u></b>	<b><u>212</u></b>	<b><u>4,275</u></b>
<b>Net cash used by investing activities</b>	<b><u>(4,058)</u></b>	<b><u>(212)</u></b>	<b><u>(4,275)</u></b>
<b>FINANCING ACTIVITIES</b>			
<b>Cash received</b>			
Contributed equity	3,977	212	3,977
<b>Total cash received</b>	<b><u>3,977</u></b>	<b><u>212</u></b>	<b><u>3,977</u></b>
<b>Cash used</b>			
Principal payments of lease liabilities	2,637	2,259	2,606
<b>Total cash used</b>	<b><u>2,637</u></b>	<b><u>2,259</u></b>	<b><u>2,606</u></b>
<b>Net cash (used by) / from financing activities</b>	<b><u>1,340</u></b>	<b><u>(2,047)</u></b>	<b><u>1,371</u></b>
<b>Net increase / (decrease) in cash held</b>	<b>165</b>	<b>(148)</b>	<b>-</b>
Cash and cash equivalents at the beginning of the reporting period	288	436	288
<b>Cash and cash equivalents at the end of the reporting period</b>	<b><u>453</u></b>	<b><u>288</u></b>	<b><u>288</u></b>

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



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## **Budget Variances Commentary**

The variation in total cash received and used reflects lower employee related expenses (refer to the commentary under the Statement of Comprehensive Income), variation to the asset replacement program, makegood payout and higher rendering of services revenue due to the unexpected extension of a previous arrangement.

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 2021:

- Financial savings because of reduced travel amounted to \$0.17 million
- Financial savings due to postponed or cancelled face to face contact activities including staff development amounted to \$0.13 million.

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## 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.

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## 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 <sup>1</sup> , and adjustment to financial statements
AASB 1059 Service Concession Arrangements: Grantors	<p>AASB 1059 became effective from 1 July 2020.</p> <p>The new standard addresses the accounting for a service concession arrangement by a grantor that is a public sector entity by prescribing the accounting for the arrangement from a grantor's perspective.</p> <p>Prior to the issuance of AASB 1059, there was no definitive accounting guidance in Australia for service concession arrangements, which include a number of public private partnerships (PPP) arrangements. The AASB issued the new standard to address the lack of specific accounting guidance and based the content thereof broadly on its international equivalent: International Public Sector Accounting Standard 32: Service Concession Arrangements: Grantor .</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>

### *Application of AASB 1059 Service Concession Arrangements: Grantors*

The Commission adopted AASB 1059 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.

The Commission has reviewed all arrangements (including leasing arrangements) that are controlled by the Commission to assess whether AASB 1059 applies. Based on the Commission's assessment, it is expected that the first-time adoption of AASB 1059 will not have a material impact on the transactions and balances recognised in the financial statements for the year ending 30 June 2021.

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 Productivity Commission's (Commission's) financial statements.

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## **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.

## **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 Current/ Non-Current Distinction for Assets and Liabilities

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## Note 1: Employee Related

### Note 1A: Employee Benefits

	2021	2020
	\$'000	\$'000
Wages and salaries	19,496	20,955
Superannuation:		
Defined contribution plans	1,641	1,688
Defined benefit plans	1,793	1,843
Leave and other entitlements	1,521	3,173
<b>Total employee benefits</b>	<b><u>24,451</u></b>	<b><u>27,659</u></b>

### Note 1B: Employee Provisions

	2021	2020
	\$'000	\$'000
Leave	<u>10,320</u>	<u>11,519</u>
<b>Total employee provisions</b>	<b><u>10,320</u></b>	<b><u>11,519</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:

	<b>2021</b>	2020
	<b>\$'000</b>	\$'000
Short-term employee benefits	<b>1,670</b>	1,619
Post-employment benefits	<b>190</b>	180
Other long-term employee benefits	<b><u>42</u></b>	<u>41</u>
<b>Total key management personnel remuneration expenses</b>	<b><u>1,902</u></b>	<u>1,840</u>

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The total number of key management personnel that are included in the above table are 5 (2020: 6).

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.

## 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 including 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)

	2021	2020
	\$'000	\$'000
<b><i>Goods and services supplied or rendered</i></b>		
Consultants	61	165
Contractors	110	354
Travel	77	784
IT services	1,213	1,021
Other administration expenses	<u>2,326</u>	<u>2,058</u>
<b><i>Total goods and services supplied or rendered</i></b>	<b><u>3,787</u></b>	<b><u>4,382</u></b>
Goods supplied	226	133
Services rendered	<u>3,561</u>	<u>4,249</u>
<b><i>Total goods and services supplied or rendered</i></b>	<b><u>3,787</u></b>	<b><u>4,382</u></b>
<b><i>Other supplier expenses</i></b>		
Workers compensation expenses	35	36
Variable lease payments	<u>428</u>	-
<b><i>Total other supplier expenses</i></b>	<b><u>463</u></b>	<b><u>36</u></b>
<b><i>Total supplier expenses</i></b>	<b><u>4,250</u></b>	<b><u>4,418</u></b>

The above lease disclosure should be read in conjunction with the accompanying notes 2D, 2E, 2F and 4A.

## 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 2021.

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## Note 2B: Suppliers (Liability)

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade creditors and accruals	<u>328</u>	<u>270</u>
<b>Total suppliers payables</b>	<u><b>328</b></u>	<u><b>270</b></u>

Settlement was usually made within 20 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

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Wages and salaries	396	333
Superannuation	<u>64</u>	<u>54</u>
<b>Total other payables</b>	<u><b>460</b></u>	<u><b>387</b></u>

## Note 2D: Interest Bearing Liabilities - Leases

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liabilities	<u>17,663</u>	<u>9,499</u>
<b>Total interest bearing liabilities - leases</b>	<u><b>17,663</b></u>	<u><b>9,499</b></u>

Total cash outflow for leases for the year ended 30 June 2021 was \$2.8 million (2020: \$2.4 million).

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## Maturity analysis – contractual undiscounted cash flows

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Within 1 year	<b>2,073</b>	2,295
Between 1 to 5 years	<b>9,208</b>	4,909
More than 5 years	<b><u>7,032</u></b>	<u>2,835</u>
<b>Total leases</b>	<b><u>18,313</u></b>	<u>10,039</u>

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The above lease disclosures should be read in conjunction with the accompanying notes 2E, 2F and 4A.

### Accounting Policy

#### Leased 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 any lease less any lease incentives received.

Following initial adoption of AASB 16 lease ROU assets continue to be measured at cost after initial recognition in the financial statements.

#### Leases

For all new contracts entered, the Commission considers whether the contract is, or contains a lease. Once it has been determined that it is a lease, the lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease, or the department's incremental borrowing rate.

Following initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification of the lease. When the lease liability is remeasured, the corresponding adjustment is reflected in the right of use asset or profit and loss depending on the nature of the reassessment or modifications.

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## Note 2E: Other Provisions

	<i>Provision for restoration</i>
	<b>\$'000</b>
<b>Carrying amount 1 July 2020</b>	<b>603</b>
Unwinding of discount or change in discount rate	11
Amount used (make good payout)	<u><b>(614)</b></u>
<b>Closing balance 30 June 2021</b>	<u><b>-</b></u>

The Commission had 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. At the conclusion of the lease, the Commission made lump-sum payment of \$1.042 million to settle the make good obligation.

## Note 2F: Finance Costs

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Interest on lease liabilities	<b>201</b>	186
Unwinding of discount	<u><b>11</b></u>	<u>11</u>
<b>Total finance costs</b>	<u><b>212</b></u>	<u><b>197</b></u>

The above lease disclosures should be read in conjunction with the accompanying notes 2D, 2E and 4A.

## Accounting Policy

All borrowing costs are expensed as incurred.

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### Note 3: Funding from Government and Other Sources

Note 3A: Appropriations

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

#### *Annual Appropriations for 2021*

	Annual Appropriation <sup>1</sup>	Adjustment to appropriation <sup>2</sup>	Total appropriation	Appropriation applied in 2021 (current and prior years)	Variance <sup>4</sup>
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Departmental</b>					
Ordinary annual services	33,297	1,561	34,858	34,281	577
Capital Budget <sup>3</sup>	2,327	-	2,327	4,058	(1,731)
<b>Total departmental</b>	<b>35,624</b>	<b>1,561</b>	<b>37,185</b>	<b>38,339</b>	<b>(1,154)</b>

#### **Notes:**

1. Departmental appropriations do not lapse at financial year-end.
2. The adjustment to appropriation was PGPA Act Section 74 receipts.
3. 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.
4. The variance in appropriation applied to the capital budget reflects the major capital expenditure on the lease fitouts of the new office premises.

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

**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:**

1. Departmental appropriations do not lapse at financial year-end.
2. The adjustment to appropriation was PGPA Act Section 74 receipts.
3. 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.
4. 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-2: Appropriations – Unspent Departmental Annual Appropriations  
(‘Recoverable GST exclusive’)

	2021	2020
	\$'000	\$'000
<b>Authority</b>		
<i>Appropriation Act (No. 1) 2017-18 <sup>1</sup></i>	-	296
<i>Appropriation Act (No. 1) 2018-19</i>	-	826
<i>Appropriation Act (No. 1) 2019-20</i>	-	33,677
<i>Appropriation Act (No. 1) 2020-21</i>	<u>33,430</u>	-
<b>Total as at 30 June</b>	<u>33,430</u>	<u>34,799</u>

**Notes:**

1. 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

	2021	2020
	\$'000	\$'000
<b>Appropriations receivable</b>		
Appropriation receivable	<u>32,977</u>	34,215
<b>Total appropriations receivable</b>	<u>32,977</u>	<u>34,215</u>

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

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	<b>2021</b>	<i>2020</i>
	<b>\$'000</b>	<b>\$'000</b>
<b>Total comprehensive income / (loss) – as per the Statement of Comprehensive Income</b>	<b>611</b>	<i>(1,823)</i>
Plus: depreciation/amortisation of assets funded through appropriations (departmental capital budget funding and / or equity injections)	<b>1,229</b>	<i>1,127</i>
Plus: depreciation right-of-use assets	<b>3,038</b>	<i>2,510</i>
Less: lease principal repayments	<u><b>(2,637)</b></u>	<u><i>(2,259)</i></u>
<b>Net Cash Operating Surplus / (Deficit)</b>	<u><b>2,241</b></u>	<u><i>(445)</i></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 (2020-21)*

	<i>Buildings</i>	<i>Plant &amp; equipment</i>	<i>Computer software</i>	<i>Total</i>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>As at 1 July 2020</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 1 July 2020</b>	<b><u>11,372</u></b>	<b><u>709</u></b>	<b><u>146</u></b>	<b><u>12,227</u></b>
Additions:				
By purchase	13,580	977	-	14,557
Revaluations and impairments recognised in other comprehensive income	256	(22)	-	234
Depreciation / amortisation expense	(804)	(349)	(76)	(1,229)
Depreciation on right-of-use assets	(3,038)	-	-	(3,038)
Disposals	<u>-</u>	<u>(138)</u>	<u>-</u>	<u>(138)</u>
<b>Total as at 30 June 2021</b>	<b><u>21,366</u></b>	<b><u>1,177</u></b>	<b><u>70</u></b>	<b><u>22,613</u></b>
<b>Total as at 30 June 2021 represented by:</b>				
Gross book value	24,295	1,177	802	26,274
Accumulated depreciation/amortisation and impairment	<u>(2,929)</u>	<u>-</u>	<u>(732)</u>	<u>(3,661)</u>
<b>Total as at 30 June 2021</b>	<b><u>21,366</u></b>	<b><u>1,177</u></b>	<b><u>70</u></b>	<b><u>22,613</u></b>
<b>Carrying amount of right-of-use assets</b>	<b>16,911</b>	<b>-</b>	<b>-</b>	<b>16,911</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 fair value measurement of similar buildings as determined by an independent valuer as at 30 June 2021.

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 as at 30 June 2021

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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.

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

Leased ROU assets are capitalised at the commencement date of the lease and comprise of 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.

Following initial application of AASB16, 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 2021. The revaluation increment for leasehold improvements and decrement for plant and equipment were credited and debited respectively to the asset revaluation reserve by asset class and included in the equity section of the statement of financial position.

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.

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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>2021</i>	<i>2020</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 2021. 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.

### Intangibles

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

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## Note 4B: Fair Value Measurement

	Fair value measurements at the end of reporting period	
	2021	2020
	\$'000	\$'000
<b>Non-financial assets</b>		
Buildings	21,366	11,372
Other property, plant and equipment	<u>1,177</u>	<u>709</u>
<b>Total fair value measurements of assets in the statement of financial position</b>	<u><b>22,543</b></u>	<u><b>12,081</b></u>

The above disclosure should be read in conjunction with the accompanying note 4A.

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

### Note 5A: Trade and Other Receivables

	2021	2020
	\$'000	\$'000
<b>Goods and services receivables</b>		
Goods and services	<u>35</u>	<u>72</u>
<b>Total goods and services receivables</b>	<u><b>35</b></u>	<u><b>72</b></u>
<b>Other receivables:</b>		
GST receivable from the Australian Taxation Office	72	83
Other	<u>3</u>	<u>10</u>
<b>Total other receivables</b>	<u><b>75</b></u>	<u><b>93</b></u>
<b>Total trade and other receivables (gross and net)</b>	<u><b>110</b></u>	<u><b>165</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 (2020: 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

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	<i>2021</i>	<i>2020</i>
	<b>\$'000</b>	<b>\$'000</b>
Rendering of services – outsourced service delivery	<u>348</u>	<u>521</u>
<b>Total revenue from contracts with customers</b>	<u><u>348</u></u>	<u><u>521</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**

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.

**Note 6: Other Information**

Note 6A: Contingent Assets and Liabilities

At 30 June 2021, the Commission had no quantifiable contingent assets or liabilities. (2020: 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

	2021	2020
	\$'000	\$'000
<b>Financial Assets</b>		
<b><i>Financial assets at amortised cost</i></b>		
Cash and cash equivalents	453	288
Trade receivables	<u>35</u>	<u>72</u>
<b>Total financial assets</b>	<u><u>488</u></u>	<u><u>360</u></u>
<b>Financial Liabilities</b>		
<b><i>Financial liabilities measured at amortised cost</i></b>		
Payables – suppliers	<u>328</u>	<u>270</u>
<b>Total financial liabilities</b>	<u><u>328</u></u>	<u><u>270</u></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.

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Amortised cost is determined using the effective interest method.

### 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 2021. (2020: 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 2021. (2020: nil)

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Note 6C: Current/non-current distinction for assets and liabilities

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	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets expected to be recovered in:</b>		
<b><i>No more than 12 months</i></b>		
Cash and cash equivalents	453	288
Appropriation receivables	32,977	34,215
Trade and other receivables	110	165
Prepayments	<u>467</u>	<u>294</u>
<b>Total no more than 12 months</b>	<b><u>34,007</u></b>	<b><u>34,962</u></b>
<b><i>No more than 12 months</i></b>		
Buildings	21,366	11,372
Plant and equipment	1,177	709
Computer software	<u>70</u>	<u>146</u>
<b>Total no more than 12 months</b>	<b><u>22,613</u></b>	<b><u>12,227</u></b>
<b>Total assets</b>	<b><u>56,620</u></b>	<b><u>47,189</u></b>
<b>Liabilities expected to be settled in:</b>		
<b><i>No more than 12 months</i></b>		
Suppliers	328	270
Other payables	460	387
Employee provisions	2,054	2,098
Leases	1,897	2,150
Other provisions	<u>-</u>	<u>603</u>
<b>Total no more than 12 months</b>	<b><u>4,739</u></b>	<b><u>5,508</u></b>
<b><i>More than 12 months</i></b>		
Employee provisions	8,266	9,421
Leases	<u>15,766</u>	<u>7,349</u>
<b>Total more than 12 months</b>	<b><u>24,032</u></b>	<b><u>16,770</u></b>
<b>Total liabilities</b>	<b><u>28,771</u></b>	<b><u>22,278</u></b>

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# Appendix

## Executive remuneration

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**Table 10 Key management personnel, 2020-21**

<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
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	Full year

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**Table 11 Key management personnel remuneration (as reported in the Notes to the Financial Statements)**

<i>Benefit type</i>	<i>\$'000</i>
Short-term employee benefits	1,670
Post-employment benefits	190
Other long-term employee benefits	42
Total key management personnel remuneration expenses	1,902

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**Table 12 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	Superannuation contributions	Long service leave	Other long-term benefits		
Michael Brennan	Chair	\$581,732	-	-	\$21,859	\$14,699	-	-	\$618,290
Nina Davidson	Head of Office	\$362,111	-	-	\$66,989	\$8,839	-	-	\$437,939
Mary Cavar	Executive Manager	\$299,423	-	-	\$21,859	\$7,278	-	-	\$328,560
Ralph Lattimore	Executive Manager	\$259,886	-	-	\$49,720	\$6,777	-	-	\$316,383
Jane Holmes	Acting Assistant Commissioner, Corporate (CFO)	\$167,256	-	-	\$29,448	\$4,500	-	-	\$201,204

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

**Table 13 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	8	\$100,098	-	-	\$17,465	\$2,732	-	-	\$120,295
\$220,001 - \$245,000	2	\$199,167	-	-	\$25,309	\$5,072	-	-	\$229,548
\$245,001 - \$270,000	5	\$210,380	-	-	\$29,685	\$5,171	-	-	\$245,236
\$270,001 - \$295,000	2	\$229,241	-	-	\$44,486	\$5,684	-	-	\$279,411
\$295,001 - \$320,000	2	\$248,419	-	-	\$45,404	\$6,012	-	-	\$299,835
\$320,001 - \$345,000	1	\$286,213	-	-	\$42,934	\$6,887	-	-	\$336,034
\$395,001 - \$420,000	5	\$360,121	-	-	\$41,187	\$8,760	-	-	\$410,068
\$420,001 - \$445,000	1	\$360,406	-	-	\$53,466	\$8,609	-	-	\$422,481

**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).

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## Accountable authority

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Table 14      **Details of accountable authority during 2020-21**

<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 15      **Entity resource statement 2020-21**

	<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>	71,769	38,339	33,430
Total departmental annual appropriations			
Total departmental resourcing	71,769	38,339	33,430
<b>Total resourcing and payments for entity</b>	<b>71,769</b>	<b>38,339</b>	<b>33,430</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

**Table 16 All ongoing employees current reporting period (2020-21)**

	<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	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	33	3	36	37	12	49	-	-	-	85
WA	-	-	-	-	-	-	-	-	-	-
ACT	24	1	25	22	11	33	-	-	-	58
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>57</b>	<b>4</b>	<b>61</b>	<b>59</b>	<b>23</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>143</b>

As at 30 June 2021

**Table 17 All non-ongoing employees current reporting period (2020-21)**

	<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	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	4	1	5	3	4	7	-	-	-	12
WA	-	-	-	-	-	-	-	-	-	-
ACT	0	0	0	1	1	2	-	-	-	2
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>

As at 30 June 2021

**Table 18 All ongoing employees previous reporting period (2019-20)**

	<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	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	39	3	42	39	14	53	-	-	-	95
WA	-	-	-	-	-	-	-	-	-	-
ACT	26	0	26	21	8	29	-	-	-	55
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>65</b>	<b>3</b>	<b>68</b>	<b>60</b>	<b>22</b>	<b>82</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>150</b>

As at 30 June 2020

**Table 19 All non-ongoing employees previous reporting period (2019-20)**

	<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	-	-	-	-	-	-	-	-	-	-
Qld	-	-	-	-	-	-	-	-	-	-
SA	-	-	-	-	-	-	-	-	-	-
Tas	-	-	-	-	-	-	-	-	-	-
Vic	3	3	6	4	3	7	0	0	0	13
WA	-	-	-	-	-	-	-	-	-	-
ACT	0	0	0	1	0	1	0	0	0	1
NT	-	-	-	-	-	-	-	-	-	-
External Territories	-	-	-	-	-	-	-	-	-	-
Overseas	-	-	-	-	-	-	-	-	-	-
<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 20 Australian Public Service Act ongoing employees, current reporting period (2020-21)**

	<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	-	-	-	1	-	1	-	-	-	1
SES 2	1	-	1	1	-	1	-	-	-	2
SES 1	4	-	4	7	2	9	-	-	-	13
EL 2	18	-	18	10	6	16	-	-	-	34
EL 1	15	2	17	15	4	19	-	-	-	36
APS 6	5	2	7	11	3	14	-	-	-	21
APS 5	10	0	10	9	3	12	-	-	-	22
APS 4	4	-	4	5	4	9	-	-	-	13
APS 3	-	-	-	-	1	1	-	-	-	1
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>57</b>	<b>4</b>	<b>61</b>	<b>59</b>	<b>23</b>	<b>82</b>	-	-	-	<b>143</b>

As at 30 June 2021

**Table 21 Australian Public Service Act non-ongoing employees current reporting period (2020-21)**

	<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	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	-	-	-	-	-	-	-	-	-	-
EL 1	-	-	-	2	1	3	-	-	-	3
APS 6	2	1	3	1	1	2	-	-	-	5
APS 5	2	-	2	1	2	3	-	-	-	5
APS 4	-	-	-	-	1	1	-	-	-	1
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>4</b>	<b>1</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>9</b>	-	-	-	<b>14</b>

As at 30 June 2021

**Table 22 Australian Public Service Act ongoing employees previous reporting period (2019-20)**

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

As at 30 June 2020

**Table 23 Australian Public Service Act non-ongoing employees previous reporting period (2019-20)**

	Male			Female			Indeterminate			Total
	Full-time	Part-time	Total	Full-time	Part-time	Total	Full-time	Part-time	Total	
SES 3	-	-	-	-	-	-	-	-	-	-
SES 2	-	-	-	-	-	-	-	-	-	-
SES 1	-	-	-	-	-	-	-	-	-	-
EL 2	1	-	1	-	-	-	-	-	-	1
EL 1	-	1	1	3	1	4	-	-	-	5
APS 6	1	1	2	-	-	-	-	-	-	2
APS 5	1	1	2	1	1	2	-	-	-	4
APS 4	-	-	-	1	1	2	-	-	-	2
APS 3	-	-	-	-	-	-	-	-	-	-
APS 2	-	-	-	-	-	-	-	-	-	-
APS 1	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>3</b>	<b>3</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14</b>

As at 30 June 2020



**Table 24 Australian Public Service Act employees by full-time and part-time status current reporting period (2020-21)**

	<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	11	2	13	0	0	0	13
EL 2	28	6	34	0	0	0	34
EL 1	30	6	36	2	1	3	39
APS 6	16	5	21	3	2	5	26
APS 5	19	3	22	3	2	5	27
APS 4	9	4	13	0	1	1	14
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>	116	27	143	8	6	14	157

As at 30 June 2021.

**Table 25 Australian Public Service Act employees by full-time and part-time status previous reporting period (2019-20)**

	<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	1	0	1	0	0	0	1
Other	2	0	2	0	0	0	2
<b>TOTAL</b>	9	3	12	0	0	0	12

As at 30 June 2020.

**Table 26 Australian Public Service Act employment type by location current reporting period (2020-21)**

	<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	85	12	97
WA	0	0	0
ACT	58	2	60
NT	0	0	0
External Territories	0	0	0
Overseas	0	0	0
<b>TOTAL</b>	<b>143</b>	<b>14</b>	<b>157</b>

As at 30 June 2021.

**Table 27 Australian Public Service Act employment type by location previous reporting period (2019-20)**

	<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.

**Table 28 Australian Public Service Act Indigenous employment**

	<i>Current reporting period (2020-21)</i>	<i>Previous reporting period (2019-20)</i>
Ongoing	1	1
Non-Ongoing	0	0
<b>TOTAL</b>	<b>1</b>	<b>1</b>

As at 30 June 2021 and 2020, respectively.

**Table 29 Australian Public Service Act employment arrangements current reporting period (2020-21)**

	<i>SES</i>	<i>Non-SES</i>	<i>Total</i>
S.24 Determination	13	-	13
Individual Flexibility Arrangements (IFA)	-	4	4
Enterprise Agreement (EA)	3	137	140
<b>TOTAL</b>	<b>16</b>	<b>141</b>	<b>157</b>

As at 30 June 2021.

**Table 30 Australian Public Service Act employment salary ranges by classification level (minimum/maximum) current reporting period (2020-21)**

	<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	\$123,316	\$163,050
EL 1	\$101,704	\$128,795
APS 6	\$80,298	\$97,967
APS 5	\$73,695	\$85,637
APS 4	\$65,769	\$80,292
APS 3	\$58,068	\$71,250
APS 2	\$50,971	\$58,918
APS 1	\$44,583	\$49,635
Other		
<b>Minimum/Maximum range</b>	<b>\$44,583</b>	<b>\$353,553</b>

As at 30 June 2021.

**Note:** 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: APS6 \$104,737; and EL 2 \$174,696. Under the Commission's Enterprise Agreement, progression to a maximum of \$163,050 is available at the EL 2 level in limited circumstances (not through incremental advancement).

**Table 31 Australian Public Service Act employment performance pay by classification level current reporting period (2020-21)**

	<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)

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### Table 32 Aids to access details, current reporting period (2019-20)

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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>

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## 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. 97	Alphabetical index.	Mandatory
17AJ(c)	p. 101	Glossary of abbreviations and acronyms.	Mandatory
17AJ(d)	p. 88-94	List of requirements.	Mandatory
17AJ(e)	p. 87	Details of contact officer.	Mandatory
17AJ(f)	p. 87	Entiy's website address.	Mandatory
17AJ(g)	p. 87	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. 77	Name of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(ii)	p. 77	Position of the accountable authority or each member of the accountable authority.	Mandatory
17AE(1)(aa)(iii)	p. 77	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	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. 34	A discussion and analysis of the entity's financial performance.	Mandatory
17AF(1)(b)	p. 77	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. 25-28.	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. 27	The name of each member of the entity's audit committee.	Mandatory
17AG(2A)(c)	p. 27	The qualifications, knowledge, skills or experience of each member of the entity's audit committee.	Mandatory
17AG(2A)(d)	p. 27	Information about the attendance of each member of the entity's audit committee at committee meetings.	Mandatory
17AG(2A)(e)	p. 27	The remuneration of each member of the entity's audit committee.	Mandatory
<i>External Scrutiny</i>			
17AG(3)	p. 28	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. 28-29	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. 29-34	An assessment of the entity's effectiveness in managing and developing employees to achieve entity objectives.	Mandatory
17AG(4)(aa)	p. 78-79	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. 80-83	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. 84	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. 84	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. 84	The salary ranges available for APS employees by classification level.	Mandatory
17AG(4)(c)(iii)	p. 30-34	A description of non-salary benefits provided to employees.	Mandatory
17AG(4)(d)(i)	p. 85	Information on the number of employees at each classification level who received performance pay.	If applicable, Mandatory
17AG(4)(d)(ii)	p. 85	Information on aggregate amounts of performance pay at each classification level.	If applicable, Mandatory
17AG(4)(d)(iii)	p. 85	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. 85	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

<i>Reportable consultancy contracts</i>			
17AG(7)(a)	p. 35-36	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. 35	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. 35	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
<i>Reportable non-consultancy contracts</i>			
17AG(7A)(a)	p. 36	A summary statement detailing the number of new reportable non-consultancy contracts entered into during the period; the total actual expenditure on such contracts (inclusive of GST); the number of ongoing reportable non-consultancy contracts that were entered into during a previous reporting period; and the total actual expenditure in the reporting period on those ongoing contracts (inclusive of GST).	Mandatory
17AG(7A)(b)	p. 36	A statement that <i>“Annual reports contain information about actual expenditure on reportable non-consultancy contracts. Information on the value of reportable non-consultancy contracts is available on the AusTender website.”</i>	
<i>Additional information about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts</i>			

17AGA	p. 36	Additional information, in accordance with section 17AGA, about organisations receiving amounts under reportable consultancy contracts or reportable non-consultancy contracts.	Mandatory
<i>Australian National Audit Office Access Clauses</i>			
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
<i>Exempt contracts</i>			
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
<i>Small business</i>			
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	Inclusion of the annual financial statements in accordance with subsection 43(4) of the Act.	Mandatory
<i>Executive Remuneration</i>			
17AD(da)	p. 73	Information about executive remuneration in accordance with Subdivision C of Division 3A of Part 2-3 of the Rule.	Mandatory

17AD(f)		Other Mandatory Information		
17AH(1)(a)(i)	N/A	If the entity conducted advertising campaigns, a statement that <i>“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.”</i>	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 <i>“Information on grants awarded by [name of entity] during [reporting period] is available at [address of entity’s website].”</i>	If applicable, Mandatory	
17AH(1)(c)	p. 38	Outline of mechanisms of disability reporting, including reference to website for further information.	Mandatory	
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	Information required by other legislation.	Mandatory	

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## Abbreviations

<i>Acronym</i>	<i>Meaning</i>
AASB	Australian Accounting Standards Board
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
CFFR	Council on Federal Financial Relations
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