
2 Review of Commission activities and performance

Some highlights from 2005-06

- reports on Australia's health workforce; the private cost effectiveness of energy efficiency; conservation of historic heritage; Australia's consumer product safety system; the role for market mechanisms in improving rural water use and environmental outcomes; and the economic impacts of migration
- the Commission's 2005 reports on national competition policy and on the economic implications of an ageing population assisted in shaping COAG's National Reform Agenda
- governments accepted many of the Commission's findings and recommendations on Australia's health workforce and the private cost effectiveness of improving energy efficiency and the Ministerial Council on Energy endorsed key recommendations in the Commission's 2004 report on the gas access regime
- the report of the Taskforce on Reducing Regulatory Burdens on Business, which was headed by the Commission's Chairman, with a number of staff seconded to its secretariat

Areas of focus for 2006-07

- completion of current inquiries and government-commissioned research spanning waste management; road and rail freight infrastructure pricing; science and innovation; price regulation of airport services; Australia's standards and laboratory accreditation bodies; Tasmanian freight subsidies; and cross-jurisdictional frameworks for benchmarking, measuring and reporting on the regulatory burden on business
- references foreshadowed by the Government including Australia's consumer policy framework; chemicals and plastics regulation; local government revenue streams; and the first of the annual reviews of regulatory burdens
- establish the Office of Best Practice Regulation within the Commission as a 'one-stop shop' for departments and regulatory agencies in meeting the Australian Government's stricter requirements for regulation making
- assist the Steering Committee for the Review of Government Service Provision in progressing the 2007 report on Overcoming Indigenous Disadvantage
- assist COAG Senior Officials to assess the potential economic and revenue impacts of the new National Reform Agenda
- organise a conference on the implications for public policy of behavioural economics

Overview

The Productivity Commission is the Australian Government's principal review and advisory body on microeconomic policy and regulation. Consistent with the objective of raising national productivity and living standards, its remit covers all sectors of the economy. The Commission's work extends to the private and public sectors, including areas of State, Territory and local government, as well as federal responsibility. Details of its role, functions and policy guidelines were outlined in the Productivity Commission's first annual report (PC 1998).

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

The Government's outcome objective for the Productivity Commission is:

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

The Commission, in pursuing this objective, has five broad categories of outputs:

- government-commissioned projects;
- performance reporting and other services to government bodies;
- regulation review activities;
- competitive neutrality complaints activities; and
- supporting research and activities and statutory annual reporting.

The breadth and volume of the Commission's work are indicated by the reports it published in 2005-06 (box). A variety of social and environmental issues, each with significant economic dimensions, is evident in completed projects on Australia's health workforce, Indigenous disadvantage, heritage, Australia's consumer product safety system, rural water use, the economic impacts of migration and waste management. Similarly, ongoing projects include those on road and rail freight infrastructure pricing and on science and innovation.

Box 2.1 Commission publications in 2005-06

Public inquiries (draft reports)

Conservation of Australia's historic heritage places Waste management

Public inquiries (final reports)

Private cost effectiveness of improving energy efficiency Conservation of Australia's historic heritage places

Government-commissioned research studies (draft reports)

Australia's consumer product safety system Australia's health workforce
Economic impacts of migration and population growth Rural water use and the environment

Government-commissioned research studies (final reports)

Impacts of advances in medical technology in Australia Australia's health workforce
Australia's consumer product safety system Economic impacts of migration and population growth

Supplements to government-commissioned studies

Impacts of advances in medical technology in Australia: technical papers

Performance reporting

Review of patient satisfaction and experience surveys conducted for public hospitals in Australia (consultant's report) Report on government services 2006: education, health, justice, emergency, management, community services and housing
Feedback on the report on government services 2004 Overcoming indigenous disadvantage: key indicators 2005
Report on government services 2006: indigenous compendium Overcoming indigenous disadvantage: key indicators 2005 overview
Financial performance of government trading enterprises 1999-00 to 2003-04

Annual report suite of publications

Annual report 2004-05 Regulation and its review 2004-05
Trade & assistance review 2004-05

Commission research papers

The role of non-traditional work in the Australian labour market

Conference/workshop proceedings

Quantitative tools for microeconomic policy analysis Productive reform in a federal system
Productivity perspectives 2006

(continued next page)

Box 2.1 (continued)

Chairman's published speech

Structural reform Australian-style: lessons for others?

Staff working papers

The Armington Model

Armington elasticities and terms of trade effects in global CGE models

Stranded irrigation assets

Irrigation externalities: pricing and charges

Econometric modelling of R&D and Australia's productivity

Consultants' reports

Quantitative modelling at the Productivity Commission

Measuring the contributions of productivity and terms of trade to Australia's economic welfare

2005 Richard Snape Lecture

Will Asian mercantilism meet its Waterloo? (Martin Wolf)

A continuing feature of the Commission's work program is its involvement with Australia's jurisdictions in specific projects and standing research responsibilities. For example, the health workforce study was undertaken following a request by the Council of Australian Governments (COAG); the Commission's review of Australia's consumer product safety system and reform options was to inform the Ministerial Council on Consumer Affairs' own review; the study on rural water use was undertaken to assist jurisdictions meet their commitments under the National Water Initiative; and COAG asked that the Commission develop proposals for the efficient pricing of road and rail freight infrastructure. The Commission's standing research obligations encompass cross-jurisdictional reporting on the performance of government services, indicators of Indigenous disadvantage and the performance of government trading enterprises. And, under its supporting research activities in 2005-06, the Commission published proceedings of the roundtable it had convened on productive reform in a federal system.

Current and prospective projects continue the trend. The Commission is devoting considerable resources to investigating the potential economic and revenue impacts of the new National Reform Agenda so as to help governments better understand the scale and distribution of anticipated impacts. In August 2006 the Commission was asked to assess the feasibility of developing cross-jurisdictional performance indicators and reporting frameworks to assist COAG implement its in-principle decision to adopt a common framework for benchmarking, measuring and reporting on the regulatory burden on business. In addition, the Australian Government has publicly foreshadowed that the Commission will be asked to report on Australia's

consumer policy framework (for consideration by the Ministerial Council on Consumer Affairs); on chemicals and plastics regulation (for consideration by a COAG ministerial taskforce); and on local government revenue streams.

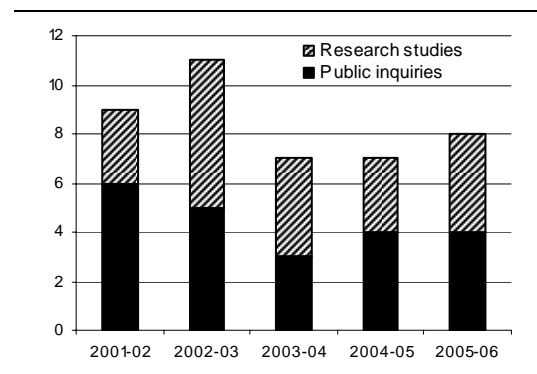
Year in review

The Productivity Commission's objective of better informing public policy development and community understanding of key issues influencing Australia's productivity and living standards is pursued through five major outputs. The principal developments in these activities during 2005-06 were as follows.

Public inquiries and other commissioned studies

The Commission had six public inquiries and seven government-commissioned research studies underway at some time during 2005-06. In addition to completing five references from the previous year, it received eight new projects, continuing the broad span of policy issues and the mix between inquiries and research studies evident in recent years (figure 2.1).

Figure 2.1 References received number



The Commission completed two inquiries commenced in the previous financial year: one concerning the economic and environmental potential offered by energy efficiency improvements which are cost effective for individual producers and consumers; and the other on the policy and regulatory framework and incentives for the conservation of Australia's historic heritage places.

Four new inquiries were commenced in 2005-06.

- The inquiry on waste management and resource efficiency sought the Commission's advice on strategies to address market failures associated with the generation and disposal of waste such that economic, environmental and social outcomes for the community are enhanced.
- At COAG's request, the Commission is examining options and timeframes for introducing economically efficient road and rail freight infrastructure pricing, non-price barriers to competition and the efficient operation of road and rail transport, and distributional impacts of any changes it proposes, especially for regional and remote communities.

-
- In March 2006 the Commission was asked to report on the merits and weaknesses of current arrangements for subsidising containerised and bulk shipping between the mainland and Tasmania and to provide recommendations on an appropriate future approach and/or arrangements.
 - In the review of price regulation of airport services, the Commission is assessing how well the price monitoring regime — introduced following the Commission's 2002 review — has worked and whether it, or some other form of prices oversight, should continue after 2007.

During 2005-06 the Commission finalised three government-commissioned research studies commenced in the previous year — on the impacts of advances of medical technology, Australia's health workforce and a review of the Australian consumer product safety system. In addition, the Commission commenced and completed in the year an examination of the impacts that migration and population growth have on Australia's productivity and economic growth. The other three studies commenced in 2005-06 were on:

- rural water use and the environment — an examination of the feasibility of establishing market mechanisms to provide incentives for greater investment in rural water-use efficiency and for dealing with environmental externalities;
- standard setting and laboratory accreditation — an assessment of the efficiency and effectiveness of these services in Australia and of the Australian Government's relationship with both Standards Australia and the National Association of Testing Authorities, Australia; and
- science and innovation — an investigation of the economic, social and environmental impacts of public support for science and innovation in Australia, major impediments to the operation of the innovation system and the scope for improvements in the frameworks used to decide where and how public funding should be allocated.

Further information on public inquiries and the commissioned research studies undertaken by the Commission during 2005-06 and, where available, government responses to reports, is provided in appendices B and C.

Two further notable developments in 2005-06 concerned safeguard inquiry procedures for the Commission and the Taskforce on Reducing the Regulatory Burdens on Business.

In June 1998 the Australian Government gazetted general procedures for safeguard inquiries by the Productivity Commission, consistent with Australia's obligations under the World Trade Organization Agreement on Safeguards. The Commission is designated as Australia's 'competent authority' for safeguard measures. The

gazetted notice was reproduced in the Commission's annual report for 1997-98 (attachment C1). On 5 October 2005 the Government gazetted amendments to those general procedures in order to comply with the provisions of the Australia–United States Free Trade Agreement, the Singapore–Australia Free Trade Agreement and the Thailand–Australia Free Trade Agreement. The 2005 Gazette Notice is reproduced in attachment C1 to this annual report.

On 12 October 2005 the Prime Minister and Treasurer announced the establishment of a Taskforce on Reducing the Regulatory Burdens on Business, chaired by Gary Banks, Chairman of the Productivity Commission. Other members of the Taskforce were Rod Halstead (corporate law expert with Clayton Utz), Richard Humphrey (former Managing Director of the Australian Stock Exchange), and Angela MacRae (consultant to small business and Chairman of the Independent Contractors Association of Australia). The Taskforce was assisted by a small, whole-of-government secretariat resourced from the Office of Small Business, the Productivity Commission and five departments (Prime Minister and Cabinet; Treasury; Industry, Tourism and Resources; Health and Ageing; and Employment and Workplace Relations). The Taskforce reported on 31 January 2006.

Although the Commission provided the Taskforce's chairman, five secretariat members and other assistance, the Taskforce did not operate under the provisions of the Productivity Commission Act. The Government accepted, in full or part, 158 of the 178 recommendations made by the Taskforce (box 1.5). Details on the Taskforce, submissions to it, its report and the Australian Government's response can be found on the Taskforce website (www.regulationtaskforce.gov.au).

Performance reporting and other services to government bodies

The Commission has been providing the Secretariat to the Steering Committee for the Review of Government Service Provision since 1993. The collaborative efforts of more than 80 Commonwealth, State and Territory government agencies contribute to the Steering Committee's two major outputs: the *Report on Government Services* and the *Overcoming Indigenous Disadvantage: Key Indicators* report. In addition, the Secretariat is a member or observer of many national and intergovernmental advisory groups developing priorities and strategies for improved reporting, as well as providing expert advice to data collectors and users on concepts, definitions and classifications.

The *Report on Government Services 2006* was the eleventh report in this series. The Report provides comparative information on the performance of 14 government services that contribute to the wellbeing of Australians — spanning education, health, justice, community services, emergency management and housing. These

services collectively account for around \$90 billion of government recurrent expenditure, equivalent to nearly 11 per cent of gross domestic product.

The Review strives for continuous improvement. The 2006 Report included new indicators for children's services, services for people with a disability and corrective services. There was also improved reporting on aspects of school education and public hospital services for Indigenous Australians. An Indigenous Compendium was released by the Steering Committee in May 2006, providing an easily accessible collation of Indigenous data from the 2006 Report.

In April 2002 COAG asked the Steering Committee to produce a regular report on key indicators of Indigenous disadvantage, as part of the COAG reconciliation commitment. COAG set two core objectives for this reporting:

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

Two editions of the report *Overcoming Indigenous Disadvantage: Key Indicators* have now been released, in November 2003 and July 2005. Both reports confirmed the existence of significant Indigenous disadvantage across an array of areas — the single most telling indicator being a 17 year gap in life expectancy between Indigenous people and the rest of the population. A large gap is also apparent in all of the headline indicators and most of the strategic change indicators. The 2005 report found some areas of improvement since the 2003 report, but also several areas of deterioration. Data limitations meant that no conclusions could be drawn in many areas, although this situation should improve in future reports.

Following the release of the 2005 report, consultations were held with Indigenous people and governments across the country to ensure the ongoing usefulness of reporting. Feedback from these consultations will assist in the production of the next *Overcoming Indigenous Disadvantage: Key Indicators* report, due for release in mid-2007.

The Commission's standing responsibilities under its performance reporting activity also include a program of research on the performance of Australia's economic infrastructure industries and the impact of related microeconomic reforms.

Financial performance monitoring of government trading enterprises (GTEs) forms part of this research stream and was the major activity during 2005-06. The 2005 report, released in July 2005, presented the findings of a three-year work program on external governance arrangements for GTEs and identified some areas of deficiency.

The Commission's 2006 report, released in July 2006, included the first outputs of a new research program on the capital management of GTEs, initially covering capital structures and equity withdrawals. Capital structures were examined because of their importance in influencing incentives for management to maximise shareholder returns and operational efficiency. Equity withdrawals have been governments' dominant instrument for capital restructuring in recent times, but they have been controversial because of claims that the withdrawals have been to the detriment of GTE balance sheets and the services GTEs provide.

Further information on performance reporting activities in 2005-06 is provided in appendix B.

Regulation review activities

The Office of Regulation Review (ORR), a separate unit within the Productivity Commission, continued its role in helping to achieve better regulatory processes and outcomes. The ORR advises more than 60 departments, regulatory agencies, statutory authorities and national standard-setting bodies, and about 40 Ministerial Councils on processes for the development of regulatory proposals and for the review of existing regulation.

Since March 1997 the Australian Government has made it mandatory for departments, agencies, statutory authorities and boards to prepare a Regulation Impact Statement (RIS) for all regulation that affects business or restricts competition. Limited exceptions apply and these are outlined in *A Guide to Regulation* (1998).

The purpose of the RIS process is to ensure that proposed regulation will be efficient and effective — allowing for all costs as well as benefits — and to discard options that fail these tests. A RIS requires agencies to follow a consistent, systematic and transparent process for assessing appropriate policy approaches to problems. It aims to ensure consideration of the social and environmental as well as economic impacts of any proposed regulation. This includes an examination of alternative approaches and an assessment of likely impacts on different groups and the community as a whole. A RIS can thus assist government by making sure that all relevant information is presented to the decision maker. In addition, after the decision is made and the RIS is tabled in Parliament or published elsewhere, it provides a transparent account of the factors behind that decision.

The ORR seeks to promote the objective of efficient and effective regulation by providing advice on, and monitoring compliance with, the Australian Government's RIS guidelines (box 2.2). It also examines and provides advice on RISs for

Ministerial Councils and national standard-setting bodies. The ORR provided formal RIS training on regulatory best practice to 367 officials from a wide range of departments and agencies in 2005-06.

On 15 August 2006 the Treasurer announced a number of decisions in response to recommendations made in the Report of the Taskforce on Reducing Regulatory Burdens on Business (Costello 2006c). As part of the Australian Government's new regulatory reform agenda, the Office of Regulation Review will have its role and responsibilities enhanced and become the Office of Best Practice Regulation.

Box 2.2 Compliance with RIS guidelines in 2005-06

The Productivity Commission is required to report annually on compliance with the Government's Regulation Impact Statement (RIS) requirements. Its report for 2005-06 reveals that:

- The Australian Government made about 2650 regulations. The ORR provided advice on 948 regulatory proposals, of which 128 proposals require preparation of a RIS. About 3 per cent of all new regulations made in 2005-06 required preparation of a RIS.
- Overall, the compliance of departments and agencies in 2005-06 with the RIS requirements at the decision-making stage of regulatory policy development was lower than in previous years:
 - adequate RISs were prepared for 71 per cent of 96 regulatory proposals (compared to 80 per cent in 2004-05 and 92 per cent in 2003-04).
- Twenty one departments and agencies were required to prepare RISs. Of these, 10 were fully compliant (compared to 10 of 19 in 2004-05).
- In 2005-06 eight RISs were required at the decision-making stage for regulatory proposals that the ORR identified as having a more significant impact on business and/or the community. In seven cases, RISs were prepared. In each case, the RIS prepared was assessed against the Government's criteria as inadequate.
- Compliance by Ministerial Councils and national standard-setting bodies with COAG's RIS requirements at the decision-making stage was 76 per cent, also lower than in previous years.

COAG strengthened its RIS requirements in June 2004 — including a new requirement for the ORR to work closely with its New Zealand counterpart in assessing draft consultation RISs involving New Zealand issues. In 2005-06 five draft consultation RISs were forwarded to New Zealand for comment.

Further compliance details, including performances for individual departments and agencies as well as for Ministerial Councils (which involve Ministers from the Australian Government, States and Territories, and in many Councils, the New Zealand Government) and national standard-setting bodies, are provided in *Regulation and its Review 2005-06* (PC 2006c).

The Office of Best Practice Regulation will have a central role in facilitating the Government's strengthened RIS processes which will include, where appropriate, a requirement for enhanced cost-benefit and risk analysis. The Office of Best Practice Regulation will provide departments and agencies with assistance, advice and training regarding the new arrangements, including the application of cost-benefit and risk analysis of regulatory proposals. Responsibility for the Government's Business Cost Calculator, which is used to estimate regulatory compliance burdens on business, is to be transferred from the Department of Industry, Tourism and Resources to the Office of Best Practice Regulation. The new arrangements are to be introduced from October 2006.

Competitive neutrality complaints activities

The Productivity Commission administers the Australian Government's competitive neutrality complaints mechanism. Competitive neutrality requires that government businesses not have advantages (or disadvantages) over their private sector rivals simply by virtue of their public ownership.

The Australian Government Competitive Neutrality Complaints Office operates as a separate unit within the Commission. Its function is to receive and investigate complaints and provide advice to the Treasurer on the application of competitive neutrality arrangements. The Office received four written complaints in 2005-06, with a complaint from 2004-05 the subject of further investigation. Four complaints did not proceed beyond preliminary investigation and one complaint fell within the jurisdiction of the ACT Government and was referred to its Independent Competition and Regulatory Commission.

The Office also provides informal advice on, and assists agencies in, implementing the competitive neutrality requirements. It provided advice around four times a week, on average, to government agencies or in response to private sector queries during 2005-06.

Details of the complaints and the action on them, and the advisory and research activities of the Australian Government Competitive Neutrality Complaints Office, are reported in appendices B and D.

Supporting research activities and annual reporting

The Commission has a statutory mandate to undertake research to complement its other activities. It must also report annually on these matters, including on the effects of assistance and regulation, and has a wider information role in promoting

public understanding of the trade-offs involved in different policy approaches and how productivity and the living standards of Australians can be enhanced.

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

In July 2005 the Commission notified its intention for the supporting research program over the following two years to give greater emphasis to the sustainability of productivity growth, where sustainability is broadly conceived to include fiscal, economic, and environmental aspects. The program includes work on:

- productivity performance and its determinants;
- environmental and resource management, especially of water;
- labour markets (including social dimensions); and
- the development of economic models and frameworks to aid the analysis of policies and trends, and of impediments to sustained improvements in living standards.

During 2005-06 the Commission published research on water policy issues, R&D and productivity, and non-traditional forms of employment, as well as trade modelling framework issues (box 2.1). Under its supporting research program the Commission also made available the proceedings of three conferences — on productive reform in a federal system; quantitative tools for microeconomic policy analysis; and productivity analysis, measurement and policy perspectives.

Consistent with its intention to ensure economic models and frameworks assist the Commission and other researchers analyse major policy proposals, in November 2005 supporting research resources were committed to updating the Monash Multi-Regional Forecasting (MMRF) model. The resources and urgency accorded the project were significantly upgraded following COAG agreement in February 2006 to a substantial new National Reform Agenda embracing human capital, competition and regulatory reform streams and a request that the Commission report to COAG Senior Officials on the potential economic and revenue impacts of the National Reform Agenda by 30 November 2006. The Commission is also collaborating with the COAG Energy Reform Implementation Group on modelling the potential impacts of further reforms.

Further information on the Commission's supporting research activities and publications in 2005-06 is provided in appendix E. This also details the 94 presentations given by the Chairman, Commissioners and staff during the year to

parliamentary committees, industry and community groups, and conferences. These presentations covered the gamut of the Commission's inquiry, research, performance reporting and regulatory review work (table E.1). The Commission briefed 22 international delegations and visitors during 2005-06, with a particular focus on Commission activities and related policy issues (table E.2).

Transparent and consultative processes

A distinctive feature of the Commission is its open, consultative processes and the scope they provide for people to participate in and scrutinise its work. These processes are integral to its operation. They ensure that the Commission's research and policy advice are tested publicly and are therefore more robust. They also provide a public demonstration of the Commission's independence from the various arms of government and the interest groups with which it comes in contact.

Open inquiry procedures

The Commission's public hearing process, public access to the submissions made to its inquiries and the publication of draft and final inquiry reports are among the better known aspects of its operations. An indication of the extent of consultation undertaken by Commission is that during the course of its public inquiry activities in 2005-06 it met with more than 150 people, organisations or groups; held 26 days of public hearings; and received more than 650 submissions from participants.

The Commission has adapted its inquiry consultative processes to suit the variety of research studies commissioned by the Government. These studies typically require less public interaction than inquiries, but the Commission nevertheless provides opportunities to obtain feedback on its analytic framework and preliminary findings and, where applicable, draft recommendations. For example, the Commission received around 600 submissions to these studies in 2005-06, more than half of which were in connection with the health workforce study. Visit programs and targeted roundtable discussions provide opportunities to engage with key participant groups on the issues of concern to them and to gain feedback on the Commission's analysis.

The nature of the Commission's consultative and transparent processes in the past year is illustrated in box 2.3. These examples also demonstrate initiatives to ensure that the views and experiences of people living in regional areas are taken into account. Further evidence of the Commission's commitment to transparency are the release on its website of: four technical papers covering modelling and estimation issues and otherwise unpublished data in connection with its final report on the

Box 2.3 Open and transparent processes are integral to the Commission's work

The Commission seeks to facilitate public participation in, and the transparency of, its inquiries and commissioned research studies to the maximum extent possible.

For its *health workforce study* the Commission:

- included a brief overview of relevant issues and some specific questions for interested parties to consider in its initial circular inviting public submissions;
- provided a more detailed issues paper in June 2005 that also served as a progress report to COAG;
- consulted extensively with a wide cross-section of interested parties in all States and Territories, convened roundtables with allied health professionals and the professional colleges, and visited a number of rural and remote centres and Indigenous communities including those at Woorabinda (Central Queensland), and Hermannsburg and the Tiwi Islands (Northern Territory); and
- released a Position Paper in September 2005 outlining its preliminary analysis and reform proposals and, to obtain targeted feedback, organised roundtables in Campbelltown (Western Sydney), Melbourne, Brisbane, Canberra and Alice Springs (Northern Territory).

In its *heritage inquiry*, the Commission:

- held initial informal discussions with a wide range of heritage industry stakeholders to gain background information and an appreciation of heritage issues;
- between July and August 2005, conducted an initial round of public hearings in all the capital cities, with a further round held in January and February 2006 to discuss its Draft Report;
- held more than 60 meetings covering each State and Territory, including regional visits in New South Wales (Bathurst, Cowra, Canowindra, Orange and Blayney) and Victoria (Ballarat, Bendigo and Castlemaine); and
- so as to better inform its policy analysis, undertook a voluntary survey of all local councils given their pre-eminent role in conservation policy for most historic heritage, and achieved an overall response rate of almost 75 per cent.

For its *economic impacts of migration and population growth study* the Commission:

- hosted a workshop in August 2005 to discuss estimation approaches with a range of Australian Government departments, industry bodies and academics with expertise in migration and labour markets; and
- following release of its Position Paper, convened two roundtables in February 2006 — the first in Canberra for Australian Government departments and academics and a second in Melbourne for the States and Territories, the Business Council of Australia and the Australian Council of Trade Unions.

impacts of medical technology; the consultancy report undertaken by the Centre of Policy Studies for the Commission's final report on the economic impacts of migration and population growth; and a consultant's report on transaction costs in water markets and environmental policy instruments undertaken for the Commission's study of rural water use.

Enhancing its own research capabilities

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

- In July 2005 the Commission convened a roundtable of some 15 organisations including government agencies, industry, clinicians, health technology assessment agencies and healthcare consumer bodies to discuss future technological advances and the implications of these for health technology assessment. The Commission also drew on specialist expertise in the case studies it undertook on medical technology impacts.
- For its review of the Australian consumer product safety system, the Commission convened a roundtable meeting with injury experts in October 2005 to exchange ideas on the appropriate measurement of injury incidence and cost.
- In connection with its study on the empirical impacts of migration and population growth, the Commission contracted the Centre of Policy Studies at Monash University to undertake general equilibrium modelling. In November 2005 the Commission asked three independent experts to review and report on its modelling, and that of the Centre of Policy Studies, and their comments were included in the final report. The Commission was also able to draw on alternative modelling undertaken by Econtech for the Department of Immigration and Multicultural Affairs.
- As one of a number of sources of information used to inform its study, *Rural Water Use and the Environment: The Role of Market Mechanisms*, the Commission contracted The Allen Consulting Group to help identify information on the nature and scale of transaction costs associated with water markets, and the likely transaction costs that could be anticipated in developing markets to address environmental externalities.
- The supporting research project, *Econometric Modelling of R&D and Australia's Productivity Growth*, tapped external expertise via a reference group comprising representatives of four Australian Government departments, the

Australian Bureau of Statistics, the Australian Taxation Office, CSIRO and academics from the Australian National University and the Australian Defence Force Academy. In addition, an econometrics expert advised on modelling strategy and implementation.

- The Commission engaged consultants in order to identify improvements in practical welfare measurement beyond the conventional average income or GDP per capita measure and to gauge the welfare contributions of productivity and the terms of trade. The resultant report, *Measuring the Contributions of Productivity and Terms of Trade to Australia's Economic Welfare*, was released by the Commission in March 2006.

The Commission also involves outside policy advisers and researchers through hosting or co-sponsoring conferences or roundtables on topics of policy interest. Two such conferences were held in 2005-06.

- In October 2005 the Commission convened a roundtable of senior government officials, consultants, academics, and representatives from industry and community groups to focus on the challenge of securing better policy outcomes from Australia's federal system of government. Participants examined some generic issues associated with federal systems and their operation in principle and practice; explored opportunities for improving outcomes in the key areas of health, the labour market and freight transport; and exchanged views on useful ways of advancing productive reform in our federal system. The Commission published the proceedings in April 2006 so as to enable wider dissemination and consideration of the ideas and insights that emerged from the roundtable.
- In conjunction with the ABS, the Commission sponsored the Productivity Perspectives 2006 conference in March 2006. The previous conference was held in December 2004 and it provides a regular forum for statisticians, analysts and commentators to examine Australia's productivity performance from measurement, analytical and policy perspectives. This year's conference covered international economic developments from the perspectives of productivity, competitiveness and employment creation; explored recent trends in Australia; and canvassed the outlook for productivity growth and future directions in measurement and analysis. Conference presentations and associated materials were published on the Commission's website.

The Commission is organising its major roundtable conference for 2006-07 on the implications for public policy of insights gained from behavioural economics and related approaches. Questions concerning 'consumer behaviour' have featured prominently in such Commission references as gambling, energy efficiency and consumer product safety, and its forward inquiry program promises further work involving how individuals respond to market and non-market opportunities.

The Commission continued its Visiting Researcher Program which seeks to attract established researchers with an outstanding research record in areas closely related to the Commission's main research themes. Visiting Researchers share their knowledge with Commission staff and contribute to the work of the Commission as well as to the vigour of its intellectual life. Emeritus Professor Peter Lloyd (formerly of Melbourne University) and Dr Geoff Edwards (formerly Associate Professor at La Trobe University) continued their participation in the program in 2005-06.

The Commission invites external speakers to participate in its seminar program so as to enhance its knowledge and skill set across a broad range of economic policy issues, including social and environmental. These seminars provide another way of encouraging intellectual debate within the Commission and improving networks with academic and other experts.

Research program consultations

The Commission regularly holds external consultations with Australian Government agencies, peak employer bodies, unions, environmental and community groups to obtain views on future directions for the Commission's supporting research program and on specific research topics. The views of State and Territory governments are gathered in a separate program of regular consultation visits and other exchanges. Discussions are also held with academics and other interested parties. In addition, the Commission monitors government statements on policy priorities and parliamentary debate and committee work.

Together with contributions from Commissioners and staff, these consultations help set broad directions for the Commission's supporting research. However, the Commission adds to and modifies its research priorities when significant new issues arise and in the light of projects formally requested by government. Details on individual projects are updated on the Commission's website during the year.

Supporting research consultations were held in February 2005, and again in July 2006. The latest series of consultations will inform current consideration of directions for the supporting research program which is expected to be finalised around November 2006.

Research collaboration

The Commission participates in collaborative research projects with academic institutions. Partners in such research projects in 2005-06 were:

-
- the National Centre for Social and Economic Modelling (NATSEM, University of Canberra) to develop two models to strengthen the analytical framework for policy review and development:
 - a broadly-based health sector model to enable policy makers to assess the distributional consequences of a wide variety of health policy changes (other partner organisations are the NSW Health Department, the Health Insurance Commission, the ABS and the AIHW); and
 - a dynamic population microsimulation model with the capacity to assess the future distributional and revenue consequences of changes in tax and outlay programs and thereby aid policy development in the context of Australia’s population ageing challenge (other partner organisations include the Australian Government Departments of the Prime Minister and Cabinet; Treasury; Employment and Workplace Relations; Health and Ageing; Education, Science and Training; and Families, Community Services and Indigenous Affairs);
 - the Melbourne Institute of Applied Economic and Social Research (Melbourne University) on the determinants and effects of enterprise entry and exit on growth and productivity in Australian industry using innovative enterprise data sets (other partner organisations are the ABS, IBISWorld, the Victorian Department of Treasury and Finance, and Austrade); and
 - the Centre of Policy Studies (Monash University) to enable an overhaul of the widely used MONASH model of the Australian economy and the creation of MONASH-USA which, among other benefits, will facilitate comparative studies of technology and labour market performance.

During the year the Commission also collaborated with the Australian Bureau of Statistics in the analysis of data on farms which use and trade irrigation water. The joint publication, *Characteristics of Australia’s Irrigated Farms 2000-01 to 2003-04*, was released by the ABS in September 2006. The statistical and other information in the report is intended to assist researchers identify farm management and resource use practices that contribute to the productive and efficient use of irrigation water.

The Commission is a member of the Global Trade Analysis Project Consortium based at Purdue University in the United States. This membership gives the Commission early access to database updates that are needed in its research, as well as priority access to model training and input to the future direction of model and database development.

Research networks and linkages

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

- The Commission is part of a research consortium, comprising the US National Bureau of Economic Research and several Asian research institutes, which arranges the annual East Asian Seminar on Economics. The 17th East Asian Seminar on Economics, held in Hawaii in June 2006 focused on global imbalances, liberalisation of capital accounts and exchange rate policies. Commission research on productivity and the trade and investment effects of preferential trading arrangements have featured in previous seminars.
- The Commission's Chairman, Gary Banks, is a member of the Advisory Board of the Melbourne Institute of Applied Economic and Social Research and serves on the Board of Advisory Fellows for the Regulatory Institutions Network (RegNet) at the Australian National University. Commissioners are members of various advisory boards and committees including universities and non-profit organisations. In 2005 Dr Neil Byron was appointed to the World Commission on Protected Areas of the IUCN (World Conservation Union).
- The Secretariat for the Review of Government Service Provision is a member or observer of many national and intergovernmental advisory groups developing priorities and strategies for improved reporting, as well as providing expert advice to data collectors and users on concepts, definitions and classifications.
- Staff members are also involved in such networking activities. Dr Jonathan Pincus, Principal Adviser Research, is a Fellow of the Academy of the Social Sciences in Australia and a member of its Workshop Committee. Other members of staff are on the editorial board of the Australian Journal of Agricultural and Resource Economics; on bodies such as the Australian Accounting Standards Board Consultative Group, the Bureau of the Statistical Working Party to the OECD's Committee on Industry and the Business Environment, the International Advisory Committee for the International Productivity Monitor, the ABS Productivity Measurement Reference Group and the executive committee of the Comparative Analysis of Enterprise Data (CAED) international network; and, at the invitation in December 2005 of the Minister for the Environment and Heritage, the Commonwealth Environment and Research Facilities Reference Group.
- The ORR participated in the annual meeting of regulation review units from the States, Territories and New Zealand in Adelaide in December 2005. The website developed by ORR to share information, the web-forum, is being used by the

regulatory review units. The ORR also liaised on a variety of regulatory issues with: the Regulatory Impact Analysis Unit of the Ministry of Economic Development, New Zealand; Ofcom, the UK communications sector regulator; and government officials from Indonesia, China, Korea and Brazil.

Informing and communicating via the internet

Internet technology has facilitated speedier and easier notification of developments in Commission inquiries and community access to the research outputs that inform community debate on microeconomic policy and regulation. The Commission places submissions to inquiries on its website as soon as possible after receipt, thereby increasing opportunities for earlier and less costly public scrutiny of the views and analysis being put to it. Transcripts of public hearings, draft reports and position papers, inquiry circulars and final inquiry reports (when released by the Government) are all posted on the website for ease of access and scrutiny.

The Commission's website also provides ready access to its other outputs — research publications, Commission submissions to other review bodies, key speeches by the Chairman, competitive neutrality complaints reports, benchmarking studies, and reports arising from its secretariat work for the Review of Government Service Provision. The website facilitates on-line registration of people's interest in participating in individual inquiries and studies and to receive updates on more general developments. This email alert service currently notifies more than 700 recipients of significant weekly events including report releases, the start and completion of inquiries and the Chairman's speeches. This service is additional to the email alerts sent to federal parliamentarians, the media, departmental heads and contacts in the States and Territories.

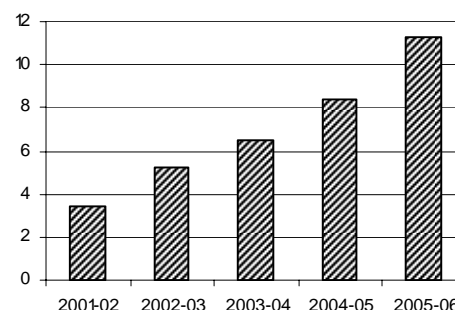
In the 12 months to 30 June 2006 there were more than 152 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2005-06. The references of most interest were the study on Australia's health workforce (38 700 requests) and the inquiries on heritage (24 800 requests) and waste management (12 700 requests). The reports on *Overcoming Indigenous Disadvantage: Key Indicators 2005* (15 900 requests) and the *Report on Government Services 2006* (13 400 requests) were among the most frequently requested publications from the website during the year. Speeches given by the Commission's Chairman in 2005-06 attracted more than 10 700 website requests.

Even after an inquiry or project is completed, community interest can remain high. For example, during the year, web pages for the Commission's 2005 study of the economic implications of ageing Australia were requested nearly 18 700 times and those for the Commission's 1999 inquiry on Australia's gambling industries were

requested more than 17 800 times. Other popular web pages were the *Report on Government Services 2005* (12 800 requests) and the Commission's 2004 review of the Disability Discrimination Act (9400 requests).

The Commission's website received a total of 11.3 million file requests from external users in 2005-06, a 35 per cent increase on activity in the previous financial year (figure 2.2).

Figure 2.2 **Website hits**
Million



Feedback on the Commission's work

The Commission actively monitors reaction to, and seeks feedback on, its work in order to improve its performance and contribution to policy making. The results of past surveys were reported in previous annual reports and cover external perceptions about the quality of the Commission's inquiry processes and reports, its reporting on the financial performance of government trading enterprises and the quality and usefulness of its supporting research program. Every three years, the Steering Committee for the Review of Government Service Provision surveys users and contributors to the Report on Government Services, with the next survey due on the 2007 report.

In 2004-05 the ORR commenced an ongoing survey to obtain feedback from officials preparing RISs on how departments and agencies view the ORR's work performance and the quality of its service in providing advice on the Government's regulatory best practice requirements. Of the 67 responses received to date this past year, 27 per cent rated the quality of the ORR's written and oral advice as 'excellent', one half rated it as 'good' and the remainder as 'satisfactory'. Sixteen respondents offered specific suggestions on how the ORR could improve the quality of its advice (see p. 129 for details).

In addition to its rolling program of surveys, the Commission monitors less formal sources of feedback on the public record. Of course, views on the value of the Commission's processes and the quality of its outputs can reflect agreement with, or opposition to, specific pieces of Commission analysis or advice. Nevertheless, the examples in box 2.4 help illustrate the breadth of support for the Commission's policy-advising contribution.

Box 2.4 Support for Commission activities: some recent examples

COAG announced in July 2006 that the new COAG Reform Council is to draw on the work of the Productivity Commission in assessing the potential benefits of the National Reform Agenda.

The Minister for Finance and Administration commended the Commission on its 'outstanding chapter on our Federal System of Government' in its 2004-05 annual report.

The Parliamentary Secretary to the Treasurer stated that he was working with State and Territory ministers to enhance Australia's consumer product safety system and that 'our efforts will benefit considerably from the excellent work undertaken by the Productivity Commission'.

In commenting on Australia's policy making process, the Leader of the Opposition included the Productivity Commission amongst government agencies providing 'quality professional advice'.

The New Zealand Commerce Minister has stated:

As I have said on other occasions, if I could choose any Australian institution and have it transformed into a truly trans-Tasman institution, it would be the Productivity Commission.

The Senate Economics References Committee recommended that the Government reassess its decision to reject the recommendation of the Productivity Commission for a review of those aspects of the personal tax regime that have contributed to excessive investment in rental housing recently.

NSW Government Ministers advocated a Commission inquiry on the impact of rising fuel prices on the economy.

The Business Council of Australia has requested that the Government refer a range of policy issues to the Commission including: the impacts on workforce participation of high effective marginal tax rates; Commonwealth-State financial relationships; the appropriateness of the tax mix across jurisdictions; advice on a water access regime; and a review of urban water pricing.

Australian Business Limited stated that:

The Productivity Commission is an impartial body that is respected by all sections of the Australian community and it should be charged with the responsibility of modernising the current [horizontal fiscal equalisation] arrangements.

Other industry groups variously called for Productivity Commission reviews of road and rail pricing, State land-use planning systems and the financial payment system reforms; as well as greater Commission involvement in the evaluation of material injury and causation, and national interest determination, in anti-dumping investigations.

A range of policy analysts variously called for Productivity Commission reviews of private health insurance regulation; subsidies for ethanol and bio-diesel; Australian petrol production and retailing; the extent of competition in markets for large infrastructure projects; and an evaluation of government advertising campaigns.

Details are provided in appendix B.

The Commission systematically offers recipients of its reports and users of its website the opportunity to provide feedback. The Commission's website has provision for sending comments via email and an on-line survey form. The Commission also provides an opportunity for people attending its public hearings to express their views on the organisation and conduct of hearings. Feedback through these mechanisms remains small; less than 25 respondents in total in 2005-06. Most of the feedback was positive. Feedback is forwarded to authors, inquiry teams and management for consideration and action, where required.

Policy and wider impacts

All of the Commission's activities in its five output groups are directed at meeting the policy needs of government or otherwise fulfilling statutory requirements. As agreed with the Treasurer, the outcome objective against which the Commission's overall performance is to be assessed is:

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

Proper assessment of the Commission's performance is made difficult because it is but one contributor among many to an eventual outcome. Even when its advice or findings are not supported by government, the Commission's independence and view of the long-term public interest can play a significant role in helping governments, parliaments and the community understand the trade-offs in different policy choices. Furthermore, as the Commission's public inquiry and research outputs contribute to public debate and policy development across a range of complex and often contentious issues, its contribution and influence should be assessed over the medium to long term. (These and other considerations in assessing the Commission's overall performance and across each of its five output groups are discussed in appendix B.)

Notwithstanding the difficulties inherent in measures of performance assessment, the influence of the Commission's work is reflected in a range of indicators, including government policy decisions that draw on its analysis and recommendations, and the use of Commission work in policy debate by Federal and State parliamentarians, government agencies, other review bodies, business and community groups and the media.

Influence on government policy making

Government decisions on the Commission's inquiry reports and responses to government-commissioned research studies reflect their usefulness to the Government, Parliament and the broader community.

During the year the Australian Government announced agreement with all of the Commission's recommendations in the report on the private cost effectiveness of improving energy efficiency and that it would work with the States, through the Ministerial Council on Energy, to consider the Commission's findings and analysis. In addition, Commonwealth ministers drew on the Commission's analysis to criticise the decision of the Australian Building Codes Board to adopt 'five-star' energy efficiency measures for residential buildings (Macdonald et al 2005). Further, the Shadow Minister was also critical of the assumptions and evidence underpinning the ABCB decision and strongly endorsed the Commission's recommendation for an independent evaluation of the effectiveness of energy standards in reducing actual (not simulated) energy consumption and whether the financial benefits to individuals outweigh the associated costs (Ferguson 2006).

Responses from the past year entailing cross-jurisdictional support for the Commission include:

- In June 2005 COAG agreed to Senior Officials reviewing the effectiveness of the existing national competition arrangements and considering a possible new national reform agenda. The review was to draw from, but not be limited by, the Commission's 2005 inquiry report on national competition policy reforms. The Commission's influence can be seen in the way papers prepared for COAG drew on Commission analysis of the benefits of, and lessons learned from, national competition policy and the key elements needed in a future reform program (NCP Review Working Group 2006); and how other Commission reports on ageing, the health workforce and medical technology also informed the development of a human capital reform agenda (COAG National Reform Initiative Working Group 2005).
- At its meeting in February 2006, COAG laid important foundations for further national reform in the years ahead (see chapter 1). COAG also asked that the Commission develop proposals for efficient pricing of road and rail freight infrastructure and report by the end of 2006. Furthermore, COAG noted the Commission's 2004 report on reforming building regulation, and committed to achieving a nationally-consistent Building Code of Australia based on minimum regulation.
- In May 2006 the Ministerial Council on Energy announced its support for key recommendations in the Commission's 2004 report on the gas access regime.

-
- In July 2006 COAG announced substantial agreement with measures the Commission had proposed to improve the efficiency and effectiveness of Australia's health workforce and to improve its distribution. In addition, COAG also agreed that the Commission be asked to undertake a further review of the health workforce by July 2011.
 - Further, COAG has agreed that the COAG Reform Council should draw on the work of the Commission in assessing the potential benefits of the National Reform Agenda.
 - The Memorandum of Understanding Between the Government of New Zealand and the Government of Australia on Coordination of Business Law, signed in February 2006, referred to the Commission's 2004 report, *Australian and New Zealand Competition and Consumer Protection Regimes*, and the accompanying review prepared by officials noted progress in implementing the Commission's recommendations.

However, governments do not always accept the Commission's advice. For example, the Government did not support the Commission's preferred policy option of repealing Part X of the Trade Practices Act and subjecting the liner shipping cargo industry to general competition law. The Government decided to retain Part X but to amend it, however, in a manner consistent with other options in the Commission's report.

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

A review of the Commission's inquiry outputs since its inception in 1998 shows that governments typically adopt a substantial majority of recommendations and generally endorse its findings (details are provided in appendix B and table B.7). Further, the nature and extent of references to Commission inquiry reports suggests that those reports materially contribute to policy debates in Federal, State and Territory Parliaments, as well as more generally within the media and general community.

Furthermore, the impact of the Commission's work on policy debates and outcomes can extend over several years. Examples from the past year include: wide use of the Commission's 2000 report on broadcasting in current policy debate on the Government's changes to media regulation and the uptake of digital television in Australia; continuing use of Commission reports on international air service regulation (1998), nursing home subsidies (1999), gambling (1999) and the links between reform and productivity growth (1999 and 2000); and the OECD's recent use of various Commission reports from the late 1990s on productivity, State taxation bases, interstate bidding wars and pharmaceutical prices in Australia (box B.2).

Contribution to parliamentary debate

Commission inquiry and research reports, from this and previous years, were used frequently by parliamentarians in debates and questions. During the 2005-06 sittings of the *Federal Parliament*:

- 52 Members and 27 Senators referred to 38 different Commission reports or inquiries, or to the Commission's role in policy processes;
- in around three-quarters of the 152 mentions in debates and questions, federal parliamentarians cited the Commission as an authoritative source. Only 2 per cent of mentions were critical of the particular finding, report or Commission attribute referred to; and
- Commission inquiries and reports which featured most prominently in mentions were those on the national access regime, the Report on Government Services, on national frameworks for workers' compensation and OHS and on Australia's health workforce.

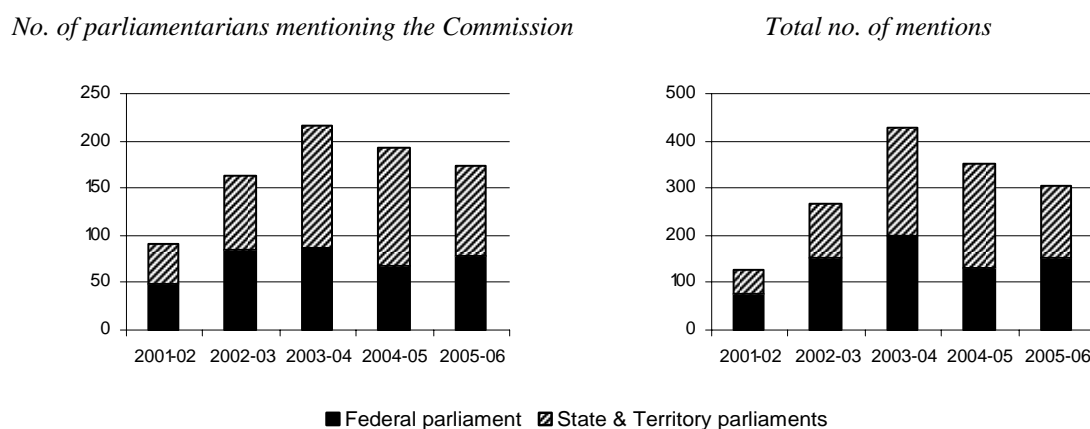
Commission inquiry and research reports, from this and previous years, were also used extensively in debate and questions by *State and Territory parliamentarians*. During the 2005-06 sittings of the eight State and Territory parliaments:

- 95 members referred to 21 different Commission publications or inquiries, the Report on Government Services, Chairman's speeches or to the Commission's role in policy processes;
- around 80 per cent of the 152 mentions in debates and questions, State and Territory parliamentarians cited the Commission as an authoritative source, with less than 2 per cent of mentions being critical; and
- nearly 40 per cent of mentions were to the Report on Government Services, with the Commission's reports on Australia's health workforce and gambling also featuring prominently.

Recent trends in mentions of the Commission in Federal, State and Territory parliamentary proceedings are shown in figure 2.3.

In addition, there were more than 180 mentions of the Commission and its work in the Hansard proceedings of *federal parliamentary committees* in 2005-06. The Commission was mentioned in the proceedings of 21 different committees, most prominently in proceedings of the Senate Economics Committee (but excluding its Estimates work), the Senate Community Affairs Committee and the House of Representatives Standing Committee on Health and Ageing. The most frequent mentions were to the Commission's reports on Australia's health workforce and the national access regime, the Report on Government Services, and to the Commission's role and capabilities in providing policy advice.

Figure 2.3 Mentions of the Commission in Australian parliaments
2001-02 to 2005-06



Fourteen recent parliamentary committee reports referred to 20 different Commission inquiries or research reports (table B.1). The Commission provided briefings to two House of Representatives Standing Committees in 2005-06: on the *Overcoming Indigenous Disadvantage* report to the Employment, Workplace Relations and Workforce Participation Committee; and on its health workforce study to the Health and Ageing Committee. Four federal parliamentary committees made recommendations involving the Commission, encompassing an assessment of the impacts and costs of salinity, the effects of the personal tax regime on investment in rental housing and performance indicators for intercountry adoption, as well as endorsement of the Commission's view that intellectual property laws continue to be scrutinised to ensure they are not unduly restrictive (pp. 91–2).

Some 17 Parliamentary Library reports in 2005-06 referred to a variety of Commission inquiry and research reports, as well as to the reports on government services and Indigenous disadvantage (table B.2).

Other indicators of policy impact

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

- use of Commission analysis in inquiry reports and commissioned-research studies during the year by the Prime Minister, Treasurer, Ministers, the Leader of the Opposition and Shadow Ministers, including reports on the economic implications of an ageing Australia, Australia's health workforce, the private cost effectiveness of improving energy efficiency, and the economic impacts of migration and population growth;

-
- reference to the Commission's report on the economic implication of an ageing Australia by the NSW Government, the OECD and by those canvassing such specific issues as financial products for older Australians, the demand for carers and reform of Queensland's health systems and services;
 - the use being made of the Report on Government Services by central and line government agencies, parliamentarians, Auditors-General and industry groups;
 - the strongly supportive feedback from governments and Indigenous people and organisations on the 2005 report, *Overcoming Indigenous Disadvantage*, the adoption of its framework by jurisdictions and the improvements in data collection, consistency and quality that it is helping to stimulate;
 - the Treasurer's use of the Commission's GTE financial performance data in arguing the case for reform in key infrastructure areas and the use of Commission findings on GTE governance in a variety of Australian and OECD forums;
 - the contribution made by the Commission's regulatory review activities, and independently through the Report of the Taskforce on Reducing Regulatory Burdens on Business, to the Government's strengthened regulatory analysis process and the upgrading of the Office of Regulation Review to become the Office of Best Practice Regulation; and
 - the use made by the Government, parliamentarians, departments, review bodies, industry groups, the WTO and the OECD of a diverse range of Commission supporting research outputs, including analysis of federalism issues, labour market trends, productivity, the sectoral study of Australian agriculture, assistance estimates, modelling methodologies and speeches by the Chairman.

One continuing indicator of interest in the Commission's inquiry and other work is the many invitations it accepted in 2005-06 to give briefings and present papers to parliamentary, business and community groups and to conferences (table E.1). As part of a rolling program of briefings for State and Territory governments on the Commission's work, presentations and visits were made to Victoria, South Australia, Western Australia, Tasmania, the Northern Territory and the ACT in 2005-06 and visits to others are planned for 2006-07. The Commission also responded to requests from visiting officials and delegations from Indonesia, New Zealand, China, Korea, Vietnam, Japan, Malaysia, the United Kingdom, France, the European Commission, APEC, the IMF and the OECD for briefings on the Commission's work and its role in policy advisory processes, and for discussion on policy issues (table E.2).

A further indicator of public interest in the Commission's work, and its potential influence, is the extent of media coverage. During 2005-06, 77 editorials in

11 major metropolitan newspapers drew on the findings or recommendations in 25 different Commission reports, or referred to the Commission's role in assisting public policy making. The Commission's inquiry report on national competition policy, its health workforce study and the 2006 Report on Government Services together accounted for more than one-third of all mentions. However, editorialists also drew on the analysis in a wide range of other inquiry and research reports (including those on the economic impacts of migration and population growth, waste management, overcoming Indigenous disadvantage, regulatory performance, GTE financial performance and non-traditional work) and speeches by the Commission's chairman, or referred to the Commission's role or potential role in contributing to policy development. The Commission rated an average of nearly 189 mentions a month in electronic media and an average of 145 mentions a month in print media in 2005-06. The Commission's health workforce study, its waste management draft report and the 2005 Report on Government Services received the most coverage.

Indicators of the influence of Commission outputs during the year — its inquiry, performance reporting, regulation review, competitive neutrality work and supporting research — are discussed more fully in appendix B.

Associated reporting

Management and accountability information for 2005-06 is reported in appendix A. The audited financial statements for the Commission are contained in appendix G.

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

- *Regulation and its Review 2005-06*, which assesses compliance by departments and agencies with the Australian Government's requirements for the making and review of regulation, reports on the activities of the Office of Regulation Review and provides information on developments in regulatory policy in Australia and internationally; and
- *Trade & Assistance Review 2005-06*, which reports on trade policy and assistance developments and contains the Commission's latest estimates of assistance to Australian industry.