
B Program performance

The Productivity Commission's designated role is to contribute to well-informed policy decision making and public understanding on matters relating to Australia's productivity and living standards. It performs this role by undertaking independent and transparent analyses from a community-wide perspective.

The Commission's four output streams comprise public inquiries and other government-commissioned projects, performance reporting and other services to government bodies, competitive neutrality complaints activities, and supporting research and statutory annual reporting. This appendix sets out some broad considerations in assessing the Commission's performance and reports various indicators of overall performance, as well as the Commission's outputs and related performance in 2007-08.

Objectives for performance assessment

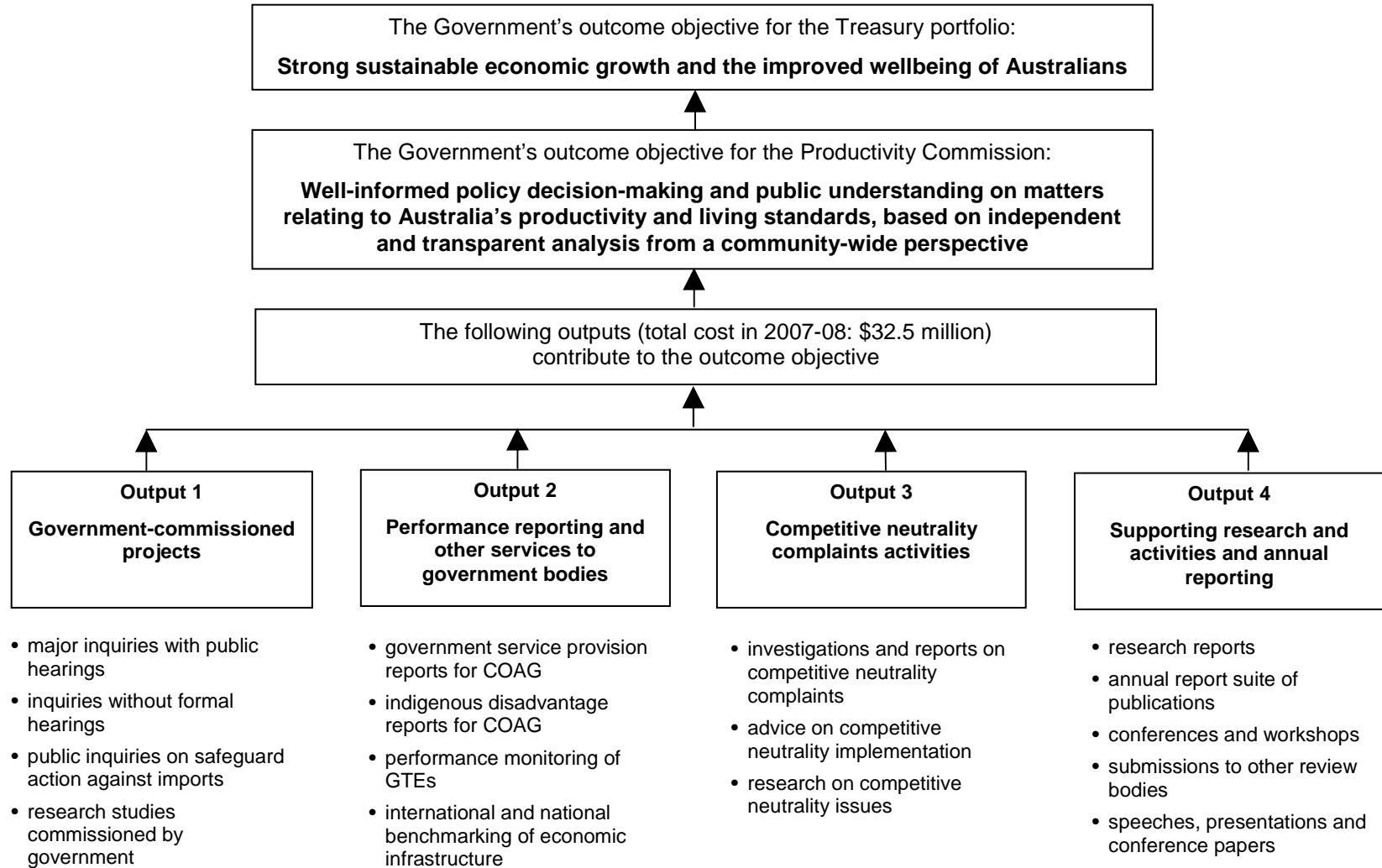
The Government's single outcome objective for the Commission against which the Commission's overall performance is to be assessed is:

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.

The Commission's inquiry, research, advisory and associated activities derive from its statutory functions. Having regard to the Government's accrual-based outcomes and outputs framework, these activities have been classified into four outputs:

- government-commissioned projects
- performance reporting and other services to government bodies
- competitive neutrality complaints activities
- supporting research and activities and statutory annual reporting (figure B.1).

Figure B.1 **Productivity Commission outcome/output framework 2007-08**



The Commission's outcome objective is embedded within the Government's broader outcome objective for the Treasury portfolio as a whole:

to improve the wellbeing of the Australian people by providing sound and timely advice to the Government, based on objective and thorough analysis of options.

The Commission's outputs have been adjusted in the current reporting period to reflect the transfer of the Office of Best Practice Regulation to the Department of Finance and Deregulation as part of the revised administrative arrangements following the 2007 Federal Election.

Commission activities

All of the Commission's activities in its four output groups are directed at meeting the policy needs of government, or otherwise fulfilling statutory requirements. These activities are:

- undertaking individual projects specifically commissioned by government (Output 1)
- meeting standing research, investigatory and advisory functions nominated by government (Outputs 2 and 3)
- research undertaken in response to emerging needs for policy-relevant information and enhanced analytical frameworks, and for building the Commission's capacity to respond to the policy priorities of government (Output 4).

Commissioned projects of an inquiry and research nature relating to regulatory issues are included in Output 1.

Commissioned projects

Government-commissioned projects have individual terms of reference.

Public inquiries involve extensive public consultation — such as visits, submissions and public hearings — to help identify the relevant issues, assist in the analysis of information and the development of policy options, and to obtain views on the Commission's analysis and proposed recommendations. Depending on the length of the reporting period, the Commission typically issues either a full draft report or a 'Position Paper' as part of this consultation process before finalising its report to government. Inquiry reports are tabled in Parliament.

Commissioned research studies are generally concerned with assembling policy-relevant information or analysis of policy options for tasks that are often narrower

in scope, and required in shorter timeframes, than inquiries. They typically involve less public interaction than inquiries and no formal public hearings. The Commission adapts its inquiry processes in conducting these studies, although it aims to expose its preliminary findings in workshops or roundtable discussions. Commissioned research studies are released at a time agreed with the Government.

Standing functions

The Government has established a number of standing research, investigatory and advisory functions for the Commission. These comprise:

- secretariat and research services for the Steering Committee for the Review of Government Service Provision. The Steering Committee is responsible for the publication of national performance indicators for service provision and Indigenous disadvantage, and related research reports
- performance monitoring and related research reports on government trading enterprises that fulfil the commitment for the Commission to continue the work of the former COAG Steering Committee on National Performance Monitoring of Government Trading Enterprises
- national and international benchmarking of key economic infrastructure industries, a standing research direction from the Government. The Commission has some discretion in the choice of industry and timing, guided by an assessment of the Government's policy needs
- reports and related activities necessary to meet the Commission's statutory obligation to investigate complaints about the implementation of the Australian Government's competitive neutrality arrangements
- statutory annual reporting on assistance and regulation affecting industry (published as the *Trade & Assistance Review*) and on industry and productivity performance generally (encompassed in the Commission's Annual Report).

Government-commissioned projects and the Commission's standing functions have priority in the deployment of its staffing and financial resources.

Supporting research

The Commission also has a statutory mandate to conduct its own program of research to support its annual reporting and other responsibilities, and to promote community awareness and understanding of productivity and regulatory issues. This program of supporting research is guided by government statements on policy priorities and parliamentary debate and committee work, and draws on an extensive

consultation process with Australian Government departments and agencies, peak employer and union bodies, and community and environmental groups. The views of State and Territory governments and academics are also sought.

There is a hierarchy of publications and other activities within the Commission’s program of supporting research.

- The suite of two annual reporting publications, as well as Commission Research Papers and submissions to other inquiries or reviews established by government or parliament, present the Commission’s views on policy issues.
- Published research by Commission staff aims to provide the information and analysis needed to inform policy discussion within government, parliaments and the broader community. Such research can provide ‘building blocks’ for policy development.
- Publication of the proceedings of conferences and workshops sponsored by the Commission, and of consultants’ reports to the Commission, is also intended to promote and inform discussion on important policy issues. As with staff publications, the views expressed need not reflect the views of the Commission.

Interpreting performance indicators for the Commission

The Commission has sought to demonstrate its effectiveness through a number of performance indicators which are linked to specific outputs (box B.1). Subsequent sections of this appendix report against these indicators for each of its four outputs. Feedback surveys undertaken, use of Commission outputs in the parliamentary process, and some general indicators of effectiveness are also reported below.

A number of factors need to be taken into account when interpreting indicators of the Commission’s performance.

Box B.1 Performance indicators for Commission outputs	
<i>Outputs</i>	<i>Key indicators</i>
Government-commissioned projects	Projects, reports and associated activities: <ul style="list-style-type: none"> • of a high quality • useful to stakeholders • timely.
Performance reporting and other services to government bodies	
Competitive neutrality complaints activities	
Supporting research and activities and statutory annual reporting	

First, the effectiveness with which the Commission's outputs contribute to the achievement of its designated outcome can be difficult to assess and is often subjective. The Commission is but one source of policy advice. Furthermore, feedback on the Commission's performance often can be of an informal kind, which is hard to document and collate systematically. Where views are documented, they can reflect the interests of those affected by the Commission's analysis or advice.

Second, the Commission's work program often covers contentious and complex structural policy issues, where the Commission's impact should properly be assessed over the medium to long term. Examples from the past year demonstrate the 'shelf life' of a variety of Commission reports in policy formulation and debate (box B.2).

Third, the Commission has to give priority to certain outputs and allocates its resources accordingly. The quantum and scope of the Commission's work are, to a significant extent, determined externally. This includes the number and timing of government-commissioned projects and competitive neutrality complaints. Similarly, its secretariat and research work for the Review of Government Service Provision is guided by a Steering Committee. As a consequence, the number and timeliness of outputs from the Commission's supporting research program, for example, need to be interpreted in the light of the demands of its public inquiry workload and other standing commitments.

Fourth, the Commission has no control over the release of its final inquiry reports, although the *Productivity Commission Act* requires that the Minister table inquiry reports in Parliament within 25 sitting days of receipt. The time taken for decisions on such reports or the nature of the decisions themselves are matters for the Government. However, the release of detailed responses to Commission findings and recommendations, as standard administrative practice, has enhanced the transparency of government decision making on Commission reports and permitted better assessment of their contribution to public policy making. Extended delays in the tabling of inquiry reports and decisions on them can compound the difficulties of assessing the Commission's contribution to outcomes. All inquiry reports in 2007-08 were tabled within the statutory period.

While research studies specifically commissioned by the Government do not have to be tabled in Parliament, these reports are generally released soon after completion. Where available, government use of and responses to commissioned research studies are reported in appendix C.

This appendix reviews some broad-based indicators of Commission performance before reporting on each of its four outputs against the indicators agreed under the Government's accrual-based outcomes and outputs framework.

Box B.2 The longer-term influence of Commission reports

Some recent examples indicate ways in which Commission inquiry and other reports from past years continue to be influential.

- The Commission's 1999 inquiry report on gambling remains a prime reference source in parliamentary, media and community debate on gambling issues.
 - The Commission's methodology and findings continue to be cited as an authoritative source by other researchers. For example, a recent report on the social and economic impact of gambling in Tasmania (SACES 2008) drew heavily on the findings of the 1999 report and stated that:

Despite now being ten years old, the Productivity Commission's inquiry into Australia's gambling industries remains the most comprehensive attempt to draw together costs and benefits of gambling. (p. 232)
 - The Commission received more than 10 000 requests in the year for web pages for the inquiry.
 - The report was referred to in federal and state and territory parliamentary debate on 12 separate occasions in 2007-08.
 - On 3 July 2008 COAG announced that it had asked the Commonwealth Treasurer to arrange for the Commission to update its report.
- Past Commission reports on the Automotive Industry (IC 1997), Automotive Assistance (PC 2002a) and TCF Assistance (PC 2003) continue to feature prominently in discussions about future assistance options in these industries. For example, in the Background Paper for the 2008 Review of Australia's TCF Industry, headed by Professor Roy Green, the Commission's 2003 report on the industry was extensively used to provide factual detail on industry structure and past policy developments (DIISR 2008).
- Estimates of the prevalence and cost of consumer product-related injury, produced by the Commission in its 2006 study of *Consumer Product Safety*, were used as a key reference in a baseline study of consumer product-related accidents by Access Economics for the Ministerial Council on Consumer Affairs (Access Economics 2007). They were also referred to by the Australian Consumers' Association as an authoritative source in a major report on consumer product related injury (CHOICE 2008).
- The Commonwealth Government's announcement of the National Gas Law on 1 July 2008 implements recommendations made in the Commission's 2004 inquiry *Review of the Gas Access Regime* (Ferguson 2008).
- The Parliamentary Library Research Paper of December 2007 on recent developments in the Job Network drew extensively on the analysis and findings in the Commission's 2002 inquiry report, *Independent Review of the Job Network*.
- On 18 July 2008, the Australian Government announced that it would introduce legislative amendments to the *Disability Discrimination Act* in the spring sittings of Parliament to implement recommendations made by the Commission in its 2004 review of the Act (McClelland and Shorten 2008).

Feedback surveys

The Commission has a rolling program of surveys and other initiatives to gather external feedback on a range of its activities. These surveys complement the feedback received through comments and submissions on draft reports, position papers, workshop papers and the views expressed during public hearings and consultations on its research program.

The results of past surveys were reported in previous annual reports of the Commission 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, the Report on Government Services and the quality and usefulness of the Commission's supporting research program.

Recent survey on Commission reports

In June 2007 the Commission undertook a survey of the quality and readability of its reports in order to identify areas in which its performance could be enhanced. The survey was sent to participants in six recent inquiries and government-commissioned research studies, as well as to people regularly receiving Commission reports. More than 1100 survey forms were sent and a response rate of 37 per cent was achieved.

Ninety five per cent of respondents indicated that they found the information and analysis in Commission reports to be useful or very useful. Although variations were evident across reports and respondent groups, Commission reports overall were accorded ratings of 'well' or 'very well' on:

- coverage of issues, contributing to understanding and value as a source of reference material — by between 84 and 89 per cent of respondents
- presenting clear arguments and analytical support for the recommendations — by around three quarters of respondents
- adequately taking the interests of different groups into account — by 70 per cent of respondents
- recognising relevant social and environmental impacts, presenting different points of view and assessing them objectively — by around two-thirds of respondents, although these categories also typically attracted relatively high 'neutral/unable to comment' responses
- providing sufficient details of implementation arrangements and making appropriate use of quantitative modelling — by 58 per cent of respondents on

each indicator, although around one third of respondents felt neutral or unable to comment on them.

Australian Government agencies, industry associations and university/research respondents typically rated the Commission's performance across these indicators more highly than other groups.

Respondents were also asked to rate various readability aspects of Commission reports. Eighty one per cent of respondents indicated that Commission reports were generally reader friendly and aspects such as the use of tables, charts and jargon and page presentation rated similarly well. While 83 per cent of respondents rated the length of overviews in reports as satisfactory, 40 per cent considered the reports themselves generally to be too long.

In the current reporting year the Commission has assessed these survey results and their implications for the ways in which it engages with and responds to the views of the range of potential participants in its work. It has also used the results in assessing the ways it presents its analysis and conclusions and in considering ways in which it can enhance the readability of its reports. In early 2008 the Commission commenced implementing a number of changes to the way it presents its reports in light of the responses outlined above. A further round of feedback surveys is scheduled for the second half of 2008.

Survey on the Report on Government Services

The Steering Committee for the Review of Government Service Provision seeks feedback on the usefulness of the Report on Government Services every three years and uses the feedback to increase the accountability of the Review itself. A survey of more than 500 users, undertaken in February 2007, achieved a response rate of 48 per cent, a significant improvement on that achieved in previous years. Seventy eight per cent of respondents were satisfied or very satisfied with the Report. Readers valued the performance information in the service-specific chapters, and the supporting introductory chapters and statistical appendix were widely used. An important message from the survey was that improvements to the Report should focus on data issues. Data quality and usefulness received the lowest satisfaction ratings, and improved comparability, better data quality and more timely data were identified as areas needing improvement. The survey results and the constructive suggestions made by many survey respondents are informing the work of the Steering Committee. More detailed survey results were reported in last year's annual report.

Other feedback

As noted in chapter 2, feedback opportunities provided through email, on-line survey forms, and survey forms included in publications or issued to participants in the Commission's public hearings remained little used in 2007-08. Much of the feedback received through these mechanisms this year was positive. Comments are passed to management and authors for consideration.

Commission outputs and the work of the Federal Parliament

The inquiries and reports which figured most prominently in federal parliamentary debate during 2007-08 were the Commission's reports on Indigenous disadvantage, first home ownership, science and innovation, road and rail infrastructure pricing and automotive assistance. As noted in chapter 2, 47 Members of the House of Representatives and 30 Senators collectively referred to 32 different Commission inquiries or reports, or to the Commission's role in policy processes, during the 2007-08 parliamentary proceedings. Five parliamentary committees either endorsed Commission recommendations or recommended new tasks for the Commission during the year.

Commission outputs are also used in parliamentary work in a variety of other ways.

- Eighteen recent parliamentary committee reports referred to different Commission inquiries or research (table B.1).
- People appearing at the hearings of parliamentary committees in 2007-08 referred to Commission outputs in more than 24 different topic areas.
- Research material provided to parliamentarians during 2007-08 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 19 different Commission outputs (table B.2). These included 14 inquiry and other commissioned research reports, the Report on Government Services and several reports from the Annual Report Series. Extensive use of Commission outputs was apparent within the Parliamentary Library Briefing Book on key issues for the 42nd Parliament.

Use of Commission Reports by the Audit Office

Performance audits undertaken by the Australian National Audit Office (ANAO) inform the Parliament and the Government about public sector administration and performance. During 2007-08 the ANAO cited a number of findings from the Commission's 2005 report on Australia's health workforce in Audit Report No. 25, *Administering Round the Clock Medicare Grants* and in Audit Report No. 34,

Administration of the Pathology Quality and Outlays Memorandum of Understanding. The latter ANAO report also referred to findings from the Commission's 2006 report on standard setting and laboratory accreditation. The reporting framework and various findings from the Report on Government Services and Overcoming Indigenous Disadvantage report were also cited in Audit Report No. 10, *Whole of Government Indigenous Service Delivery Arrangements* and in Audit Report No. 29, *Parent School Partnerships Initiative*.

Other Commission outputs referred to in ANAO reports in 2007-08 were the 2001 inquiry report on certain superannuation legislation, the 2002 inquiry report *Review of Automotive Assistance*, the *Report on Government Services 2007* and various editions of the *Trade & Assistance Review*.

Table B.1 Use of Commission outputs in recent parliamentary committee reports

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
House of Representatives Standing Committee on Economics, Finance and Public Administration, <i>Australian manufacturing: today and tomorrow: Inquiry into the state of Australia's manufactured export and import competing base now and beyond the resources boom</i> , July 2007	Research Report, <i>Public Support for Science and Innovation</i> , March 2007; Annual Report Series, <i>Trade & Assistance Review</i> , 2005-06 and 2000-01; Research Paper, <i>Trends in Australian Manufacturing</i> , April 2003; Staff Working Papers, <i>Econometric Modelling of R&D and Australia's Productivity</i> , April 2006 and <i>Can Australia Match US Productivity Performance?</i> , March 2007
House of Representatives Standing Committee on Transport and Regional Services, <i>The Great Freight Task: Is Australia's transport network up to the challenge?</i> , July 2007	Inquiry Report, <i>Road and Rail Freight Infrastructure Pricing</i> , December 2006; Inquiry Draft Report, <i>Tasmanian Freight Subsidy Arrangements</i> , September 2006; Chairman's speech 28 April 2006; <i>Supplement to Inquiry Report Progress in Rail Reform</i> , November 1999
House of Representatives Standing Committee on Science and Innovation; <i>Between a rock and a hard place: The science of geosequestration</i> , August 2007	<i>Submission to the Prime Ministerial Task Group on Emissions Trading</i> , March 2007
Senate Standing Committee on Employment, Workplace Relations and Education, <i>Workforce challenges in the transport industry</i> , August 2007	Inquiry Report, <i>Road and Rail Freight Infrastructure Pricing</i> , December 2006
Parliamentary Joint Committee on Corporations and Financial Services, <i>The structure and operation of the superannuation industry</i> , August 2007	Inquiry Report, <i>Review of the Superannuation Industry (Supervision) Act 1993 and Certain other Superannuation Legislation</i> , December 2001
Senate Standing Committee on Legal and Constitutional Affairs, <i>Social Security and Other Legislation Amendment (Welfare Payment Reform) Bill 2007 and four related bills concerning the Northern Territory National Emergency Response</i> , August 2007	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2005</i>
Joint Standing Committee on Migration, <i>Temporary visas ... permanent benefits: Ensuring the effectiveness, fairness and integrity of the temporary business visa program</i> , August 2007	Mentions supporting research on skill shortages in Australia
House of Representatives Standing Committee on Environment and Heritage, <i>Sustainability for survival: creating a climate for change – Inquiry into a sustainability charter</i> , September 2007	Inquiry Report, <i>Review of National Competition Policy Reforms</i> , February 2005

Senate Standing Committee on Employment, Workplace Relations and Education, *Higher Education Endowment Fund Bill [Provisions], Higher Education Endowment Fund (Consequential Amendments) Bill 2007 [Provisions]*, September 2007

Senate Standing Committee on Community Affairs, *A decent quality of life – Inquiry into the cost of living pressures on older Australians*, March 2008

Senate Standing Committee on Economics, *National Market Driven Energy Efficiency Target Bill 2007 [2008] and Renewable Energy Legislation Amendment (Renewable Power Percentage) Bill 2008*, May 2008

Senate Standing Committee on Environment, Communications and the Arts, *Inquiry into the effectiveness of the broadcasting codes of practice*, June 2008

Senate Select Committee on Housing Affordability in Australia, *A good house is hard to find: Housing affordability in Australia*, June 2008

Senate Standing Committee on Economics, *Tax Laws Amendment (Medicare Levy Surcharge Thresholds) Bill 2008*, August 2008

Senate Standing Committee on Community Affairs, *National Health Amendment ((Pharmaceutical and Other Benefits—Cost Recovery) Bill 2008*, August 2008

Senate Standing Committee on Economics, *Australian Securities and Investments Commission (Fair Bank and Credit Card Fees) Amendment Bill 2008*, September 2008

Senate Standing Committee on Environment, Communications and the Arts, *Management of Australia's Waste Streams (including consideration of the Drink Container Recycling Bill 2008)*, September 2008

Senate Select Committee on State Government Financial Management, *Select Committee on State Government Financial Management: Report*, September 2008

Research Report, *Public Support for Science and Innovation*, March 2007

Research Report, *Economic Implications of an Ageing Australia*, April 2005

Inquiry Report, *The Private Cost Effectiveness of Improving Energy Efficiency*, August 2005

Inquiry Report, *Broadcasting*, March 2000

Inquiry Report, *First Home Ownership*, March 2004; Research Report, *Assessing Local Government Revenue Raising Capacity*, April 2008; Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008*, April 2008

Annual Report Series, *Trade & Assistance Review*, 2006-07

Inquiry Report, *Cost Recovery by Government Agencies*, March 2002

Inquiry Report, *Review of Australia's Consumer Policy Framework*, April 2008

Inquiry Report, *Waste Management*, October 2006

Research Paper, *Financial Performance of Government Trading Enterprises 2004 to 2006*, June 2008

Table B.2 Parliamentary Library use of Commission outputs in 2007-08

<i>Parliamentary Library output 2007-08</i>	<i>Commission output used</i>
<i>Media ownership deregulation in the United States and Australia: in the public interest?</i> , Research Paper No. 1, July 2007	Inquiry Report, <i>Broadcasting</i> , March 2000
<i>Workplace relations reforms: a chronology of business, community and government responses</i> , Background Note, August 2007	Inquiry Report, <i>Review of National Competition Policy Reforms</i> , February 2005
<i>Tax Laws Amendment (2007 Measures No. 5) Bill 2007</i> , Bills Digest No. 42, September 2007	Research Report, <i>Public Support for Science and Innovation</i> , March 2007
<i>Practice nursing in Australia</i> , Research Paper No. 10, September 2007	Research Report, <i>Australia's Health Workforce</i> , December 2006
<i>National Health Amendment (Pharmaceutical Benefits) Bill 2007</i> , Bills Digest No. 40, September 2007	Research Report, <i>Australia's Health Workforce</i> , December 2006
<i>A review of developments in the Job Network</i> , Research Paper No. 15, December 2007	Inquiry Report, <i>Independent Review of the Job Network</i> , June 2002
<i>Specific purpose payments and the Australian federal system</i> , Research Paper No. 17, January 2008	Annual Report Series, <i>Annual Report 2004-05</i> , September 2005
<i>Parliamentary Library Briefing Book: Key Issues for the 42nd Parliament</i> , Briefing Book, January 2008	Research Reports, <i>Economic Implications of an Ageing Australia</i> , April 2005, <i>Potential Benefits of the National Reform Agenda</i> , December 2006 and <i>Australia's Health Workforce</i> , December 2006; Inquiry Reports, <i>Broadcasting</i> , March 2000 and <i>First Home Ownership</i> , March 2004; Accelerated Report, <i>Safeguards Inquiry into the Import of Piguemeat</i> , December 2007; Steering Committee for the Review of Government Service Provision, <i>Report on Government Services 2007</i>
<i>Tax Laws Amendment (2008 Measures No. 1) Bill 2008</i> , Bills Digest No. 62, February 2008	Annual Report Series, <i>Trade and Assistance Review 2005-06</i> , April 2007
<i>Indigenous Socioeconomic Indicators</i> , Background Note, February 2008	Steering Committee for the Review of Government Service Provision, <i>Report on Government Services 2007</i> and <i>Report on Government Services 2008</i>
<i>Infrastructure Australia Bill 2008</i> , Bills Digest No. 69, March 2008	Inquiry Report, <i>Review of National Competition Policy Reforms</i> , February 2005

Hospital Waiting Lists Explained, Background Note, March 2008

Interstate Road Transport Charge Amendment Bill 2008, Bills Digest No. 88, March 2008

Road Transport Charges (Australian Capital Territory) Repeal Bill 2008, Bills Digest No. 89, March 2008

Health workforce: a case for physician assistants?, Research Paper No. 24, March 2008

Australia's natural gas: issues and trends, Research Paper No. 25, April 2008

Budget Review 2008-09, Research Paper No. 31, May 2008

National Health Amendment (Pharmaceutical and Other Benefits — Cost Recovery) Bill 2008, Bills Digest No. 125, June 2008

Disability support and services, Background Note, June 2008

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008*, April 2008

Inquiry Report, *Road and Rail Freight Infrastructure Pricing*, December 2006

Inquiry Report, *Road and Rail Freight Infrastructure Pricing*, December 2006

Research Report, *Australia's Health Workforce*, December 2006

Inquiry Report, *Review of the Gas Access Regime*, June 2004

Research Report, *Public Support for Science and Innovation*, March 2007; Staff Research Paper, *Statistical Analysis of the Use and Impact of Government Business Programs*, 2001; Inquiry Report, *Cost Recovery by Government Agencies*, August 2001; Inquiry report, *Review of Australia's Consumer Policy Framework*, April 2008.

Inquiry Report, *Cost Recovery by Government Agencies*, August 2001

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2008*

Other evidence

In addition to the performance indicators for 2007-08 referred to in chapter 2 and those detailed elsewhere in this appendix, recognition of the ability of the Commission to contribute to policy making and public understanding through independent and transparent analysis was demonstrated by the following developments. These mostly involve suggestions for specific references or reporting tasks, but also encompass general assessments of the Commission's performance.

- In announcing the reappointment of Gary Banks as Chairman of the Commission on 16 April 2008, the Treasurer stated:

... the Commission has become a vital, independent source of advice to government on policy reforms needed to underpin Australia's long-term prosperity... The Productivity Commission is a key advisory body on all aspects of microeconomic reform and regulation, and its analysis covers all levels of government and all sectors of the economy. (Swan 2008)

- COAG requested in its communiqué of 3 July 2008 that the Commission undertake reviews of Australia's anti-dumping system and parallel import restrictions on books, and that the Commonwealth Treasurer arrange for the Commission to update its 1999 gambling inquiry.
- As part of its Social Inclusion Agenda, the Government has proposed that the Commission undertake a study of the community sector in Australia to better understand the contribution it makes and to also identify opportunities for productivity gains in the sector (Stephens 2008).
- In the lead-up to the November 2007 federal election, both major political parties proposed new work for the Commission. The then federal Opposition proposed a number of tasks for the Commission including that it:
 - examine the effectiveness of different models to improve the support for working parents with new born children, their likely impact on work and family preferences and workforce participation more generally (Rudd 2007)
 - assess the distribution of the net benefits of COAG regulation reforms between the Commonwealth and the States as a basis for payments from a pool of regulatory reform incentive payments (Emerson 2007)
 - review the operation of the telecommunications Universal Service Obligation and provide options on the future funding and structure of the regime (Conroy 2006).

The then Government proposed that the Commission would be asked to:

- establish, publish and annually update benchmarks for the cost of providing essential services infrastructure for major new residential development releases, including roads, sewerage and water

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- undertake an inquiry on the regulation of Australia’s wild catch fisheries
 - review the current dividend policy of every capital city water utility, recommend an appropriate dividend policy for each of them and report annually on implementation, as well as report annually on State and Territory Governments’ progress in delivering transparency in the pricing of urban water to customers (Coalition Government 2007a,b,c).
 - The announcement of the Commission’s inquiry into paid maternity, paternity and parental leave in February 2008 was welcomed variously by the Human Rights and Equal Opportunity Commission, the Business Council of Australia, the Sex Discrimination Commissioner, the Australian Democrats, the Federal Opposition and others. Deputy Leader of the Opposition Julie Bishop stated that ‘the Commission is in a position to do the economic analysis’. In announcing the commencement of the inquiry, the Australian Government stated that:

The Productivity Commission is uniquely placed to advise the Government on the best way to balance economic considerations with the aspirations of working families. (Gillard, Macklin and Swan 2008)
 - Parliamentary Committees continued to draw on Commission reports to inform their work and to recommend new work for the Commission. For example:
 - In its inquiry into the future impact of serious and organised crime on Australian society, the Parliamentary Joint Committee on the Australian Crime Commission (2007, p. xii) recommended in September 2007 that the Commission be asked to inquire into the cost effectiveness and benchmarking of law enforcement bodies and current national arrangements to address serious and organised crime
 - Opposition members of the Senate Standing Committee on Rural and Regional Affairs and Transport (2008, p. 65) recommended in April 2008 that the Commission be tasked with reviewing any new wheat export marketing arrangements. This suggestion was subsequently incorporated into the *Wheat Export Marketing Act 2008*, with section 89 of the Act requiring that the Commission commence a review of the new arrangements by 1 January 2010
 - The House of Representatives Standing Committee on Primary Industries and Resources (2008, p. xx) recommended in June 2008 that the Commission be asked to investigate the long-term viability of the Australian honey bee industry in respect of industry organisation, marketing structures and the financial viability of producers and packers.

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- Several separate subject groups at the *Australia 2020* Summit, held on 19 and 20 April 2008, recommended that new work be undertaken by the Commission.
 - The Federalism sub-group of the Economy stream called for the Commission or a similar independent body to carry out a detailed audit, within two years, of the existing governance, management and financial arrangements applying to major areas of Commonwealth and state and territory and local government activities. These areas included education, health, infrastructure, Indigenous welfare, and regulation.
 - The Communities sub-group in the Rural stream called for a Commission audit to examine parity of access between urban and remote, rural and regional Australia to quality health, education, housing, transport and social services as well as other community services and professional resources.
 - Announcing the release of the Commission's final report on consumer policy on 8 May 2008, the Assistant Treasurer stated:

This report provides a unique opportunity to examine Australia's approach to consumer policy and ensure that the legal and regulatory framework provides the best outcomes possible for Australian consumers. Consumer policy is a priority for the Rudd Government and the Productivity Commission has made a number of valuable recommendations to contribute to the way forward for consumer policy in Australia... I am grateful to the Commission for the effort it has put into preparing this important report. (Bowen 2008a)
 - In November 2007, the NSW Parliament's Standing Committee on State Development reported on aspects of agriculture in that state. The report commented that any future reviews of regulation in the agricultural sector should take into account the work of the Commission (Standing Committee on State Development 2007, p. 112).
 - Various individuals and groups called for further Commission research into gambling during the year. For example, Gabriella Byrne, who leads the Free Yourself program in Victoria aimed at assisting problem gamblers, called on the government in February 2008 to fund new Commission research into problem gambling (McKenzie 2008). The then Leader of the Opposition, Brendan Nelson, also called for a Commission inquiry into the social and economic costs of gambling, arguing that technological change and other factors had meant a new Commission inquiry was needed (Shanahan 2008). The Reverend Tim Costello described the Commission's 1999 gambling inquiry and its findings on problem gambling as a 'landmark... that defined the problem and set out a measured approach to tackle it.' (Costello 2007)

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- The Business Council of Australia (2007), noting its support for the role of the Productivity Commission at the Commonwealth level, proposed the establishment of a ‘federal commission’ to oversee reform across jurisdictions. It also stated that:

... given the urgent need for reform action the BCA believes the Productivity Commission could be tasked with performing the role of the federal commission for an interim period.

- The Planning Institute of Australia, a peak body representing professional planners, recommended in April 2008 that the Commission be charged with investigating the full array of taxes and levies related to land, housing and development imposed by states and territories as a matter of urgency.
- The Real Estate Institute of Australia, the national professional association for the real estate industry in Australia, suggested in May 2008 that the Government establish a broader housing affordability forum, comprising federal, state and local governments and industry to review the Commission’s 2004 report on *First Home Ownership* and make specific recommendations to government.
- On 14 January 2008 the Australian Government committed to a national framework for reporting expenditure on Indigenous services, and committed to consult with agencies, including the Commission, in developing the national framework.
- In addressing a Matter of Public Importance on industry policy within Federal Parliament on 14 February 2008, the then Shadow Treasurer, Mr Malcolm Turnbull, stated:

There is no body in Australia better qualified to look into industry matters of this kind than the Productivity Commission itself... This is the most distinguished economic think tank in Australia. It has years of expertise in looking into these industry matters.

- On 3 July 2008, the COAG Ministerial Taskforce on Chemicals and Plastics Regulatory Reform announced a series of ‘early harvest’ reforms which provide broad endorsement of the reform blueprint proposed by the Commission. COAG also requested that actions in response to the Commission’s final report be brought forward for consideration at its October 2008 meeting.
- A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews on a range of topics, including the system for issuing taxi licences in States and Territories; the costs and benefits of legal regulated availability of recreational drugs; the operation and effects of the FuelWatch scheme in Western Australia, competition in the Australian skiing industry, tax deductions for property investors; the operation of the telecommunications Universal Service Obligation; and labour shortages in agricultural industries.

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- General endorsement of the Commission's role and work can also be found in various proposals for new agencies to be modelled on it. For example:
 - Several separate subject groups at the *Australia 2020* Summit recommended an expanded role for the Commission or the formation of other bodies modelled on it.
 - ... The public policy sub-group suggested allowing greater independence of action for the Commission and recommended developing and strengthening institutions such as the Commission that produce credible research results.
 - ... The Indigenous stream called for improved accountability, reporting and monitoring in Indigenous policy initiatives, and canvassed a number of options including the establishment of an Aboriginal and Torres Strait Islander Productivity Commission.
 - In January 2008 the Lingiari Policy Centre proposed the formation of a Commission-style body to monitor the progress of change in Indigenous communities and to apply accountability measures.

Citations in reports and elsewhere

In addition to the media coverage reported below in this appendix, the Commission and its reports are widely cited elsewhere. The Commission found evidence of over 150 mentions of the Commission and its reports in 2007-08. These covered almost 80 different reports, papers, speeches and work in progress. Just over 5 per cent of total mentions were in relation to inquiries and commissioned studies current in 2007-08. The majority of mentions were in relation to earlier commissioned studies, including into the health workforce (2006) and the ageing of Australia's population (2005). The annual Report on Government Services from various years also received a considerable number of mentions. The Commission's work was cited in around 58 different journals and publications. Its work was cited mostly in the *Medical Journal of Australia*, *Australian Health* and the *Australian Economic Review*. Mentions in medical or health-related journals accounted for over 20 per cent of total mentions, while over 10 per cent of mentions were in law-related journals.

Output 1: Government-commissioned projects

These projects are major tasks commissioned or formally requested by the Australian Government. They encompass the conduct of public inquiries, case studies, program evaluations, taskforces and commissioned research projects. They typically involve extensive public consultation. The Commission can also be asked to assist policy development processes by undertaking technical modelling exercises of policy initiatives under consideration by the Government.

In response to these requests, the Commission is committed to undertaking projects in accordance with required processes and to produce reports which are of a high standard, useful to government and delivered on time. Performance against these indicators is reported below.

The resources used in producing this output in 2007-08 were:

- 113 staff years
- \$22.4 million on an accrual basis.

All government-commissioned inquiries in 2007-08 were conducted by the Commission in accordance with statutory processes which set requirements for public hearings, submissions and the use of economic models.

Activities in 2007-08

The Commission had five public inquiries and nine government-commissioned research studies underway at some time during the year. The program of government-commissioned projects is summarised in table B.3, although the varying complexity of policy issues addressed and the consultation demands are difficult to capture.

During 2007-08 the Commission:

- completed two public inquiries begun in 2006-07 — the market for retail tenancy leases, and the consumer policy framework
- commenced and completed in the year a safeguards inquiry into the import of pigmeat into Australia, involving two reports
- commenced two other new public inquiries, which are due for completion in 2008-09, on paid maternity, paternity and parental leave, and Government drought support.

Table B.3 Program of public inquiries and other government-commissioned projects^a

Month	2006-07					2007-08												2008-09							
	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Public inquiries:																									
Price regulation of airport services																									
Consumer policy framework																									
Market for retail tenancy leases in Australia																									
Safeguards inquiry into the import of pigmeat ^b																									
Paid maternity, paternity and parental leave																									
Government drought support																									
Commissioned research studies:																									
Review of regulatory burdens on business – Stage 1																									
Local government revenue raising capacity																									
Chemicals and plastics regulation																									
Business regulation benchmarking – Stage 2																									
Review of regulatory burdens on business – Stage 2																									
Review of mutual recognition schemes																									
Economy-wide effects of future automotive assistance																									
Economy-wide effects of future TCF assistance																									
Regulation burden on upstream petroleum																									

^a Shaded area indicates the approximate duration of the project in the period covered by the table. ^b Includes both Accelerated and Final Pigmeat Reports.

Research studies commissioned by the Government were a significant component of the Commission’s workload in 2007-08 (figure 2.1). During the year the Commission:

- finalised two government-commissioned research studies begun the previous year — stage 1 of the review of regulatory burdens on business, and a study of local government revenue raising capacity
- commenced and completed studies on the economy-wide effects of future assistance options in the automotive and TCF industries
- commenced five other new studies — the second stages of a review of regulatory burdens on business and a benchmarking study on business regulation; a study of chemicals and plastics regulation; a review of the Mutual Recognition Agreement (MRA) and the Trans-Tasman Mutual Recognition Arrangement (TTMRA); and a study on Australia’s framework for upstream petroleum regulation.

Trends in public inquiry activity and participation over the past five years are shown in table B.4. Information on individual projects is provided in appendix C.

Table B.4 Public inquiry and other commissioned project activity, 2002-03 to 2007-08

<i>Indicators</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Public inquiries					
Inquiry references received	3	4	4	2	3
Issues papers released	3	3	4	2	1
Public hearings (sitting days) ^a	66	26	26	28	28
Organisations/people visited	186	167	151	134	124
Submissions received	1 221	623 ^c	654	422	720
Draft reports ^b	5	5	2	3	2
Inquiry reports completed	6	4	2	4	3
Inquiries on hand (at 30 June)	2	2	4	2	2
Research studies					
References received	4	3	4	3	7
Submissions received	149	253	608	485 ^d	262
Draft reports ^b	1	4	4	3	4
Research reports completed	2	3	4	4	4
Studies on hand (at 30 June)	3	3	3	2	5
Total references					
Total references received	7	7	8	5	10
Total references completed	8	7	6	8	7
Total references on hand (at 30 June)	5	5	7	4	7

^a Excludes forums and roundtable discussions. ^b Includes all types of draft reports. ^c Includes 130 submissions accepted on a commercial-in-confidence basis in the smash repair and insurance inquiry. ^d Includes 90 almost identical short letters sent in response to the Commission's draft report on science and innovation.

The Commission endeavours to conduct projects in an economical manner, 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 the seven inquiries and government-commissioned research studies completed in 2007-08 are shown in table B.5.

The major administrative (non-salary) costs associated with public inquiries and other government-commissioned projects relate to the Commission's extensive consultative processes and the wide dissemination of its draft and final reports. Comparisons of these costs for the period 2003-04 to 2007-08 are shown in table B.6.

Variations in the administrative cost of inquiries and other commissioned projects arise from the extent and nature of public consultation, the number of participants, the complexity and breadth of issues, the need for on-site consultations with

participants and the State and Territories, the costs of any consultancies (including those arising from the statutory requirements relating to the use of economic models), and printing costs and the duration of the inquiry or project.

Table B.5 Cost of public inquiries and other commissioned projects completed in 2007-08^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Consumer policy framework	3 100
Market for retail tenancy leases in Australia	1 103
Safeguards inquiry into the import of pigmeat	645
Review of regulatory burdens on business – Stage 1	1 572
Local government revenue raising capacity	1 847
Economy-wide effects of future automotive assistance	251
Economy-wide effects of future TCF assistance	250

^a Includes estimated overheads.

Table B.6 Direct administrative expenditure on public inquiries and other government-commissioned projects^a, 2003-04 to 2007-08

<i>Expenditure item</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	416	343	382	478	394
Printing	181	125	151	132	108
Consultants	62	32	103	40	402
Other ^b	289	194	311	291	208
Total	949	693	946	942	1112

^a Expenditure other than salaries and corporate overheads. ^b Includes other costs, such as advertising, venue hire, transcription services and data acquisition.

Consultative processes

The practice of consulting widely with government departments and agencies, professional and industry organisations, academics and the broader community during inquiries and government-commissioned research projects continued in 2007-08.

In the course of its inquiry work over the year, the Commission held 28 public hearings, visited more than 120 individuals and organisations and received more than 700 submissions. The Commission encourages broad public participation in its inquiry work, including by those in rural and regional areas. For example:

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- Following receipt of its reference on pigmeat safeguards, the Commission sent an issues paper setting out matters about which it was seeking comment and information to nearly 1000 individuals and organisations who had registered their interest or were considered likely to have an interest, including more than 400 regional media outlets. Informal meetings and visits were conducted in the early stages of the inquiry with individual producers and processors, including those in regional areas, as well as with producer organisations, Australian and State Government departments and agencies, and representatives of relevant foreign governments. To supplement publicly-available data and other information, the Commission also sent a request for information to 11 major pork abattoir/boning operations. Public hearings were held in Sydney, Canberra, Brisbane, Adelaide and Melbourne, and a modelling workshop was held to present and discuss the Commission's econometric analysis.
 - In conducting its inquiry on retail tenancy leases, the Commission consulted directly with over 50 interested parties and received a total of 211 submissions, with 140 received prior to the release of the Draft Report. The Commission undertook public hearings after the release of the Draft Report in six capital cities over a period of ten days.
 - Video and teleconferencing are also used to facilitate participation in visits and hearings. For example, in the course of its inquiries on consumer policy and retail tenancy leases, the Commission used videoconferencing and teleconferencing to engage with interested parties in the Northern Territory and Tasmania to receive advice on key inquiry issues.

Trends in inquiry activities — which are heavily influenced by the nature of the policy issues referred to the Commission — are shown in table B.4.

The Commission adapts its consultative processes to suit the variety of research studies commissioned by the Government. For example:

- As part of its inquiry into paid maternity, paternity and parental leave, the Commission used a number of alternative mechanisms for consultation and receipt of submissions. In addition to a comprehensive round of initial public hearings, on 15 May 2008 the Commission held the first of a number of planned community consultations, in Dandenong, Victoria. The purpose of this forum was to provide a more informal setting in which parents, small business people and others could talk about their experiences of leave associated with the birth or adoption of children, and give their views about paid parental leave. In the lead up to this consultation, the Commission notified a wide range of parties with a possible interest in this forum, including local papers, television and radio, local councils, state-based peak bodies, local chambers of commerce, and local school and kindergarten groups. Several further community consultations are being

planned in connection to this inquiry. The inquiry also released a personal feedback paper, which was additional to a longer issues paper, to encourage submissions of a less formal and more personal nature.

- For the second stage of its study on the performance benchmarking of Australian business regulation, the Commission: surveyed central agencies, regulators and local councils in each Australian jurisdiction to gather key data; made follow-up contact with regulators and local councils to assess the accuracy of the data gathered; contracted ACIL-Tasman to provide synthetic estimates of the time and difficulty experienced by business in complying with business registration requirements; identified over 5000 newly registered businesses across the country in the five case study sectors (that is, real estate agents, domestic builders, child care centres, cafes with footpath dining, and wineries with cellar door sales) for potential inclusion in focus group meetings with recently registered businesses; and subsequently conducted around 30 focus groups in capital cities, supplemented by ‘mini focus groups’ or one-on-one interviews in rural areas where insufficient numbers of businesses were recruited for a particular focus group.

Further details on the consultations undertaken in the course of government-commissioned research studies are provided in the reports.

Internet technology has greatly increased the accessibility of the Commission’s reports and facilitated speedier and easier notification of developments in inquiries and studies. On-line registration facilitates people notifying their interest in specific inquiries and studies and being kept informed of developments. In particular, participants’ submissions to inquiries and studies and transcripts of hearings (other than confidential information) are placed on the Commission’s website. Internet access has also increased the opportunities for earlier and less costly public scrutiny of the views and analysis being put to the Commission. There were more than 77 500 external requests for the index pages to submissions and hearing transcripts for inquiries and commissioned studies current in the year to 30 June 2008.

Quality indicators

Quality assurance processes are built into the way the Commission conducts its public inquiries and other government-commissioned projects. The Commission receives extensive feedback on the accuracy and clarity of its analysis in its inquiry work and the relevance of its coverage of issues. Much of this feedback is on the public record through submissions on draft reports and transcripts of public hearings.

The roundtables and workshops convened during the course of inquiries and government-commissioned research studies, noted above, also contributed to the Commission's quality assurance processes. Further examples of the use of such processes to increase the robustness of the analysis in reports are:

- In its study of chemicals and plastics regulation, the Commission held a series of roundtable hearings to canvas particular issues and options for reform. The roundtables were attended by 59 individuals representing 33 organisations. Following the release of its draft report, an environmental workshop was also held, attended by 20 individuals representing nine organisations, including key Commonwealth, State and Territory government agencies.
- In its Commissioned studies modelling future assistance options in the automotive and TCF industries, the Commission held technical workshops at which its modelling approach – together with some preliminary results – were reviewed by a panel of modelling experts. Participants at the automotive workshop included representatives of the Automotive Review Secretariat, the Australian Government Treasury, and the Department of Innovation, Industry, Science and Research, as well as three independent referees — Philip Adams, Director at the Centre of Policy Studies at Monash University; Chris Murphy, Director at Econtech; and David Pearce, Director and Principal Policy Analyst at the Centre for International Economics. Dr Larry Cook, Lecturer in the Department of Economics at Monash University, also provided comments. Three referees attended the TCF workshop — Philip Adams, David Pearce and John Zeitsch (Concept Economics). Other participants at the workshop included representatives of the TCF Review and Secretariat, the Australian Government Treasury, and the Department of Innovation, Industry, Science and Research.

The Government's formal responses to the work it has commissioned potentially provide a further indicator of the quality of that work. These responses are also an indicator of usefulness and are reported under that heading below. Government responses to Commission reports are provided in appendix C.

Timeliness

Of the seven inquiries and commissioned research studies finalised in 2007-08, five were completed on or ahead of schedule. The original reporting period for the inquiry on retail tenancy leases was extended by approximately three months from the original date of 21 December 2007 to 31 March 2008, due largely to the extensive consultation involved and the timing of several key submissions. The inquiry report on Australia's consumer policy framework was extended by a total of four and a half months to 30 April 2008, also due largely to the extensive consultation

involved and the timing of several key submissions. In both cases the extended reporting dates were met.

Indicators of usefulness

The usefulness of government-commissioned projects undertaken by the Commission in contributing to policy making and public understanding is demonstrated by a range of indicators.

Government responses

The Commission's impact on policy making is revealed most directly through government responses to, and decisions on, its reports. During the year the Australian Government accepted or expressed in-principle agreement to all of the Commission's recommendations in the Safeguards Inquiry into the Import of Pigmeat. The Government response noted that safeguard action was found not justified because increased imports had not caused and were not threatening to cause serious injury to the domestic industry and on 8 April 2008 notified the WTO that it would not impose safeguard measures. The response also acknowledged the Commission's view that existing government-funded programs should be properly evaluated before any further assistance to the pig industry is contemplated.

In its response to the Commission's report on retail tenancy leases, the Commonwealth agreed (or agreed in-principle) to all but one of the Commission's recommendations. This included recommendations on the use of simple (plain English) language in all tenancy documentation; contact points for information on lease negotiation, lease registration and dispute resolution; harmonisation of retail tenancy legislation across jurisdictions; and the possible introduction of a code of conduct for the retail tenancy market as an alternative to prescriptive legislation. The Commonwealth did not support the Commission's recommendation that state and territory governments remove restrictions that provide no improvement in operational efficiency, compared with the broader market for commercial tenancies.

COAG and Ministerial Council responses

With much of the Commission's reporting focusing on cross-jurisdictional policy issues, its impact can also be assessed against COAG and ministerial council responses to Commission reports. For example:

- COAG have agreed to the establishment of a new national consumer policy objective and national consumer law in line with recommendations made by the

Commission in its *Review of Australia's Consumer Policy Framework*. (COAG 2008c)

- At its meeting of October 2 2008, COAG welcomed the Commission's final report on *Chemicals and Plastics Regulation* and announced its intention to implement a series of reforms which provide broad endorsement of the reform blueprint proposed by the Commission
- In its communiqué of 26 March 2008, COAG also announced significant reforms in relation to the health workforce that implement recommendations made by the Commission in its 2006 report *Australia's Health Workforce*. In particular, it agreed to the establishment of a single national scheme for the registration and accreditation of health professionals by 1 July 2010.

Governments do not always accept the Commission's advice, at least initially. Nevertheless, a review of the Commission's inquiry outputs since its inception in 1998 shows that governments typically adopted a substantial majority of recommendations and generally endorsed its findings (details are provided in appendix B and table B.7). Further, an assessment of the nature and extent of references made to material in the 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 (appendix B).

Further evidence of usefulness

Wider evidence of the contribution of the Commission's inquiry reports and commissioned research studies to public policy is found in the following:

- On 17 April 2008, a communiqué from the Environment Protection and Heritage Council stated that:

Ministers noted issues raised in the 2006 Productivity Commission Report on Historic Heritage, including the financial impacts of heritage listing for some private land owners. They acknowledged the importance of addressing these issues in their ongoing work on Australia's historic heritage. (EPHC 2008)

- New arrangements for the accreditation of diagnostic imaging practices, introduced by the Australian Government in 2008, drew on findings in the Commission's 2006 report on *Standard Setting and Laboratory Accreditation*. The Explanatory Statement said:

The preferred two stage approach is also in line with the views expressed by the Productivity Commission in its 2006 report... Although that review focused on activities of bodies such as Standards Australia and the National Association of Testing

Authorities, the PC's concern about excessive requirements for accreditation have general application. (Minister for Health and Ageing 2008, p. 26)

- In a speech outlining the new Labor Government's deregulation agenda, delivered on 26 February 2008, the Minister for Finance and Deregulation, the Hon. Lindsay Tanner MP, cited a number of Commission reports. In discussing the need for further regulatory reform, he drew on estimates of the total regulatory compliance cost burden for business in the Commission's 2007 study of the National Reform Agenda (Tanner 2008).
- A Victorian Competition and Efficiency Commission inquiry into food regulation (VCEC 2007) made use of 11 Commission reports, including a 1998 report on *Work Arrangements in the Meat Industry* and the 2006 *Review of the Australian consumer product safety system*.
- The Commonwealth Government's announcement of the National Gas Law on 1 July 2008 stated that it implemented recommendations made in the Commission's 2004 inquiry *Review of the Gas Access Regime* (Ferguson 2008).
- On 18 July 2008 the Australian Government announced its intention to introduce legislative amendments to the *Disability Discrimination Act* in the Spring sittings of Parliament to implement recommendations made by the Productivity Commission in its 2004 review of the Act. The Government stated that the key amendments will clarify the obligation of employers, service providers and others to remove discriminatory barriers for people with disabilities. It also stated that:

The amendments to the Act that have been recommended by the Productivity Commission will enhance the operation of Australia's federal anti-discrimination system. (McClelland and Shorten 2008)

- A report for the Queensland Government on waste strategy, prepared by the Qld Environmental Protection Agency, drew heavily on the Commission's 2006 *Waste Management* report (Environmental Protection Agency (Queensland) 2007).
- The Economics and Industry Standing Committee of the WA Legislative Assembly drew extensively on several Commission reports, including Science and Innovation, when considering the State Government's role in developing and promoting ICT in that state.
- The Commission's 2007 report on *Road and Rail Infrastructure Pricing* was used extensively by the National Transport Commission (NTC) when developing options for reform of road user charges. The *National Transport Commission (Model Heavy Vehicle Charges Act) Regulations 2008* establishes uniform State and Territory annual registration charges and permit fees that are

to apply to various heavy road transport vehicles, and commences from 1 July 2008. The Explanatory Statement to the Act states:

In developing... options (for heavy vehicle charges), the NTC was informed by the Third Determination consultation process, the PC Inquiry, discussions and a technical workshop with industry representatives and government, and analyses of potential impacts of changes in the level of charges.

On 29 February 2008, Minister Albanese used findings from the Commission's report when announcing new road user charges (Albanese 2008).

- The Australian Energy Market Commission (2007) drew on findings in a number of past Commission reports, including the 2001 *Review of the Prices Surveillance Act 1983*, as part of a major review of the effectiveness of competition in electricity and gas retail markets in Victoria.
- An explicit request was made within the Australian Government's Terms of Reference for its National Innovation System Review (22 January 2008) that it have regard to the Commission's inquiry report on *Public Support for Science and Innovation*. The review's report, released in September 2008, made extensive use of that inquiry report.
- In South Australia, a Planning and Development Review was initiated by the Minister for Planning and Development in June 2007. The Review was conducted by a steering committee and considered the state planning system and possible reforms. The report by the Review Steering Committee drew heavily on the Commission's 2007 report on *Performance Benchmarking of Australian Business Regulation*.
- In June 2008, the Australian Government released a Discussion Paper as part of its Review of Australian Higher Education which made extensive use of two Commission reports: *University Resourcing* and *Public Support for Science and Innovation*.

Table B.7 Impact of Commission inquiry reports on policy making^a

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
1 Australian Black Coal Industry (July 1998)	The Australian Government supported all of the Commission's recommendations and intended to work with the New South Wales and Queensland Governments to ensure their implementation.
2 International Air Services (September 1998)	The Government agreed to implement substantial liberalisation of the regulatory framework, though not to offer unrestricted access to Australia's major airports nor to remove cabotage restrictions.
3 Pig and Piguemeat Industries: Safeguard Action Against Imports (November 1999)	The Government concurred with the Commission's findings on safeguard action; eschewing tariff and quota restrictions and opting for adjustment assistance for the industry.
4 Nursing Home Subsidies (January 1999)	The Government accepted a range of Commission recommendations but rejected others. The report continues to be a key reference in Parliament, State and community debate on aged care.
5 Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies (May 1999)	The formal government response to the report and a postscript on implementation indicate substantial support for the Commission's proposals for integrating ESD principles in decision making and agency reporting and for improvements in data collection.
6 Progress in Rail Reform (August 1999)	The Australian Government broadly endorsed a number of the Commission's recommendations relating to areas of its responsibility. In other areas, it deferred consideration of Commission recommendations, contingent on progress with reform within existing institutional arrangements.
7 International Telecommunications Market Regulation (August 1999)	The Government endorsed nearly all of the Commission's principal findings.
8 Impact of Competition Policy Reforms on Rural and Regional Australia (September 1999)	The Government cited the evidence of the benefits of national competition policy to rural and regional Australia and endorsed the thrust of the Commission's recommendations. The Commission's findings on the impacts of competition reforms and the wider economic and social drivers of change were used in parliamentary debates, in national competition policy processes and wider community debate on competition policy.
9 International Liner Cargo Shipping (September 1999)	The Government accepted all of the Commission's key recommendations.

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|----|---|--|
| 10 | Australia's Gambling Industries (November 1999) | The report was welcomed by the Prime Minister as the first comprehensive investigation of the social and economic impacts of gambling in Australia; it is being used extensively in policy debates in the States and Territories, with a number of its proposals being adopted; and it is the prime reference source on problem gambling for community groups and the media. The report remains a major reference point in community discussion of gambling issues in Australia. |
| 11 | Broadcasting (March 2000) | The Government did not formally responded to the report. Nevertheless, the report is still referred to in parliamentary and wider community debate on foreign ownership, the cross-media rules, the regulation of digital TV and datacasting and indigenous broadcasting; and policy analysts and the media continue to cite it regularly. The Government made some references to the report when introducing its Broadcasting Services Amendment (Media Ownership) Bill 2006. |
| 12 | Review of Australia's General Tariff Arrangements (July 2000) | In December 2000 the Government rejected the Commission's recommendations to remove the 3 per cent duty on business inputs under the Tariff Concession System and the 5 per cent general tariff rate, but agreed to overhaul the by-law system. In its 2005-06 Budget, the Government announced removal of the 3 per cent tariff applying to business inputs imported under a tariff concession order, effective from 11 May 2005. |
| 13 | Review of Legislation Regulating the Architectural Profession (August 2000) | Responsibility for regulating architects lies with the States and Territories. The Working Group developing a national response to the report rejected the Commission's preferred option to repeal Architects Acts and remove statutory certification. However, it supported a range of Commission proposals to remove anti-competitive elements in legislation regulating the architectural profession. |
| 14 | Review of the Prices Surveillance Act (August 2001) | While agreeing to repeal the Prices Surveillance Act, the Government decided to retain more extensive price controls and processes in the Trade Practices Act than recommended by the Commission. |
| 15 | Cost Recovery by Government Agencies (August 2001) | The Government's interim response indicated substantial agreement with the Commission's recommendations. Recommendations on the design of cost recovery arrangements and improvements to agency efficiency would be examined in detail with affected agencies and addressed in preparing the Government's final response. |
| 16 | Telecommunications Competition Regulation (September 2001) | The Government moved to speed up dispute resolution processes consistent with the Commission's draft report proposals. In its legislative response to the final report, the Government endorsed the thrust of the Commission's recommendations by retaining the telecommunications-specific parts of the competition regime, providing greater upfront certainty for investors and implementing a number of other recommendations. It did not maintain the recommended merit appeal processes. |

(continued next page)

Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
17 Review of the National Access Regime (September 2001)	The Government endorsed the majority of the Commission's recommendations on the national access regime, in particular the provision of clearer directions to regulators and greater certainty for investors.
18 Review of Certain Superannuation Legislation (December 2001)	The Government agreed that legislative changes were needed to reduce compliance costs, would implement a number of Commission recommendations and further examine others, but did not accept proposed reforms to institutional arrangements for handling complaints. In a subsequent response to a report by the Superannuation Working Group, the Government effectively supported the Commission's recommendations to license superannuation trustees and for trustees to submit a risk management statement.
19 Price Regulation of Airport Services (January 2002)	The Government supported all of the major elements of the Commission's preferred approach for a light-handed regulatory regime, involving a 'probationary' period of price monitoring.
20 Citrus Growing and Processing (April 2002)	The Government stated that the Commission's report had enabled the concerns of the Australian citrus industry about its competitive situation and outlook to be carefully examined. It subsequently endorsed all of the Commission's recommendations covering trade negotiations, market access arrangements, export control arrangements and review, and industry compliance costs.
21 Independent Review of the Job Network (June 2002)	The Government stated the report was a significant and authoritative examination of the Job Network and agreed with a number of Commission recommendations. It had already changed the design of some Job Network features on the basis of the Commission's draft report. However, the Government did not support some key Commission recommendations at present, but would give consideration to them as employment services policy evolves.
22 Radiocommunications (July 2002)	The Government accepted most of the Commission's recommendations but would further consider whether spectrum licences should be issued in perpetuity and some other matters. Six recommendations were rejected, the most significant of which dealt with changes to competition rules and ministerial discretion on limits to spectrum acquisition in auctions.
23 Review of Section 2D of the Trade Practices Act 1974: Local Government Exemptions (August 2002)	The Government accepted the Commission's recommendation that section 2D be repealed and replaced with a section stating explicitly that Part IV of the Trade Practices Act only applies to the business activities of local government.

24	Economic Regulation of Harbour Towing and Related Services (August 2002)	The Government accepted all the Commission's recommendations, with minor modifications relating to the implementation of price monitoring.
25	Review of Automotive Assistance (September 2002)	The Government endorsed the Commission's findings on post-2005 tariff reductions and transitional adjustment assistance for the industry (though with an additional \$1.4 billion, over 10 years, than preferred by the Commission), agreed with many of the Commission's findings on other assistance and industry matters, and announced a further inquiry by the Commission in 2008.
26	Review of TCF Assistance (July 2003)	The Government accepted the Commission's preferred tariff option and quantum of transitional assistance, though with some variations in the components of that support package.
27	National Workers' Compensation and Occupational Health and Safety Frameworks (March 2004)	<i>The Government initially did not support key elements of the Commission's proposed national framework model and deferred consideration of recommendations relating to design elements for workers' compensation schemes and OHS pending advice from a new tripartite body, the Australian Safety and Compensation Council. Subsequently, the Government has expanded access to self-insurance arrangements for firms and enacted other legislative changes consistent with the Commission's recommendations.</i>
28	First Home Ownership (March 2004)	The Government supported recommendations relating to areas of State responsibility but not those relating to reviews of the personal income taxation regime and the housing needs of low income households nor changes to the First Home Owner Scheme.
29	Impacts of Native Vegetation and Biodiversity Regulations (April 2004)	The Government announced that it supported the Commission's recommendations and would pursue implementation by the States and Territories through the COAG process.
30	Review of the Disability Discrimination Act 1992 (April 2004)	The Government accepted a majority of the Commission's 32 recommendations in full, in principle or in part. Many of the Commission's most significant recommendations were adopted including legislative change to clarify the reasonable adjustment duty implied in the Act but, importantly, also to strengthen and/or extend existing safeguard mechanisms.
31	Review of the Gas Access Regime (June 2004)	The Ministerial Council on Energy supported the Commission's key recommendations.

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Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
32 Review of Part X of the <i>Trade Practices Act 1974</i> : International Liner Cargo Shipping (February 2005)	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.
33 Review of National Competition Policy Reforms (February 2005)	The Government stated that the response to the Commission's recommendations would be the outcome of COAG's review of national competition policy. COAG drew on the Commission's analysis of the benefits of past national competition policy reforms and important elements of COAG's National Reform Agenda reflect the Commission's recommendations and approach.
34 Smash Repair and Insurance (March 2005)	The Government agreed with the Commission's key recommendations on the development and nature of a voluntary code of conduct for the smash repair and insurance industries. A Motor Vehicle Insurance and Repair Industry Code of Conduct commenced on 1 September 2006.
35 Australian Pigmeat Industry (March 2005)	The Government in effect endorsed the bulk of the Commission's findings and, importantly, did not commit to additional industry-specific assistance measures.
36 The Private Cost Effectiveness of Improving Energy Efficiency (August 2005)	The Government has announced agreement with all of the Commission's recommendations and that it would work with the States, through the Ministerial Council on Energy, to consider the Commission's findings and analysis.
37 Conservation of Australia's Historic Heritage Places (April 2006)	While the Government agreed with the Commission that private owners should not have unreasonable costs imposed on them by heritage listing, it was not attracted to the Commission's key recommendation that private owners be given an additional appeal right on this basis. The Government also rejected recommendations that all levels of government recognise and separately fund the heritage responsibilities of non-heritage agencies as community service obligations and for transparency in reporting heritage-related expenditures and costs.
38 Waste Management (October 2006)	The Government endorsed the overarching principle of subjecting all waste policies to rigorous cost-benefit analysis and other elements of best-practice regulation making but rejected the Commission's broad policy framework recommendations. The Commonwealth endorsed a range of other recommendations including those on the assessment of plastic bag regulation; the 2008 review of the National Packaging Covenant; avoidance of mandatory standards for recycled content in products; the supply of factually accurate, relevant and publicly accessible information on the risks, costs and benefits of waste management issues; and leaving the provision of waste-exchange services to private markets.

- 39 Tasmanian Freight Subsidy Arrangements (December 2006) In response to the Commission's draft report proposals that the subsidy schemes be phased out or abolished, the Government announced that both the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme would continue. The Commission's final report focused on reforms which would improve the efficiency and effectiveness of the schemes and the Government agreed with the Commission's substantive recommendations.
- 40 Review of Price Regulation of Airport Services (December 2006) The Government announced that it supported nearly all of the Commission's recommendations on a new price monitoring regime for airport services.
- 41 Road and Rail Freight Infrastructure Pricing (December 2006) COAG announced in April 2007 that it broadly endorsed the reform blueprint proposed by the Commission. Further, it accepted the Commission's finding that the road freight industry is not subsidised relative to rail freight on either the inter-capital corridors or in regional areas and that the appropriate focus for policy reform is on enhancing efficiency and productivity within each mode.
- 42 *Safeguards Inquiry into the Import of Pigeat (Accelerated Report) (December 2007)* On 20 December 2007 the Minister for Agriculture, Forestry and Fisheries announced the Commission had found that provisional safeguard measures on pigmeat imports were not warranted and that, consistent with Australia's international obligations, the WTO would be notified accordingly.
- 43 *The Market for Retail Tenancy Leases in Australia* A government response was tabled in Parliament on 27 August 2008. The Government agreed or agreed in-principle to the Commission's recommendations on the use of simple (plain English) language in all tenancy documentation; contact points for information on lease negotiation, lease registration and dispute resolution; harmonisation of retail tenancy legislation across jurisdictions; and the possible introduction of a code of conduct for the retail tenancy market as an alternative to prescriptive legislation. The Commonwealth did not support the Commission's recommendation that state and territory governments remove restrictions that provide no improvement in operational efficiency, compared with the broader market for commercial tenancies.
- 44 *Safeguards Inquiry into the Import of Pigeat (March 2008)* A government response was tabled in Parliament on 4 June 2008. The response provided agreement or in-principle agreement to all of the Commission's recommendations. The response noted that the Commission's accelerated report found that provisional safeguard action could not be taken against pigmeat imports at that time. It further noted that the Commission's final report also found that safeguard action was not justified because increased imports had not caused and were not threatening to cause serious injury to the domestic industry. Accordingly, on 8 April 2008, the Government notified the WTO that the safeguards investigation had been terminated, and that it would not impose safeguard measures.

(continued next page)

Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
45 <i>Review of Australia's Consumer Policy Framework (May 2008)</i>	<i>In its communiqué of 2 October 2008, COAG announced that it had agreed to a new consumer policy framework comprising a single national consumer law based on the Trade Practices Act 1974 and drawing on the recommendations of the Commission and best practice in State and Territory consumer laws. In addition, COAG is also reviewing occupational regulations only applying in one or two jurisdictions, which the Commission indicated warranted early attention. In accordance with a further Commission recommendation, on 22 July 2008 the Assistant Treasurer also announced changes to the configuration of the Commonwealth Consumer Affairs Advisory Council (CCAAC).</i>

^a Additions or significant changes to the table published in the 2006-07 Annual Report are indicated in italics.

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- Reference during parliamentary proceedings to Commission inquiry reports and commissioned research studies completed in this and previous years is an indicator of their continuing usefulness to parliamentarians. For example:
 - Inquiries or commissioned research studies current in the year were referred to on 124 separate occasions by Members and Senators in the Federal Parliament in 2007-08. Commission inquiries and reports which featured most prominently in mentions were those on Indigenous disadvantage, first home ownership, science and innovation, road and rail infrastructure pricing and automotive assistance
 - State and Territory members of parliament referred to Commission inquiries and commissioned research studies on 185 occasions in 2007-08. Around 45 per cent of mentions were to the *Report on Government Services*, with the Commission's reports on the gas access regime, gambling, road and rail infrastructure pricing, consumer policy and the National Reform Agenda also featuring prominently.
 - Other examples of the use of Commission inquiry and research studies include:
 - continuing use of the Commission's 2004 inquiry into *First Home Ownership*, including by the Reserve Bank of Australia (Richards 2008); by the Senate Select Committee on Housing Affordability in Australia (2008); and by academics (Spies-Butcher and Stebbing 2008)
 - use of findings in the Commission's 2007 research report on *Public Support for Science and Innovation* by the IMF (Tressel 2008); by the former Department of Education, Science and Training (Owen, Kos and McKenzie 2008); by authors from Commonwealth Treasury (Regan and Tunny 2008); and by the Australian Government in a Discussion Paper released as part of its Review of Australian Higher Education (Australian Government 2008b)
 - ongoing use of the Commission's 2005 report on *Australia's Health Workforce*, for example by the Department of Health and Ageing (DHA 2008); by the Parliamentary Library in several research papers and a bills digest (table B.2); and by academics (Russell 2007)
 - continuing and widely based use of the Commission's 2005 report, *Economic Implications of an Ageing Australia*, for example by Commonwealth Treasury (Gruen and Thompson 2007); by the Department of Ageing, Disability and Home Care (NSW) in a paper on planning for population change to 2030 (DADHC 2008); and in a paper for the Menzies Research Centre on the future of Commonwealth State relations (Ergas 2007)
 - use within IMF research (Tressel 2008) of a number of Commission reports and speeches in considering the impact of product and labour market policies on technological diffusion and multi-factor productivity. This research

described the Commission's 2007 report on science and innovation as 'a thorough analysis of Australia's public support of science and innovation.'

- use of Commission reports by private sector consultants in their work for government and industry clients — for example, the Commission's 2004 *Review of the Disability Discrimination Act 1992* (Allen Consulting Group 2008); the Commission's 2001 *Review of the Prices Surveillance Act 1983* (ACIL Tasman 2007); the 2005 study of *Consumer Product Safety* (Access Economics 2007); the 2006 inquiry on *Road and Rail Infrastructure Pricing* (John Hearsch Consulting Pty Ltd 2008); and the 1998 study on *International Benchmarking of the Australian Waterfront* (Price Waterhouse Coopers 2007).

Website and media coverage

Other measures of the Commission's usefulness in contributing to public understanding are the use of its website and media coverage of its reports.

- In the 12 months to June 2008 there were more than 125 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2007-08. The projects of most interest were the inquiries on paid parental leave (35 600 requests), consumer policy (15 150 requests) and retail tenancy leases (12 480 requests). Other heavily accessed web pages were for the 2007 and 2008 Reports on Government Services (12 400 and 24 600 requests, respectively) and the 2005 and 2007 *Overcoming Indigenous Disadvantage* reports (19 300 requests in total). Speeches given by the Commission's Chairman attracted more than 23 500 website requests. Even after an inquiry or project is completed, community interest can remain high. For example, during the year, the web pages for the Commission's 1999 inquiry on Australia's gambling industries, the 2005 study of the economic implications of an ageing Australia and the 2005 study of the health workforce were each requested over 10 000 times.
- Inquiry and commissioned research reports typically receive wide media coverage. In 2007-08 there were 27 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on pigmeat safeguards, waste management, migration and population, gambling and national competition policy reforms, and the studies on automotive assistance options, consumer product safety and science and innovation.
- Inquiries current in 2007-08 received over 1 950 mentions in the print and broadcast media during the year — over 40 per cent of total print and broadcast media coverage. Coverage of the Commission's inquiry into parental leave

(commenced in February 2008) accounted for over 28 per cent of total mentions. Commissioned studies current in 2007-08 attracted just over 8 per cent of total media coverage. The majority of this coverage was accounted for by mentions of the study into future modelling of automotive assistance. New work suggestions accounted for over 7 per cent of total mentions.

Invited presentations

A measure of the usefulness of the Commission's inquiry and other government-commissioned reports in contributing to public understanding of policy issues is the 25 invitations the Commission accepted in 2007-08 to present papers on inquiries and commissioned studies to business, community and other groups – in particular, on the Commission's consumer policy and heritage inquiries, and the study on Australia's health workforce (table E.1).

Output 2: Performance reporting and other services to government bodies

The Commission undertakes three major activities in this output group. It:

- provides secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision in respect of reporting on the equity of access, and the efficiency and effectiveness of government services; and reporting on key indicators of Indigenous disadvantage
- continues performance monitoring and related research on government trading enterprises (GTEs), work the Commission previously undertook for the former COAG Steering Committee on National Performance Monitoring of Government Trading Enterprises
- undertakes national and international benchmarking of the performance of key Australian industries — primarily economic infrastructure and government services — to help identify and provide information on significant gaps in performance.

The Commission has also been called upon to provide secretariat and research services to other government bodies, such as the Heads of Treasuries.

The Commission is committed to producing reports of a high standard which are useful to government and the wider community, and completed on time.

The resources used in producing this output in 2007-08 were:

- 22 staff years
- \$3.8 million on an accrual basis.

Activities in 2007-08

The publications arising from the Commission's performance reporting activities this year were:

- Financial Performance of Government Trading Enterprises, 2004-05 to 2005-06 (July 2007)
- Feedback on the Report on Government Services 2007 (September 2007)
- Report on Government Services 2008, 2 volumes (and on CD with supporting tables, January 2008)
- Report on Government Services 2008: Indigenous Compendium (April 2008)
- Financial Performance of Government Trading Enterprises, 2004-05 to 2006-07 (July 2008).

Review of Government Service Provision

The Review of Government Service Provision was established by the Prime Minister, Premiers and Chief Ministers in July 1993. The Review's terms of reference specify that it collect and publish data that will enable ongoing comparisons of the efficiency and effectiveness of government services, and analyse reforms in government services.

As part of its Reconciliation Agenda, COAG requested in 2002 that the Review produce a regular report against key indicators of Indigenous disadvantage. The terms of reference for the report state:

The key task will be to identify indicators that are of relevance to all governments and Indigenous stakeholders and that can demonstrate the impact of programme and policy interventions.

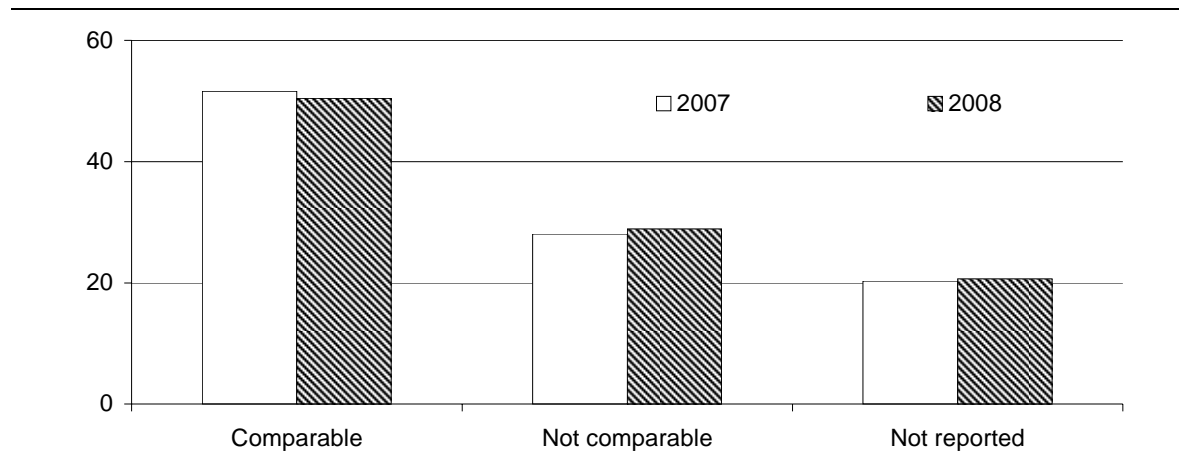
Report on Government Services

The thirteenth Report on Government Services was released in January 2008. Reporting is an iterative process and, since the Review published its first Report in 1995, there have been significant advances both in the scope of reporting and in the quality and comprehensiveness of data presented. The Report emphasises reporting of outcomes, consistent with the demand by governments for outcome-oriented performance information, and includes a focus on the equity of government service provision.

Working Groups for all service areas have strategic plans to refine performance measures and to improve the quality of information published in the Report. Report content decreased between the 2007 and 2008 Report, with 50 per cent of indicators fully comparable in 2008 (compared to 52 per cent in 2007). The proportion of indicators reported on, but not fully comparable, increased from 28 to 29 per cent. The proportion of indicators with no reporting against them increased slightly to 21 per cent (figure B.2).

Figure B.2 Comparability of indicators

Per cent



Particular improvements in the 2008 Report included:

- reporting of Indigenous learning outcomes by geolocation for the first time and the inclusion of nationally comparable learning outcomes in the school education chapter
- introduction of Indigenous health workforce data in the health preface
- a new indicator for public hospitals on ‘hospital procedures’ and improved reporting on the age profile of the nursing and medical practitioner workforces
- data being reported on for a new indicator of equity of access, ‘early detection and early treatment for Indigenous people’ and inclusion of data for both Australian general practice accrediting bodies in the primary and community health chapter
- improvements to time series data on five-year relative breast cancer survival rates, BreastScreen Australia geographic location participation rates and data on public health expenditure on breast cancer screening in the health management issues chapter
- reporting, for the first time, age-specific approval rates, ‘long-term aged care in public hospitals’ and expenditure data in relation to Multi-Purpose Services, Transition Care Program and Indigenous specific services for aged care services

-
- improvements to jurisdictional data on people with a disability aged 0–49 years in residential aged care and a new section on informal carers in the services for people with a disability chapter
 - reporting on juvenile justice services, which has moved from the community services preface to the protection and support chapter, together with improved reporting on experimental results for the ‘pathways’ project
 - reporting of descriptive data for the Indigenous community housing and development of the Indigenous community housing performance indicator framework in the housing chapter.

Table B.8 provides an overview of indicators reported on a directly comparable basis across jurisdictions in each service area for the 2008 Report.

The Review continues efforts to improve reporting on service provision to Indigenous Australians in the Report on Government Services. Improvements were made to Indigenous data for the school education, health preface, public hospitals, primary and community health, health management issues, aged care services and housing chapters in the 2008 Report. The Indigenous Compendium to the Report, released in April 2008, provides an easily accessible collation of all Indigenous data from the Report, and complements the information in the separate *Overcoming Indigenous Disadvantage* reports.

Overcoming Indigenous Disadvantage: Key Indicators

In 2002, COAG commissioned the Review to produce a regular report on key indicators of Indigenous disadvantage, ‘to help to measure the impact of changes to policy settings and service delivery and provide a concrete way to measure the effect of the Council’s commitment to reconciliation through a jointly agreed set of indicators’ (COAG Communiqué, 5 April 2002).

The *Overcoming Indigenous Disadvantage* report is built on a strategic framework that has been endorsed by the Australian, State and Territory governments. Extensive consultations were held in 2006, seeking feedback on the 2005 Report and suggestions for improvements to the framework and indicators. At the end of the formal consultation period, a report on consultations was released.

The third edition of *Overcoming Indigenous Disadvantage* was published in June 2007. It found improvements in some key economic indicators, including employment, household income and home ownership. There were also improvements in several child health indicators.

Table B.8 Indicators reported on a comparable basis, 2008 Report

<i>Service area/indicator framework</i>	<i>Indicators with data reported</i>	<i>Indicators reported on a comparable basis</i>	<i>Proportion comparable</i>	<i>Change since last year in number reported on a comparable basis</i>
	no.	no.	%	no.
Early childhood, education and training				
Children's services	18	12	63	1
School education	15	10	67	–
VET	14	11	79	–
Justice				
Police services	23	18	78	–
Court administration	6	3	50	–
Corrective services	11	10	91	–
Emergency management				
Fire events	10	2	20	–
Ambulance events	5	–	–	–
Road rescue events	–	–	–	–
Health				
Public hospitals	15	6	40	–
Maternity services	10	3	30	–
Primary and community health ^a	21	21	100	-2
Breast cancer	11	7	64	–
Mental health	8	4	50	–
Community services				
Aged care services	14	12	86	–
Services for people with a disability	13	7	54	–
Child protection and out-of-home care	15	4	27	–
SAAP	16	12	75	–
Housing				
Public housing	11	11	100	–
State owned and managed				
Indigenous housing	11	11	100	–
Community housing	10	2	20	2
Indigenous community housing	7	4	57	–
Commonwealth Rent Assistance	10	9	90	–

SAAP = Supported Accommodation Assistance Program. – Nil or rounded to zero. ^a Updated data were not available for two indicators that were included in the 2007 Report and this has resulted in a decrease in comparable indicators.

Other outcomes did not improve in the period covered by the report. Rates of substantiated notifications for child abuse or neglect increased for both Indigenous and non-Indigenous children. There was an increase in the number of long-term health conditions for which Indigenous people reported significantly higher rates than non-Indigenous people, and there was no change in the rate of housing

overcrowding. The report also found that Indigenous people's involvement with the criminal justice system continued to deteriorate.

The estimated cost to the Commission of assisting governments in the production of the *Report on Government Services, Overcoming Indigenous Disadvantage* and related Review activities in 2007-08 was \$3.5 million.

Performance monitoring of government trading enterprises (GTEs)

The Commission released its study on the financial performance of GTEs for the period 2004-05 to 2005-06 in July 2007.

The subsequent report on a range of financial indicators for 86 enterprises, covering the period 2004-05 to 2006-07, was substantially completed in 2007-08 and published in July 2008. The outputs of the research program on the capital management of GTEs were also included in this report.

International benchmarking

The Commission did not publish any benchmarking research on infrastructure in 2007-08.

Quality indicators

The Commission has a range of quality assurance processes in place for its performance reporting activities. These processes help to ensure that it is using the best information available and most appropriate methodologies — thereby increasing confidence in the quality of the performance reporting.

The Commission's work for the Review of Government Service Provision is guided by a Steering Committee. This Steering Committee consists of senior executives from each jurisdiction, chaired by the Chairman of the Productivity Commission, and serviced by a secretariat drawn from the staff of the Commission. The Committee, in turn, is supported by 13 national working groups comprising representatives from 80 government agencies — totalling around 220 people who provide specialist knowledge — and draws on the expertise of other bodies such as the ABS and the Australian Institute of Health and Welfare, and committees established under Ministerial Councils.

The Review has an ongoing program of consultation on the *Overcoming Indigenous Disadvantage* report. During 2007-08, following the release of the 2007 report, a team visited government agencies, Indigenous communities and Indigenous organisations across the country, in a range of remote and regional centres, as well

as in major cities. The team presented key results from the report and sought feedback from users. Further targeted consultations with governments, researchers and Indigenous organisations are planned in 2008-09 as part of preparation of the next edition of the report.

The Commission's quality assurance processes for its reporting on the financial performance of GTEs includes giving State and Territory Treasuries the opportunity to review drafts before publication.

Timeliness

The 2007 GTE financial performance monitoring report, the 2008 Report on Government Services and its Indigenous Compendium, and Feedback on the Report on Government Services 2007 were completed on time.

Indicators of usefulness

The usefulness of the Commission's performance reporting activities in contributing to policy making and public understanding is demonstrated by a range of indicators.

Review of Government Service Provision

The *Report on Government Services* is intended to provide information on the equity, effectiveness and efficiency of government services and it is used extensively in this regard:

- A variety of performance information sourced to the 2008 (and earlier) government services reports was used in parliamentary proceedings by government and opposition members in parliaments during 2007-08.
 - In the Federal Parliament, data from the reports were used in relation to mental health, public housing and corrective services.
 - In other parliaments, data from the reports were mentioned 85 times and were used in relation to police services, disability services, protection and support services, education, court administration, health, public housing, emergency management and corrective services.
- A number of journal articles and publications across a wide range of disciplines used the 2008 Report (and earlier reports) as a source. It was cited in articles in the Australian Journal of Social Issues, Drug and Alcohol Review, Parity, Medical Journal of Australia, Australian Journal of Early Childhood, Australian Journal of Public Administration, Australian Law Journal, Medical Observer Weekly, Australasian Journal of Ageing and AIAL Forum.

Other indicators of usefulness from 2007-08 were:

- high levels of demand for the report. More than 1460 bound copies of the report were distributed by the Commission and there were more than 34 800 HTML page requests for the Government Service Provision index page on the Commission's website in 2007-08. There were more than 24 600 HTML page requests for the 2008 Report on Government Services during 2007-08. The 2007 Report continued to be accessed from the website — with over 11 800 page requests during 2007-08
- extensive media coverage of the 2008 Report on Government Services. There were 220 press articles drawing on the report and more than 400 mentions of it in electronic media in the period to 30 June 2008
- support for the recent inclusion of a section on children's services in education within the report by Childcare Associations Australia (CAA), who stated:

The Productivity Commission report provides useful trend information to the government and peak bodies such as CAA to consider the development of future policies for children's services. CAA is particularly pleased that future reporting frameworks will move beyond measurements of outputs (such as enrolment and participation rates) to examine broader quality indicators in children's service provision. (CAA 2008)

- use of measures of productivity in policing, which were cited as a basis for measuring productivity outcomes during crucial pay negotiations between the Victoria Police and the Police Association
- continued use of data by States and Territories to provide indicators of progress and as a guide for areas of improvement. For example, ACT Chief Minister Jon Stanhope stated on 31 January 2008 that:

The report indicates that services delivered by the ACT Government continue to compare very favourably with those delivered in other jurisdictions. The report also highlights those areas where the ACT Government can do better and is a valuable tool in helping us to better serve the people of the ACT into the future. (Stanhope 2008)

- widespread use of data by researchers: for example, data on out-of-pocket child care expenses were cited in Buckingham (2008, p. 9); data on prison assaults were used in AIHW (2007a); data on the number of vegetation fires attended to annually by fire services were used in an Australian Institute of Criminology report on trends in deliberate vegetation fires in Australia, (Bryant 2008); data on spending on education, health, fire services and court costs were used by the Australian Institute of Criminology (Rollings 2008); and data on literacy and numeracy performance in Australian schools were cited by Leigh and Ryan (2008).

Overcoming Indigenous Disadvantage: Key Indicators

The principal task of the *Overcoming Indigenous Disadvantage* report is to identify indicators that are of relevance to all governments and Indigenous stakeholders and that can demonstrate the impact of program and policy interventions. Evidence of the report's ongoing usefulness is demonstrated by strongly supportive feedback from governments and Indigenous people and organisations since the release of the 2007 report. There have been many requests for briefings from Ministers, senior government officials and departments and agencies at Commonwealth, State and Territory levels.

More specific evidence of the usefulness of the *Overcoming Indigenous Disadvantage* reports during 2007-08 includes:

- 17 mentions of the report in the Federal and State parliaments
- extensive references to the 2007 report (and to a lesser extent the 2003 and 2005 reports) in the Social Justice Report 2007, issued by the Aboriginal and Torres Strait Islander Social Justice Commissioner and tabled in Parliament in June 2008 (Calma 2008)
- citations in articles in such journals as the Medical Journal of Australia and Australian Economic Review
- distribution by the Commission of more than 3600 bound copies of the 2007 report and 4500 copies of the 2007 overview
- more than 15 300 HTML page requests of the full 2007 report and 6700 HTML page requests for the overview, in 2007-08. The 2005 report continued to be accessed during 2006-07 with more than 4000 requests
- ongoing media coverage, with 13 press articles and 10 electronic media articles in 2007-08.

Performance monitoring of government trading enterprises

Evidence of the usefulness of the Commission's reporting on government trading enterprises is manifest in the following:

- State and Territory governments agreed to ongoing involvement in performance monitoring, furnishing financial data as well as checking factual data and commentary
- In commenting on the 2007 GTE report, the then Treasurer stated:

The research paper provides an independent and comprehensive analysis of the financial performance of various GTEs, most of which are owned by State and

Territory Governments and operate in the electricity, water, transport and forestry sectors ...

The Commission quite rightly emphasises the importance of GTEs operating efficiently, given their role as significant providers of infrastructure services that are fundamental to the wellbeing of Australians.

Timely and effective implementation of COAG's National Reform Agenda commitments, agreed between the Australian and State and Territory Governments in April of this year, will go a long way towards realising the gains from improving productivity, competitiveness and efficiency in crucial infrastructure sectors. (Costello 2007)

- The reports on the financial performance of GTEs attracted media attention through the year, including two editorials; articles in the *Australian Financial Review* by senior journalists on the results of the 2007 report; and an article by a senior journalist on community service obligations that drew on the research contained in the 2008 report
- There were over 3000 external requests for the website page of the 2007 report on GTE performance.

Output 3: Competitive neutrality complaints activities

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. As specified in the *Productivity Commission Act* and the Commonwealth Competitive Neutrality Policy Statement of June 1996, the role of the AGCNCO is to:

- receive and investigate complaints on the application of competitive neutrality to Commonwealth government businesses, and make recommendations to the Government on appropriate action
- provide advice and assistance to agencies implementing competitive neutrality, including undertaking research on implementation issues.

The AGCNCO aims to finalise most investigations and report to the Assistant Treasurer within 90 days of accepting a complaint, and to undertake reporting and associated activities that are of a high standard and useful to government.

The resources used in producing this output in 2007-08 were:

- 1 staff year
- \$0.2 million on an accrual basis.

Activities in 2007-08

Complaints activity

The AGCNCO received two formal complaints during 2007-08 and completed one investigation report from a complaint received during 2006-07 (table B.9). Details of the investigation report and complaints received, including the action taken, are reported in appendix D.

Table B.9 Formal competitive neutrality complaints, 2003-04 to 2007-08

<i>Activity</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>
Written complaints received	9	4	4	1	1
Action:					
New complaints formally investigated	1	–	–	1	–
Complaints investigated but not proceeding to full report ^a	1	–	4 ^b	–	1
Complaints not investigated	6	3	1	–	1
Reports completed	1	1	–	–	1
Complaints on hand (30 June)	1	1	–	1	–

^a Includes: complaints subject to initial investigation but suspended because on further consideration they did not warrant full investigation and report; and complaints investigated and resolved through negotiation. ^b Two complaints related to the same matter — the pricing of aviation rescue and firefighting services by Airservices Australia.

Advice on the application and implementation of competitive neutrality

An important part of the AGCNCO's role is to provide formal and informal advice on competitive neutrality matters and to assist agencies in implementing competitive neutrality requirements. During 2007-08 the AGCNCO provided advice around twice a week, on average, to government agencies or in response to private sector queries either over the telephone or in ad hoc meetings.

The AGCNCO provides advice on all aspects of the implementation of competitive neutrality. Over the past year, in response to requests, the Office provided advice to a number of agencies implementing competitive neutrality as part of market-testing exercises.

The Office also provided advice to a significant number of private sector parties on the arrangements in place for competitive neutrality complaints at the State, Territory and local government levels.

Quality indicators

Competitive neutrality complaint investigations and reporting engage the complainant, the government business in question, the competitive neutrality policy arms of the Australian Government and, as required, the government department within whose policy purview the business resides. The generally favourable feedback from all these parties on the integrity of the process and the usefulness of its outcomes — given that the AGCNCO's reports assess competing interests — is the strongest evidence as to the quality of the AGCNCO's work.

Where parties who received advice and assistance from the AGCNCO on competitive neutrality policy or its implementation have commented on the operation of the Office, their comments have been favourable.

Owing to their experience in dealing with competitive neutrality issues, the views of the staff of the AGCNCO on more complex matters are often sought by the Treasury and the Department of Finance and Deregulation — the departments responsible for competitive neutrality policy.

Timeliness

The AGCNCO aims to report on complaint investigations within 90 days of accepting a formal complaint for investigation.

Formal investigations can involve provision of significant amounts of data to the Office by both the complainant and the government business subject to complaint and, in some instances, extended periods of consultation. In these situations the Office does not consider it is conducive to good outcomes to enforce a 90-day time limit on formally reporting on complaints. The Defence Housing Australia investigation and report fell into this category.

Indicators of usefulness

The AGCNCO circulates its reports and research to State and Territory government agencies responsible for competitive neutrality policy and complaint investigations to facilitate the exchange of information and to share procedural experiences. Feedback from those agencies indicates that the AGCNCO makes a valuable contribution to the effective implementation of nation-wide competitive neutrality policy.

In response to its advice on implementing competitive neutrality as part of market-testing exercises, the AGCNCO understands that agencies adjusted the estimation of their in-house cost bases in line with the Office's advice.

The AGCNCO continues to receive a range of informal comments suggesting that its outputs are contributing to better public understanding. For example, favourable comments continue to be received from government and private sector agencies on the usefulness of two AGCNCO publications — on cost allocation and pricing, and rate of return issues — in assisting their implementation of competitive neutrality policy. Although released in 1998, these research papers continue to be in demand and use. For example, the guidance note on the cost of capital for competitive neutrality purposes issued by the Victorian Competition and Efficiency Commission (VCEC 2007b) drew on the rate of return paper.

During 2007-08 there were more than 5000 external requests to the website for AGCNCO investigation reports and about 1300 external requests for AGCNCO research publications.

Output 4: Supporting research and activities and statutory annual reporting

While much of the Productivity Commission's research activity is externally determined, it has some discretion in meeting its legislative charter to undertake a supporting program of research and to report annually about matters relating to industry development and productivity, including assistance and regulation. The expectations for its supporting research program are that it provides high quality, policy-relevant information, analysis and advice to governments and the community, of a nature and of a quality not being produced elsewhere. The research program aims to complement the Commission's other activities. The Commission also organises research conferences and workshops in order to advance the debate on policy issues, to encourage cutting-edge contributions, and to facilitate research networks.

The Commission aims to produce research and associated reports which are of a high standard, timely and useful to government and which raise community awareness of microeconomic policy issues.

The resources used in producing this output in 2007-08 were:

- 33 staff years
- \$6.1 million on an accrual basis.

Activities in 2007-08

The output of the Commission's annual reporting and supporting research program this year included:

- research to meet the Commission's annual reporting obligations, comprising
 - its annual report for 2006-07, tabled in Parliament on 21 February 2008, which focused on issues and challenges facing Australia in enhancing labour force participation
 - a companion publication on trade and assistance issues, released in March 2008
- a Commission Research Paper on possible reform directions in the management and use of urban water
- a submission to the Garnaut Review on climate change policy
- a published version of the Chairman's speech, *Riding the third wave: Some challenges in national reform*, to the 2008 Melbourne Institute/The Australian Social and Economic Outlook Conference, as well as three other presentations by the Chairman posted on the Commission's website
- the Richard Snape Lecture, *Economic and Regulatory Reforms in Europe: Past Experiences and Future Challenges*, delivered by Patrick Messerlin (Professor of Economics at the Institute d'Etudes Politiques de Paris, Director of the Groupe d'Economie Mondiale) on 30 October 2007
- the Commission's contribution to the China Australia Governance Program, the aim of which is to address governance issues which have an impact on the effectiveness of poverty alleviation in China. Commissioner Mike Woods is the Chair of the Fiscal Reform Implementation Planning Committee and undertook a number of review and planning missions in 2007-08
- the maintenance of access to resource material on Australia's productivity performance (such as productivity estimates and analytical papers) on the Commission's website
- six Staff Working Papers on a variety of research topics including the labour market and the environment
- other projects associated with inquiry and research support, technical research memoranda, assistance to other government departments, conference papers and journal articles.

The research publications produced in the supporting research program in 2007-08 are listed in box B.3. Research projects underway at 30 June 2008 are shown in box B.4.

Box B.3 **Supporting research and annual reporting publications,
2007-08**

Annual report suite of publications

Annual Report 2006-07

Trade & Assistance Review 2006-07

Commission research papers

Towards Urban Water Reform: A Discussion Paper

Submission

Productivity Commission to the Garnaut Climate Change Review

Chairman's published speech

Riding the Third Wave: Some challenges in national reform

Conference/workshop proceedings

Behavioural Economics and Public Policy

Productivity Perspectives 2007

Staff working papers

Part Time Employment: The Australian Experience

Armington General Equilibrium Model: Properties, Implications and Alternatives

Migration, Trade and Investment

Distributional Effects of Changes in Australian Infrastructure Industries during the 1990s

The Stern Review: an assessment of its methodology

Precaution and the Precautionary Principle: Two Australian Case Studies

Consultants' reports

Comparison of Generic Consumer Protection Legislation

2007 Richard Snape Lecture

Economic and Regulatory Reforms in Europe: Past Experiences and Future Challenges (Patrick Messerlin)

Box B.4 Supporting research projects underway at 30 June 2008

Infrastructure and productivity: A review of theory and evidence	Links between literacy and numeracy skills and labour market outcomes
Financial Performance of Government Trading Enterprises 2004-05 to 2006-07	Theory and evidence on skill shortages in Australia
Investments in intangible assets and Australia's productivity growth	Effects of health and education on wages
Setting priorities for services trade reform (ARC Linkage Grant) *	Historical validation using the Monash Multi Regional Forecasting (MMRF) model
Public economic infrastructure financing - an international perspective	Developing an Armington-Heckscher-Ohlin database
Recent declines in productivity growth in the mining sector: causes and consequences	Using the Labour Input Loss Index to inform policy choices
The distribution of recent economic gains	Measuring productivity in health service delivery
Modelling urban water demand and trade	Splitting global trade data into homogenous and differentiated products
Water use in Australian agriculture and farm performance	A user interface for updating and running the Commission's demographic models
Lifecycle working choices of women	Choosing the discount rate in cost benefit analysis
Trends in the demand and supply of aged care services - some implications	Recent developments in Australian population fertility
Assessing the social and fiscal policy implications of an ageing population (ARC Linkage Grant) *	The distributional impact of health outlays: developing the research and modelling infrastructure for policy makers (SPIRT project) *

*Collaborative projects. Information on individual research projects is available from the Commission's website, www.pc.gov.au.

Richard Snape Lectures

The presentation by Patrick Messerlin was the fifth in a series of lectures in memory of Professor Richard Snape, the former Deputy Chairman of the Commission, who died in October 2002. The series has been conceived to elicit contributions on important public policy issues from internationally recognised figures, in a form that is accessible to a wider audience. Previous lectures have been delivered by Professor Max Corden, Anne Krueger (First Deputy Managing Director of the IMF, 2001–2006), Martin Wolf (associate editor and chief economics commentator at the

Financial Times) and Deepak Lal (James Coleman Professor of International Development Studies, University of California at Los Angeles).

The next lecture will be given by Professor Vittorio Corbo, the former Governor of the Central Bank of Chile.

Supporting research proposals

Supporting research proposals throughout the year were considered against the Commission's intention that the program continue to emphasise the sustainability of productivity improvements — including environmental and social aspects — and encompass work on:

- productivity and its determinants (including the scope for 'catch-up'; infrastructure; assistance to industry; barriers to trade, both domestic and international; and the performance and governance of government trading enterprises)
- environmental and resource management, especially of water and its infrastructure (urban as well as rural)
- labour markets (including health and education, and distributional and other social dimensions)
- the development of economic models and frameworks (including behavioural economics) to aid the analysis of policies and trends, and of impediments to sustained improvements in living standards (PC 2006a).

The Commission sees value in the 'public good' aspect of its research and promotes dissemination of its work through publications, internet access and presentations. Summary findings from supporting research publications and details of the 80 presentations given by the Chairman, Commissioners and staff in 2007-08 are provided in appendix E.

Quality indicators

The quality of the Commission's supporting research projects is monitored through a series of internal and external checks.

For example, the quality assurance process for its discussion paper on urban water reform involved:

- a workshop, held in December 2007, at which work-in-progress was discussed with academic experts in the water sector, representatives from the National

Water Commission and the Water Services Association of Australia and representatives from a number of key utilities and regulators

- separate consultations with sectoral experts and peak bodies use of internal and external referees who provided valuable feedback on improving the quality of the paper.

Research projects can involve consultations with key interested parties on the issues they view as important and obtaining access to information. For example, the staff working paper analysing the Australian experience with part time employment benefited substantially from comments and feedback on various factual aspects from agencies such as the Commonwealth Treasury and the Department of Education, Employment and Workplace Relations.

Research is monitored internally as it progresses and staff seminars expose research to peer review as it develops. Some research-in-progress is also tested through external checks, such as seminars and conferences. For example, a version of the staff working paper on *Migration, Trade and Investment* was presented at seminars held at the Productivity Commission and also as part of the 12th Dynamics, Economic Growth and International Trade Conference held at the University of Melbourne in June 2007. A further example is recent work on assessing productivity in Australian health services, which was presented at a number of forums in 2007-08, including an ARC Linkage Project Workshop, the ARC Linkage Project Conference on Setting Priorities for Service Trade Reform, and the ABS-Productivity Commission Productivity Perspectives Conference. The researchers also took part in a workshop with the ABS, the Australian Institute of Health and Welfare and the Department of Health and Ageing on improving the quality of health data for use in the National Accounts and for productivity measurement.

Generally, drafts of research reports are refereed externally. Referees are chosen both for their expertise on a topic and to reflect a range of views. Referees for staff working papers in 2007-08 were drawn from the University of Melbourne; the Office of the Gene Technology Regulator; the Australian Fisheries Management Authority; Monash University; the Reserve Bank of Australia; Tufts University (US) and the University of Nottingham (UK).

Further evidence of the quality and standing of the Commission's supporting research program is found in the following:

- the request in January 2008 by Professor Ross Garnaut that the Commission make a submission to the Garnaut Climate Change Review. In making this request he stated that:

I consider a general PC submission to the Garnaut Climate Change Review would be valuable... As the Commonwealth's pre-eminent economic research organisation, the

PC is well placed to provide analysis to the Review on the economics of addressing climate change in Australia.

- the Committee for Economic Development of Australia decision to disseminate the findings from Commission supporting research reports on international comparisons of workforce participation rates, Australia's productivity potential and public support for science and innovation in its magazine, *Australian Chief Executive*, in July, October and December 2007 respectively
- the awarding of the Alan A Powell Award to the Commission's Patrick Jomini for outstanding service to GTAP (Global Trade Analysis Project). The award was presented at the GTAP Advisory Board meeting in June 2008 and recognised contributions to the GTAP Network and computable general equilibrium modelling, including contributing to the development of the Salter model of world trade – the predecessor of GTAP – and later, the FTAP model, which is designed to analyse the liberalization of trade in services
- notification by the OECD that a paper by Assistant Commissioner Dean Parham on *Empirical analysis of the effects of R&D on productivity* would be published by it in a selection of papers presented and discussed during workshops and analysis held in Madrid in 2005 and Bern in 2006.

Timeliness

The Commission's annual report for 2006-07, which included a theme chapter on issues and challenges in enhancing labour force participation, was completed on schedule and tabled in Parliament on 21 February 2008. The annual report companion volume (*Trade & Assistance Review 2006-07*), and most other supporting research publications listed in box B.3, met completion schedules set by the Commission.

A number of supporting research projects in 2007-08 were placed on hold as resources were diverted to servicing projects commissioned by government. For example, the supporting research project on the theory and evidence of skills shortages in Australia was placed on hold pending completion of the 2008 Review of Mutual Recognition Agreements. The priority accorded commissioned projects means that a lower-priority supporting research project can often take longer than initially anticipated, even though delivered within the original budget. Research projects which are not very time sensitive can be resourced intermittently. Redefinition of project scope and delays in obtaining data and referee comments can also be reasons for delays in completion times. The more experimental or exploratory the project, the more difficult it is to schedule completion.

Indicators of usefulness

Evidence of the usefulness of the Commission's supporting research and annual reporting activities in contributing to policy making and to public awareness of microeconomic reform and regulatory policy issues is available from a range of indicators. These cover the use of this research by government, community and business groups and international agencies, and invitations to discuss and disseminate its research findings in community and business forums. Examples from 2007-08 include the following:

- Recent outputs from the Commission's stream of productivity research were widely used in 2007-08. For example, several Commission papers in this area were used within a section of the Australian Government's 2008-09 Budget (Paper No. 1, Statement 4) dealing with the role of infrastructure and skills in boosting Australia's productive capacity; a Commission paper on Australian and US productivity performance (Dolman, Parham and Zheng 2007) was used by the OECD in considering the contribution of economic geography to GDP per capita (Boulhol, de Serres and Molnar 2008); and several strands of the Commission's productivity research were also cited by the Australian Industry Group (2008) in a major report on growth prospects for the Australian economy.
- Outputs from the Commission's stream of labour market research are also in wide use. The 2007 Commission Staff Working Paper on the effects of health and education on labour force participation (Laplagne, Glover and Shomos 2007) was used in the Council of Australian Governments National Action Plan for Mental Health 2006-2011. The AIHW's report *Australia's Welfare 2007* (AIHW 2007b) drew on a number of Commission research outputs, including Lattimore (2007) and Abhayaratna and Lattimore (2006), when discussing labour force participation rates and disability service pension recipients. The WA Government used a 2001 Commission Staff Paper *Self-Employed Contractors in Australia* when introducing amendments to that state's *Independent Contractors Act*.
- *Trade & Assistance Review*, part of the Commission's suite of annual reporting, continues to be used widely in discussion of industry assistance and trends. For example, Commission estimates on effective rates of assistance for biofuels were used by the International Institute for Sustainable Development when assessing government support for ethanol and biodiesel in Australia (Quirke, Steenblik and Warner 2008). The ANAO also discussed the treatment of tax expenditures in the *Trade & Assistance Review* as part of a recent review of the completeness and reliability of the estimates reported in the annual Tax Expenditures Statement (ANAO 2008).

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- The Commission's research on rural and urban water issues continues to be used for research and policy formation. For example, Frontier Economics (2008) drew on the Commission's 2008 work on urban water in developing a pricing framework for the National Water Commission. The Australian Bureau of Statistics made use of a number of Commission reports in a special water issue of its 2007 report on *Australia's Environment: Issues and Trends* (ABS 2007b), including joint ABS and Commission research from 2006 on irrigated farms.
 - The Commission's independent assessment of the potential benefits of the National Reform Agenda continued to be used. For example, in discussing the need for further regulatory reform in a speech outlining the new Labor Government's deregulation agenda, the Minister for Finance and Deregulation drew on estimates of the total regulatory compliance cost burden for business in the Commission's 2007 study (Tanner 2008). A speech by the Head of Treasury, Ken Henry, on national reform also drew on estimates from the 2006 report of the potential benefits of reform in reducing business compliance costs (Henry 2008).
 - The OECD made widespread use of Commission research in 2007-08 within its own published research. This included use of Commission research on rural water (Appels, Douglas and Dwyer 2004) in a report on the sustainable management of water in agriculture (OECD 2008a); use of research on the role of auctions in allocating public resources (Chan, Laplagne and Appels 2003) in a draft recommendation on decommissioning schemes in the fishing sector (OECD 2008b); and use of Commission research on the national reform agenda (PC 2006b), water trading (Peterson et. al. 2004) and stranded irrigation assets (Roper, Sayers and Smith 2006) in the 2008 OECD *Economic Review of Australia* (OECD 2008c).
 - Examples of the use of supporting research outputs in the work of federal parliamentary committees and the Parliamentary Library are provided in tables B.1 and B.2, respectively.

More generally, important means by which supporting research activities contribute to public debate are through media coverage, the dissemination of reports to key interest groups and ready access to reports on the Commission's website. Outputs from the Commission's supporting research program attracted seven editorials in major newspapers in 2007-08. To 30 June 2008, for the reports listed in box B.3, there were more than 45 500 external requests for the index pages on the Commission's website. There was a total of more than 101 500 external requests for the 59 supporting research reports for which website usage was tracked, and more than 23 500 requests for speeches by the Commission's Chairman.

