
C 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 analysis from a community-wide perspective.

The Commission's four main activity streams are 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 main activities and related performance in 2009-10.

Objectives for performance assessment

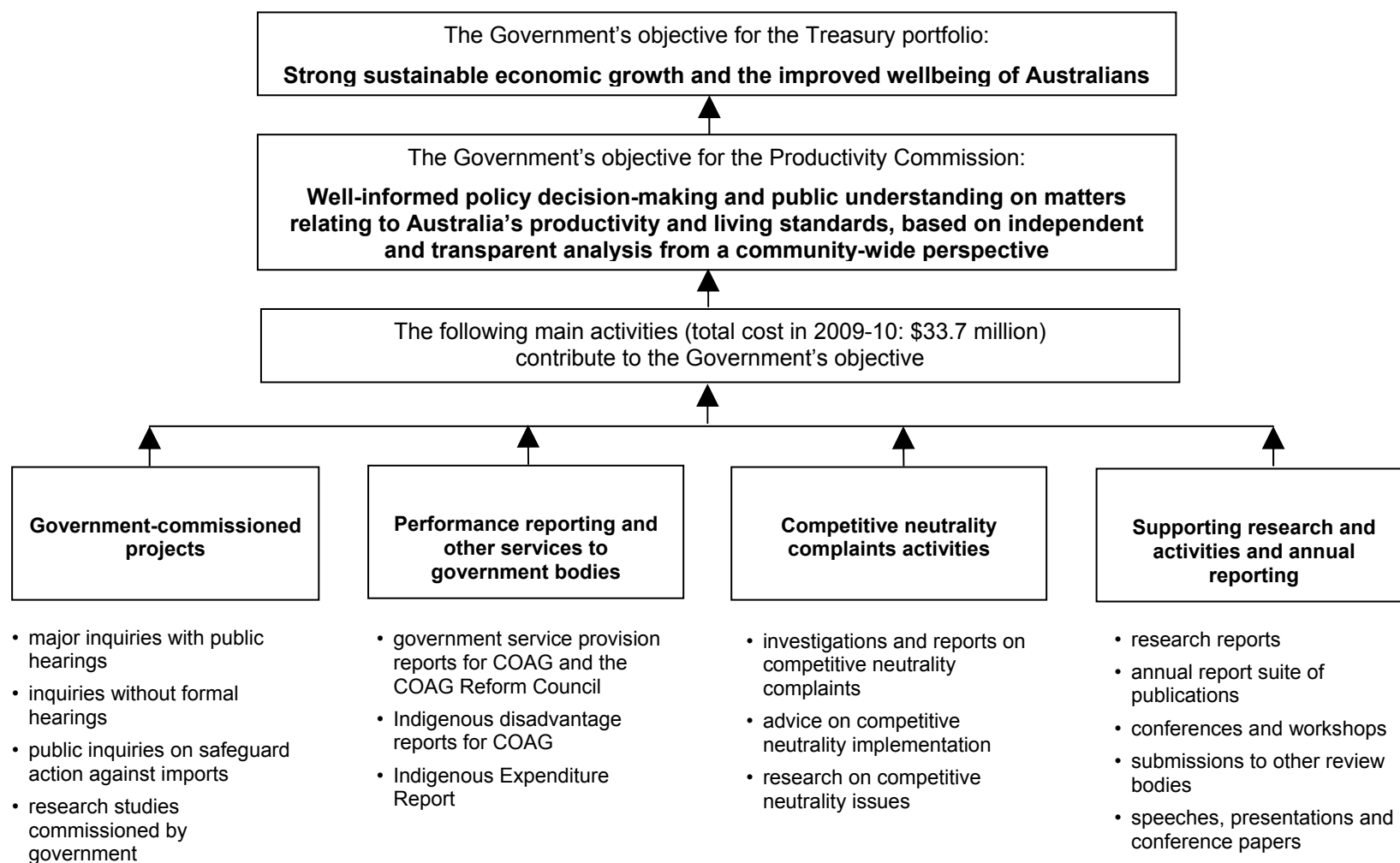
The Government's outcome objective against which the Commission's overall performance is to be assessed is:

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

The Commission's inquiry, research, advisory and associated activities derive from its statutory functions. These can be classified into four main activity areas:

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

Figure C.1 **Productivity Commission main activities 2009-10**



The Commission's overall 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, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

Commission activities

All of the Commission's activities are directed at meeting the policy needs of government, or otherwise fulfilling statutory requirements. Main activities are:

- undertaking individual projects specifically commissioned by government, including commissioned projects of an inquiry and research nature relating to regulatory issues
- meeting standing research, investigatory and advisory functions nominated by government
- 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.

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 feedback 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, or 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. As an integral part of the national performance reporting system, the Steering Committee informs Australians about services provided by governments and enables performance comparisons and benchmarking between jurisdictions and within a jurisdiction over time (SCRGSP Terms of Reference). The Steering Committee is required to:
 - measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the *Report on Government Services*
 - produce and publish biennially the *Overcoming Indigenous Disadvantage* report
 - collate and prepare performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council and the broader national performance reporting system
 - initiate research and report annually on improvements and innovation in service provision, having regard to the COAG Reform Council’s task of highlighting examples of good practice and performance, and perform any other related tasks referred to it by COAG
- secretariat and research services for the Indigenous Expenditure Report Steering Committee. The Steering Committee aims to contribute to better policy making and improved outcomes for Indigenous Australians by reporting on expenditure on Indigenous-specific and mainstream services which support Indigenous Australians
- 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 that an Australian Government business is not conducted in accordance with 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 that apply across its main activities (box C.1). Subsequent sections of this appendix report against these indicators for each of its main activities. Feedback surveys undertaken, use of Commission work 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 C.1 Performance indicators for the Commission

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

First, the effectiveness with which the Commission's activities 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 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 C.2).

Third, the Commission has to give priority to certain projects 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 projects 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 (unlike its draft reports), although the *Productivity Commission Act 1998* 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

Box C.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.

- In April 2010, the Australian Government drew on recommendations from the Commission's 2006 report on Consumer Product Safety when designing a national product safety website for consumers (Emerson 2010).
- Recommendations from the Commission's 2000 *Review of General Tariff Arrangements* were also drawn on by the Australian Government when introducing changes to the system of tariff concessions for importers, brokers and manufacturers (Tanner, Carr and O'Conner 2010).
- The Commission's 2004 report on National Workers' Compensation and Occupational Health and Safety Frameworks (PC 2004e) continued to be used throughout the year. For example, the Australian Government used the report extensively to inform its review of self-insurance arrangements under the Comcare scheme (DEEWR 2009). The report was also used extensively within the consultation RIS for the model OHS Act that was released in September 2009 by the Australian, State, Territory and New Zealand Workplace Relations Ministers' Council (WRMC 2009).
- Commission estimates of the cost to Australia of an outbreak of foot and mouth disease (PC 2002c) continued to inform debate throughout the year about control strategies and protocols in this area (see, for example, Burke 2010b; Gadd 2010).
- Past Commission reports on a range of subjects continued to inform the work of the Parliamentary Library. For example: a Research Paper in February 2010 on anti-siphoning legislation drew on analysis and findings in the Commission's 2000 inquiry into *Broadcasting*; a Bills Digest on infrastructure access from November 2009 drew on the Commission's 2001 *Review of the National Access Regime*; and a Background Note on aviation policy in February 2010 drew on analysis from the Commission's 1998 report on *International Air Services*.
- The Commission's 2004 report on the *Impacts of Native Vegetation and Biodiversity Regulations* (PC 2004c) featured prominently in recent discussion about the costs and benefits of land clearing regulations. In April 2010, a Senate Committee inquiry on native vegetation laws, greenhouse gas abatement and climate change measures drew extensively on the 2004 report and endorsed its recommendations in relation to landholder compensation arrangements (Senate Finance and Public Administration References Committee 2010).
- On 13 May 2010 the Australian Government introduced the *Food Standards Australia New Zealand Amendment Bill 2010*. The Bill implemented recommendations made by the Commission in its 2008 review of chemicals and plastics regulation (PC 2008I).

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 2009-10 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 D.

This appendix reviews some broad-based indicators of Commission performance before reporting on each of its main activities against the indicators agreed under the Government's performance framework.

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.

Survey on the Report on Government Services

The Steering Committee for the Review of Government Service Provision has sought feedback on the usefulness of the Report on Government Services three-yearly until 2007 and used the feedback to increase the accountability of the Review. Survey results were reported in the 2007-08 Annual Report.

The feedback survey scheduled for 2010 was postponed pending the outcome of a review of the Steering Committee's Report on Government Services, commissioned by COAG in 2009. Outcomes of the review are discussed in the section on performance reporting below.

Other feedback

As noted in chapter 2, the Commission continued to provide feedback opportunities through email, on-line survey forms, and survey forms included in publications or

issued to participants in the Commission's public hearings. Much of the feedback received through these mechanisms this year was positive. Comments are passed to management and authors for consideration.

Commission projects and the work of the Federal Parliament

The inquiries and reports which figured most prominently in federal parliamentary debate during 2009-10 were the Commission's reports on aged care trends, paid parental leave, executive remuneration, consumer policy and gambling. As noted in chapter 2, 86 Members of the House of Representatives and 41 Senators collectively referred to 43 different Commission inquiries or reports, or to the Commission's role in policy processes, during the 2009-10 parliamentary proceedings.

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

- Fourteen parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports. The 26 recent parliamentary committee reports listed in table C.1 referred to 20 different Commission outputs.
- People appearing at the hearings of parliamentary committees in 2009-10 referred to Commission outputs in more than 42 different topic areas.
- Research material provided to parliamentarians during 2009-10 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 19 different Commission outputs (table C.2). These included 12 inquiry and other commissioned research reports, several research papers and the Commission's 2008 submission to the Garnaut Climate Change Review.

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 2009-10 the ANAO drew on analysis and recommendations in the Commission's 2010 report on the contribution of the not-for-profit sector in Audit Report No. 40, *Application of the Core APS Values and Code of Conduct to Australian Government Service Providers*. The ANAO drew on findings and analysis concerning aged care regulation from the Commission's 2009 *Annual Review of Regulatory Burdens on Business* in Audit Report No. 5, *Protection of Residential Aged Care Accommodation Bonds*. Past Commission work on data envelope analysis was also drawn upon in Audit Report No. 8, *The Australian Taxation Office's Implementation of the Change Program: a strategic overview*.

Table C.1 Use of Commission publications in parliamentary committee reports in 2009-10

<i>Parliamentary Committee and report</i>	<i>Commission publication used</i>
Senate Standing Committee on Community Affairs, <i>National registration and accreditation scheme for doctors and other health workers</i> , August 2009	Research Report, <i>Australia's Health Workforce</i> , December 2006
Senate Standing Committee on Community Affairs, <i>Therapeutic Goods Amendment (2009 Measures No. 2) Bill 2009 [Provisions]</i> , August 2009	Research Report, <i>Chemicals and Plastics Regulation</i> , July 2008
Senate Economics Legislation Committee, <i>Renewable Energy (Electricity) Amendment Bill 2009 and a related bill [Provisions]</i> , August 2009	Submission, <i>What Role for Policies to Supplement an Emissions Trading Scheme?</i> , <i>Submission to the Garnaut Climate Change Review</i> , May 2008
Senate Rural and Regional Affairs and Transport References Committee, <i>Investment of Commonwealth and State funds in public passenger transport infrastructure and services</i> , August 2009	Annual Report Series, <i>Trade and Assistance Review 2007-08</i> , May 2009
Senate Environment, Communications, and the Arts Legislation Committee, <i>Environment Protection (Beverage Container Deposit and Recovery Scheme) Bill 2009</i> , September 2009	Inquiry Report, <i>Waste Management</i> , October 2006
Senate Economics Legislation Committee, <i>Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009 [Provisions]</i> , September 2009	Draft Inquiry Report, <i>Executive Remuneration in Australia</i> , September 2009
Senate Economics Legislation Committee, <i>Trade Practices Amendment (Australian Consumer Law) Bill 2009 [Provisions]</i> , September 2009	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
House of Representatives Standing Committee on Education and Training, <i>Adolescent overload? Report of the inquiry into combining school and work: supporting successful youth transitions</i> , October 2009	Staff Working Paper, <i>Part Time Employment: the Australian Experience</i> , June 2008
Senate Education, Employment and Workplace Relations References Committee, <i>Provision of childcare</i> , November 2009	Draft Research Report, <i>Annual review of regulatory burdens on business: social and economic infrastructure services</i> , June 2009
Senate Select Committee on the National Broadband Network, <i>Third Report</i> , November 2009	Annual Report Series, <i>Annual Report 2008-09</i> , October 2009

Select Committee on Regional and Remote Indigenous Communities, *Third Report 2009*, November 2009

Senate Select Committee on the National Broadband Network, *Third Report*, November 2009

House of Representatives Standing Committee on Employment and Workplace Relations, *Making it Fair: Pay equity and associated issues related to increasing female participation in the workforce*, November 2009

Senate Legal and Constitutional Affairs References Committee, *Access to Justice*, December 2009

Senate Economics Legislation Committee, *Textile, Clothing and Footwear Strategic Investment Program Amendment (Building Innovative Capability) Bill 2009 [Provisions]*, February 2010

Senate Education, Employment and Workplace Relations Legislation Committee, *Occupational Health and Safety and Other Legislation Amendment Bill 2009 [Provisions]*, February 2010

Senate Legal and Constitutional Affairs Legislation Committee, *Native Title Amendment Bill (No.2) 2009 [Provisions]*, February 2010

Senate Economics Legislation Committee, *Trade Practices Amendment (Infrastructure Access) Bill 2009 [Provisions]*, March 2010

Senate Economics Legislation Committee, *Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010 [Provisions]*, April 2010

Senate Finance and Public Administration References Committee, *Native Vegetation Laws, Greenhouse Gas Abatement and Climate Change Measures*, April 2010

Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009*

Annual Report Series, *Annual Report 2008-09*, October 2009

Staff Working Paper, *Part Time Employment: the Australian Experience*, June 2008; Annual Report Series, *Annual Report 2006-07*, November 2007

Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009*

Inquiry Report, *Review of TCF Assistance*, July 2003

Inquiry Report, *National Workers' Compensation and Occupational Health and Safety Frameworks*, March 2004

Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2009*

Inquiry Report, *Review of the National Access Regime*, September 2001

Research Report, *Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*, April 2009

Inquiry Report, *Impacts of Native Vegetation and Biodiversity Regulations*, April 2004

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Table C.1 (continued)

<i>Parliamentary Committee and report</i>	<i>Commission publication used</i>
House of Representatives Standing Committee on Economics, <i>Inquiry into raising the productivity growth rate in the Australian economy</i> , April 2010	Productivity Commission, <i>Submission</i> , September 2009
Senate Community Affairs Legislation Committee, <i>Health Practitioner Regulation (Consequential Amendments) Bill 2010 [Provisions]</i> , April 2010	Research Report, <i>Australia's Health Workforce</i> , December 2006
Senate Economics Legislation Committee, <i>Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010 [Provisions]</i> , May 2010	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
Senate Community Affairs Legislation Committee, <i>Exposure Draft and Paid Parental Leave Bill 2010 [Provisions]</i> , June 2010	Inquiry Report, <i>Paid parental leave: support for parents with newborn children</i> , February 2009
Senate Community Affairs Legislation Committee, <i>Food Standards Australia New Zealand Amendment Bill 2010 [Provisions]</i> , June 2010	Research Report, <i>Chemicals and Plastics Regulation</i> , July 2008
Senate Economics Legislation Committee, <i>Tax Laws Amendment (Research and Development) Bill 2010 [Provisions] and Income Tax Rates Amendment (Research and Development) Bill 2010 [Provisions]</i> , June 2010	Research Report, <i>Public Support for Science and Innovation</i> , March 2007

Table C.2 Parliamentary Library use of Commission publications in 2009-10

<i>Parliamentary Library output 2009-10</i>	<i>Commission publication used</i>
<i>Road Transport Reform (Dangerous Goods) Repeal Bill 2009, Bills Digest No 1, July 2009</i>	<i>Draft Research Report, Annual review of regulatory burdens on business: social and economic infrastructure services, June 2009</i>
<i>Medical practitioners: education and training in Australia, Background Note, July 2009</i>	<i>Research Report, Australia's Health Workforce, December 2006</i>
<i>Corporations Amendment (Improving Accountability on Termination Payments) Bill 2009, Bills Digest No 6, August 2009</i>	<i>Inquiry Report, Executive Remuneration in Australia, December 2009</i>
<i>Therapeutic Goods Amendment (2009 Measures No. 2) Bill 2009, Bills Digest No 8, August 2009</i>	<i>Research Report, Chemicals and Plastics Regulation, July 2008</i>
<i>ACIS Administration Amendment Bill 2009, Bills Digest No 9, August 2009</i>	<i>Inquiry Report, Review of Automotive Assistance, August 2002</i>
<i>Health Legislation Amendment (Midwives and Nurse Practitioners) Bill 2009, Bills Digest No 11, August 2009</i>	<i>Research Report, Australia's Health Workforce, December 2006</i>
<i>Trade Practices Amendment (Australian Consumer Law) Bill 2009, Bills Digest No 19, August 2009</i>	<i>Inquiry Report, Review of Australia's Consumer Policy Framework, May 2008</i>
<i>Corporations Legislation Amendment (Financial Services Modernisation) Bill 2009, Bills Digest No 27, September 2009</i>	<i>Inquiry Report, Review of Australia's Consumer Policy Framework, May 2008</i>
<i>National Consumer Credit Protection Bill 2009, Bills Digest No 30, September 2009</i>	<i>Inquiry Report, Review of Australia's Consumer Policy Framework, May 2008</i>
<i>Trade Practices Amendment (Infrastructure Access) Bill 2009, Bills Digest No 66, November 2009</i>	<i>Inquiry Report, Review of the National Access Regime, September 2001</i>
<i>Economic effects of payroll tax, Background Note, September 2009</i>	<i>Staff Research Paper, Directions for State Tax Reform, May 1998</i>
<i>Should we expand the use of pay-for-performance in health care?, Research Paper No 12, November 2009</i>	<i>Draft Inquiry Report, Executive Remuneration in Australia, September 2009</i>
<i>Tax Laws Amendment (2009 Budget Measures No. 2) Bill 2009, Bills Digest No 75, December 2009</i>	<i>Draft Inquiry Report, Executive Remuneration in Australia, September 2009</i>

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Table C.2 (continued)

<i>Parliamentary Library output 2009-10</i>	<i>Commission publication used</i>
<i>Occupational Health and Safety and Other Legislation Amendment Bill 2009, Bills Digest No 78, January 2010</i>	<i>Inquiry Report, National Workers' Compensation and Occupational Health and Safety Frameworks, March 2004</i>
<i>Toward national workplace safety and workers' compensation systems: a chronology, Background Note, January 2010</i>	<i>Inquiry Report, National Workers' Compensation and Occupational Health and Safety Frameworks, March 2004</i>
<i>Textile, Clothing and Footwear Strategic Investment Program Amendment (Building Innovative Capability) Bill 2009, Bills Digest No 92, February 2010</i>	<i>Research Report, Modelling Economy-wide Effects of Future TCF Assistance, June 2008</i>
<i>Sport on television: to siphon or not to siphon?, Research Paper No 14, February 2010</i>	<i>Inquiry Report, Broadcasting, March 2000; Research Report, Annual review of regulatory burdens on business: social and economic infrastructure services, September 2009</i>
<i>Aviation white paper: an overview, Background Note, February 2010</i>	<i>Inquiry Report, International Air Services, September 1998</i>
<i>Protection of the Sea Legislation Amendment Bill 2010, Bills Digest No 100, February 2010</i>	<i>Staff Working Paper, The Stern Review: an assessment of its methodology, January 2008</i>
<i>Health Practitioner Regulation (Consequential Amendments) Bill 2010, Bills Digest No 132, March 2010</i>	<i>Research Report, Australia's Health Workforce, December 2006</i>
<i>Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment (Miscellaneous Measures) Bill 2010, Bills Digest No 126, March 2010</i>	<i>Research Report, Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector, April 2009</i>
<i>Emissions Control: your policy choices, Background Note, May 2010</i>	<i>Submission, What Role for Policies to Supplement an Emissions Trading Scheme?, Submission to the Garnaut Climate Change Review, May 2008</i>
<i>Paid parental leave, Background Note, May 2010</i>	<i>Inquiry Report, Paid parental leave: support for parents with newborn children, February 2009</i>
<i>Farm Household Support Amendment (Ancillary Benefits) Bill 2010, Bills Digest No 160, June 2010</i>	<i>Inquiry Report, Government Drought Support, February 2009</i>

Tax Laws Amendment (Research and Development) Bill 2010, Bills Digest No 165, June 2010

Export Market Development Grants Amendment Bill 2010, Bills Digest No 170, June 2010

Food Standards Australia New Zealand Amendment Bill 2010, Bills Digest No 167, June 2010

Paid Parental Leave Bill 2010, Bills Digest No 175, June 2010

Toward national workplace safety and workers' compensation systems: a chronology, Background Note, June 2010

Trade Practices Amendment (Australian Consumer Law) Bill (No. 2) 2010, Bills Digest No 187, June 2010

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

Annual Report Series, *Trade and Assistance Review 2007-08*, May 2009

Draft Research Report, *Chemicals and Plastics Regulation*, March 2008; Research Report, *Chemicals and Plastics Regulation*, July 2008

Draft Inquiry Report, *Paid parental leave: support for parents with newborn children*, September 2008; Inquiry Report, *Paid parental leave: support for parents with newborn children*, February 2009

Inquiry Report, *National Workers' Compensation and Occupational Health and Safety Frameworks*, March 2004

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

Estimates appearances

The Commission is also invited to appear regularly before Senate Estimates to assist the work of Federal Parliament and facilitate scrutiny of its work. It was requested to attend Senate Estimates hearings on two occasions in 2009-10. Appearances by the Chairman and senior staff before the Senate Standing Committee on Economics occurred on 22 October 2009 and 3 June 2010. Hansard of the appearances is available on the Parliament of Australia website.

Other evidence

In addition to the performance indicators for 2009-10 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 responding to the Commission's report on executive remuneration in April 2010, the Government stated that it:
...commends the PC for its comprehensive report and the thorough and consultative approach used in the review process (Swan, Bowen and Sherry 2010).
- In September 2009, the Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services, Chris Bowen, described the Commission as:
... the most respected economic think tank in the country (Bowen 2009).
- In March 2010, the Assistant Treasurer, Nick Sherry, said that:
... it's important to have rigorous economic analysis and the Productivity Commission is an important part of that debate in Australia (Sherry 2010).
- In June 2010 the Government announced that a Commission review of the economic regulation of airports would be brought forward to the current year (Albanese 2010).
- During the year COAG requested that the Commission undertake several new studies to assist it with its work. These included a study of the impacts and benefits of the COAG reform agenda, and a series of studies on the education and training workforce. In announcing the latter series of studies, the Government stated that these would:
...provide valuable input to the work of the Council of Australian Governments (COAG) to strengthen Australia's education and training workforces (Gillard and Sherry 2010).

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- Additional funding was announced for the Commission in the 2010-11 Budget for it to undertake industry reviews associated with the Government's Renewable Energy Target. More broadly, the Budget also stated that:

It is anticipated the Commission's work in 2010-11 and the forward years will be integral to the national reform agenda.

- In February 2010 the OECD referred to the Commission as 'a respected source of advice on the potential areas where reform will deliver economic benefits' and discussed its 'important role in the achievement of the objectives of COAG's reform agenda' (OECD 2010b, p. 139).

- In announcing changes to administrative arrangements for excise equivalent goods in November 2009, the Australian Government stated that:

These new arrangements announced today reflect recommendations made by the Productivity Commission in its *Annual Review of Regulatory Burdens on Business: Manufacturing and Distributive Trades* of September 2008 (Sherry, Tanner and O'Connor 2009).

- The Federal Opposition proposed a number of tasks for the Commission during the year, including that it:

- be reshaped as the Productivity and Sustainability Commission and inquire into and recommend future population policies (Billson 2010)
- conduct an economic analysis of all proposed major defence acquisitions (Johnston 2010)
- analyse a number of aspects of the Government's Carbon Pollution Reduction Scheme (CPRS), including the modelling underpinning the scheme and the current state of progress of other countries in implementing emissions and abatement measures (Abetz 2010).

- The Australian Greens also proposed that the Commission be asked to undertake several strands of new work during the year, including:

- that it be required to provide regular reviews of proposed compensation to emissions intensive trade exposed industries (Milne 2009)
- that it inquire into the payment for childcare services (Hanson-Young 2010).

- In November 2009 the Standing Committee of Attorneys-General agreed that the Commonwealth should request the Commission to undertake a review of the measures and indicators of efficiency and effectiveness for the civil justice system in Australia (SCAG 2009). This followed an earlier recommendation in September 2009 by the Access to Justice Taskforce of the Commonwealth Attorney-General's Department that the Commission undertake such a review.

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- On 25 February 2010 Senator Steve Fielding called for the Commission to be invited to provide a detailed submission to the Economics Legislation Committee setting out viable alternative schemes to the Government's CPRS and the costs and benefits under those schemes of achieving emissions reductions targets.
 - The final report of the Henry taxation review, released in May 2010, recommended a range of new work for the Commission, including a review of tax concessions across all levels of government; a study of the manner in which public services are delivered; and an annual review of CPRS-related assistance (Henry 2010).
 - In April 2010 the Grattan Institute called for a permanent group to be established within the Commission to monitor the effect of a carbon price on the competitiveness of industry (Daley and Edis 2010).
 - In July 2010 the final report of the (Cooper) Review of the Superannuation System proposed a number of tasks for the Commission, including that it be asked to review the processes by which default superannuation funds are nominated in awards.
 - In December 2009 a Federal Audit of Police Capabilities conducted for the Attorney-General's Department (Beale 2009) recommended that the Commission be asked to conduct a study on the national policing workforce.
 - Parliamentary Committees continued to draw on Commission reports to inform their work and to recommend new work for the Commission. For example:
 - In October 2009, the House of Representatives Standing Committee on Climate Change, Water, Environment and the Arts recommended that the Commission be asked to undertake an inquiry into the projected impacts on coastal properties of climate change and related insurance matters.
 - In May 2010, the Senate Economics References Committee called for the Commission to be asked to undertake a further review to evaluate the effectiveness of national competition policy and to publish its report by 30 April 2011.
 - In May 2010, the House of Representatives Standing Committee on Economics recommended that the Commission undertake modelling on the effect of human capital investment on Australian productivity growth.
 - In June 2010, the House of Representatives Standing Committee on Communications called for the Commission to conduct an in-depth investigation and analysis of the economic and social costs of the lack of

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- security in the IT hardware and software products market, and its impact on the efficient functioning of the Australian economy.
- In June 2010 the Senate Community Affairs References Committee recommended that the Government commission a detailed independent assessment of the cost of suicide and attempted suicide, to be conducted by the Commission.
 - The Australian Shareholders Association welcomed the release of the Commission’s report on executive remuneration in April 2010, stating that the Commission had consulted widely with stakeholders and recommended a well measured, considered package of reforms (ASA 2010).
 - Throughout the year various peak bodies also continued to call for the Commission to be requested to undertake a diverse range of work. For example:
 - In March 2010 the Australian Chamber of Commerce and Industry called for the Commission to conduct an inquiry into the level of competition in the provision of SME finance (ACCI 2010).
 - The Business Council of Australia called in May 2010 for a Commission review of the proposed resource rent tax (Murphy 2010). In October 2009 it called for the Commission to be asked to conduct regular audits of infrastructure and for COAG to request that the Commission consider reforms to urban water markets (BCA 2009).
 - In April 2010 the National Independent Retailers Association called for a Commission review of the banking sector ‘with a view to freeing up competition and make choice easier’ (NIRA 2010).
 - In June 2010 the National Irrigators Council requested that the Commission be asked to undertake a review of the impacts of the draft Murray-Darling Basin plan prior to final sign-off.
 - In April 2010, Foxtel CEO Kim Williams called for a review of media regulation and stated:

... the review must be conducted by the right body and this, in my view, is the Productivity Commission. It is the most disciplined, authoritative and independent economic policy agency in the country (Williams 2010).
 - In April 2010 the Chairman of the Australian Nuclear Science and Technology Organisation (ANSTO), Dr Ziggy Switkowski, called for the Commission to be asked to undertake a study of the feasibility of increased reliance on nuclear energy (AAP 2010).

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- In March 2010 the Committee for Sydney called for the Commission to conduct a review into the role of Australia's capital cities in the 21st century.
 - In March 2010, Suicide Prevention Australia called for the Commission to be asked to conduct an audit to examine the parity of access between urban and remote-area services, including health, education, housing, transport and social services (Fossey 2010).
 - In October 2009 the Urban Development Institute of Australia recommended that the Commission be charged with undertaking an inquiry into financing local infrastructure and specifically examine the proliferation and impact of development levies (Urban Development Institute of Australia 2009).
 - A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews on a wide range of topics, including energy efficiency; the costs of inconsistent public holiday dates across State and Territory jurisdictions; current retail structures; barriers to investment in jet fuel supply infrastructure; bilateral trade agreements; the provision of education services to overseas students; aspects of electronic payment systems; the economic case for the structural separation of Telstra; the impact on working mothers and families of school holiday and after-school care; the potential savings arising from using technologies to maintain seniors in their own homes; the viability of wind power; regional provision of services and infrastructure; and the cost and prevalence of communication and swallowing disorders in Australia.
 - 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:
 - In March 2010 the New Zealand Government announced the establishment of a New Zealand Productivity Commission, stating that:

The (New Zealand) Commission's roles and functions are modelled closely on the Australian Productivity Commission, which has been operating for more than 10 years... The independence of the Australian Productivity Commission has ensured that important public policy issues have been tackled in a non-political way (English and Hide 2010).
 - In discussing regulatory reform in Australia in February 2010, the OECD stated that 'The PC has been an important part of the institutional architecture for regulatory reform in Australia and it provides a model with many features that could usefully be emulated outside Australia in other OECD countries' (OECD 2010b, pp. 99-100).

Citations in journals and elsewhere

In addition to the parliamentary, media and other coverage reported elsewhere 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 2009-10 in a range of journals and other publications. These covered 84 different reports, papers, speeches and work in progress. The reports receiving the most number of citations were the annual *Report on Government Services* from various years, the *Overcoming Indigenous Disadvantage* reports, studies on the policy implications of an ageing population (2005b) and the health workforce (2005c), and the Commission's inquiry on Australia's consumer policy framework (2008h). The Commission's work was cited in 105 different journals and publications.

COAG review of the Report on Government Services

COAG agreed in 2009 to a review of the *Report on Government Services* (ROGS), to be undertaken by a combined Senior Officials and Heads of Treasuries Working Group. COAG endorsed the review's recommendations at its 7 December 2009 meeting. These recommendations included:

- ROGS should continue to be the key tool to measure and report on the productive efficiency and cost effectiveness of government services.
- The Chair of the Productivity Commission should remain Chair of the Steering Committee and the Productivity Commission should continue to provide secretariat support to the SCRGSP.
- New Terms of Reference should be prepared that acknowledge the ROGS is part of and supports the new federal financial relations framework, and that enhance the authority and strategic nature of the Steering Committee.

COAG endorsed new terms of reference and a charter of operations in April 2010.

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.

All government-commissioned inquiries in 2009-10 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 2009-10

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

During 2009-10 the Commission:

- completed three public inquiries begun in 2008-09 — on Australia's gambling industries, executive remuneration and anti-dumping
- commenced four other new public inquiries, which are due for completion in 2010-11, on wheat marketing arrangements, rural research and development corporations, aged care and disability care and support.

Research studies commissioned by the Government were a significant component of the Commission's workload again in 2009-10 (figure 2.1). During the year the Commission:

- finalised five government-commissioned research studies begun the previous year — a study of restrictions on the parallel importation of books, the third stages of the reviews of regulatory burdens on business and business regulation benchmarking, and studies of the contribution of the not-for-profit sector and the performance of public and private hospital systems
- commenced and completed in the same year a study of mechanisms to purchase water entitlements
- commenced five other new studies — the fourth stages of the review of regulatory burdens on business and business regulation benchmarking, and

studies on bilateral and regional trade agreements, the education and training workforce, and the impacts and benefits of COAG reforms.

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

	2008-09					2009-10					2010-11																
	Month	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:																											
Paid maternity, paternity and parental leave																											
Government drought support																											
Gambling																											
Executive remuneration																											
Anti-dumping																											
Wheat																											
Caring for older Australians																											
Disability care and support																											
Rural research and development corporations																											
Commissioned research studies:																											
Restriction on the parallel importation of books																											
Review of regulatory burdens on business – Stage 3																											
Business regulation benchmarking – Stage 3																											
Contribution to the not for profit Sector																											
Performance of public & private hospital systems																											
Mechanisms to purchase water entitlements																											
Bilateral and regional trade agreements																											
Education and training workforce – Stage 1																											
Review of regulatory burdens on business – Stage 4																											
Business regulation benchmarking – Stage 4																											
Impacts and benefits of COAG reforms																											

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

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

Table C.4 Public inquiry and other commissioned project activity, 2005-06 to 2009-10

<i>Indicators</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>
Public inquiries					
Inquiry references received	4	2	3	3	4
Issues papers released	4	2	1	3	4
Public hearings (sitting days) ^a	26	28	28	17	28
Organisations/people visited	151	134	124	205	261
Submissions received	654	422	720	749	609
Draft reports ^b	2	3	2	2	4
Inquiry reports completed	2	4	3	2	3
Inquiries on hand (at 30 June)	4	2	2	3	4
Research studies					
References received	4	3	7	5	5
Submissions received	608	485 ^c	262	972	483
Draft reports ^b	4	3	4	6	11
Research reports completed	4	4	4	7 ^d	7 ^d
Studies on hand (at 30 June)	3	2	5	5	5
Total references					
Total references received	8	5	10	8	9
Total references completed	6	8	7	8	9
Total references on hand (at 30 June)	7	4	7	8	9

^a Excludes forums and roundtable discussions. ^b Includes all types of draft reports. ^c Includes 90 almost identical short letters sent in response to the Commission's draft report on science and innovation. ^d Total includes two final reports completed as part of the study on business regulation benchmarking.

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 nine inquiries and government-commissioned research studies completed in 2009-10 are shown in table C.5.

Table C.5 Cost of public inquiries and other commissioned projects completed in 2009-10^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Gambling	2 110
Executive remuneration	1 334
Anti-dumping	954
Restrictions on the parallel importation of books	985
Review of regulatory burdens on business – Stage 3	1 199
Business regulation benchmarking – Stage 3 ^b	1 886
Contribution of the not-for-profit sector	1 575
Performance of public and private hospital systems	813
Mechanisms to purchase water entitlements	1 295

^a Includes estimated overheads. ^b Includes two reports.

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 2005-06 to 2009-10 are shown in table C.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 C.6 Direct administrative expenditure on public inquiries and other government-commissioned projects^a, 2005-06 to 2009-10

<i>Expenditure item</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	382	478	394	546	526
Printing	151	132	108	133	212
Consultants	103	40	402	82	27
Other ^b	311	291	208	251	526
Total	946	942	1 112	1 012	1 291

^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 2009-10.

In the course of its inquiry work over the year, the Commission held 28 public hearings, visited more than 260 individuals and organisations and received more than 600 submissions. The Commission encourages broad public participation in its inquiry work, including by those in rural and regional areas. For example:

- In conducting its inquiry into gambling, the Commission sent circulars to a wide range of individuals and organisations thought to have an interest in the inquiry. During the early stages of the inquiry, the Commission also consulted with a range of interested parties to get an idea of the key issues and where the Commission's report could add most value. A number of roundtables were also held in late 2008 and early 2009. A Draft Report was released for public comment in October 2009. Public hearings to discuss the Draft were also held in Melbourne, Sydney, Adelaide, Brisbane and Canberra in late November and early December 2009. In conducting its inquiry, the Commission benefited greatly from the participation of a wide range of individuals and organisations.
- In the course of undertaking its inquiry into wheat export marketing arrangements, the Commission undertook extensive consultations in rural and regional areas. Further details on these consultations are provided in box 2.2.

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 299 000 external requests for the index pages to submissions and hearing transcripts for inquiries and commissioned studies current in the year to 30 June 2010.

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 inquiry into executive remuneration, the Commission hosted four roundtables across the course of the inquiry which were attended by representatives of over 40 organisations and companies. The roundtables allowed industry participants to discuss their views on a wide range of issues and to provide further information to the Commission to assist its inquiry.
- In its study on the regulatory burdens on business in the social and economic infrastructure services sector, the Commission held two roundtables in late June 2009 following the release of its draft report. These were attended by a range of stakeholders in the aged care and broadcasting sectors, including industry and regulator representatives, who were able to debate and exchange information to clarify the veracity of concerns. The roundtables also assisted the Commission in identifying several additional areas of concern that were subsequently incorporated into its final report.

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. Details of the Government's responses to Commission reports are provided in appendix D.

Timeliness

Of the ten inquiries and commissioned research studies finalised in 2009-10, four were completed on or ahead of schedule.

Extensions were required for six inquiries and studies:

- The reporting period for the gambling inquiry was extended by approximately 12 weeks from 24 November 2009 to 26 February 2010 following delays in

receiving a number of submissions from key stakeholders and extensive consultation requirements.

- The original reporting period for the study of restrictions on the parallel importation of books was extended by approximately six weeks from the original date of 13 May 2009 to 30 June 2009 in view of the large number of submissions received following the release of the discussion draft.
- An extension of four weeks was approved for the study into the contribution of the not-for-profit sector, from 31 December 2009 to 31 January 2010, due to delays in the publication of other key reports that the study drew upon.
- The reporting period for the study into mechanisms to purchase water entitlements in the Murray Darling Basin was extended by eight weeks from 24 January 2010 to 24 March 2010 due to extensive consultation requirements.
- Delays in obtaining critical information required for the Commission's benchmarking study of occupational health and safety regulatory regimes led to an extension of the reporting period by approximately twelve weeks from the end of December 2009 to the end of March 2010.
- The reporting period for the study on the performance of public and private hospital systems was extended by approximately three weeks, from 15 November 2009 to 4 December 2009, due to delays in obtaining data needed to undertake the study.

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 announced the following decisions on Commission reports.

- The Government accepted a large majority of the Commission's recommendations on executive remuneration (Swan, Bowen and Sherry 2010). Of the 17 recommendations in the report the Government provided acceptance or in-principle acceptance to 16, with six subject to further strengthening.

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- In response to the Commission's *Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services* the Government accepted or provided in-principle acceptance to a majority of the recommendations in the report. Of the 42 Commission recommendations, the Government accepted or accepted in principle 26 recommendations, and noted a further 12 recommendations. The Government accepted recommendations across a range of areas, including aged care; child care; information media and telecommunications; electricity, gas, water and waste services; transport; and education and training.
 - The Australian Government released an initial response to the Commission's gambling report on 23 June 2010. In responding in brief to the report the Government stated that it supported key reform directions to minimise the harm caused by problem gambling. For example, it stated that it:

... supports the use of pre-commitment technology to tackle problem gambling and is committed to working with State and Territory Governments, and industry, in implementing this technology. (Macklin, Sherry and Conroy 2010)

The Government did not agree with the Commission's recommendation to allow for the partial liberalisation of online gambling.
 - The Government also announced in November 2009 that it will establish a National Offshore Petroleum, Minerals and Greenhouse Gas Storage Regulator, in line with recommendations made in the Commission's 2009 review of regulation in the upstream petroleum sector (PC 2009a).
 - In responding to the Commission's report on restrictions on the parallel importation of books in November 2009, the Government announced that it did not intend to change the Australian regulatory regime for books (Emerson 2009a).
 - In June 2010, the Government announced that, in partnership with the Western Australian Government, it would conduct a pilot of drought reform measures from 1 July 2010 to 30 June 2011 (Burke 2010a). The pilot reform measures draw partly on a number of recommendations made in the Commission's 2009 inquiry report on government drought support, in particular regarding interest rate subsidies and farm exit support.

Governments do not always accept the Commission's advice, at least initially. Nevertheless, a review of the Commission's inquiries since its inception in 1998 shows that governments typically adopted a substantial majority of recommendations and generally endorsed its findings (details are provided in table C.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.

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:

- In July 2009, COAG signed an Intergovernmental Agreement, which included agreement to a national consumer protection law, in line with recommendations made by the Commission in its review of Australia's consumer policy framework. (COAG 2009b)
- In December 2009 the Ministerial Council on Consumer Affairs agreed to specific reforms on product safety that implemented recommendations made by the Commission in its 2006 review of the Australian consumer product safety system. (Emerson 2009b)
- In April 2010, COAG agreed to the development of a nationally consistent approach to fundraising regulation, in line with recommendations made in the Commission's study of the economic contribution of the not-for-profit sector. (COAG 2010a)

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:

- In discussing the Commission's report on upstream petroleum regulation in August 2009, the Minister for Resources and Energy, Martin Ferguson, said that:
The Commonwealth is minded to support all the recommendations of the Productivity Commission report with a view to reducing regulatory approval timeframes and creating consistency in administration nationally. (Ferguson 2009)
- In June 2010 the Minister for Families, Housing, Community Services and Indigenous Affairs, Jenny Macklin, discussed paid parental leave and stated:
I'd like to thank the excellent work done by the Productivity Commission in their inquiry. The Government did use their work to base this Paid Parental Leave scheme on. (Macklin 2010a)
- Commission reports continued to be used to inform the work of COAG's Business Regulation and Competition Working Group during the year, including

reports on the health workforce, retail tenancy, chemicals and plastics regulation, upstream petroleum regulation and consumer policy (COAG and BRCWG 2009).

- In March 2010 the Government announced its National Health Reform Plan (Roxon 2010). The accompanying report drew on findings in the Commission's study of public and private hospital systems (PC 2009f).
- On 13 May 2010 the Australian Government introduced the *Food Standards Australia New Zealand Amendment Bill 2010*. The Bill implemented recommendations made by the Commission in its 2008 review of chemicals and plastics regulation (PC 2008l).
- In March 2010 the Prime Minister and Parliamentary Secretary for Social Inclusion and the Voluntary Sector drew on Commission work on the economic contribution of the not-for-profit sector when announcing the establishment of a national compact with the third sector (Rudd and Stephens 2010).
- The 2010 Intergenerational Report (Treasury 2010c) made extensive use of Commission inquiry, study and research publications, including the reports on paid parental leave and the economic implications of an ageing population.
- A consultation paper on statutory conduct and franchising, released by the Treasury and Department of Innovation, Industry, Science and Research (2010a), drew on Commission reports on consumer policy and retail tenancy (PC 2008h, 2008j).
- In December 2009, COAG released a regulation impact statement for early childhood education and care quality reforms that drew on analysis in the Commission's 2008 business regulation benchmarking report (PC 2008m).
- In announcing the terms of reference for a study of gambling impacts in Tasmania, the Minister for Human Services (Tasmania), Lin Thorp MLC, stated that where appropriate, the Commission's 2010 report into gambling would be used as a key information source (Thorp 2010).
- Draft regulations for revised substances scheduling, released by the Therapeutic Goods Administration in January 2010 (TGA 2010), drew on recommendations in the Commission's report on chemicals and plastics regulation (PC 2008l).
- On 29 March the Australian Government's report *Ahead of the game: Blueprint for reform of Australian government administration* drew on several Commission reports, including commissioned studies on the economic contribution of the not-for-profit sector and the regulatory burdens on business.

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- In December 2009 the National Childcare Accreditation Council (NCAC 2009) announced changes to its childcare quality assurance processes that drew on the Commission's 2009 report on regulatory burdens in the sector (PC 2009b).
 - In May 2010 the Environment Protection and Heritage Council released its National Waste Report 2010 (EPHC 2010). The report made extensive use of analysis in the Commission's 2006 report on waste management (PC 2006e).
 - In October 2009 a report by the Essential Services Commission (Victoria) on local government performance monitoring drew extensively on the Commission's 2008 report on local government revenue raising. The ESC also drew on past reports on the national access regime, road and rail infrastructure pricing and national competition policy, in its review of the Victorian Rail Access Regime (Essential Services Commission (Victoria) 2010).
 - In October 2009 a report by the Victoria University (2009) on reforms to the Pharmaceutical Benefits Scheme drew on past Commission reports on medical technology and the economic implications of an ageing population.
 - In March 2010 the Australian Subscription Television and Radio Association (ASTRA) drew on Commission findings to argue for change to broadcasting regulation.
 - The latest version of the Australian Competition and Consumer Commission's annual report on airport monitoring (ACCC 2010), released in March 2010, made extensive use of the Commission's 2002 and 2006 inquiry reports on the price regulation of airport services.
 - In April 2010 the National Housing Supply Council released a report on housing supply (NHSC 2010) that drew on the Commission's 2004 inquiry report on first home ownership (PC 2004d).
 - A report on interstate freight released by the Bureau of Infrastructure, Transport and Regional Economics in April 2010 (BITRE 2010) drew on analysis in the Commission's 2006 report on road and rail infrastructure pricing (PC 2006h).
 - 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 93 separate occasions by Members and Senators in the Federal Parliament in 2009-10. Commission inquiries and reports which featured most prominently in mentions were those on gambling, executive remuneration and disability care and support.

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- State and Territory members of parliament referred to current Commission inquiries and commissioned research studies on 152 occasions in 2009-10. Around 40 per cent of mentions were to the *Report on Government Services*, with the Commission’s report on gambling also featuring prominently.
 - The final report of the Australian Longitudinal Study on Women’s Health, released in January 2010 (Loxton and Lucke 2009), drew on Commission inquiry and research publications, including the report on paid parental leave.
 - A major report on bioenergy sustainability released by the Rural Industries Research and Development Corporation in November 2009 (RIRDC 2009b) drew on past Commission work on energy efficiency (PC 2005d).
 - In April 2010 the Australian Government’s Corporations and Markets Advisory Committee (CAMAC 2010) released guidance for company directors that drew extensively on the Commission’s executive remuneration inquiry report.
 - The Senate Economics Legislation Committee (2010) report on consumer law amendments to the *Trade Practices Act 1974* stated that:

The Treasury indicated that the initial catalyst for reform was... the recommendations made by the Productivity Commission in its 2008 review of Australia’s consumer policy framework.
 - In December 2009 the COAG Reform Council released a report on progress towards a seamless national economy (CRC 2009). The report drew extensively on Commission inquiry and study outputs, including the national competition policy inquiry (PC 2005a) and the study of the potential benefits of the national reform agenda (PC 2006b).
 - Continued use of Commission reports by private sector consultants in their work for government and industry clients — for example, the Commission’s 2005 study on the policy implications of an ageing population (Access Economics 2010a); and the 2008 report on chemicals and plastics regulation (Access Economics 2010b).

Table C.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 Pigmear 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 on next page)

Table C.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)	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.
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.

(continued on next page)

Table C.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
32 <i>Review of Part X of the Trade Practices Act 1974: International Liner Cargo Shipping (February 2005)</i>	<i>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.</i>
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.

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| 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 Pigmeat (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 Pigmeat (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. |

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Table C.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
45 Review of Australia's Consumer Policy Framework (May 2008)	<p>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).</p> <p>Legislation to fully implement the new consumer law (including new provisions based on best practice in existing State and Territory laws); and to implement the new national legislative and regulatory framework for product safety, was introduced in 2010.</p>
46 <i>Government Drought Support (May 2009)</i>	<p><i>On 28 June 2010, the Australian Government announced that, in partnership with the Western Australian Government, it would conduct a pilot of drought reform measures from 1 July 2010 to 30 June 2011. The pilot reform measures draw partly on a number of recommendations made in the Commission's report, in particular regarding interest rate subsidies and farm exit support.</i></p>
47 Paid Parental Leave (February 2009)	<p>As part of the 2009-10 Budget, the Australian Government announced its intention to introduce a Paid Parental Leave scheme. The scheme being introduced is closely based on that proposed in the Commission's final inquiry report. The Government included an income test in the eligibility rules which was not recommended by the Commission, and the Government deferred consideration of the two weeks paternity leave that was recommended by the Commission. Otherwise, the features of the Government's scheme reflected those recommended by the Commission.</p>

- 49 *Executive Remuneration (December 2009)* *On 16 April 2010 the Government released a detailed response to the Commission's report. Of the 17 recommendations in the report the Government provided acceptance or in-principle acceptance to 16, with six of the in-principle acceptances provided by the Government subject to additional further strengthening. The Government did not support one recommendation on the removal of cessation of employment as a trigger for the taxation of deferred employee share schemes. It stated that, in its view, removal would increase the concessionality of schemes, providing a disproportionately large benefit to higher-income employees.*
- 50 *Gambling (February 2010)* *The Australian Government released an initial response to the Commission's report on 23 June 2010. In responding in brief to the report the Government stated that it supported key reform directions to minimise the harm caused by problem gambling. The Government did not agree with the Commission's recommendation to allow for the partial liberalisation of online gambling.*
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^a Additions or significant changes to the table published in the 2008-09 Annual Report are indicated in italics.

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 2010 there were more than 205 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2009-10. The projects of most interest were the inquiries on gambling (38 750 requests), disability support (26 640 requests) and executive remuneration (19 000 requests), and the research study on the contribution of the not for profit sector (27 800 requests). Other heavily accessed web pages were for the 2009 and 2010 Reports on Government Services (and 23 300 and 23 400 requests, respectively) and the 2009 *Overcoming Indigenous Disadvantage* report (50 900 requests). Speeches by the Commission's Chairman attracted more than 41 000 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 and the 2005 study of the economic implications of an ageing Australia were each requested over 10 000 times.
- Inquiry and commissioned research reports typically receive wide media coverage. In 2009-10 there were 76 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on executive remuneration, paid parental leave and government drought policy, and the studies on the restrictions on the parallel importation of books, public and private hospitals and regulation benchmarking.
- Inquiries current in 2009-10 received over 5 200 mentions in the print and broadcast media during the year — over 68 per cent of total print and broadcast media coverage. Coverage of the Commission's inquiry into gambling and executive remuneration accounted for over a third of total mentions. New work suggestions accounted for over 6 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 104 invitations the Commission accepted in 2009-10 to present papers on inquiries and commissioned studies to business, community and other groups — in particular, on the Commission's executive remuneration inquiry, and the studies on the contribution of the not-for-profit sector and the performance of public and private hospitals (table E.1).

Performance reporting and other services to government bodies

At the request of the Government, the Commission undertakes several major activities in this group. It:

- provides secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision in respect of the annual *Report on Government Services*; the two-yearly *Overcoming Indigenous Disadvantage* report; and the collation of performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council and the broader national performance reporting system
- provides secretariat, research and report services to the Indigenous Expenditure Steering Committee in respect of the annual report on expenditure on services to Indigenous Australians.

Activities in 2009-10

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

- National Framework for Reporting Expenditure on Services to Indigenous Australians: Stocktake Report (July 2009)
- the Indigenous Expenditure Report *2010 Expenditure Data Manual* (December 2009)
- *Report on Government Services 2010*, 2 volumes (and on CD with supporting tables, January 2010)
- Report on Government Services 2010: Indigenous Compendium (April 2010)
- National Agreement performance information 2008-09: National Healthcare Agreement (December 2009)
- National Agreement performance information 2008-09: National Affordable Housing Agreement (December 2009)
- National Agreement performance information 2008-09: National Disability Agreement (December 2009)
- National Agreement performance information 2008-09: National Indigenous Reform Agreement (December 2009)
- National Agreement performance information 2009: National Agreement for Skills and Workforce Development (June 2010)

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- National Agreement performance information 2009: National Education Agreement (June 2010)
 - Data gaps in education and training National Agreement reports (provided to Heads of Treasuries Committee on Federal Financial Relations on 17 September 2009)
 - Data gaps in National Agreement reports: 2008 and 2008-09 (provided to Heads of Treasuries Committee on Federal Financial Relations on 23 April 2010)
 - *Overcoming Indigenous Disadvantage: Key Indicators 2009* (July 2009)
 - *Overcoming Indigenous Disadvantage: Key Indicators 2009 Overview* (July 2009).

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.

COAG endorsed the recommendations of a combined Senior Officials and Heads of Treasuries Working Group review of the Report on Government Services (ROGS) at its 7 December 2009 meeting. In April 2010, COAG endorsed new terms of reference for the Review that acknowledge the ROGS is part of and supports the new federal financial relations framework, and that enhance the authority and strategic nature of the Steering Committee.

As part of its Reconciliation Agenda, COAG requested in 2002 that the Review produce a regular report against key indicators of Indigenous disadvantage (the Overcoming Indigenous Disadvantage (OID) report). In March 2009, the Prime Minister provided updated terms of reference for the report, requesting the Steering Committee to align the OID framework with COAG's six high level targets for Closing the Gap in Indigenous outcomes.

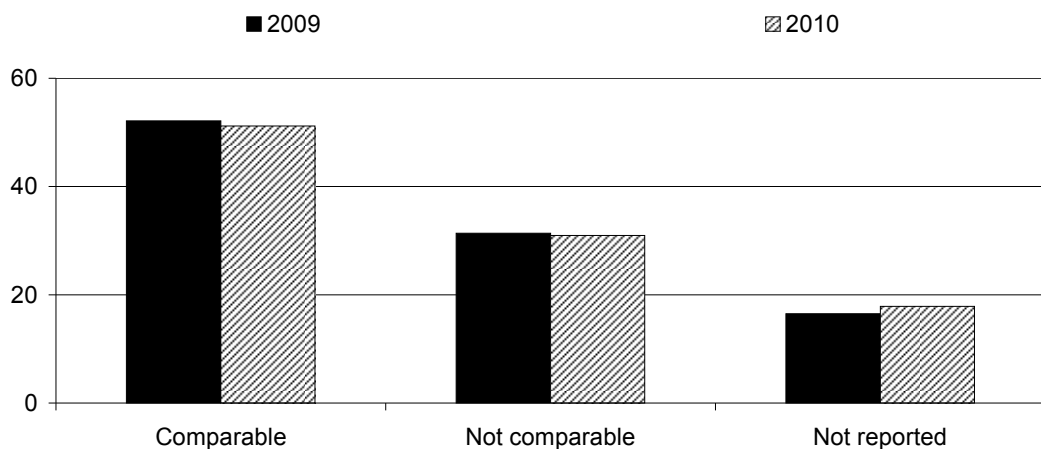
In November 2008, COAG endorsed a new Intergovernmental Agreement on Federal Financial Relations (IGA). Under the reforms, the Steering Committee has 'overall responsibility for collating the necessary performance data' required for the COAG Reform Council to undertake its assessment, analytical and reporting responsibilities. In addition, the Chair of the Heads of Treasuries Committee on Federal Financial Relations (HoTs Committee) has requested the Steering Committee to bring together information on data gaps in the performance reporting framework, and report back to the HoTs Committee on a six-monthly basis.

The fifteenth Report on Government Services was released in January 2010. The Report emphasises reporting of outcomes, consistent with the demand by governments for outcome-oriented performance information, and includes a focus on the equity, effectiveness and efficiency of government service provision.

Reporting is an iterative process. Working Groups for all service areas have strategic plans to refine performance measures and to improve the quality of information published in the Report. Since the first Report was published in 1995, there have been significant advances in both the scope of reporting and the quality and comprehensiveness of data. Indicator comparability changed slightly between the 2009 and 2010 Reports, with 51 per cent of indicators fully comparable in 2010 (compared to 52 per cent in 2009). The proportion of indicators reported on, but not fully comparable, remained the same at 31 per cent. The proportion of indicators with no reporting against them increased to 18 per cent (figure C.2).

Figure C.2 Comparability of indicators

Per cent



Particular improvements in the 2010 Report included:

- Children's services — reporting on the age of children enrolled in preschool; reporting new data from the Australian Bureau of Statistics (ABS) *Childhood Education and Care Survey 2008*; and reporting on the level of qualifications of staff employed by Australian Government approved child care services
- School education — revised objectives for school education agreed by Australian, State and Territory governments' education ministers (the *Melbourne Declaration on Educational Goals for Young Australians*, released in December 2008) replacing the *Adelaide Declaration* of 1999, to inform the performance

indicator framework; alignment of this Report with National Education Agreement and National Indigenous Reform Agreement indicators; inclusion of data for the access and equity indicator ‘VET in Schools participation’ and the outcome indicator ‘VET in Schools attainment’, for 2006 and 2007; reporting the outcomes of 2008 NAPLAN testing against national minimum standards for the outcome indicators ‘reading performance’, ‘writing performance’ and ‘numeracy performance’; and reporting the outcomes of the 2007 National Years 6 and 10 Civics and Citizenship Assessment, for the outcome indicator ‘civics and citizenship performance’

- VET — expanded reporting of VET participation in general and VET participation in certificate III level and above, to include reporting by Indigenous status; new reporting of VET participation in diploma level qualifications and above, by target age groups and Indigenous status; and expanded reporting of qualifications completed, to include completions by all students at certificate III level qualifications and above, and at diploma level qualifications and above, by target age groups and Indigenous status
- Corrective services — relabelling of some financial descriptors and indicators for greater consistency with standard accounting terminology; and changes to the presentation of death and escape rates to better reflect small movements between years for jurisdictions with relatively small prisoner populations
- Emergency management — updating the road rescue events section, including revised ‘fire deaths’ data and including publication of a ten-year time series in the attachment tables; and expansion of time series data for ‘ambulance staff attrition’ and ‘ambulance urban centre response times’ indicators
- Health preface — including health risk factors data, such as smoker status, alcohol risk level, body mass index, diet and exercise
- Public hospitals — improving the definition of one of the reported sentinel events with resulting improvements to data comparability
- Primary and community health — revising objectives to better reflect current understanding of primary and community health; and combining three previously separate indicators into a single indicator ‘hospitalisations for selected vaccine preventable, acute and chronic conditions’, consistent with other current national reporting conventions
- Health management — reporting breast cancer detection rate data as annual averages for the first time; replacing the ‘average cost of ambulatory care’ indicator with measures from the agreed set of *National Mental Health Key Performance Indicators*; and reporting data from the *2007 National Survey of Mental Health and Wellbeing* under the indicator ‘prevalence of mental illness

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- Aged care — including data on access to aged care residential services for veterans, within the indicator ‘use by different groups’; inclusion of additional data for Extended Aged Care at Home Dementia (EACH-D) services; replacing the measure ‘average residents per room’ with a more comprehensive measure ‘percentage of compliant services’ for the indicator ‘compliance with service standards for residential care’; redefining HACC services received per 1000 people to only include people aged 70 years and over plus Indigenous people aged 50 to 69; and revisions to supporting attachment tables to report more comprehensive data
 - Services for people with disability — further refinement of the potential populations used to derive the ‘Service use by special needs groups’ measures; redevelopment of the quality assurance processes section to include information on the frameworks that govern service quality in each jurisdiction; and, the inclusion of additional descriptive information on the Younger People in Residential Aged Care (YPIRAC) program
 - Protection and support services — including data for additional jurisdictions for the ‘safety in out-of-home care’ effectiveness indicator, the two child protection ‘response time’ effectiveness indicators and the efficiency indicator ‘out-of-home care expenditure per placement night’; reporting data for six juvenile justice performance indicators and adding performance indicator boxes for a further seven juvenile justice indicators
 - Housing — reporting data for the access indicator ‘special needs income units aged 24 years or under, or 75 years or over’ in the Commonwealth Rent Assistance (CRA) service area; and reporting data for the affordability indicator ‘proportions of income units spending more than 30 per cent and 50 per cent of their income on rent with and without CRA for income units aged 24 years or under and aged 75 years or over receiving CRA’.

Table C.8 provides an overview of indicators reported on a directly comparable basis across jurisdictions in each service area for the 2010 Report.

Table C.8 Comparability of indicators, 2010 Report on Government Services

<i>Service area indicator framework (year first reported)</i>	<i>Indicators reported on a comparable basis</i>			<i>Change in all indicators (no.)</i>	
	<i>no.</i>	<i>% of all reported</i>	<i>Change since last year no.</i>	<i>Since last year</i>	<i>Between first reported–2010</i>
<i>Early childhood, education and training</i>					
Children's services (1997)	14	66.7	+1	–	+14
School education (1995)	11	64.7	+1	+1	+10
Vocational education and training (1995)	11	78.6	–	–	+4
<i>Justice</i>					
Police services (1995)	16	76.2	–	–	+6
Court administration (1995)	3	50.0	–	–	+3
Corrective services (1995)	10	90.9	–	–	-3
<i>Emergency management</i>					
Fire events (1998)	2	20.0	–	–	+10
Ambulance events (1998)	1	11.1	–	–	+10
Road rescue events (2004)	–	–	–	–	+2
<i>Health</i>					
Public hospitals (1995)	6	40.0	–	–	+1
Maternity services (2001)	3	30.0	–	–	+5
Primary and community health (1999)	23	100.0	-2	-2	+18
Breast cancer detection/management (1998)	7	63.6	–	–	+11
Mental health management (1999)	5	45.5	+1	+1	+6
<i>Community services</i>					
Aged care services (1997)	14	87.5	+1	+1	+8
Services for people with a disability (1997)	7	53.8	–	–	+2
Child protection and out-of-home care (1995)	4	22.2	–	+1	+6
Juvenile justice (2009)	2	33.3	..	+6	+6
Supported Accommodation and Assistance Program (1995)	12	75.0	–	–	+12
<i>Housing</i>					
Public housing (1995)	11	100.0	–	–	-2
State owned and managed Indigenous housing (2002)	11	100.0	–	–	+1
Mainstream community housing (1997)	2	20.0	–	–	+10
Indigenous community housing (2008)	4	57.1	–	–	–
Commonwealth Rent Assistance (1999)	9	90.0	–	–	+10

.. Not applicable. – Nil or rounded to zero. ^a Changes can reflect merging of some indicators and splitting of others, as indicators and measures develop. Data do not capture changes in indicators over time, or replacement of indicators with more meaningful indicators. ^b Information is based only on indicators with data reported and does not reflect many conceptual developments.

Sources: SCRCSSP (1995–2002); SCRGSP (2003–2009a, 2010).

The Review continues efforts to improve reporting on service provision to Indigenous Australians. Improvements were made to Indigenous data for the Vocational education and training and Aged care services chapters in the 2010 Report. The Indigenous Compendium to the Report, released in April 2010, 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). In March 2009, the terms of reference were updated in a letter from the Prime Minister. The new terms of reference align the OID framework with COAG’s six high-level targets for Closing the Gap in Indigenous outcomes. The structure of the aligned framework remains very similar to that of previous reports, but highlights the COAG targets and priority areas for reform and includes additional indicators.

The 2009 edition of the OID was released in conjunction with a COAG meeting in Darwin with a focus on Indigenous policy. It showed that many Indigenous people have shared in Australia’s recent economic prosperity, with increases in employment, incomes and home ownership. There have also been improvements in some education and health outcomes for Indigenous children. However, even where improvements have occurred, Indigenous people continue to have worse outcomes than other Australians, and many indicators have shown little or no change. In some key areas, particularly criminal justice, outcomes for Indigenous people have been deteriorating.

National Agreement reporting

The first cycle of National Agreement reporting, covering healthcare, affordable housing, disability services and Indigenous reform, was delivered on schedule to the COAG Reform Council on 24 December 2009. This completed the first cycle of performance reporting by the Steering Committee on all six National Agreements under the IGA.

The second cycle of National Agreement reporting, covering the education and training sectors, was delivered on schedule to the COAG Reform Council on 30 June 2010. This second cycle focussed on measuring change over time, and

included all baseline and current year data, as well as outlining the key changes from the baseline report including new measures for learning outcomes in schools.

Under the IGA, the Ministerial Council for Federal Financial Relations is responsible for the National Performance Reporting System, which includes a program of continuous improvement. On 26 June 2009, the Heads of Treasuries Committee on Federal Financial Relations (established by the MCFFR to oversee this work), requested the Steering Committee to report on data gaps in the National Performance Reporting System. The Steering Committee provided reports to the Heads of Treasuries Committee on data gaps in education and training National Agreements (17 September 2009) and data gaps across all six National Agreements (23 April 2009).

Indigenous Expenditure Report

In 2007, COAG agreed to the reporting of Indigenous expenditure. A Steering Committee was established in May 2008, and the Productivity Commission assumed Secretariat responsibilities from November 2008. A Stocktake Report — including terms of reference for the report and a high level overview of the intended methodology and future development process was endorsed by COAG in July 2009. Following COAG endorsement of the Stocktake Report, the Steering Committee has prepared:

- an *Expenditure Data Manual*
- a *Service Use Measure Definitions Manual*
- a draft *2010 Indigenous Expenditure Report* (currently before governments for sign-off).

Once formal endorsement has been provided by all jurisdictions, the report will be submitted to COAG, through the HoTs and Ministerial Council for Federal Financial Relations process. Initial planning has commenced for the 2011 Indigenous Expenditure Report.

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 over 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 (AIHW), and committees established under Ministerial Councils and COAG Working Groups.

Similarly, the Commission's work on the Indigenous Expenditure Report is guided by a Steering Committee comprising officials from each jurisdiction's Treasury department, and representatives of the Commonwealth Grants Commission, the ABS and the AIHW, and is chaired by a representative from the Commonwealth Treasury.

The Review has an ongoing program of consultation on the *Overcoming Indigenous Disadvantage* report. Following the release of the 2009 report, consultations have commenced with government agencies, Indigenous communities and Indigenous organisations across Australia. The Review has presented key results from the report and sought feedback from users regarding the new framework and content of the 2009 report.

Timeliness

The 2008 GTE financial performance monitoring report, the *2010 Report on Government Services* and its Indigenous Compendium, the *Overcoming Indigenous Disadvantage: Key Indicators 2009*, the six National Agreement reports to the COAG Reform Council and two Data Gaps reports to the HoTS Committee 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:

- There were 96 mentions of performance information sourced to the 2010 (and earlier) government services reports used in parliamentary proceedings by

government and opposition members in Federal and State parliaments during 2009-10.

- A number of journal articles and publications across a wide range of disciplines used the 2010 Report (and earlier reports) as a source. It was cited in articles in the Australian Family Physician; Current Issues in Criminal Justice; Quadrant; Emergency Medicine Australasia; Agenda; Journal of Judicial Administration; Health Economics, Policy and Law; Journal of Paediatrics and Child Health; Australian Health Review; Law & Social Inquiry; Journal of Public Child Welfare; Australian Indigenous Health Review and BMC Public Health.

Other indicators of usefulness from 2009-10 were:

- endorsement of the report by the Heads of Treasuries/ Senior Officials working group review and endorsement of the working group's recommendations and new terms of reference by COAG
- request by the international Forum of Federations to partner with the Review secretariat in an international roundtable on 'Benchmarking in Federal Systems' (to be held in Melbourne in October 2010)
- high levels of demand for the report. More than 1400 bound copies of the report were distributed by the Commission and there were more than 25 500 HTML page requests for the Government Service Provision index page on the Commission's website in 2009-10. There were more than 23 000 HTML page requests for the *2010 Report on Government Services* during 2009-10. The 2009 Report continued to be accessed from the website — with over 23 000 page requests during 2009-10
- extensive media coverage of the *2010 Report on Government Services*. There were 139 press articles drawing on the report and more than 190 mentions of it in electronic media in the period to 30 June 2010
- use of data by researchers: for example, data on Indigenous recipients of CRA were used by the AIHW's report on Indigenous housing needs 2009: a multi-measure needs model (2009, p. 7); data on ambulance services were used in the AIHW's report on Australia's Health (2010, p. 357); data on Commonwealth Rent Assistance were used in the Australian Government's National Housing Supply Council's State of Supply Report 2010 (2010, p. 100); data on TAFE funding in a report in March 2010 by the Australian Education Union (AEU 2010); data on child care in April 2010 by the Office of Early Childhood Education and Child Care (Ellis 2010)
- widespread use of the 2010 (and earlier) government services reports in OECD committee documents and working papers.

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. The Prime Minister acknowledged the importance of the report when he issued revised terms of reference in March 2009:

Since it was first established in 2003, the OID report has established itself as a source of high quality information on the progress being made in addressing Indigenous disadvantage across a range of key indicators. The OID report has been used by Governments and the broader community to understand the nature of Indigenous disadvantage and as a result has helped inform the development of policies to address Indigenous disadvantage.

More specific evidence of the usefulness of the *Overcoming Indigenous Disadvantage* reports during 2009-10 includes:

- an invitation from COAG for the Commission's Chairman to present the findings from the 2009 report in conjunction with the July 2009 COAG meeting in Darwin
- an invitation from Reconciliation Australia for the Commission's Chairman to present the third 'Closing the Gap' lecture in July 2009 (Banks 2009b)
- nine mentions of the report in the Federal and State parliaments
- extensive references in the 2009 Native Title and Social Justice Reports, issued by the Aboriginal and Torres Strait Islander Social Justice Commissioner (Calma 2009)
- reference to the *Overcoming Indigenous Disadvantage* report in the address to the 2009 National Indigenous Legal Conference delivered by Attorney-General Hon Robert McClelland MP
- recognition of the report as a tool for measuring service delivery and outcomes achieved in the Australian Government's national statement on social inclusion, *A Stronger, Fairer Australia*.
- citations in articles in such journals as the Australian Economic History Review, Oceania, Law Society Journal, Indigenous Law Bulletin, Journal of Epidemiology and Community Health, The Journal of Rural Health, Spectator, Asia-Pacific Journal of Teacher Education, Health Promotion International, Health Education Research, Systematic Practice and Action Research, Campus Review, Health Sociology Review and Ecological Economics
- use in a range of other research papers and reports, for example use in the Indigenous Business Australia Annual Report 2008-09; *Domesticating violence:*

Homicide among remote-dwelling Australian Aboriginal people (Martin 2009);
Mission Australia's, *Youth Employment Strategy*

- recognition as Australian Policy Online's most read report on Indigenous issues in 2009
- distribution by the Commission of more than 3300 bound copies of the 2009 report and 4500 copies of the 2009 overview
- more than 50 000 HTML page requests of the full 2009 report in 2009-10. The 2007 report also continued to be accessed during 2009-10 with more than 5000 requests
- ongoing media coverage, with 98 press articles and 288 electronic media articles drawing on the report or other sources such as the Indigenous Compendium and Indigenous Expenditure Report in 2009-10.

National Agreement reporting

The Steering Committee's National Agreement reports provide input to COAG Reform Council analysis, and are not aimed at a broader audience. However, the reports are made available on the Review website and as attachments to the CRC's analytical reports. Evidence of the usefulness of the National Agreement reports during 2009-10 include:

- 97 mentions of the reports in Federal and State parliaments
- citations in articles in journals and research papers such as the Australian Journal of Rural Health; *Equitable and inclusive VET* (North, Ferrier and Long 2010); *Reviews of regulatory reform: Australia: Towards a seamless national economy* (OECD 2010b).

The Steering Committee's data gaps reports are primarily an input to the HoTs Committee on Federal Financial Relations, but evidence of their broader usefulness include consideration by jurisdictions and data providers in data developments in the healthcare, housing, disability and Indigenous reform areas.

Competitive neutrality complaints activities

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It is staffed on a needs basis from the resources of 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.

Activities in 2009-10

Complaints activity

While the AGCNCO received no formal written complaints during 2009-10 (table C.9), it received numerous written inquiries that involved considerable investigative work to determine whether a formal complaint should be lodged.

Table C.9 Formal competitive neutrality complaints, 2005-06 to 2009-10

<i>Activity</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>
Written complaints received	4	1	1	0	0
Action:					
New complaints formally investigated	–	1	–	–	–
Complaints investigated but not proceeding to full report ^a	4 ^b	–	1	–	–
Complaints not investigated	1	–	1	–	–
Reports completed		–	1	–	–
Complaints on hand (30 June)		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 2009-10, 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 policy into their business activities.

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.

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 2007) drew on the rate of return paper.

During 2009-10 there were close to 6000 external requests to the website for AGCNCO investigation reports and about 1400 external requests for AGCNCO research publications.

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.

Activities in 2009-10

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 2008-09, tabled in Parliament on 17 November 2009, which focused on economic reform and the global financial crisis
 - a companion publication on trade and assistance issues, released in June 2010
- submissions to the House of Representatives Standing Committee on Economics inquiry into raising the level of productivity growth in Australia and to the Senate Select Committee on the National Broadband Network
- a published collection of the Chairman's speeches on structural reform, as well as six other presentations by the Chairman posted on the Commission's website
- the Richard Snape Lecture, *China's Policy Responses to the Global Financial Crisis*, delivered by Professor Yu Yongding (Professor and former Director-General of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences in Beijing) on 25 November 2009
- three Staff Working Papers on agricultural policy, the effects of education and health on wages and productivity, and urban water
- 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. Deputy Chairman Mike Woods has been the Chair of the Fiscal Reform Implementation Planning Committee and undertook a number of review and planning missions in 2009-10
- the maintenance of access to resource material on Australia's productivity performance (such as productivity estimates and analytical papers) on the Commission's website
- 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 2009-10 are listed in box C.3. Research projects underway at 30 June 2010 are shown in box C.4.

Richard Snape Lectures

The presentation by Professor Yu Yongding was the seventh in a series of public 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 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*), Deepak Lal (James Coleman Professor of International Development Studies, University of California at Los Angeles), Patrick Messerlin (Director, Groupe d'Economie Mondiale, Institute d'Etudes Politiques de Paris) and Vittorio Corbo (Governor of the Central Bank of Chile, 2003–2007).

Box C.3 Supporting research and annual reporting publications, 2009-10

Annual report suite of publications

Annual Report 2008-09

Trade & Assistance Review 2008-09

Submissions

Submission to the House of Representatives Standing Committee on Economics: Inquiry into Raising the Level of Productivity Growth in Australia

Submission to the Senate Select Committee on the National Broadband Network

Chairman's published speeches

An Economy-wide View: Speeches on Structural Reform

Conference/workshop proceedings

Strengthening Evidence-based Policy in the Australian Federation

Staff working papers

Modelling the Effects of the EU Common Agricultural Policy

The Effects of Education and Health on Wages and Productivity

Developing a Partial Equilibrium Model of an Urban Water System

2009 Richard Snape Lecture

China's Policy Responses to the Global Financial Crisis (Professor Yu Yongding)

Box C.4 Supporting research projects underway at 30 June 2010

Public-private partnerships: Insights from Australia's experience in transport	An analysis of the effects of competition on productivity in Australia
Setting priorities in services trade reform (ARC Linkage Grant)*	Investment in intangible assets and Australia's productivity growth – sectoral estimates
Tackling the tough problems in productivity measurement (ARC Linkage Grant)*	The distributional impact of health outlays: developing the research and modelling infrastructure for policy makers (SPIRT project)*
Partial input and productivity measures as indicators of environmental impacts	Childhood obesity: an economic perspective
Links between literacy and numeracy skills and labour market outcomes	Women working: Labour force participation of women aged 45 years and older
Assessing the social and fiscal policy implications of an ageing population (ARC Linkage Grant)*	

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

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 104 presentations given by the Chairman, Commissioners and staff in 2009-10 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 the staff working paper on the EU Common Agricultural Policy involved:

- consultations with a range of external parties and sectoral experts
- technical consultations with a number of externally based modelling experts on version 7 of the GTAP model
- the use of internal and external referees, including referees from the Australian Bureau of Agricultural and Resource Economics, the OECD and the International Food Policy Research Institute.

Research projects can involve consultations with key interested parties on the issues they view as important and to obtain access to information. For example, the staff working paper on developing a partial equilibrium model of an urban water system benefited substantially from comments and feedback received during a workshop attended by a wide range of key industry participants with expertise in the sector, including local utilities, regulators and academics.

Research is also 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.

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 2009-10 were drawn from RMIT, the Melbourne Institute, the University of Sydney, the Australian National University, the Australian Bureau of Agricultural and Resource Economics, the OECD, Purdue University and the International Food Policy Research Institute.

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

-
- an invitation for the Commission's Chairman to present the keynote address to the Official Statistics *'Forum 2010'* in Wellington, New Zealand
 - the staff working paper on urban water modelling was awarded the best contributed paper prize at the Australian Conference of Economists in September 2009
 - invitations during the year for the Commission to be a research partner in ARC linkage projects
 - the large number of international delegations and visitors in 2009-10 that visited the Commission to discuss aspects of its research program and findings (table E. 2).

Timeliness

The Commission's annual report for 2008-09, which included a theme chapter on reform issues and the global financial crisis, was completed on schedule on 21 October 2009 and tabled in Parliament on 17 November 2009. The annual report companion volume (*Trade & Assistance Review 2008-09*), and most other supporting research publications listed in box B.3, met completion schedules set by the Commission.

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 2009-10 include the following:

- Outputs from the Commission's stream of productivity research were widely used in 2009-10. For example, the Australian Chamber of Commerce and Industry drew on Commission analysis of productivity trends (Dolman, Parham and Zheng 2007) in a report on boosting Australia's productivity (ACCI 2009); the OECD drew on the Commission's recent productivity submission (PC 2009e) when analysing policy responses to the economic crisis (OECD 2010e); the Department of Innovation, Industry, Science and Research drew on the Commission's submission on productivity growth (PC 2009e) when discussing innovation and rising levels of productivity (DIISR 2010); and a Budget Statement on skills and infrastructure drew on Commission estimates of

improvements in labour productivity resulting from increases in literacy and numeracy (Gillard and Albanese 2010).

- Commission research outputs on labour markets also continued to be widely cited and used throughout the year. For example, a report by the Grattan Institute (Jensen 2010) on Australian teachers drew on Commission research on the effects of education and health on wages and productivity (Forbes, Barker and Turner 2010); a report by Diversity Council Australia on a national survey of employees released in July 2010 drew on Commission work on part time employment (Abhayaratna et al. 2008); and the then Deputy Prime Minister also drew on this research when discussing the effects of literacy and numeracy on aggregate labour productivity (Gillard 2010b).
- The Commission's environmental research continued to be used in 2009-10. For example, in April 2010 the Australian Bureau of Agricultural and Resource Economics released a report on water purchases (Hone et al. 2010) which drew on a number of Commission publications, including a 2004 staff working paper on irrigation water (Appels, Douglas and Dwyer 2004); and in January 2010 the OECD used research on water trading (Peterson et al. 2004) in a paper on quota allocations in international fisheries (OECD 2010c).
- Past Commission research in a diverse range of areas continued to be used in 2009-10, demonstrating the considerable 'shelf life' of Commission research outputs. For example, in April 2010 the Australian Council of Deans of Agriculture (Pratley and Hay 2010) drew on Commission research from 2005 on the level of educational qualifications in the agricultural sector (PC 2005e); a report by the Rural Industries Research and Development Corporation (RIRDC 2009a) on the legal training needs of primary producers, and an ABARE conference paper (ABARE 2010) drew on the same Commission research (PC 2005e); in March 2010 past Commission research on managed competition in health policy was used when discussing health reform (Richardson 2010); in April 2010 the Australian Bureau of Statistics released revised statistical standards in the Australian Tourism Satellite Account that drew on past Commission work on tourism (PC 2005g); and a Parliamentary Library Background Note on taxation released in September 2009 drew on findings in a 1998 staff research paper on state tax reform.
- The OECD continued to make widespread use of Commission research within its own published research in 2009-10. This included use of Commission research on casual contract employment (Murtough and Waite 2000) in a report on collective bargaining and enforcement (OECD 2009c); use of Commission research on intangible assets (Barnes and McClure 2009) in a report on innovation policy (OECD 2009d) and in a report on the economy of Denmark (OECD 2009l); use of Commission research on infrastructure and productivity

(Shanks and Barnes 2008) in a report on long-term growth and the global economic crisis (OECD 2010b); use of work on public infrastructure financing (Chan et al. 2009) in a survey of public-private partnerships (OECD 2010c); and use of past Commission research on foreign direct investment restrictiveness indexes (Hardin and Holmes 1997) in an update of the use of such indexes (OECD 2010d).

- The *Trade & Assistance Review*, which is part of the Commission's suite of annual reporting, also continued to be used throughout the year in discussions of industry assistance and other policies. This included use in Parliamentary Library reports (table C.2); by the Commonwealth Treasury when discussing estimates of the value of assistance to various industries (Treasury 2010b); use by academics and policy commentators (Wallace 2010, Wahlquist 2010); and use in editorials in major newspapers and in other media coverage. The Commission received over 5 000 external requests in 2009-10 for the index pages of the Review on the Commission's website.
- Examples of the use of supporting research outputs in the work of federal parliamentary committees and the Parliamentary Library are provided in tables C.1 and C.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 five editorials in major newspapers in 2009-10. To 30 June 2010, for the reports listed in box B.3, there were more than 26 000 external requests for the index pages on the Commission's website. There was a total of more than 107 000 external requests for the 63 supporting research reports for which website usage was tracked, and more than 41 000 requests for speeches by the Commission's Chairman.