



Australian Government
Productivity Commission

CORPORATE PLAN

2020-2021





From the Chair

The Productivity Commission and its predecessor organisations have made a major contribution to the performance of the Australian economy and Australians' living standards.

Productivity growth remains the only reliable long-term path to higher incomes and standards of living. Given the recent slowdown in productivity growth and the significant economic challenges brought about by the Coronavirus (COVID-19) pandemic, the Commission's role and contribution is as important as ever.

This includes the continuation of our traditional role in microeconomic reform, in areas like regulation, infrastructure, trade policy and productivity research. It also includes our work in respect of non-market sectors of the economy such as health, school education and skills.

In 2020-21 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and commissioned research. Commissioned projects underway and carrying over into 2020-21 include a public inquiry into National Water Reform, developing a whole-of-government evaluation strategy for policies and programs affecting Aboriginal and Torres Strait Islander people, a review of the *National Agreement for Skills and Workforce Development*, and study into *Resources Sector Regulation*.

The Commission is also progressing case studies on productivity reform within Australia for the Council on Federal Financial Relations. The purpose of these case studies is to inform and to diffuse knowledge and practices across governments and identify reform opportunities.

We will continue to focus our self-initiated research on policy relevant topics, such as our recent research on youth incomes. We will also continue to fulfil our legislated role to promote public understanding of matters relating to industry, industry development and productivity.

We will continue to upgrade and refine our reporting on the performance of government services.

From 2020-21, the Commission will have a significant role under the *National Agreement on Closing the Gap*. We will be developing and maintaining a publicly accessible dashboard and information repository to inform reporting on progress. We will also undertake an independent review of progress every three years, which will be complementary to a three-yearly Aboriginal and Torres Strait Islander-led review.

The quality and integrity of our work relies heavily on the capability and commitment of our people, and we will continue to invest in their ongoing professional development. This includes enhancing our cultural capability — and adapting our ways of thinking and working — to better engage and work with Aboriginal and Torres Strait Islander people. As such, we have updated our performance framework to include a new indicator on effective engagement with Aboriginal and Torres Strait Islander people and organisations. We will also reflect other aspects of ways of working across our other indicators. Our approach will evolve over time.

The 2020-21 Productivity Commission Corporate Plan, for the four reporting periods 2020-21 to 2023-24, is presented in accordance with Section 35 (1) (a) of the *Public Governance, Performance and Accountability Act 2013*. The plan will be reviewed annually to reflect changes in our operating environment.

Michael Brennan, Chair

Our purpose

The Commission's purpose, as embodied in the *Productivity Commission Act 1998*, is to provide Governments and the Australian community with information and advice that better inform policy decisions to improve Australians' wellbeing. To do this we apply robust, transparent analysis; and we adopt a community-wide perspective.

What we do

The Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

The Commission is an advisory body. We do not administer government programs or exercise executive power. We contribute by providing quality, independent advice and information to governments, and through the communication of ideas and analysis.

The Commission is an independent agency of the Australian Government, located within the Treasury portfolio. Our activities cover all levels of government and encompass all sectors of the economy, as well as social and environmental issues.

Our core function is to conduct public inquiries at the request of the Australian Government on key policy or regulatory issues bearing on Australia's economic performance and community wellbeing. And we have a role in promoting public understanding of matters relating to industry, industry development and productivity.

The Commission also acts as secretariat to the inter-governmental Review of Government Service Provision; has review functions in respect of national water planning; has functions to contribute to better evaluation of policies and programs affecting Aboriginal and Torres Strait Islander people; has a role in supporting oversight and accountability under the *National Agreement on Closing the Gap*; has review functions in respect of nationally significant sector-wide inter-governmental agreements; is undertaking case studies on productivity reforms for the Council on Federal Financial Relations; and has a role in advising and investigating complaints on the competitive neutrality of Commonwealth Government business activities.

How we work

We are evidence based in our research and analysis, which requires us to maintain strong consultation and engagement capabilities.



We operate independently

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

The Commission has its own budgetary allocation and permanent staff, operating at arm's length from other government agencies. While the Government initiates our major tasks, our findings and recommendations are always based on our own analysis and judgments.



Our processes are transparent

Our inquiry reports and research studies, are all open to public scrutiny. We publish all our working papers and models which have contributed to our conclusions. We run public hearings on our draft reports, and we use roundtables and seminars to seek informed input.

Our environment

Productivity enhancing reform will continue to be necessary for Australia to be able to maintain growth in living standards and meet additional challenges, including the ageing of the population.

We are but one source of policy advice to Australian Governments. However, successive Australian Governments, have sought our independent advice on better public policy design. Typically those areas are contentious, complex or may have a significant impact on different groups within the community.

We expect to operate in such an environment for each reporting period covered by the plan.

Our capability

We seek to maintain a capability that provides rigour of analysis, transparency of process, and independence and balance in our conclusions.

Our major source of funding is from the Australian Government for operating expenses of approximately \$34 million per year, and our average staffing level is expected to be around 166 for the period of this plan. We expect our capability to be relatively stable for each reporting period covered by the plan.

While we need to maintain our infrastructure and technical support, the majority of this funding will continue to be directed towards attracting and retaining high calibre staff that provide the intellectual and analytical capability that we need to maintain the quality of our work. This includes ensuring our modelling capabilities are fit for purpose for policy relevant research.

Flexible resource allocation to make the best use of our capabilities will be a continuing priority for the management group.

We will also maintain our capability to engage effectively and openly with all interested parties to inform high quality analysis and policy advice. And we will continue to develop our cultural capability — including our understanding of and responsiveness to Aboriginal and Torres Strait Islander people, their cultures, histories, knowledges, and perspectives — to engage and work more effectively with Aboriginal and Torres Strait Islander people.

Further, we will continue to develop our capacity to promote the outcomes of our work through different media during the period of this plan.

Our management of risk

The Chair of the Commission is the accountable authority.

Our risk management plan sets out our approach to managing our risks. We maintain an active risk register, and an external judgment capability on our Audit and Risk Committee. We intend to maintain these systems each reporting period covered by the plan.

We face risks associated with public criticism, given the work we do on issues characterised by strong and vocal interests.

Aside from this — an inherent part of the task — the risks that really matter to us are maintaining our reputation, via the quality of our work, and ensuring that our consultation processes remain relevant. Our key strategy for dealing with these risks is to test our propositions openly, through extensive engagement with interested parties and the public.

We also have risks related to attraction and retention of quality staff. Maintaining capacity and capability will be a constant management focus over the course of the plan.

Our performance

The outcome objective against which our overall performance is 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.

Assessment of our performance is complicated by our being one contributor among many to any policy outcome. Furthermore, as our public inquiry and research outputs contribute to public debate and policy development across a range of complex and often contentious issues, our contribution is best considered over the medium term.

Government decisions in response to our inquiry reports and commissioned research studies provide a tangible indication of their usefulness to government, parliaments, and the broader community.

Even when our specific recommendations are not supported by government, our reports and analysis can play a significant role in informing governments, parliaments, and the community about the trade-offs in different policy choices.

We aim to complete projects, reports and associated activities that are of a high quality, useful, comprehensive, and timely.

A summary of our performance framework is illustrated below:

Our purpose	Well-informed policy decision making and public understanding relating to Australia's productivity and living standards			
What we do	Inquiries Government commissioned public inquiries	Research Government commissioned and self-initiated research	Performance reporting and analysis Commissioned by Government or COAG	
How we do it	Transparency	Robust analysis	Community-wide perspective	Clear and engaging communication
Our performance criteria	<p>Impact</p> <ul style="list-style-type: none"> Valuable source of robust evidence-based analysis to inform public policy in Australia Generating effective public debate Recognition that our approach to evidence-based policy analysis is worthy of consideration by other governments <p>Delivery</p> <ul style="list-style-type: none"> Engaging effectively with the community Open and transparent processes Timely reporting 			
Our core capabilities	High calibre staff		Systems and support to engage effectively	

Indicators

Indicators of performance include: our work being widely referenced in public policy forums; projects and reports meeting commissioned timelines; and open and transparent processes being followed. We rely mainly on qualitative indicators given the nature of our work.

We will continue to report annually against these indicators, as well as other general assessments of our performance that may be evident from year to year, including drawing from internal evaluation and using case studies. We will also conduct a major qualitative survey of policy makers, inquiry participants and peers every three years to help gauge the relevance, analytical rigour and clarity of our work, as well the effectiveness of our participatory processes, our openness and transparency. The first survey was conducted in 2017-18, with the next one due in 2020-21.

Our individual topic reports also record the extent of consultation with, and participation by, interested parties, and the extent of peer review.

A range of indicators will inform our performance assessment as follows:

Our performance assessment will be informed by survey responses and review of other indicators		Frequency
Impact	<p>The Productivity Commission is a valuable source of robust evidence-based analysis to inform public policy in Australia</p> <ul style="list-style-type: none"> • Survey responses (Qualitative) • Number of major projects commissioned by government (Quantitative) 	Triennial Annual
	<p>The Productivity Commission generates effective public debate</p> <ul style="list-style-type: none"> • Survey responses (Qualitative) • Composite indicator of success in generating effective public debate (Qualitative) based on internal review for each report of: <ul style="list-style-type: none"> - degree of acceptance of recommendations - media mentions - mentions in Parliament - report downloads • Requests to present (Quantitative) 	Triennial Annual Annual
	<p>The Productivity Commission is recognised as a model for evidence-based policy analysis worthy of consideration by other governments</p> <ul style="list-style-type: none"> • Views of international bodies and interest from other governments in PC approach (Qualitative) 	Periodic
	<p>The Productivity Commission engages effectively with the community</p> <ul style="list-style-type: none"> • Survey responses (Qualitative) • Composite indicator or opportunity for public participation (Qualitative) based on internal review for each project of engagement including: <ul style="list-style-type: none"> - holding of public hearings, holding of roundtable discussions - holding of workshops with technical experts - use of issues paper, draft report - two rounds of submissions • Composite indicator of effective engagement with Aboriginal and Torres Strait Islander people and organisations (Qualitative) including: <ul style="list-style-type: none"> - extent of participation by Aboriginal and Torres Strait Islander people and organisations - two-way exchange with Aboriginal and Torres Strait Islander people and organisations - use of relevant communication tools and approaches. 	Triennial Annual Annual
Delivery	<p>The Productivity Commission's processes are open and transparent</p> <ul style="list-style-type: none"> • Survey responses (Qualitative) • Key data sets and/or modelling made available (Qualitative) 	Triennial Annual
	<p>The Productivity Commission delivers reports within agreed timeframes</p> <ul style="list-style-type: none"> • Number of reports delivered on time (Quantitative) 	Annual

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