



# **Corporate plan**

## **2023-24**

**The Productivity Commission acknowledges the Traditional Owners of Country throughout Australia and their continuing connection to land, waters and community. We pay our respects to their Cultures, Country and Elders past and present.**

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## **The Productivity Commission**

The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Its role, expressed most simply, is to help governments make better policies, in the long term interest of the Australian community.

The Commission's independence is underpinned by an Act of Parliament. Its processes and outputs are open to public scrutiny and are driven by concern for the wellbeing of the community as a whole.

Further information on the Productivity Commission can be obtained from the Commission's website ([www.pc.gov.au](http://www.pc.gov.au)).

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## From the Chair

**The Productivity Commission, through its research, analysis and advice seeks to promote improved performance of the Australian economy and higher living standards for Australians.**

Productivity growth, broadly conceived, remains the only reliable long-term path to higher incomes and standards of living. The recent slowdown in productivity growth and the significant economic challenges brought about by the Coronavirus (COVID-19) pandemic and the current cost of living challenges, highlight the continued need for strong evidence-based policy analysis and advice.



This goes to the heart of the Commission's role, including 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 2023-24 and the forward years, the Commission will continue to examine a variety of economic, social and environmental issues through its public inquiry and other commissioned work. Commissioned projects underway include public inquiries into Murray-Darling Basin Plan, Early Childhood Education and Care, Philanthropy, and the Future Drought Fund.

We will continue to focus our Commission-initiated research on policy relevant topics as and when our commissioned work program permits. We will continue to fulfil our legislated roles to investigate competitive neutrality complaints, and report on water plans and initiatives nationally and in the Murray-Darling Basin. We will also continue to upgrade and refine our reporting on the performance of government services, and promote public understanding of matters relating to industry, industry development and productivity.

The Commission has a significant role under the National Agreement on Closing the Gap. We have developed and are maintaining a publicly accessible dashboard and annual data compilation report, underpinned by an information repository to inform reporting on progress on Closing the Gap.

We have also commenced the first of a series of three-yearly independent reviews of progress on Closing the Gap, which will be complementary to a three-yearly Aboriginal and Torres Strait Islander-led review.

The draft Closing the Gap review report was released in July 2023. It sets out the Commission's findings and recommendations on the ongoing implementation of the National Agreement on Closing the Gap, by highlighting areas of improvement and emphasising where additional effort is required to close the gap. The final report is due to be provided to the Joint Council on Closing the Gap by the end of 2023.

The quality and integrity of our work relies heavily on the capability and commitment of our people, and we 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. Our approach will continue to evolve over time.

The 2023-24 Productivity Commission *Corporate plan*, for the four reporting periods 2023-24 to 2026-27, 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; 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 \$37 million per year, and our average staffing level is expected to be around 187 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.

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

## 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. Every three years we conduct a survey of policy makers, inquiry participants and peers 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, and the second was undertaken in the first half of 2021. The results were captured in our Annual Reports.

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 illustrated below.

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