



PC update

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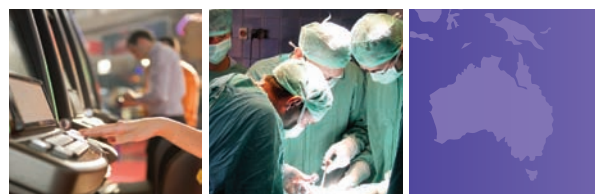
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The Productivity Commission is the Australian Government's independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians.

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Gambling

The Commission's final report on gambling, released in June, has put forward a comprehensive, coordinated and carefully sequenced package of reforms to reduce problem gambling and its associated high costs.

In November 2008 the Australian Government asked the Productivity Commission to undertake a public inquiry into gambling. After extensive research and public consultation a draft report was released in October 2009. Following public feedback and further research, the Commission's final report was provided to Government in February 2010. The report updates the Commission's previous inquiry into Australia's gambling industries that was undertaken in 1999.

The Commission's report recognises that gambling is an enjoyable pursuit for many Australians. Policy should aim to preserve as much of the benefits as possible, while targeting gamblers facing significant risks or harm. ►



A snapshot of the gambling industries

Gambling is a common recreational pursuit – around 70 per cent of Australians participated in some form of gambling in the past year.

Gambling takes many forms, including Lotto and 'scratchies', electronic gaming machines (EGMs – the 'pokies'), table games (like roulette and blackjack), wagering and the nascent, but rapidly growing, online gaming.

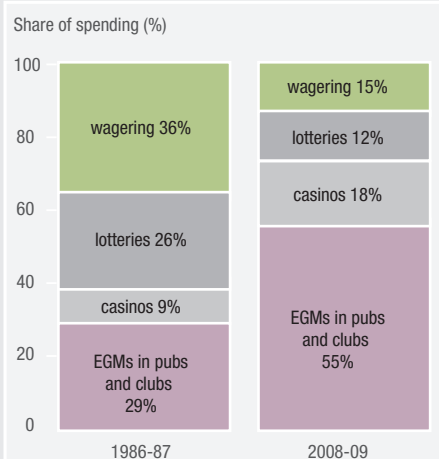
Gambling is a large industry – total Australian gambling revenue in 2008-09 was just over \$19 billion and the share of household consumption was 3.1 per cent.

The structure of the industry has changed, with the gaming machine and casino share of spending rising from around 40 per cent in 1986-87 to around 75 per cent in 2006-07.

Electronic gaming machines are the dominant source of gambling revenue (despite the fact that most Australians do not play them at all).

State tax revenue from gambling was \$5 billion in 2008-09 (or 10 per cent of all state tax revenue), with Victoria having the highest tax dependence (13 per cent), and Western Australia the lowest (4 per cent).

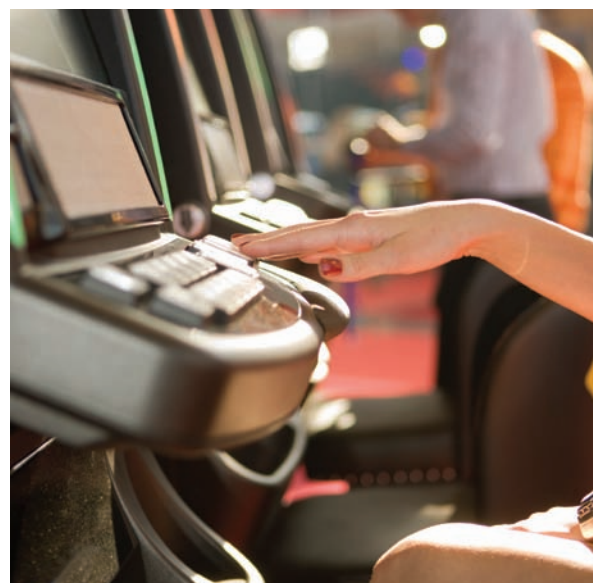
The ascendancy of gaming machines



The large social cost of problem gambling – estimated to be at least \$4.7 billion a year – means that even policy measures with modest efficacy in reducing harm will often be worthwhile.

Over the past decade, state and territory governments have introduced an array of regulations and other measures intended to reduce harm to gamblers. Some have been helpful, but some have had little effect, and some have imposed unnecessary burdens on the industry. The Commission argues that a more coherent and effective approach is needed, with targeted policies that can effectively address the harms associated with gambling.

Effective harm minimisation measures will inevitably reduce industry revenue, since problem gamblers lose so



much. This is evident in vocal industry opposition to such measures. However, the changes would not occur overnight and consequent revenue reductions may be offset by other market developments. The key focus for public policy must be the wider community interest. ■

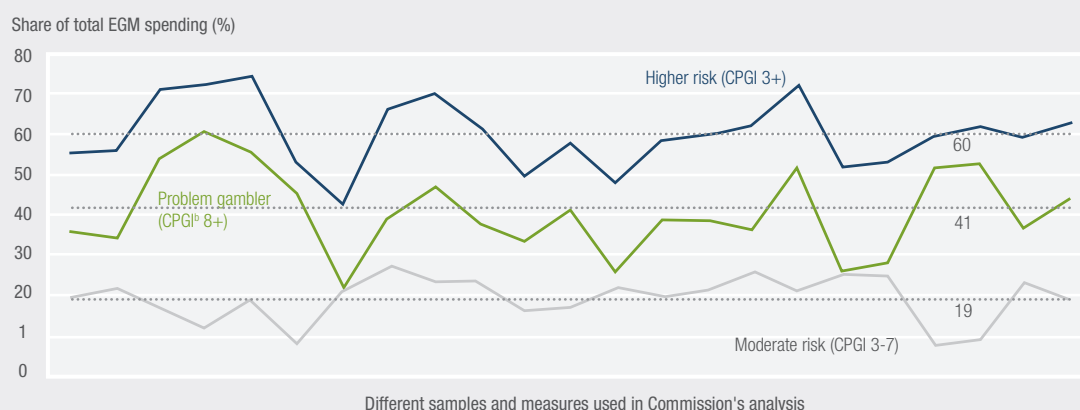
What is the extent of 'problem' gambling?

- Between 80 000 and 160 000 Australian adults experience significant problems resulting from their gambling (0.5 to 1.0 per cent of adults) and a further 230 000 to 350 000 experience moderate risks.
- The risks of problem gambling are low for people who only play lotteries and scratchies, but rise steeply with the frequency of gambling on table games, wagering and, especially, electronic gaming machines.
- Around 600 000 Australians (4 per cent of the adult population) play gaming machines at least weekly. Around

15 per cent of these regular players (95 000) are 'problem gamblers'. Their share of total spending on machines is estimated to be around 40 per cent.

- While problem gambling prevalence rates for the adult population as a whole have probably fallen, there is no reliable indication of a significant decline in the rate of problem gambling among regular EGM players, and no evidence that the share of total spending accounted for by problem gamblers has declined.

Problem gamblers account for a large share of gaming machine revenue^a



^a Australian jurisdictions 2003–2009 ^bCPGI = Canadian Problem Gambling Index.
Source: Productivity Commission 2009, *Gambling*, Report no. 50.

Gambling: the Commission's key recommendations

Electronic gaming machines

The amount of cash that players can feed into machines at any one time should be limited to \$20 (currently as high as \$10,000 in some jurisdictions).

The bet limit for EGMs should be lowered to around \$1 per 'button push' (instead of the current \$5–10). Accounting for adjustment costs and technology, this can be fully implemented within six years.

Shutdown periods for gaming in hotels and clubs should commence earlier and be of longer duration.

There should be a progressive move over the next six years to full 'pre-commitment' systems that allow players to set binding limits on their losses. A trial should be undertaken in advance.

More effective warnings should be displayed in gaming venues and ultimately on machines. Machines should also show the 'price' of playing. ATMs should be relocated away from gaming floors, and a \$250 daily cash withdrawal limit should be imposed.

Counselling services

Stronger formal linkages between gambling counselling services and other health and community services should be established, with funding for gambling help services based on greater contributions from those gambling forms that involve the greatest social harms.

Governments should create a nationally consistent and publicly available dataset on gambling help services, including measures of their effectiveness.

Online gambling

The *Interactive Gambling Act 2001* should be amended to permit the supply of online poker card games, subject to a regulatory regime with high probity and harm minimisation standards.

Racing and wagering industries

States should replace turnover fees with more competitively neutral and efficient product fees, based on revenue. Within three years, the Australian Government should assess whether the state and territory race fields legislation frameworks are legally sustainable across all jurisdictions and facilitate a fair and competitive wagering market. If either condition is not satisfied, the Government should work with state and territory governments to replace these arrangements with a national funding model, based on federal legislation with an independent price-setting body.

TAB exclusivity for off-course retail wagering products should not be renewed.

Regulatory processes

All forms of legalised gambling should be controlled by a single, independent regulatory agency in each jurisdiction, with a charter that emphasises the public interest, and explicitly includes consumer protection and harm minimisation.

Gambling

> Productivity Commission Inquiry Report (2 vols)

> Released June 2010

Measuring the performance of Australia's hospital system

A supplement to the Commission's recent research report on the performance of Australia's hospital system presents estimates of the technical efficiency of public and private acute hospitals in Australia – the first such study undertaken on a national basis.

In December 2009 the Productivity Commission released a research report on the performance of public and private hospitals. As part of that study, the Commission undertook a multivariate analysis of the relative efficiency of public and private hospitals. This enabled a comparison of hospital efficiency (measured as the difference between a hospital's actual productivity and its best-practice frontier) after accounting for factors beyond the control of the hospital (such as patient characteristics and the hospital's role and functions) and random error. Based on one year's available data, the study estimated that hospital output was typically around 20 per cent below best practice.

A supplement to the research report in May 2010, extended the multivariate analysis to cover an additional three years of data, as well as drawing on better quality data and additional estimation methods. Though still experimental, the results provide more reliable estimates of the relative effectiveness and efficiency of public and private hospitals.

Hospital performance was examined in terms of both quality and technical efficiency. Quality of hospital care was measured by hospital-standardised mortality ratios (HSMRs), which reflect the relative performance of hospitals in reducing in-hospital mortalities. Technical efficiency was measured in terms of the extent to which hospitals make best use of their resources to provide a desired outcome. The Commission also sought to measure the determinants of hospital costs, but the available financial data, such as capital and medical costs, were inadequate and limited the reliability of the analysis.

A unique dataset of patient activity and hospital characteristics

To undertake the analysis, the Commission compiled a dataset of 459 acute overnight hospitals in Australia, for the period 2003-04 to 2006-07. The dataset includes public hospitals, for-profit and not-for-profit private hospitals, and public contract hospitals (that is, hospitals owned or managed by private entities to provide public hospital services). Variables include information on costs, volume of outputs, quality and patient safety, volume of inputs and input prices, patient characteristics, and hospital roles, functions and incentives.

For-profit hospitals were estimated to be the best performing among very large hospitals, followed by public contract hospitals.

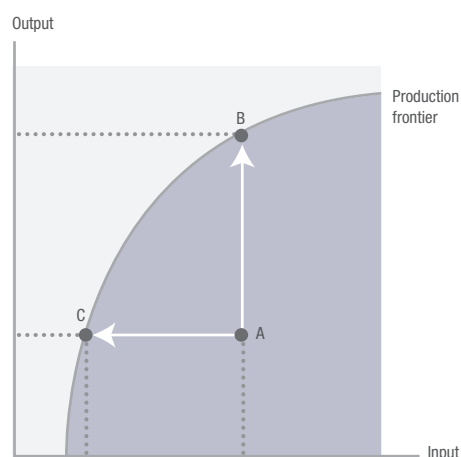
Measuring hospital efficiency

Technical efficiency is a measure of the gap between a hospital's actual output and its potential output, without changing input use or quality (the output-orientation approach), or the gap between its actual resource use and its potential input use, without changing outputs or quality (the input-orientation approach).

In the figure below, output-oriented technical efficiency relates to the distance between a hospital's actual output (A) and its potential output (B). Input-oriented technical efficiency reflects the distance between a hospital's actual input use (A) and its potential input use (C).

The multivariate analysis used by the Commission was the stochastic distance function. It was used to determine each hospital's best-practice production frontier. A large number of variables were included to control for the differences between hospitals, including patient characteristics, financial incentives, hospital quality and other hospital characteristics.

Illustration of the measurement of technical efficiency



Summary of estimated technical efficiency scores, by ownership and hospital size, 2003-04 to 2006-07

	Very Large Per cent	Large Per cent	Medium Per cent	Small Per cent	Very small Per cent	All sizes Per cent
<i>Output-oriented</i>						
Public hospitals	91.4	90.1	89.5	89.7	87.5	89.1
Private hospitals	92.5	93.0	91.8	94.2	89.9	92.6
For-profit hospitals	95.7	94.2	94.8	94.9	94.2	94.8
Not-for-profit hospitals	87.8	88.1	77.9	88.0 ^a		85.6
Public contract hospitals	90.7	93.1	np	np	np	92.4
All hospitals types	91.6	91.4	90.5	90.8	87.6	90.0
<i>Input-oriented</i>						
Public hospitals	90.1	89.6	88.5	88.5	89.0	89.1
Private hospitals	92.4	90.2	90.6	92.8	92.9	91.4
For-profit hospitals	93.1	90.7	91.2	92.9	92.5	91.8
Not-for-profit hospitals	91.2	88.2	87.9	92.7 ^a		90.2
Public contract hospitals	94.6	93.3	np	np	np	93.6
All hospitals types	90.8	90.3	89.5	89.6	89.1	89.8

^a Results combined for small and very small hospitals due to ABS confidentiality concerns. np=Not published due to ABS confidentiality concerns.

Data sources and caveats: Productivity Commission 2010, *Public and Private Hospitals: Multivariate Analysis*, Supplement to Research Report.

Some key results

Hospital quality: standardised mortality ratios (HSMRs)

The Commission found that HSMRs vary according to the hospital owner, the size of the hospital and where it is located. Overall, private hospitals tend to have lower HSMRs than public hospitals, although there is no significant difference between very large public and private hospitals. As the size of hospitals decreases, HSMRs for public hospitals tend to increase, while the HSMRs for private hospitals decrease.

While this might indicate differences in management and clinical competence, it could also indicate the tendency for smaller public hospitals to be the only major source of clinical care in remote areas.

Technical efficiency

Subject to data limitations outlined in the report, Australia's acute hospitals were estimated to have the potential to increase their efficiency by about 10 per cent under the existing policy environment.

In terms of output-oriented efficiency, for-profit and public contract hospitals were estimated to be more efficient than public hospitals on average. Larger public

hospitals tend to be more efficient than smaller public hospitals. The efficiency of private hospitals shows no discernible change with hospital size.

However, for-profit, not-for-profit and public hospitals were found to be similarly efficient in terms of input-oriented efficiency. Smaller public hospitals, many of which are located in more remote communities, were found to be less efficient than similar-sized private hospitals, possibly due to lower occupancy rates.

Hospitals with higher HSMRs (reflecting poorer quality care) are estimated to be less productive and more resource intensive than hospitals with lower than expected HSMRs (that is, higher quality care). ■

Public and Private Hospitals: Multivariate Analysis

> Supplement to Research Report

> Released May 2010

Performance of Public and Private Hospital Systems

> Productivity Commission Research Report

> Released December 2009

Review of bilateral and regional trade agreements

A recent draft Commission report finds that preferential trade agreements can reduce trade and investment barriers, but generally yield small benefits relative to other approaches to trade liberalisation.



Following the global trend, Australia has recently departed from historic practice by entering a number of new bilateral and regional trade agreements (BTRAs) and the Government is negotiating more. In November 2009 the Government asked the Commission to undertake a study of the impact of such agreements on trade and investment barriers, and on Australia's trade and economic performance. Releasing the Commission's draft report in July 2010, Commissioner Patricia Scott commented that: 'Great emphasis has been placed on the potential benefits of preferential agreements in advance of negotiating them. But the Commission has found that these expectations have been optimistic.'

While preferential agreements can potentially generate some benefits, depending on their design and coverage, unilateral and non-discriminatory trade liberalisation offer larger benefits.

What are the economic impacts of BRTAs?

The Australian Government's approach has been to negotiate comprehensive agreements that seek substantial reductions in trade barriers between the partner countries. Australia's agreements have often also included provisions on other matters, such as intellectual property, competition policy and trade facilitation.

What are bilateral and regional trade agreements?

- Agreements concluded between two parties in which at least one of the parties, while maintaining their own tariffs, obtain concessional entry to the market of the partner (for example, the Australia-New Zealand Closer Economic Relations Trade Agreement). Such agreements are referred to as preferential or free trade agreements.
- Similar agreements between multiple parties, also referred to as preferential or free trade agreements (for example, the North American Free Trade Agreement).
- Agreements (termed 'customs unions') between two or more countries in which members adopt a *common* external tariff while allowing concessional trade between partners (for example, the European Union).
- Agreements between trading partners to lower their own trade barriers with respect to all parties (including those outside the agreement) either bound under the agreement or on a voluntary basis (such as the APEC Bogor Declaration).

The draft report notes that:

- In relation to merchandise trade, Australia's BRTAs have resulted in some significant bilateral tariff reductions both in Australia and in partner countries.
- In relation to services trade and investment, PTAs

Australia's trade agreements

Australia has long been involved in trade liberalisation on a non-discriminatory basis, having unilaterally reduced its own trade barriers and supported multilateral liberalisation through the GATT and now the WTO. Bilateral and regional trade agreements (BRTAs) were avoided, the key exception being the 1983 'Closer Economic Relations' preferential trade agreement (PTA) with New Zealand. Australia was also a signatory to the (non-binding) 1994 APEC Bogor Declaration.

However, Australia has recently entered five new PTAs: with Singapore (in 2003), Thailand (in 2005), the United States (in 2005), Chile (in 2009), and ASEAN and New Zealand (in 2010). And Australia is currently negotiating bilateral PTAs with China, Malaysia, Japan and Korea; and three regional agreements: one with the Gulf Cooperation Council; the PACER Plus agreement with Pacific Island Forum countries; and the Trans-Pacific Partnership. Feasibility studies of the potential benefits of agreements with Indonesia and India have also been completed.

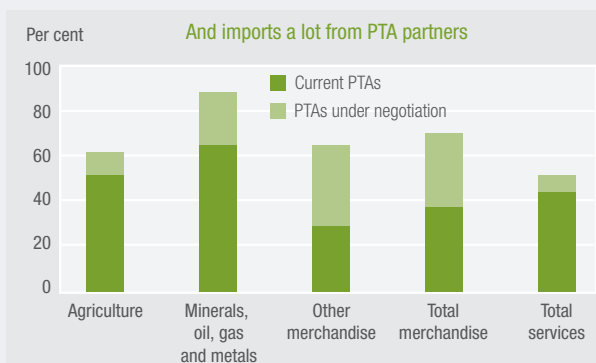
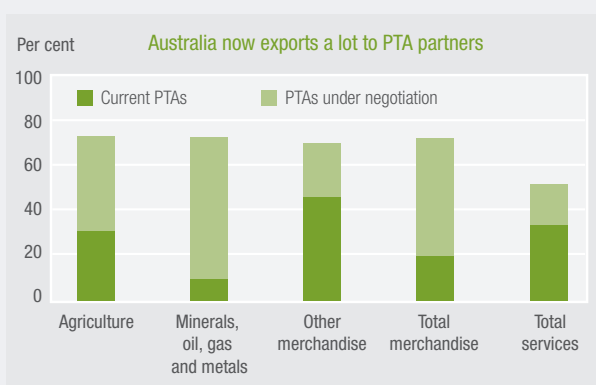
Trade with PTA partner countries accounts for a substantial proportion of Australia's total trade, and this share would increase substantially with the completion of PTAs under negotiation.

typically contain provisions aimed at reducing (or preventing increases in) discrimination between domestic suppliers and those of partner countries. The evidence suggests that trade agreements are likely to have had only a limited impact on trade in services and investment.

Quantitative analysis undertaken by the Commission indicates that BRTAs can have a significant impact on aggregate trade flows between partner countries. However, some of the estimated increases in those trade flows are likely to be offset by trade being diverted away from other countries that are more efficient producers. The analysis indicates that the benefits of trade liberalisation are greatest if the liberalisation is undertaken on a multilateral basis. By lowering barriers to all countries, multilateral reform avoids the trade diversion effects of PTAs, and ensures that liberalising economies have access to lowest-cost imports.

Should Australia pursue further BRTAs?

The Commission's draft report emphasizes that whether a BRTA generates net benefits, and the extent of those benefits, depends on the design of the agreement and the



Source for charts: Productivity Commission 2010, *Bilateral and Regional Trade Agreements*, Draft Research Report.

way it is implemented. Previous agreements have often entailed gaps in coverage and/or long phase-in periods, and early evidence suggests that the anticipated benefits have not been fully realized. The Commission's draft report argues that current processes for assessing and prioritising BRTAs lack transparency and tend to oversell the likely benefits. The report recommends that feasibility studies model more realistic scenarios, and that a full and public assessment of a proposed agreement be undertaken after negotiations have concluded.

The draft research report has been released to encourage public discussion. The Commission is undertaking further consultation before providing its final report to Government in November 2010. ■

Bilateral and Regional Trade Agreements

- > Productivity Commission Draft Research Report
- > Released July 2010
- > Contact: Andrew Irwin 02 6240 3350
- > Email: tradeagreements@pc.gov.au

Government assistance to industry

The Commission's *Trade & Assistance Review 2008-09* contains the latest estimates of Australian Government assistance to industry.

The Australian Government assists industries through an array of measures, including import tariffs, budgetary outlays, taxation concessions and regulatory restrictions on competition. Over the past 30 years, tariff assistance has declined, while budgetary assistance to industry has increased markedly, especially over the past decade. Although assistance generally benefits the receiving industry, it can penalise other industries, taxpayers and consumers.

The Productivity Commission is required to report annually on industry assistance and its effects on the economy. *Trade & Assistance Review 2008-09* contains the Commission's latest quantitative estimates of Australian Government assistance to industry. It also identifies recent developments in industry assistance, including a special feature on measures affecting the finance sector, and discusses selected developments in international trade policy.

For 2008-09, total measured assistance to industry was \$17.2 billion in gross terms – comprising \$9.5 billion in output tariff assistance, \$3.7 billion of budgetary outlays and \$4.0 billion in estimated tax concessions. The cost imposed on industry of import tariffs amounted to \$8.1 billion.

The primary sector received the majority of its assistance in the form of budgetary outlays (particularly drought support), while the manufacturing sector received the majority of its assistance through tariffs. For the service sector, the tariff penalty on inputs significantly exceeds its measured budgetary assistance. The highest measured effective rates of assistance – net assistance per dollar of value added – were for the automotive, and textiles, clothing and footwear industries.

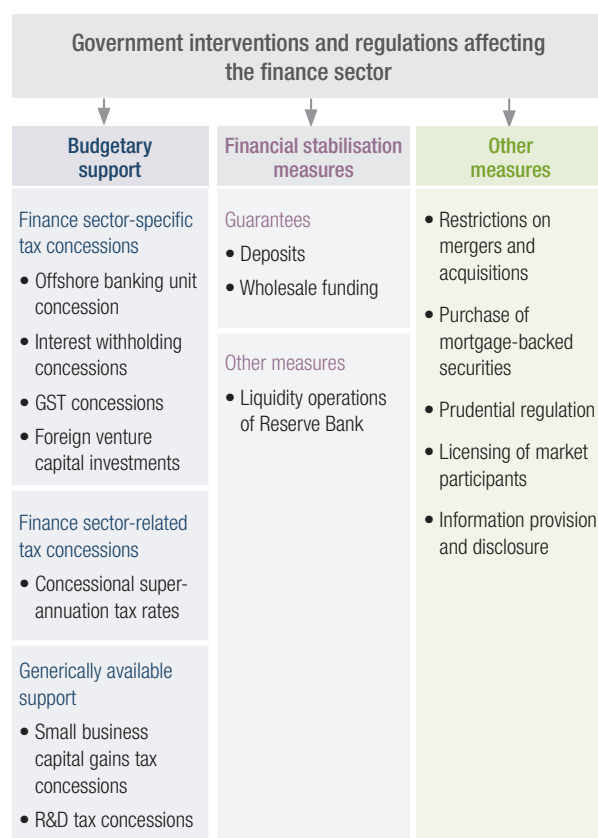
Since May 2009, the Australian Government has announced industry assistance budgetary outlays of at least \$6.2 billion, mostly to be expended over the next five years. The bulk of the proposed expenditure relates to carbon emission reduction and energy programs.

Measures affecting the finance sector

The structure and performance of the Australian finance sector is shaped by a variety of government policies including tax concessions and prudential and other financial

services regulation. Additionally, in response to the global financial crisis, a number of temporary policy measures were implemented aimed at maintaining liquidity in the financial sector, but some of these measures may have enduring effects.

The 2008-09 *Trade & Assistance Review* reports on the range of budgetary assistance and other policy measures affecting the finance sector. Sector-specific taxation concessions, largely intended to promote Australia as a financial services centre, are estimated at \$330 million for 2008-09. Taxation concessions for superannuation (estimated at \$25 billion in 2008-09) benefit complying superannuation savings vehicles over other uses of funds, and indirectly advantage superannuation service providers over other fund management activities. GST concessions, related to the input tax treatment of financial supplies, also confer a sizeable benefit to the finance sector (estimated at \$2.8 billion in 2008-09).



Trade & Assistance Review 2008-09

> Productivity Commission Annual Report Series

> Released June 2010

Improving Australia's anti-dumping system

The Commission's final report on Australia's anti-dumping and countervailing arrangements recommends a package of measures designed to reduce the economy-wide costs of the system.

Australia's anti-dumping system allows Australian industries to take action when imports deemed to be unfairly priced cause 'material injury' to local industries. The Productivity Commission was asked to conduct a public inquiry into the impacts of the system, and how it should be configured to best serve the interests of the community as a whole.

The Commission's final report, released in May 2010, found that while the anti-dumping system provides relief to a small and decreasing range of import competing industries, those benefits can come at a significant cost to downstream industries and other consumers of the goods concerned. And there are some adverse impacts on Australia's overall economic performance. But because the industry and product coverage of anti-dumping measures is narrow and diminishing, the net cost is likely to be small in economy-wide terms. In addition, the ability for Australian industries to use the system to address what are perceived to be 'unfair' trading practices, may have helped reduce resistance to more significant tariff reforms.

The Commission has concluded that the anti-dumping system should be retained. But this is not an endorsement of the status quo. Significant deficiencies in the current system should be addressed.

Considering the wider impacts – introducing a public interest test

To achieve a better balance between the benefits and costs of the anti-dumping system, the Commission's report recommends a number of measures. Key among these is the introduction of a 'bounded' public interest test, to apply to all new investigations and reviews of existing measures. The test would embody a presumption in favour of measures whenever there has been injurious dumping or subsidisation. But the test would also specify a small number of specific circumstances where it would not be in the public interest to impose measures – for example, where those measures would be ineffectual in removing injury, or would impose large costs on downstream users relative to the benefits for the applicant industry.

Anti-dumping and countervailing: summary of key recommendations

Introduction of a 'bounded' public interest test, containing a presumption in favour of measures where there has been injurious dumping or subsidisation, but detailing a list of circumstances where measures would not be in the public interest.

Supporting changes to the framework and administration of the system including:

- allowing only one three-year extension of anti-dumping and countervailing measures
- providing for annual adjustments to the magnitude of the measures
- determining and collecting the correct amount of duty at the time of importation and abolishing the duty refund system
- imposing provisional duties prior to assessments against the public interest test
- aligning Australia's list of actionable subsidies with the WTO lists
- widening the list of appealable decisions and requiring the Minister to make a final decision following a successful appeal without reinvestigation by Customs, unless the Trade Measures Review Officer recommends further assessment
- enhancing public reporting on the basis for decisions and their outcome.

Most reforms should be introduced as soon as possible, but the public interest test and the new continuation requirements should be delayed for two years, to provide stakeholders with time to adjust.

An independent and public review of the system to be conducted five years after the reform package is fully operational..

Australia's Anti-dumping and Countervailing System

- > Productivity Commission Inquiry Report
- > Released May 2010

Joseph Stiglitz seminar

The Productivity Commission recently hosted a seminar by Nobel Prize-winning economist Joseph Stiglitz, in conjunction with the Economic Society of Australia.

In his seminar presentation in Melbourne, Professor Stiglitz elaborated on the recommendations of the Commission on the Measurement of Economic Performance and Social Progress, which he chaired. He argued that standard measures of economic performance, such as GDP, focus on market activity – but this is only one dimension of an economy and society. Non-market factors, including the public provision of services, and activities that may affect long-term economic wellbeing, such as rates of natural resource depletion and environmental degradation, are poorly treated or ignored.

He said metrics influence policy choices and decisions, and if measurement frameworks are flawed, policies may also be flawed. A broader measure of economic performance could provide a framework for thinking about long-term issues – such as the trade off between growth and the environment – in a more coherent way.

Commission on the Measurement of Economic Performance and Social Progress

In 2009 French President Nicholas Sarkozy established the Commission on the Measurement of Economic Performance and Social Progress (CMEPSP). The CMEPSP was tasked with identifying the limits of GDP as an indicator of economic performance and social progress, and examining the feasibility of alternative measurement tools. In line with its emphasis on assessing long-term sustainability, the CMEPSP comprised three working groups, which focused on, respectively, traditional GDP measurement issues, quality of life and sustainability.

The CMEPSP report recommended a shift in emphasis from measuring economic production to measuring people's wellbeing – and measures of wellbeing should be put in the context of sustainability. According to Professor Stiglitz, GDP and other production measures should not be dismissed, but there is an increasing gap between information contained in aggregate GDP data, and people's perceptions of their own wellbeing. 'Some of the increase in measured GDP is a shift from unmeasured household production to measured market production – which does not necessarily reflect a real increase in wellbeing', he said.

Professor Stiglitz considered that wellbeing could not be measured by a single indicator alone. The CMEPSP recommended the development of a small set – or 'dashboard' – of indicators that would provide a comprehensive picture of how well the economy is performing.

Professor Stiglitz argued that sustainability could be measured in terms of changes in total wealth: 'If wealth is decreasing, then current consumption levels are not sustainable'. But measuring overall wealth, including placing a monetary value on environmental capital, is problematic. For this reason, the CMEPSP recommended inclusion of a small, well-chosen set of physical indicators.

In conclusion, Professor Stiglitz said the CMEPSP report's recommendations for improved metrics aimed to stimulate a national and global dialogue on 'what we really care about, and whether as a society we are actually achieving that'. ■



Productivity Commission Chairman Gary Banks (left) introduced Professor Stiglitz (right), and hosted a lunch for him after the seminar.

From Measuring Production to Measuring Wellbeing

> Presentation by Professor Joseph Stiglitz, Melbourne, 29 July 2010

> <http://www.pc.gov.au/lectures/stiglitz>

Professor Stiglitz was brought to Australia as the inaugural speaker in the Economic Society of Australia's Eminent Speaker Series, sponsored nationally by PricewaterhouseCoopers and Qantas.

Commission news

New inquiry: Australia's urban water sector

The Australian Government has asked the Productivity Commission to undertake an inquiry into the case for microeconomic reform in Australia's urban water sector.

The Commission is required to:

- identify the opportunities for efficiency gains in the structural, institutional, regulatory and other arrangements in the urban water and wastewater sectors
- provide options to achieve the identified efficiency gains and quantitatively assess these options

- propose a work program, including implementation plans, for the options.

The Commission anticipates releasing an issues paper in September 2010 and, after consultations with stakeholders, a draft report is expected to be released in March 2011. Following further consultation, the final report will be sent to Government in July 2011.

Commission releases four 'issues papers'

Caring for older Australians

The Commission is undertaking a public inquiry into options for redesigning Australia's aged care system. An issues paper, released in May 2010, outlines the key matters on which the Commission is seeking information. These include:

- *The service delivery framework* – What are the main strengths and weaknesses of aged care services? How well does the aged care system interface with the wider health and social services sectors? Should there be greater emphasis on consumer directed care?
- *Funding* – Who should pay for aged care? Are current government subsidies and user charges adequate and appropriate? How might public and private exposure to the financial risks associated with aged care be best managed?
- *Regulatory arrangements* – Is the current level and scope of regulation appropriate? Are the rights of aged care consumers adequately protected? What lessons can be learnt from aged care systems and reforms internationally?
- *Workforce requirements* – What are the issues concerning the current aged care workforce, including remuneration and retention. What is needed to secure a larger,



appropriately trained and flexible workforce for the future? How can informal carers and volunteers be best supported?

Public consultations were held from April to June 2010, and a draft report will be released in December. After further public consultation, a final report will be sent to Government in April 2011.

Disability care and support

The Australian Government has asked the Commission to examine the feasibility, costs and benefits of replacing the current fragmented system of disability services with a new national disability care and support scheme. The Commission will examine a variety of options, including a no-fault social insurance model. An issues paper, released

in May, outlined the wide range of issues the Commission will consider. These included:

- who should be the key focus of a new scheme; which groups are most in need of additional support and help; and which services need to be increased or created

... continued on page 14 ►

Commission news

New issues papers

...continued from page 13

- how to give people with disabilities or their carers more power to make their own decisions
- how to improve service delivery – including coordination, costs, timeliness and innovation
- financing options for a new scheme.

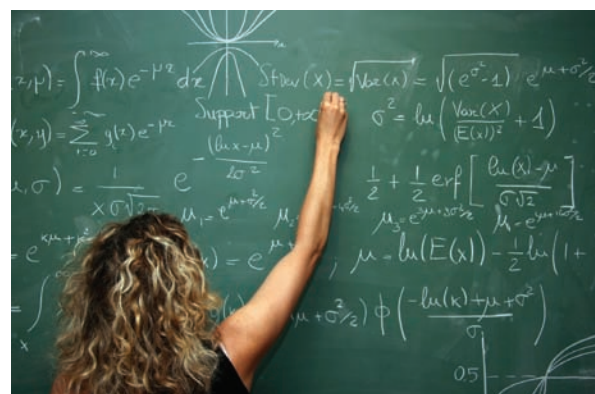
Public hearings were held around the country in June and July 2010. A draft report will be released in February 2011. Following further public consultation, the final report will be sent to Government by 31 July 2011.

Vocational education and training workforce

The Commission has been asked to undertake a research study into issues affecting the workforces of the early childhood development, schools and vocational education and training (VET) sectors. The study's initial focus is on the VET sector.

The Commission has been asked to consider the VET workforce as a whole (including trainers and assessors in enterprises, adult community education and community organisations) and the TAFE workforce as a subset. An issues paper was released in June 2010, outlining the scope of the study and setting out the matters on which the Commission is seeking information. These include:

- factors affecting the current and future demand for the VET workforce, and the required mix of skills and knowledge
- the current and future supply of the VET workforce
- the structure of the workforce and its efficiency and effectiveness



- workforce planning and development, including any changes to ongoing data collection to provide for future planning and reporting requirements.

After initial public consultation, a draft report will be released in November 2010, and, following further stakeholder consultation, the final report will be sent to Government in April 2011.

Benchmarking: planning, zoning and development assessment

The Commission has been asked to continue the program of performance benchmarking of Australian business regulation, requested by COAG, with a study of the states and territories' planning and zoning systems and land development assessments (DA).

The study will look at how planning, zoning and DAs impact on competition, business compliance costs and the efficiency and effectiveness of the functioning of cities. The study will also look at best practice ways to address the following:

- 'gaming' of appeals processes
- ensuring adequate supplies of land suitable for a range of activities

- unjustifiable restrictions on competition, including eliminating unjustifiable protections for existing businesses from new and innovative competitors.

An issues paper outlining the Commission's approach was released in May 2010. Following stakeholder consultations, a draft report will be released in February 2011 and after further consultation, a final report will be released in April 2011. ■

> Full details including contact information for all current Commission projects are available at www.pc.gov.au

Recent releases

All publications can be downloaded from the Commission's website www.pc.gov.au

July 2010

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June 2010

Annual Review of Regulatory Burdens on Business: Business and Consumer Services

Draft Research Report

Gambling

Inquiry Report

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National Agreement Performance Information 2008: National Indigenous Reform Agreement

National Agreement Performance Information 2008: Appendix – Healthcare, Affordable Housing, Disability and Indigenous Reform

National Agreement Performance Information 2008: National Disability Agreement

National Agreement Performance Information 2008: National Healthcare Agreement

National Agreement Performance Information 2008: National Affordable Housing Agreement

Education and Training Workforce: Vocational Education and Training

Issues Paper

May 2010

Australia's Anti-dumping and Countervailing System

Inquiry Report

Caring for Older Australians

Issues Paper

Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assistance

Issues Paper

Public and Private Hospitals: Multivariate Analysis

Supplement to Research Report

Disability Care and Support

Issues Paper

April 2010

Advancing Australia's 'Human Capital Agenda'

Chairman's speech

Valuing the Future: The Social Discount Rate in Cost-Benefit Analysis

Visiting Researcher Paper

Report on Government Services 2010: Indigenous Compendium

Steering Committee for the Review of Government Service Provision

Performance Benchmarking of Australian and New Zealand Business Regulation: Occupational Health and Safety

Research Report

Strengthening Evidence-Based Policy in the Australian Federation

Roundtable Proceedings

March 2010

Market Mechanisms for Recovering Water in the Murray-Darling Basin

Research Report

Rural Research and Development Corporations

Issues Paper

An Economy-wide View: Speeches on Structural Reform

Gary Banks

Statistics, Productivity and Reform

Chairman's speech

Developing a Partial Equilibrium Model of an Urban Water System

Staff Working Paper

Wheat Export Marketing Arrangements

Draft Inquiry Report

Effects of Education and Health on Wages and Productivity

Staff Working Paper

Current commissioned projects

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Log on to the Commission's website www.pc.gov.au for full details of all current projects.

Australia's Urban Water Sector – Public Inquiry	
Issues paper due September 2010. Draft report anticipated March 2011. Final report to Government July 2011.	Contact: Rick Baker (03) 9653 2146 Email: urbanwater@pc.gov.au www.pc.gov.au/projects/inquiry/urban-water
Caring for Older Australians – Public Inquiry	
Issues paper released May 2010. Draft report due December 2010. Final report to Government April 2011.	Contact: Stewart Plain (02) 6240 3219 Email: agedcare@pc.gov.au www.pc.gov.au/projects/inquiry/aged-care
Disability Care and Support – Public Inquiry	
Issues paper released May 2010. Draft report due February 2011. Final report to Government 31 July 2011.	Contact: Ineke Redmond (02) 6240 3310 Email: disability-support@pc.gov.au www.pc.gov.au/projects/inquiry/disability-support
Education and Training Workforce – Commissioned Study	
The study's initial focus is on the vocational education and training sector. Issues paper released June 2010. Draft report due November 2010. Final report to Government April 2011.	Contact: Patrick Laplagne (03) 9653 2167 Email: education@pc.gov.au www.pc.gov.au/projects/study/education-workforce/vocational
Rural Research and Development Corporations – Public Inquiry	
Issues paper released March 2010. Draft report due September 2010. Final report to Government 15 February 2011.	Contact: Greg Murtough (03) 9653 2163 Email: rural-research@pc.gov.au www.pc.gov.au/projects/inquiry/rural-research
Bilateral and Regional Trade Agreements – Commissioned Study	
Issues paper released December 2009. Draft report released July 2010. Final report to Government 27 November 2010.	Contact: Andrew Irwin (02) 6240 3350 Email: tradeagreements@pc.gov.au www.pc.gov.au/projects/study/trade-agreements
Impacts and Benefits of COAG Reforms – Commissioned Study	
The Productivity Commission is to report to COAG on the impacts and benefits of COAG's reform agenda every two to three years. A framework report is to be provided to COAG by 31 December 2010. The first full report to be provided to COAG by 31 December 2011.	Contact: Owen Gabbittas (02) 6240 3273 Email: coagreporting@pc.gov.au www.pc.gov.au/projects/study/coag-reporting
Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments – Commissioned Study	
Issues paper released May 2010. Draft report due February 2011. Final report to Government April 2011.	Contact: Sue Holmes (02) 6240 3351 Email: planning@pc.gov.au www.pc.gov.au/projects/study/regulationbenchmarking/planning
Annual Review of Regulatory Burdens on Business – Commissioned Study	
The Commission is undertaking a series of annual reviews of the burdens on business from the stock of Commonwealth regulation. In 2010 the Commission will review regulations affecting business and consumer services. Issues paper released December 2009. Draft report released June 2010. Final report to Government: date tbc.	Contact: Les Andrews (02) 6240 3251 Email: regulatoryburdens@pc.gov.au www.pc.gov.au/projects/study/regulatoryburdens