
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 2010-11.

Objectives for performance assessment

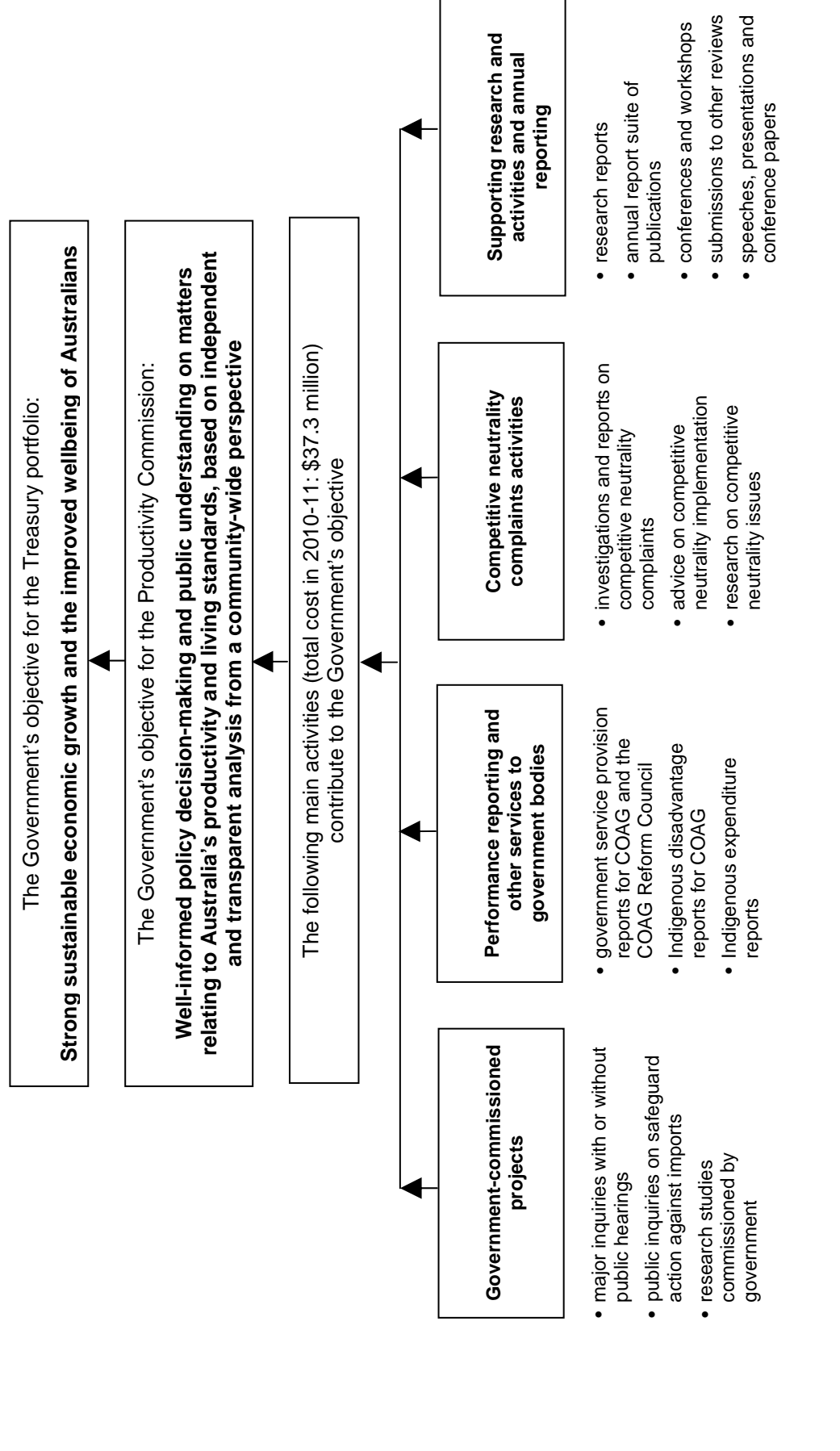
The Government's outcome objective against which the Commission's overall performance is to be assessed is:

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 2010-11



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 or 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 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 the regular *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 perform any other related tasks referred to it by COAG
 - produce the two-yearly *Indigenous Expenditure Report*, contributing 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. The Commission has some discretion in the choice of industry and the 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 findings 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 Longer-term influence

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

- The introduction by the Australian Government of a new consumer law and product safety reporting requirements drew on recommendations made in the Commission's 2006 study of consumer product safety (PC 2006d) and its 2008 inquiry into consumer policy (PC 2008h).
- In discussing the introduction of the Food Standards Australia New Zealand Amendment Bill 2010 on 30 September 2010, Catherine King, the Parliamentary Secretary for Infrastructure and Transport, stated:

This amendment is part of a package of reforms being pursued by the government in relation to the regulation of chemicals and plastics which followed a study by the Productivity Commission in 2008.
- The final report of the Building the Education Revolution Implementation Taskforce, published in July 2011, drew on past work by the Commission and recommended that it be asked to update the Industry Commission's 1991 work on the construction industry (IC 1991).
- In November 2010 the OECD drew on a range of past Commission work in its Economic Survey of Australia (OECD 2010a), including estimates of reform benefits from the Commission's 2005 review of national competition policy.
- The Australian National Audit Office continued to make widespread use of past Commission reports in its work. For example, Audit Report No. 5 from 2010-11 on the *Practice Incentives Program* drew on analysis and findings in the Commission's 2002 report on General Practice Administrative and compliance costs. Audit Report No. 47 on *The Development and Administration of National Research Flagships* drew on the Commission's 2007 report on science and innovation.
- Past Commission reports on a range of subjects also continued to inform the work of the Parliamentary Library. For example: the Commission's 2006 research report on the economic impacts of migration and population growth was used in a Pre-Election Policy Unit Paper on the economics of a sustainable population in November 2010; work by the Commission from 1999 on international benchmarking of telecommunications prices was used in a Bills Digest for the Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010; and a Commission inquiry report on workers compensation and OH&S from 2004 was used by the Library in several background notes and Bills Digests.
- The Australian Competition and Consumer Commission continued to use past Commission reports to inform its work during the year. For example, it drew on several Commission reports, including a 2003 Commission report on benchmarking container stevedoring and a 1998 report on stevedoring work arrangements, in a monitoring report on container stevedoring in October 2010 (ACCC 2010a). It also drew on Commission reports from 1999 on competition policy reforms in a paper on infrastructure reforms and regulation (ACCC 2010c).

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 2010-11 were tabled within the statutory period.

While research studies 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 E.

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 program of surveys and other initiatives to gather external feedback on 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 on a three yearly basis 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 'Other evidence'.

Other feedback

As noted in chapter 2, the Commission continued to provide feedback opportunities through email, on-line surveys, 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 2010-11 were the Commission's reports on emissions reduction policies and carbon pricing, disability care and support, executive remuneration and aged care. As noted in chapter 2, 86 Members of the House of Representatives and 47 Senators referred to 48 different Commission reports or inquiries, or to the Commission's role in policy processes, during the 2010-11 parliamentary proceedings.

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

- Eight parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports during the year. The ten recent parliamentary committee reports listed in table C.1 referred to ten different Commission outputs.
- Research material provided to parliamentarians during 2010-11 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 18 different Commission outputs (table C.2). These included 11 inquiry and other commissioned research reports and several research papers.
- People appearing at the hearings of parliamentary committees in 2010-11 referred to Commission outputs in more than 24 different topic areas.

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 2010-11 the ANAO drew on analysis and recommendations in the Commission's 2009 report on government drought support in Audit Report No. 52, *Drought Assistance*. Findings and analysis in the Commission's 2010 report on the contribution of the not for profit sector were drawn on in Audit Report No. 52, *Administration of Deductible Gift Recipients (Non-profit Sector)*. The ANAO also drew on findings and analysis from the Commission's December 2010 draft report on caring for older Australians, the 2010 Report on Government Services and the 2009 *Annual Review of Regulatory Burdens on Business* in Audit Report No. 48, *Monitoring and Compliance Arrangements Supporting Quality of Care in Residential Aged Care Homes*. The ANAO drew on the Commission's 2007 report on science and innovation in Audit Report No. 47, *The Development and*

Administration of National Research Flagships. The Commission's report of March 2010 on mechanisms to purchase water entitlements was used in Audit Report No. 27, *Restoring the Balance in the Murray-Darling Basin*. The Steering Committee for the Review of Government Service Provision's 2009 report on *Overcoming Indigenous Disadvantage* was used in Audit Report No. 23, *Home Ownership on Indigenous Land Program*, and in Audit Report No. 18 on *Government Business Managers in Aboriginal Communities under the Northern Territory Emergency Response*. The Commission's 2009 report, *Performance Benchmarking of Australian and New Zealand Business Regulation: Food Safety*, was referred to in Audit Report No. 15 on *Food Standards Australia New Zealand*. Audit Report No. 5 on the *Practice Incentives Program* drew on analysis and findings in the Commission's 2002 report on general practice administrative and compliance costs.

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 three occasions in 2010-11. Appearances by the Chairman and senior staff before the Senate Standing Committee on Economics occurred on 21 October 2010, 23 February 2011 and 2 June 2011. Hansard of the appearances is available on the Parliament of Australia website.

Table C.1 Use of Commission publications in parliamentary committee reports in 2010-11

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
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
House of Representatives Standing Committee on Health and Ageing, <i>Roundtable forum on burns prevention</i> , July 2010	Steering Committee for the Review of Government Services Provision, <i>Report on Government Services 2010</i> , January 2010
Senate Economics Committee, <i>The regulation, registration and remuneration of insolvency practitioners in Australia</i> , September 2010	Research Report, <i>Annual Review of Regulatory Burdens on Business: Business and Consumer Services</i> , October 2010
Senate Environment and Communications References Committee, <i>Sustainable management by the Commonwealth of water resources</i> , October 2010	Research Report, <i>Market Mechanisms for Recovering Water in the Murray-Darling Basin</i> , March 2010
Senate Community Affairs References Committee, <i>Consumer Access to Pharmaceutical Benefits</i> , November 2010	Research Report, <i>Annual Review of Regulatory Burdens on Business: Manufacturing and Distributive Trades</i> , September 2008
House of Representatives Standing Committee on Regional Australia, <i>Of drought and flooding rains: Inquiry into the impact of the Guide to the Murray-Darling Basin Plan</i> , May 2011	Research Report, <i>Rural Water Use and the Environment: The Role of Market Mechanisms</i> , March 2006; Research Report, <i>Market Mechanisms for Recovering Water in the Murray-Darling Basin</i> , March 2010
Joint Select Committee on Gambling Reform, <i>First report: The design and implementation of a mandatory pre-commitment system for electronic gaming machines</i> , May 2011	Inquiry Report, <i>Gambling</i> , February 2010
Senate Economics Legislation Committee, <i>Customs Amendment (Anti-dumping Measures) Bill 2011 [Provisions]</i> , June 2011	Inquiry Report, <i>Australia's Anti-dumping and Countervailing System</i> , December 2009

Table C.2 Parliamentary Library use of Commission publications in 2010-11

<i>Parliamentary Library output 2010-11</i>	<i>Commission output used</i>
<i>Commonwealth Indigenous-specific expenditure 1968–2010</i> , Background Note, September 2010	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2009</i>
<i>Parliamentary Library Briefing Book: Key Issues for the 43rd Parliament</i> , Briefing Book, September 2010	Inquiry Issues Paper, <i>Disability Care and Support</i> , May 2010; Inquiry Issues Paper, <i>Caring for Older Australians</i> , May 2010; Commission Research Paper, <i>Trends in Aged Care Services: some implications</i> , September 2008
<i>Food Standards Australia New Zealand Amendment Bill 2010</i> , Bills Digest No 11, October 2010	Draft Research Report, <i>Chemicals and Plastics Regulation</i> , March 2008; Research Report, <i>Chemicals and Plastics Regulation</i> , July 2008
<i>Telecommunications Legislation Amendment (Competition and Consumer Safeguards) Bill 2010</i> , Bills Digest No 45, November 2010	International Benchmarking Report, <i>International Benchmarking of Telecommunications Prices and Price Changes</i> , December 1999
<i>Going digital: tracing the transition to digital terrestrial television in Australia</i> , Research Paper No 7, November 2010	Inquiry Report, <i>Broadcasting</i> , March 2000
<i>The economics of a sustainable population</i> , Pre-Election Policy Unit Paper, November 2010	Research Report, <i>Economic impacts of migration and population growth</i> , April 2006; Staff Working Paper, <i>Recent Trends in Australian Fertility</i> , July 2008
<i>National Health and Hospitals Network Bill 2010</i> , Bills Digest No 46, November 2010	Steering Committee for the Review of Government Services Provision, <i>Report on Government Services 2010</i>
<i>Paternalism in social policy—when is it justifiable?</i> , Research Paper No 8, December 2010	Inquiry Report, <i>Gambling</i> , February 2010
<i>Of the plan: Commonwealth city planning systems</i> , Background Note, December 2010	Draft Research Report, <i>Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments</i> , February 2011
<i>Toward national workplace safety and workers' compensation systems: a chronology</i> , Background Note, December 2010	Inquiry Report, <i>National Workers' Compensation and Occupational Health and Safety Frameworks</i> , March 2004
<i>Australian Government funding for schools explained</i> , Background Note, January 2011	Steering Committee for the Review of Government Services Provision, <i>Report on Government Services 2010</i>

<p><i>National Health and Hospitals Network Bill 2010, Bills Digest No 46, April 2011</i></p>	<p>Steering Committee for the Review of Government Services Provision, <i>Report on Government Services 2010</i></p>
<p><i>Safety, Rehabilitation and Compensation and Other Legislation Amendment Bill 2011, Bills Digest No 95, May 2011</i></p>	<p>Inquiry Report, <i>National Workers' Compensation and Occupational Health and Safety Frameworks</i>, March 2004</p>
<p><i>Social Security Amendment (Supporting Australian Victims of Terrorism Overseas) Bill 2011, Bills Digest No 99, May 2011</i></p>	<p>Draft Inquiry Report, <i>Disability Care and Support</i>, February 2011</p>
<p><i>Budget Review 2011-12, Research Paper No 13, May 2011</i></p>	<p>Steering Committee for the Review of Government Services Provision, <i>Report on Government Services 2010</i>; ; Draft Inquiry Report, <i>Caring for Older Australians</i>, January 2011; Research Report, <i>Contribution of the Not-For-Profit Sector</i>, February 2010</p>
<p><i>Family Assistance and Other Legislation Amendment (Child Care and Other Measures) Bill 2011, Bills Digest No 116, June 2011</i></p>	<p>Research Report, <i>Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services</i>, September 2009</p>
<p><i>Aged Care Amendment Bill 2011, Bills Digest No 148, June 2011</i></p>	<p>Draft Inquiry Report, <i>Caring for Older Australians</i>, December 2010; Commission Research Paper, <i>Trends in Aged Care Services: some implications</i>, September 2008</p>

Other evidence

In addition to the performance indicators for 2010-11 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.

- When announcing the release of the Commission's report on bilateral and regional trade agreements in December 2010, the Assistant Treasurer, the Hon. Bill Shorten noted the strong public engagement with the review, and stated:

The report and the diverse variety of submissions reveal the complexity of the issues and highlight the range of differing views which exist in the community. (Emerson and Shorten 2010)

- The Hon. Jenny Macklin, Minister for Families, Housing, Community Services and Indigenous Affairs, when discussing disability care and support in July 2011, stated:

... we understand that there is more to be done and that is why the government gave a very important reference to the Productivity Commission that asks them to inquire into the feasibility of a long-term care and support initiative for people with disability. It has never been done before in this country. It is a very important initiative and we look forward to receiving the Productivity Commission's final report at the end of this month.

- In November 2010 the Minister for Climate Change and Energy Efficiency, the Hon. Greg Combet, discussed the Commission's work on carbon pricing, stating:

I think we need to get as much rigour into that sort of analysis as possible and that's why we are going to the Productivity Commission to do it. (Combet 2010)

- In its latest trade policy review of Australia, published in March 2011, the World Trade Organization stated:

Australia's trade policy framework continues to be characterized by an unusually high degree of transparency. This involves rigorous economic analysis undertaken by government institutions and independent advisory bodies (notably the Productivity Commission). (WTO 2011)

- During the year COAG identified several further areas where Commission projects would assist it with its work. These included.

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- a request by the Australian Government, with the agreement of COAG's Business Regulation and Competition Working Group, to examine the role of local government as a regulator
 - a commitment to develop terms of reference for a future benchmarking review of regulation impact assessment processes.
 - In March 2011 the Government also announced that the Commission would be asked to assist COAG's Business Regulation and Competition Working Group in aspects of its development of a future reform agenda to cut red tape (Sherry and Wong 2011).
 - On 30 September 2010 the Australian Parliament agreed that a Joint Select Committee on Gambling Reform be appointed. Included in its tasks were to inquire and report on appropriate terms of reference, to be set by no later than 30 June 2013, of a further Productivity Commission Inquiry to examine the impact of pre-commitment schemes on problem gambling and to determine what further harm minimisation measures may be necessary.
 - 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 (Abbott, Morrison and Bernardi 2010)
 - conduct a comprehensive cost-benefit analysis of the National Broadband Network (Turnbull 2010)
 - be asked to undertake an inquiry into foreign ownership of agricultural land in Australia (Cobb 2011)
 - have its mandate broadened to include the regular consideration of immigration policy (Morrison 2011)
 - undertake a comprehensive study of the economic consequences of the Murray Darling Basin plan (Joyce 2010).
 - The Australian Greens proposed that the Commission be asked to undertake several strands of new work during the year, including that it:
 - examine a range of issues concerning the establishment of a sovereign wealth fund in Australia (Brown 2011)
 - conduct an inquiry prior to any future privatisation of the National Broadband Network (Ludlam 2010)
 - undertake an inquiry into childcare services (Hanson-Young 2010).

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- The Australian Greens also welcomed the announcement of the Commission's study on international carbon policies, stating that the study would provide 'an invaluable contribution to the carbon price debate'. (Milne 2010)
 - In October 2010 the OECD discussed the role of the Commission in regulatory reform, and stated that it:

... provides one successful example of institutional support for policy coherence. It provides objective support, at an arm's length from government and the political process, for identifying what reforms are needed and how these need to be translated into the regulatory framework. This helps to achieve coherence through the policy and regulatory cycle. (OECD 2010c, p. 41)
 - 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, and that it be asked to review the operation of the MySuper regime in five years' time.
 - The final report of the Building the Education Revolution Implementation Taskforce, published in July 2011, recommended that the Commission be asked to update its 1991 work on the construction industry (BERIT 2011).
 - The report of the Australian Government's Policy Transition Group (2010) on minerals and petroleum exploration, released in December 2010, recommended that the Commission be asked to undertake an examination of regulatory barriers faced by exploration companies and present its report to COAG for action by Australian jurisdictions.
 - In July 2011, the Government announced several significant new tasks for the Commission as part of its *Clean Energy Future Plan*. These include reviews of industry assistance under the Jobs and Competitiveness Program and the Coal Sector Jobs Package; reviews of the impact of the carbon price on industry; continued reporting on actions by other countries to reduce carbon pollution; and a review of fuel excise arrangements, including an examination of the merits of a regime based explicitly and precisely on the carbon and energy content of fuels (Australian Government 2011a, pp 111-112).
 - In July 2011 the Tasman Transparency Group recommended that the Commission should conduct independent reviews of all proposed trade agreements before they are agreed to by the Federal Government (Jean 2011).
 - In January 2011 the Insurance Council of Australia called for annual reporting by the Commission on the effectiveness of State and Federal disaster relief payments.

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- In February 2011 the Urban Development Institute called for the Commission to be asked to conduct an inquiry into financing local infrastructure and examining the growth and impact of development levies.
 - The Secretary of the Department of Finance and Deregulation, David Tune, supported an expanded role for the Commission in undertaking evaluations, noting that:

... the extent to which agencies are in a position to conduct independent assessments of programs varies – perhaps there are opportunities for more involvement from the Productivity Commission. (Tune 2010)
 - The Australian Institute of Company Directors called in July 2010 for the Commission to be tasked with conducting ongoing reviews of the costs to business of any future proposed regulations.
 - In June 2011 the Assistant Treasurer, the Hon. Bill Shorten stated that the Commission would be asked to conduct an inquiry into default superannuation funds prior to the introduction of the MySuper reforms in July 2013 (Gluyas 2011).
 - In November 2010 the Alliance for Affordable Broadband published an open letter calling for the costs and benefits of the National Broadband Network proposal to be referred to the Commission (Alliance for Affordable Broadband 2010).
 - Parliamentary Committees also continued to draw on Commission reports to inform their work and to recommend new work for the Commission. For example:
 - In August 2010, the Senate Select Committee on Agricultural and Related Industries recommended that the Commission undertake an examination of bushfire risk from ageing power infrastructure, including an assessment of replacement costs and likely suppression costs from bushfires caused by defective infrastructure. The Committee also recommended that the Commission be tasked to assess the economic effects of recent major bushfires on the Australian economy to determine the cost effectiveness of prescribed burning as a mitigation strategy.
 - In May 2011, the Senate Economics References Committee recommended that the Commission conduct a feasibility study into Australia Post becoming a distribution channel for smaller banks, credit unions and mutuals.
 - In June 2011, the Senate Rural Affairs and Transport References Committee recommended that the Commission or a similar body undertake a review of the current and future supply of pilots in Australia, with particular reference

to the general aviation and cadet training pathways, and HECS HELP and VET FEEHELP arrangements.

- In May 2010 the Australian Academy of Technological Sciences and Engineering (ATSE 2010) recommended that the Commission be tasked with carrying out a study on the potential uses of technology in maintaining older Australians in their own homes.
- 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 defence procurement; public service costs; dairy market competition; flexible working arrangements; climate change adaptation; pharmacy ownership and location rules; private health insurance; taxation reform; small business finance; the level of competition in the banking sector; water pricing; cost burdens on families; the Australian prison system; the efficiency of state government; the effects of further labour market deregulation; business insolvencies; rural adjustment; the potential effects of democratic reforms; regional fuel pricing; banking services; budget expenditures with supply side implications; the costs and benefits of prohibiting drugs; food security; the effects of noise and related land use policies; and the costs and benefits of a proposed very fast rail network.
- 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 September 2010 the Business Council of Australia called for the Commission to be tasked with conducting regular infrastructure audits (Bradley 2010). In November 2010 the Council suggested that the Commission should be urged to conduct regular reviews of new regulation (BCA 2010). Also in November 2010, the Council supported calls for the Commission to be tasked with conducting a cost-benefit analysis of the National Broadband Network (Lahey 2010).
 - The Australian Chamber of Commerce and Industry called for the Commission to be asked to conduct an inquiry examining the degree of competition in the provision of business finance (ACCI 2011).
 - The Master Builders' Association called for the Commission to conduct an independent inquiry into the banking system (Master Builders' Association 2011).
- Malaysia's Tenth Economic Plan, published in June 2010, cited the Commission as an institution that represented international best practice in providing an economic review mechanism (EPU 2010, p. 74).

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- Catholic Health Australia called for the Commission to be tasked to review the role and impact of ‘out of pocket health costs’ in July 2010 (CHA 2010).
 - In August 2010 the heads of the Australasian Railway Association, Bus Industry Confederation, Cycling Promotion Fund and International Association of Public Transport called for a Commission inquiry into the true costs of externalities affecting the planning, uptake and funding of public transport (Goeldner 2010).
 - In September 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 all future energy options in Australia.
 - The Department of Treasury’s Incoming Government Brief, released in March 2011, contained several suggestions for further Commission work, including work on climate change adaptation policies and on population issues.
 - In September 2010 the NSW Business Chamber recommended that the Commission be asked to review ‘horizontal fiscal equalisation’ and compare it with other federations, and that the Commission investigate whether a single body should administer all state and federal taxes (Boxsell 2010).
 - 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:
 - The 2011 report of the Garnaut Review discussed the role of an independent agency to consider assistance to emissions-intensive, trade-exposed industries and stated:

The agency would have features similar to the Productivity Commission and could be the Productivity Commission...The independent agency would be backed with the necessary resources and would have the professional capacity to do this job well. It would operate transparently in the manner of the Productivity Commission, exposing its methodology and data sources for public comment. (Garnaut Climate Change Review 2011, p. 85)
 - A recent report by the Joint Select Committee on the Parliamentary Budget Office (March 2011) considered a range of options for the establishment of a Parliamentary Budget Office, including that it have institutional features similar to the Commission.
 - In its 2010 Economic Survey of Indonesia, the OECD stated that:

OECD experience suggests that permanent and independent institutions to investigate the benefits of reforms often carry more weight than *ad hoc* working groups or commissions. A well-known example is the Productivity Commission, whose reports significantly influence the debate on reforms... In the case of

Indonesia, these tasks could be conferred to an independent productivity commission. Such an institution could be created as a permanent body, which would be used subsequently to estimate the benefits of reforms in a wider range of areas. (OECD 2010d, p. 86)

- New Zealand has established its own Productivity Commission, an independent Crown Entity that began operating on 1 April 2011.

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 182 mentions of the Commission and its reports in 2010-11 in a wide range of journals and other publications. These covered 76 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, the study on the health workforce (2005c), and inquiries on Australia's consumer policy framework (2008h) and aged care (2011a). The Commission's work was cited in 92 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 to 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. The Steering Committee will report to COAG on its operations triennially, beginning in 2012.

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 2010-11 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 2010-11

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

During 2010-11 the Commission:

- completed three public inquiries begun in 2009-10 — on wheat marketing arrangements, rural research and development corporations, and aged care
- commenced three other new public inquiries, which are due for completion in 2011-12, on urban water, the economic regulation of airport services and the structure and performance of the Australian retail industry.

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

Month	2009-10					2010-11					2011-12													
	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:																								
Wheat																								
Rural Research and Development Corporations																								
Caring for Older Australians																								
Disability care and support																								
Australia's Urban Water Sector																								
Economic Regulation of Airport Services																								
Structure and Performance of the Retail Industry																								
Commissioned research studies:																								
Bilateral and Regional Trade Agreements																								
Education and Training Workforce – VET																								
Regulatory Burdens: Business and consumer services																								
Regulation Benchmarking: Planning and zoning																								
Impacts and benefits of COAG reforms ^b																								
Education and Training Workforce – ECD																								
Emissions Reduction Policies and Carbon Prices																								
Education and Training Workforce – Schools																								
Regulatory Burdens: Regulation reforms																								
Regulation Benchmarking: Role of Local Government																								

^a Shaded area indicates the approximate duration of the project in the period covered by the table. ^b Includes consideration of Vocational Education and Training and Seamless National Economy reforms.

Research studies commissioned by the Government were a significant component of the Commission's workload again in 2010-11 (figure 2.1). During the year the Commission:

- finalised five government-commissioned research studies begun the previous year — a review of the regulatory burdens on business in the business and consumer services sectors, a business regulation benchmarking study on planning and zoning and land development assessments, and studies on bilateral and regional trade agreements, the VET education and training workforce, and impacts and benefits of COAG reforms
- commenced and completed in the same year a study of emissions reduction policies and carbon prices

- commenced three other new studies — on the schools and early childhood development workforces, and the fifth stage of the review of regulatory burdens on business study (on identifying and evaluating regulatory reforms).

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 E.

Table C.4 Public inquiry and other commissioned project activity, 2006-07 to 2010-11

<i>Indicators</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Public inquiries					
Inquiry references received	2	3	3	4	3
Issues papers released	2	1	3	4	3
Public hearings (sitting days) ^a	28	28	17	28	45
Organisations/people visited	134	124	205	261	361
Submissions received	422	720	749	609	2397
Draft reports ^b	3	2	2	4	4
Inquiry reports completed	4	3	2	3	3
Inquiries on hand (at 30 June)	2	2	3	4	4
Research studies					
References received	3	7	5	5	4
Submissions received	485 ^c	262	972	483	352
Draft reports ^b	3	4	6	11	3
Research reports completed	4	4	7 ^d	7 ^d	4
Studies on hand (at 30 June)	2	5	5	5	3
Total references					
Total references received	5	10	8	9	7
Total references completed	8	7	8	9	7
Total references on hand (at 30 June)	4	7	8	9	7

^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 2010-11 are shown in table C.5.

Table C.5 Cost of public inquiries and other commissioned projects completed in 2010-11^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Wheat Export Marketing Arrangements	1 052
Rural Research and Development Corporations	1 460
Caring for Older Australians	2 344
Bilateral and Regional Trade Agreements	1 466
Education and Training Workforce - VET	1 473
Review of Regulatory Burdens on Business – Business and Consumer Services	935
Business Regulation Benchmarking – Stage 4	1 715
Impacts and benefits of COAG Reforms (Framework Report)	405
Emissions Reduction Policies and Carbon Prices	2 100

^a Includes estimated overheads.

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 2006-07 to 2010-11 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, 2006-07 to 2010-11

<i>Expenditure item</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	478	394	546	526	667
Printing	132	108	133	212	183
Consultants	40	402	82	27	28
Other ^b	291	208	251	526	942
Total	942	1 112	1 012	1 291	1 820

^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 during inquiries and government-commissioned research projects continued in 2010-11, encompassing government departments and agencies, professional and industry organisations, academics and the broader community.

In the course of its inquiry work over the year, the Commission held 45 public hearings, visited more than 360 individuals and organisations and received more than 2390 submissions.

The Commission actively encourages public participation in its inquiry work and continues to develop mechanisms to facilitate this. For example:

- In conducting its inquiry into *Disability Care and Support*, following receipt of the terms of reference, the Commission placed notices on the inquiry website, advertised in national and metropolitan newspapers and sent a circular to a wide range of individuals and organisations, inviting participation in the inquiry. The Commission then embarked on an extensive round of informal consultations to help it understand the key issues and to become aware of the most appropriate ways of engaging with people with different disabilities. The Commission also commenced discussions with the Independent Panel established by the Government to advise the Commission, and the Commission met with the panel at intervals during the course of the inquiry. In May 2010, the Commission released several inquiry documents in different formats, and an online Auslan presentation, to help people and organisations provide their views to the Commission. These included a full issues paper; a short set of questions addressing the main issues for people wanting to provide a personal response based on their personal experiences (perhaps made in confidence); a short Auslan presentation of the key questions and a text version of the Auslan presentation which was placed on the inquiry website; and an Easy English version of the key issues was also made available. Accompanying this material was a circular that advised participants about the different means by which they could make their views known to the Commission. Public hearings were held in April 2011 to discuss the draft report. In total, the Commission held 23 days of public hearings, at which 237 presentations were made, and received over 1000 public submissions, of which more than 400 were received in response to the draft report.
- In the course of undertaking its inquiry into *Caring for Older Australians*, the Commission advertised the inquiry in national and metropolitan newspapers and sent a circular to around 1900 people and organisations thought likely to have an

interest in the inquiry. In May 2010 an issues paper was released, inviting submissions from interested parties and indicating some particular matters on which information was sought. From August to October 2010, the Commission held six workshops covering finance and funding, the workforce, care needs and the provision of care, accommodation, technology, and cost projections/modelling. The Commission also held an informal forum on rural and remote area issues. In January 2011, a draft report was released. The report set out the Commission's views and draft recommendations on the matters under reference and sought responses from interested parties via further submissions and hearings. During February and March 2011, the Commission held 13 public hearings in all state and territory capital cities to elicit feedback on the draft report. Over the course of the inquiry informal discussions were also held in Australia with a cross-section of interested parties, including Australian, state and territory and local government agencies. The information gathered through these channels was complemented and augmented by around 925 written submissions from a wide range of interested parties. Of these, around 440 submissions were received in response to the draft report.

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 84 000 external requests for the index pages to submissions for inquiries and commissioned studies current in the year to 30 June 2011.

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.

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 E.

Timeliness

Of the ten inquiries and commissioned research studies finalised in 2010-11, seven were completed on or ahead of schedule.

Extensions were required for three inquiries and studies:

- The reporting period for the aged care inquiry was extended by approximately eight weeks from the end of April to the end of June. This was to allow sufficient time to consider the large number of submissions provided by stakeholders and was also necessitated by the delay in receiving a key submission.
- An extension of reporting date from December 2010 to April 2011 was granted for the Commission's study into *Benchmarking Business Regulation: Planning, Zoning and Development Assessments*. This was primarily to allow survey recipients sufficient time to provide information required by the study.
- The reporting period for the inquiry into Australia's urban water sector was extended by approximately four weeks to allow time for the further consideration of work being undertaken concurrently by several other organisations.

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.

- In April 2011 the Australian Government released a Trade Policy Statement which provided detailed responses to the Commission's report on Bilateral and Regional Trade Agreements. It stated that:

The Productivity Commission's report into bilateral and regional trade agreements released in late 2010 has been closely considered in the preparation of this review, and its policy positions are highly consistent with the Productivity Commission's recommendations. (Australian Government 2011c, p. 16)

The Government accepted nine of the ten recommendations in the Commission's report. The Government agreed in part to the outstanding recommendation, but did not agree with the Commission's view that an independent and transparent assessment of the final text of agreements should be commissioned and published at the conclusion of negotiations, but before an agreement is signed.

- On 10 August 2011 the Australian Government provided an initial response to the Commission's report on Disability Care and Support (Gillard et al. 2011). The response supported 'the Productivity Commission's vision for a system that provides individuals with the support they need over the course of their lifetime, and wants reform of disability services that is financially sustainable.' It also stated that:

In line with the Productivity Commission's recommendations, the Government, with the States and Territories, will start work immediately on building the foundations for reform. We will:

- Deliver an immediate, additional \$10 million, consistent with the PC recommendations, to support this technical policy work;
- Move to establish a COAG Select Council of Ministers from the Commonwealth, States and Territories to lead reform in this area at COAG next month;
- Take steps to establish an Advisory Group to the Select Council, led by Dr Jeff Harmer, to provide expert advice on delivering the foundations for reform and preparation for launch. (Gillard et al. 2011)

The response stated that, in line with Commission recommendations, work on technical policy work would include development of common assessment tools to determine eligibility for support; development of service and quality standards; development of a national pricing structure; and capacity building in the disability sector, including in relation to the workforce.

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- The Australian Government released a preliminary government response to the Commission's report on Rural Research and Development Corporations on 15 June 2011. The response stated that, while the Government acknowledged that improvements can be made to the RDC model, it would not adopt the Commission's recommendation to halve the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap. The Government also stated that it would develop a more detailed final response to the report.
 - On 25 May 2011, the Hon. Martin Ferguson, Minister for Resources and Energy released the Commonwealth Government's Response to the 2009 Productivity Commission Review of Regulatory Burden on the Upstream Petroleum (Oil & Gas) Sector. The Government agreed to a large majority (25 of 30) of the recommendations made in the Commission's report.
 - As part of the 2009-10 Budget, the Australian Government announced its intention to introduce a Paid Parental Leave scheme. The scheme introduced was closely based on that proposed in the Commission's final inquiry report on Paid Parental Leave. The Government included an income test in the eligibility rules which was not recommended by the Commission, and the Government initially 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. Subsequently, in 2011 the Government introduced provision for two weeks paternity leave in line with the Commission's recommendation.
 - The Minister for Home Affairs and Justice, the Hon. Brendan O'Connor, and Minister for Trade, the Hon. Dr Craig Emerson, announced a response to the Commission's report on Australia's Anti-dumping and Countervailing System on 22 June 2011 (Australian Government 2011d). The Government agreed or agreed in-principle with 15 of the report's 20 recommendations. These covered a range of issues, including working groups to examine the close processed agricultural goods provisions; not adopting the practice of zeroing; updating actionable subsidies to align with the latest relevant WTO agreements; arrangements for Customs to seek extensions of investigation periods; the introduction of a 30-day time limit for the Minister to make decisions; adequate resourcing for Customs and Border Protection and the Trade Measures Review Officer; advice to the Minister in investigation reports of the details of comparable recent cases in other countries; consultation with the ABS regarding better access to import data; and a five-year review of proposed reforms. The Government did not accept the Commission's recommendation concerning the introduction of a public interest test.

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- The Australian Government released a response to the Commission's report *Annual Review of Regulatory Burdens on Business – Business and Consumer Services* on 13 September 2011 (Australian Government 2011e). The Commission's report made 18 recommendations, covering issues including government consultation, superannuation, rationalisation of legacy financial products, monetary thresholds applying to overseas investment in Australia and national registration of architects. The Government accepted or accepted in principle ten of the recommendations and noted eight recommendations.
 - On 23 September 2011 the Government released a response to the Commission's report on wheat export marketing arrangements (Australian Government 2011f). The Government agreed in-principle with the Commission's recommendations to abolish the Wheat Export Accreditation Scheme, Wheat Exports Australia and the Wheat Export Charge on 30 September 2011, and remove the access test requirements for grain port terminal operators on 30 September 2014. However it proposed a more gradual, three-stage approach in transitioning to full market deregulation, involving:
 - a first stage introduction of a 'lighter touch' accreditation scheme between 1 October 2011 and 30 September 2012
 - removal in the second stage of Wheat Exports Australia and the Wheat Export Charge from 1 October 2012
 - introduction of full deregulation, with access issues governed by general competition law, in a third stage commencing from 1 October 2014.

In announcing the response, the Minister for Agriculture, Fisheries and Forestry, Senator the Hon. Joe Ludwig, stated that:

The Government supports the recommendations provided by the Commission and believes they will improve future wheat marketing arrangements. (Ludwig 2011)

Governments have not always agreed with or accepted 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 have materially contributed to policy debates in Federal, State and Territory Parliaments, as well as more generally within the media and general community.

Further evidence of usefulness

The contribution of the Commission's inquiry reports and commissioned research studies to public policy is further illustrated by the following:

- In discussing the Commission's report on carbon pricing in June 2011 the Prime Minister, Julia Gillard, said:

Last week's release by the Productivity Commission of its report, I think, was a very important contributor to the understanding that amongst seven of our top trading partners there are, identified in that report, over a thousand policies endeavouring to reduce emissions and of course with varying levels of effectiveness. (Gillard 2011)

- When announcing the release of the Commission's report on bilateral and regional trade agreements in December 2010, the Minister for Trade, the Hon. Craig Emerson, said:

The... report will provide valuable input into the review (of Australia's future trade policy framework). (Emerson and Shorten 2010)

- The introduction of the Australian Consumer Law (Bradbury 2010) drew on recommendations made by the Commission in its review of Australia's consumer policy framework.
- A final scoping study on a national not-for-profit regulator, produced by the Australian Treasury in April 2011, drew extensively on the Commission's 2010 report on the contribution of the not-for-profit sector (PC 2010d). The Government's subsequent announcement in May 2011 of the creation of a single independent regulator for the sector drew on recommendations made in the Commission report (Pro Bono Australia 2011).
- In discussing the introduction of the *Food Standards Australia New Zealand Amendment Bill 2010* on 30 September 2010, Catherine King, the Parliamentary Secretary for Infrastructure and Transport, stated:

This amendment is part of a package of reforms being pursued by the government in relation to the regulation of chemicals and plastics which followed a study by the Productivity Commission in 2008.
- The introduction of mandatory product safety reporting requirements in January 2011 drew on recommendations in the Commission's 2006 study of consumer product safety (PC 2006d).
- The Australian Government's Corporations and Markets Advisory Committee drew on the Commission's 2009 report on executive remuneration in an information paper released in July 2010 (CAMAC 2010).

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- In June 2011 the National Transport Commission (NTC 2011) drew on several Commission reports, including Chemicals and Plastics Regulation (2009) and Potential Benefits of the National Reform Agenda (2007) when discussing reform of road use regulations.
 - A report commissioned by Research Australia in October 2010 (Lateral Economics 2010) drew on a number of past Commission reports on research and development, including PC (2007a) and the Industry Commission's 1995 report (IC 1995b).
 - In discussing the *Offshore Petroleum and Greenhouse Gas Storage Amendment (National Regulator) Bill 2011* on 6 July 2011, the Hon Dick Adams MP stated
The starting point for these bills is the essential reforms identified by the Productivity Commission report and the report of the Montara Commission of Inquiry.
 - The Australian Competition and Consumer Commission drew on the Commission's 2009 upstream petroleum report when considering the authorisation of joint venture partners in the North West Shelf Gas Project in July 2010 (ACCC 2010).
 - In June 2010 the Rural Industries Research and Development Corporation made use of the Commission's 2009 report on government drought support when studying the decision making of farmers during droughts (RIRDC 2010).
 - An ABARE report on non-renewable resource taxation in Australia (Hogan and McCallum 2010) drew on the Commission's 1998 report on the black coal industry.
 - The final report of the Australian Government's Clinical Trials Action Group (2011) drew on the Commission's 2010 report on public and private hospitals when discussing pharmaceutical research and development.
 - Discussion of a potential horse industry levy by the Rural Industries Research and Development Corporation (RIRDC 2011) drew on Commission reports on rural research and development and science and innovation.
 - In announcing the Commission's inquiry into the Australian retail sector in February 2011 the Assistant Treasurer, the Hon. Bill Shorten, said:
The Productivity Commission inquiry will provide a valuable insight into the challenges faced by the Australian retail sector in a globalised shopping world, and lay the foundations for a vibrant Australian retail sector for the next 25 years. (Shorten 2011)
 - 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:

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- Inquiries or commissioned research studies current in the year were referred to on 88 separate occasions by Members and Senators in the Federal Parliament in 2010-11. Commission inquiries and reports which featured most prominently were those on international emissions reduction policies and carbon pricing, disability care and support, and aged care.
 - State and Territory members of parliament referred to current Commission inquiries and commissioned research studies on 98 occasions in 2010-11. Approximately 25 per cent of mentions related to the *Report on Government Services*, with the Commission’s report on disability care and support also featuring prominently.
 - Commission reports continued to be used to inform the work of COAG during the year, including reports on anti-dumping, chemicals and plastics regulation and upstream petroleum regulation (COAG 2011, COAG and BRCWG 2011).
 - The Grattan Institute (Daley and Lancy 2011) drew on a Commission report on local government revenue raising (PC 2008k) in a study of regional spending in Australia.
 - Skills Australia (2011) drew on a range of Commission reports, including those on national competition policy and on the workforce in the vocational education and training sector, when discussing the role of skills education in Australia.
 - In discussing the release of the Commission’s report on planning and zoning in May 2011, the Urban Taskforce stated that:

The Productivity Commission should be congratulated for its rigour, and avoiding the superficiality of others’ reviews. (Urban Taskforce Australia 2011)
 - Consideration of options for water trading by the National Water Commission (2011) drew on several inquiry and study reports, including a 2003 Commission study of GP compliance costs (PC 2003e) and the 2010 study of mechanisms for recovering water in the Murray-Darling basin (PC 2010a).
 - A consultation paper on gambling released by the Victorian Government in August 2010 (Victorian Government 2010) drew extensively on the Commission’s 2010 report on gambling (PC 2010b).
 - Continued use of Commission reports by private sector consultants in their work for government and industry clients — for example, the Commission’s 2006 report on the National Reform Agenda (PC 2006b) in a report on enhancing financial stability and economic growth (Allen Consulting Group 2011); and past Commission work on modelling an urban water system in a report on the proposed Tillegra Dam (CIE 2010).

Table C.7 Impact of Commission inquiry reports on government 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 Pigeon 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.

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

- 39 Tasmanian Freight Subsidy Arrangements (December 2006)
 In response to the Commission's draft report proposals that the subsidy schemes be phased out or abolished, the Government announced that both the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme would continue. The Commission's final report focused on reforms which would improve the efficiency and effectiveness of the schemes and the Government agreed with the Commission's substantive recommendations.
- 40 Review of Price Regulation of Airport Services (December 2006)
 The Government announced that it supported nearly all of the Commission's recommendations on a new price monitoring regime for airport services.
- 41 Road and Rail Freight Infrastructure Pricing (December 2006)
 COAG announced in April 2007 that it broadly endorsed the reform blueprint proposed by the Commission. Further, it accepted the Commission's finding that the road freight industry is not subsidised relative to rail freight on either the inter-capital corridors or in regional areas and that the appropriate focus for policy reform is on enhancing efficiency and productivity within each mode.
- 42 Safeguards Inquiry into the Import of 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 Government Drought Support (May 2009)	<p>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.</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 introduced was 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 initially 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> <p>Subsequently, in 2011 the Government introduced provision for two weeks paternity leave in line with the Commission's recommendation.</p>

- 48 *Australia's Anti-dumping and Countervailing System (December 2009)* The Government announced a response to the Commission's report on 22 June 2011 (*Australian Government 2011d*). The Government agreed or agreed in-principle with 15 of the report's 20 recommendations. These covered a range of issues, including working groups to examine the close processed agricultural goods provisions; not adopting the practice of zeroing; updating actionable subsidies to align with the latest relevant WTO agreements; arrangements for Custom to seek extensions of investigation periods; the introduction of a 30-day time limit for the Minister to make decisions; adequate resourcing for Customs and Border Protection and the Trade Measures Review Officer; advice to the Minister in investigation reports of the details of comparable recent cases in other countries; consultation with the ABS regarding better access to import data; and a five-year review of proposed reforms. The Government did not accept the Commission's recommendation concerning the introduction of a public interest test.
- 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.
- 51 *Wheat Export Marketing Arrangements (July 2010)* On 23 September 2011 the Government released a response to the Commission's report on wheat export marketing arrangements (*Australian Government 2011f*). The Government agreed in-principle with the Commission's recommendations to abolish the Wheat Export Accreditation Scheme, Wheat Exports Australia and the Wheat Export Charge on 30 September 2011, and remove the access test requirements for grain port terminal operators on 30 September 2014. However it proposed a more gradual, three-stage approach in transitioning to full market deregulation.

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Table C.7 (continued)

Inquiry report	Government response to Commission findings and/or recommendations
52 Rural Research and Development Corporations (February 2011)	<p>The Australian Government released a preliminary government response to the Commission's report on Rural Research and Development Corporations on 15 June 2011. The response stated that, while the Government acknowledged that improvements can be made to the RDC model, it would not adopt the Commission's recommendation to halve the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap. The Government also stated that it would develop a more detailed final response to the report.</p>
54 Disability Care and Support	<p>On 10 August 2011 the Australian Government provided an initial response to the Commission's report (Gillard et al. 2011). The response supported 'the Productivity Commission's vision for a system that provides individuals with the support they need over the course of their lifetime, and wants reform of disability services that is financially sustainable.' The response stated that, in line with Commission recommendations, work on technical policy work would include development of common assessment tools to determine eligibility for support; development of service and quality standards; development of a national pricing structure; and capacity building in the disability sector, including in relation to the workforce.</p>

^a Additions or significant changes to the table published in the 2009-10 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 2011 there were more than 265 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2010-11. The projects of most interest were the inquiries on aged care (68 129 requests), disability support (67 670 requests) and urban water (20 169 requests), and the research study on emissions reduction policies (22 448 requests). Other heavily accessed web pages were for the 2010 and 2011 *Reports on Government Services* (18 328 and 20 293 requests, respectively) and the 2009 *Overcoming Indigenous Disadvantage* report (17 815 requests). Speeches by the Commission's Chairman attracted more than 36 000 requests. Even after an inquiry or research study is completed, community interest can remain high. For example, during the year, the web pages for the Commission's 2009 inquiry on Australia's gambling industries received over 25 000 requests; the Commission's 2009 inquiry on paid parental leave received over 11 500 requests; and the 2010 study of the contribution of the not-for-profit sector received over 16 000 requests.
- Inquiry and commissioned research reports typically receive wide media coverage. In 2010-11 there were 41 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on gambling, urban water and anti-dumping and studies on international carbon policies and bilateral and regional trade agreements.
- Inquiries current in 2010-11 received over 5 900 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 inquiries into aged care and disability accounted for a significant share of total mentions. New work suggestions accounted for over 14 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 94 invitations the Commission accepted in 2010-11 to present papers on inquiries and commissioned studies to business, community and other groups — in particular, on the Commission's aged care, disability care and support and urban water inquiries (table F.1).

Performance reporting and other services to government bodies

At the request of the Government, the Commission undertakes a number of major activities in this output group. It provides secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision in respect of the annual *Report on Government Services*; the regular *Overcoming Indigenous Disadvantage* report; the two yearly *Indigenous Expenditure 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.

Activities in 2010-11

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

- Indigenous Expenditure Report *2010 Service Use Measure Definitions Manual* (September 2010)
- 2010 Indigenous Expenditure Report (forthcoming report to COAG)
- Report on Government Services 2011, two volumes (and supporting tables on website, January 2011)
- Report on Government Services 2011: Indigenous Compendium (April 2011)
- National Agreement performance information 2009-10: National Healthcare Agreement (December 2010)
- National Agreement performance information 2009-10: National Affordable Housing Agreement (December 2010)
- National Agreement performance information 2009-10: National Disability Agreement (December 2010)
- National Agreement performance information 2009-10: National Indigenous Reform Agreement (December 2010)
- National Agreement performance information 2009: National Agreement for Skills and Workforce Development (June 2010)
- National Agreement performance information 2009: National Education Agreement (June 2010)

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- Data gaps in education and training National Agreement reports (provided to Heads of Treasuries Committee on Federal Financial Relations on 17 September 2009)
 - Expenditure Data Manual: 2010 Indigenous Expenditure Report
 - Service Use Measure Definitions Manual: 2010 Indigenous Expenditure Report.

Review of Government Service Provision

Heads of Government (now the Council of Australian Governments or COAG) established the Review of Government Service Provision (the Review) to provide information on the equity, efficiency and effectiveness of government services in Australia.

In 2009, COAG endorsed the findings and recommendations of a high level review of RoGS. COAG recognised the RoGS as ‘the key tool to measure and report on the productive efficiency and cost effectiveness of government services’ and in 2010 agreed to a new terms of reference and charter of operations for the Review, as well as a new terms of reference for the RoGS (www.pc.gov.au/gsp/review/tor; COAG 2010).

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.

In February 2011, COAG transferred responsibility for the Indigenous Expenditure Report from a separate IER Steering Committee (for which the Productivity Commission provided Secretariat support) to the Steering Committee for the Review of Government Service Provision (for which the Productivity Commission also provides support).

The inaugural *Indigenous Expenditure Report* was released on 28 February 2011. It provided, for the first time, comprehensive and comparable information on expenditure by the Australian, State and Territory Governments on both Indigenous specific services and the estimated Indigenous share of mainstream services for 2008-09.

Report on Government Services

The sixteenth Report on Government Services was released in January 2011. The Report emphasises reporting of outcomes, consistent with the demand by governments for outcome-oriented performance information, with 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 2010 and 2011 Reports, with 52 per cent of indicators fully comparable in 2011 (compared with 51 per cent in 2010). The proportion of indicators reported on, but not fully comparable, reduced from 31 per cent in 2010 to 29 per cent in 2011. The proportion of indicators with no reporting against them increased from 18 per cent in 2010 to 19 per cent in 2011 (figure C.2).

Figure C.2 Comparability of indicators

Per cent

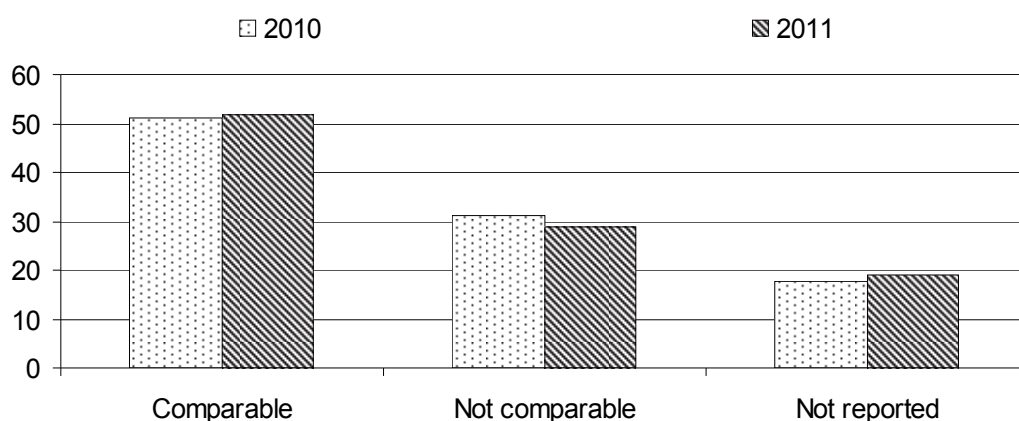


Table C.8 provides an overview of indicators reported on a directly comparable basis across jurisdictions in each service area for the 2011 Report.

Table C.8 Comparability of indicators, 2011 Report on Government Services^{a,b}

<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–2011</i>
<i>Early childhood, education and training</i>					
Children’s services (1997)	14	66.7	–	–	+14
School education (1995)	11	64.7	–	–	+10
Vocational education and training (1995)	10	83.3	-1	-2	+2
<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	66.7	+2	–	+2
<i>Health</i>					
Public hospitals (1995)	8	50.0	+2	+1	+2
Maternity services (2001)	4	40.0	+1	–	+5
Primary and community health (1999)	27	96.4	+4	+5	+23
Breast cancer detection/management (1998)	7	63.6	–	–	+11
Mental health management (1999)	9	75.0	+4	+1	+6
<i>Community services</i>					
Aged care services (1997)	16	88.9	+2	+2	+10
Services for people with a disability (1997)	8	57.1	+1	+1	+3
Child protection and out-of-home care (1995)	4	33.3	–	-6	–
Juvenile justice (2009)	4	36.4	+2	+5	+11
<i>Housing and homelessness</i>					
Public housing (1995)	10	100.0	-1	-1	-3
State owned and managed Indigenous housing (2002)	10	100.0	-1	-1	–
Mainstream community housing (1997)	2	22.2	–	-1	+9
Indigenous community housing (2008)	2	28.6	-2	–	–
Commonwealth Rent Assistance (1999)	9	90.0	–	–	+10
Supported Accommodation and Assistance Program (1995)	12	80.0	–	-1	+11

^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. ... Not applicable. – Nil or rounded to zero.

Sources: SCRCSSP (1995–2002); SCRGSP (2003–2010a, 2011).

Particular improvements in the 2011 Report include:

- Children's services — reporting new child care staff tenure data in Australian Government approved child care services sourced from the *National Early Childhood Education and Care Workforce Census 2010*; improved reporting of contextual information on management type of children's services to include the additional category of non-government schools sector; and updated income levels for reporting out of pocket costs for child care
- School education — extending the time series for the indicators 'retention' and 'student-to-staff ratio'; further alignment with National Education Agreement (NEA) and National Indigenous Reform Agreement (NIRA) indicators for 'reading performance', 'writing performance' and 'numeracy performance' with inclusion of mean scale scores and achievement bands, by Indigenous status for National Assessment Program — Literacy and Numeracy (NAPLAN) testing, and commencement of a time series for all NAPLAN data; reporting 2009 Programme for International Student Assessment (PISA) results for the indicators 'reading performance', 'numeracy performance', and 'science literacy performance'; reporting outcomes of the year 6 2009 Science Literacy National Assessment Program (NAP) for the indicator 'science literacy performance'; and, reporting the outcomes of the years 6 and 10 2008 Information and Communication Technologies NAP for the indicator 'information and communication technologies performance'
- Vocational education and training — co-location of data for the Indigenous cohort of students and graduates with those for the general cohort to make comparisons easier; reporting additional data for non-Indigenous students and graduates across various indicators; expanded scope for 'government funded' activity and reporting of associated training and expenditure data; reporting a new measure of Qualification Equivalents (by Indigenous status) under the 'skill profile' indicator; and, replacing TAFE graduates data with data for 'government funded VET' graduates for measures under the 'student employment and further study outcomes' and 'student satisfaction with VET' indicators, to capture VET activity funded by government more comprehensively
- Police services — reporting data from all jurisdictions for the first time for the indicator 'Indigenous staffing', enabling its status to change from incomplete to complete; reporting 2008-09 data for the indicators 'Crime victimisation' and 'Reporting rates', improving their timeliness and completeness, as the most recent previous data reported were for 2005 and were not available for some sub-categories for some jurisdictions; and, inclusion of two mini-case studies
- Court administration — ongoing improvements in consistency and integrity of data reported by all jurisdictions
- Emergency management — inclusion of a mini-case study

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- Health preface — inclusion of measures to align with National Healthcare Agreement (NHA) and National Indigenous Reform Agreement (NIRA) indicators, reporting data on the net growth in the health workforce for selected professions, the proportion of people who accessed health services by health status, health risk factors such as rates of risky alcohol consumption, smoking and obesity, for states and territories (previously only national data were reported), the incidence of selected cancers, infant (0–1 year), child (1–4 year) and total infant and child, (0–4 year) mortality (previously only infant mortality was reported), potentially avoidable deaths, and low birth weight babies by Indigenous status of mother
 - Public hospitals — inclusion of measures to align with NHA and National Indigenous Reform Agreement (NIRA) indicators, reporting data on ‘unplanned/unexpected readmissions within 28 days of selected surgical admissions’ replacing the ‘unplanned readmission rates’ indicator, ‘healthcare associated staphylococcus aureus bacteraemia in acute care hospitals’ replacing the ‘surgical site infection rates’ indicator, and inclusion of ‘falls resulting in patient harm in hospitals’ and ‘intentional self harm in hospitals’; revisions to the definitions of two sentinel event categories to align with national definitions endorsed by Health Ministers in 2009, improve data comparability across states and territories; and, better quality data for reporting on the indicator ‘vaginal birth following a previous caesarean’, with full coverage of births according to national definitions
 - Primary and community health — addition of indicators and measures to align with NHA and NIRA indicators ‘developmental health checks’, ‘GP waiting times’, ‘GP-type visits to emergency departments’, ‘patient satisfaction’ and ‘child immunisation coverage’, reflecting immunisation coverage for children aged 60–63 months; data for ‘bulk billing rates’ are reported by age for the first time; and, data reported on ‘management of upper respiratory tract infections’ are improved in terms of specificity and completeness
 - Health management — reporting data for ‘Participation rate of women from selected community groups in the BreastScreen Australia Program’, improving its timeliness, as the most recent previous data reported were for the 24 month period 2005 and 2006; refined reporting on the mental health indicator ‘services reviewed against the national standards’, by inclusion of data on additional categories relating to the achievement of standards; reporting of an additional measure for the mental health indicator ‘collection of outcomes information’; and inclusion of the indicator ‘clinical mental health service use by special needs groups’, which measures access to mental health services by geographic location, Indigenous status and by the Socio-Economic Index for Areas (SEIFA), to align with the NHA

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- Community services preface — relocation of Supported Accommodation Assistance Program (SAAP) reporting to section G, the new ‘Housing and homelessness’ sector summary; revising the expenditure section text and data on the community services sector, improving its timeliness by two years and its coverage to a broader set of services; and updating data and information on projections of demographics and their effects on demand for community services
 - Aged care — reporting new measures for the indicator ‘compliance with service standards in community care’ for the Community Aged Care Packages (CACAP), Extended Aged Care at Home (EACH), EACH Dementia (EACH-D) and the National Respite for Carers Program (NRCP) programs; and, inclusion of indicators and measures to align with NHA aged care indicators ‘operational aged care places’, ‘selected adverse events in residential aged care’ and hospital patient days (for overnight separations only) used by patients who are waiting for residential aged care
 - Services for people with disability — reporting ‘assistance for younger people in residential aged care’ as an indicator for the first time and including additional measures; reporting on inclusion of people in need of assistance with independent living (AIL) or assistance with work, education and community living (AWEC) for the indicator ‘Service use by severity of disability’; reporting WA data for the ‘client and carer satisfaction’ with specialist disability services indicator for the first time; and, alignment with relevant NDA indicators, including additional data disaggregations for specific age groups and sex for the access to appropriate services on the basis of relative need indicators
 - Protection and support services — consistent reporting of child protection activity data for the age range 0–17 years (prior to 2009-10, the rates of children subject to notifications, investigations and substantiations were calculated for children aged 0–16 years, while the rates of children on care and protection orders and in out-of-home care were calculated for children aged 0–17 years); six jurisdictions reporting performance data for the effectiveness indicator ‘safety in out-of-home care’, compared with five previously; seven jurisdictions reporting proportions of expenditure across child protection Pathway activity groups, compared with five previously; for the first time, five jurisdictions reporting experimental unit cost data for four Pathways activity groups; for the first time, reporting a figure for the efficiency indicator ‘Out-of-home care expenditure per placement night’; reporting where applicable, child protection, out-of-home care and intensive family support services data, disaggregated by ‘Indigenous’, ‘non Indigenous’, ‘unknown Indigenous status’ and ‘total children’; reporting performance data for five new juvenile justice performance indicators, ‘group conferencing outcomes’, ‘assaults in custody’, ‘self-harm and attempted suicide in custody’, ‘completion of orders’, and ‘centre utilisation’

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- Housing and homelessness sector summary — included for the first time and is aligned with the National Affordable Housing Agreement (NAHA)
 - Housing — inclusion of new measures for the ‘affordability’ indicator for public housing, SOMIH and community housing to align with NAHA performance reporting; and, adopting the Canadian National Occupancy Standard for reporting the ‘match of household to dwelling size’ indicator for public housing, SOMIH and community housing, to align with NAHA performance reporting
 - Homelessness services — has been included for the first time and is aligned with the NAHA.

There was also an expansion of time series reporting in many chapters and inclusion of additional data quality information for many indicators.

The Review continues efforts to improve reporting on service provision to Indigenous Australians. Improvements were made to Indigenous data for the School education, Vocational education and training, Health (preface) and Protection and support chapters in the 2011 Report. The Indigenous Compendium to the Report, released in April 2011, provides an easily accessible collation of all Indigenous data from the Report, and complements the information in the separate Overcoming Indigenous Disadvantage and Indigenous Expenditure 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 2011 edition of the OID was released in August. 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 on average 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.

Indigenous Expenditure Report

In 2007, COAG agreed to the reporting of Indigenous expenditure. 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 method and future development process, was endorsed by COAG in July 2009.

The inaugural *Indigenous Expenditure Report* was released on 28 February 2011. It provided, for the first time, comprehensive and comparable information on expenditure by the Australian, State and Territory Governments on both Indigenous specific services and the estimated Indigenous share of mainstream services for 2008-09.

The *2010 Indigenous Expenditure Report* was supported by two companion manuals which documented in detail the methods, data sources and interpretation issues underpinning the estimates:

- *2010 Report Expenditure Data Manual*
- *2010 Report Service Use Measure Definitions Manual*.

In February 2011 COAG transferred responsibility for the Indigenous Expenditure Report to the Steering Committee for the Review of Government Service Provision, which also produces the Overcoming Indigenous Disadvantage report and the Report on Government Services. The Productivity Commission continues to provide secretariat services for *Indigenous Expenditure Report* development through its support of the Review Steering Committee.

A supplement to the *2010 Indigenous Expenditure Report*, which provides estimates of Australian Government expenditure by state and territory, was released on 15 September 2011. This supplement complements the 2010 Report and enables the estimation of the total government resources committed in each state and territory.

Development of the 2012 *Indigenous Expenditure Report* has commenced and this second instalment in the series is expected to be released in mid-2012.

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 the most appropriate methodologies — thereby increasing confidence in the 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 14 national working groups comprising representatives from over 80 government agencies. It also 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.

The Review has an ongoing program of consultation on the *Overcoming Indigenous Disadvantage* report. Following the release of the 2011 report, consultations have commenced with government agencies, Indigenous communities and Indigenous organisations across Australia.

Timeliness

The 2011 Report on Government Services and its Indigenous Compendium, the *Overcoming Indigenous Disadvantage: Key Indicators 2011*, the six National Agreement reports and four National Partnership 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 46 mentions of performance information sourced to the 2011 (and earlier) editions of the Report on Government Services used in parliamentary proceedings by government and opposition members in Federal and State parliaments during 2010-11.
- A number of journal articles and publications across a wide range of disciplines used the 2011 Report (and earlier editions) 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; BMC Public Health; Urban Policy and Research; Journal of Risk Research; Economic Record; Children Australia; International Journal of Public Sector Management; Policing and Society; Australian Journal of Public Administration; Australasian Journal of Early Childhood and Australian Educational Researcher.

Other indicators of usefulness from 2010-11 were:

- endorsement of the general performance framework, and most of the indicators and measures contained in the 2011 Report by an Independent Reference Group
- the international Forum of Federations partnership with the Review secretariat in an international roundtable on 'Benchmarking in Federal Systems' (October 2010)
- high levels of demand with nearly 1500 bound copies of the 2011 Report distributed by the Commission and there were more than 24 000 HTML page requests for the Government Service Provision index page on the Commission's website in 2010-11. There were more than 32 500 HTML page requests for the Report on Government Services during 2010-11 compared with more than 25 500 HTML page requests for the Report on Government Services during 2009-10. Earlier editions continued to be accessed from the website — with over 51 000 additional page requests during 2010-11
- extensive media coverage of the *2011 Report on Government Services*. There were 146 press articles drawing on the report in the year to 30 June 2011 compared with 139 the previous year (based on the two most report-relevant categories of Commission media monitors)
- use of data by researchers: for example, data on protection and support services were used in the AIHW's report *Child Protection Australia (2009-10)*; data on VET course completions were used in the NT Government's *How we're going - data snapshots (2011)*; data on government real recurrent expenditure on VET per annual hour were used in Box Hill Institute's *Response to the Vocational Education and Training Fee and Funding Review (1 July 2011)*; various data on VET were used in News Update of the Association of Independent Schools of SA (15 Feb 2011); data on Australian Government funding for schools were used in a Parliament of Australia Background note (January 2011); data on total cost per casemix adjusted separation (recurrent cost plus Secretariat estimates of capital costs per casemix adjusted separation) were used in the AIHW's *Australian Hospital Statistics (2009-10)*.

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- use of data by other areas of the Commission: for example, data were used in the Vocational Education and Training Workforce report on Indigenous representation in VET (2010, p. 23), recurrent government expenditure for VET (2010, p. 79) and recurrent funding by all governments for VET (2011, p. 67); data were used in the Early Childhood Development Workforce draft report on early childhood education and care services in Australia (2011, p. XXIII of overview), early childhood education and care services (2011, pp. 14, 16), population usage of early childhood development services (2011, pp. 17-18), funding streams for early childhood development services (2011, pp. 19-20), volunteers in early childhood development services (2011, p 42), proportion of profit v non profit providers of childhood development services (2011, p. 107), attendance rates in remote and very remote areas (2011, p 149) and participation of Indigenous children in ECEC services (2011, pp 265-266); data were used in the Caring for Older Australians inquiry on Indigenous people who need culturally and linguistically appropriate care (2010, p. 49), age related rates of disability for Indigenous people (2010, p. 49) and total direct government expenditure of aged care services (2011, p. 29); the Disability Care and Support Inquiry report used data on public housing containing a household member with disability (2010, pp. 241-242), users of specialist disability services (2011, pp. 96-97, 101, 194), people with disability receiving Commonwealth Rent Assistance (2011, p. 241), CSTDA funded services for Indigenous and non-Indigenous people with disability (2011, p. 537), estimated costs of employment services for people with disability (2011, pp. 695, 697-698) and total government expenditure for the disability sector (2011, pp. 777-778)
 - widespread use of the 2011 (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 then 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.

National Agreement reporting

The second cycle of National Agreement reporting, covering healthcare, affordable housing, disability services and Indigenous reform, was delivered on schedule to the COAG Reform Council on 23 December 2010. This completed the second cycle of performance reporting by the Steering Committee on all six National Agreements under the IGA.

The third cycle of National Agreement reporting, covering the education and training sectors, was delivered on schedule to the COAG Reform Council on 30 June 2011. This third cycle continued to focus on measuring change over time, but following a request from the CRC only included current year data (historical data were not provided unless new or revised since the previous reports), as well as outlining the key changes from the second cycle report including a new indicator for employer perspectives on training outcomes.

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 MCFRR 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 across all six National Agreements during 2009-10. A draft report on data gaps following the second cycle of National Agreement education and training reporting was provided to the Committee in September 2011. The Committee has not requested further reports to date, with other COAG reviews superseding these reports.

At its 7 December 2009 meeting, COAG agreed to a high level review of the NAs, NPs and implementation plans (IPs). On 13 February 2011, COAG noted a report on this review and agreed to further reviews of the performance indicator frameworks within each NA (COAG 2011a). The reviews for all six NAs are due to be completed by end-June 2012. It is anticipated that the outcomes from this review will be considered in the future cycles of NA reporting.

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:

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- receive and investigate complaints on the application of competitive neutrality to Australian 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 although this is dependent, in part, on the timely co-operation of parties related to the complaint. The Office also aims to undertake reporting and associated activities that are of a high standard and useful to government.

Activities in 2010-11

Complaints activity

The AGCNCO received six formal complaints during 2010-11 (table C.9). It also received numerous inquiries that involved considerable investigative work to determine whether a formal investigation of the complaint should be undertaken. Details of the complaints received, including the action taken, are reported in appendix D.

Advice on the application and implementation of competitive neutrality

An important role of the AGCNCO is to provide formal and informal advice on competitive neutrality matters and to assist agencies in implementing competitive neutrality requirements. During 2010-11, 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.

Table C.9 Formal competitive neutrality complaints, 2006-07 to 2010-11

<i>Activity</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>	<i>2009-10</i>	<i>2010-11</i>
Written complaints received	1	1	0	0	6
Action:					
New complaints formally investigated	1	–	–	–	3 ^a
Complaints investigated but not proceeding to full report ^b	–	1	–	–	3
Complaints not investigated	–	1	–	–	–
Reports completed	–	1	–	–	–
Complaints on hand (30 June)	1	–	–	–	4 ^c

^a These three complaints related to the same matter — the pricing and expected rate of return of NBN Co — and are being investigated jointly. ^b Includes: complaints subject to preliminary investigation but for which no prima facie evidence of a breach of competitive neutrality policy was found; and complaints investigated and resolved through negotiation. ^c Includes three complaints relating to the same matter (NBN Co) plus one not proceeding to a full report.

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 of the quality of the AGCNCO’s work.

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

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

Timeliness

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

Formal investigations can require the Office to request significant amounts of information from complainants and the government business subject to complaint and, in some instances, extended periods of consultation. The timely co-operation of parties relevant to the complaint can also be variable. In these situations the Office is not always able to meet a 90-day time limit on formally reporting on complaints.

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 have 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.

During 2010-11 there were close to 6200 external requests to the website for AGCNCO investigation reports and about 1500 external requests for AGCNCO research publications.

Supporting research and activities and statutory annual reporting

While much of the Productivity Commission's research activity is determined externally, 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 will provide 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 reports which are of a high standard, timely and useful to government and which raise community awareness of microeconomic policy issues.

Activities in 2010-11

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 2009-10, tabled in Parliament on 16 November 2010, which focused on evidence-based policy and evaluation
 - a companion publication on trade and assistance issues, released in June 2011
- submissions to the Rural Research and Development Council and the Taskforce on the Sustainable Population Strategy for Australia
- a published speech by the Chairman on structural reform, as well as several other presentations by the Chairman posted on the Commission's website
- the Richard Snape Lecture, *The Challenges for Trade Policy in a Dynamic World and Regional Setting: An Indonesian Perspective*, delivered by Dr Mari Pangestu (Indonesia's Minister of Trade) on 22 November 2010
- four Staff Working Papers on intangible assets and productivity growth, childhood obesity, the links between literacy and numeracy and labour market outcomes, and the labour force participation of women over 45 years of age

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- 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 2010-11 are listed in box C.3. Research projects underway at 30 June 2011 are shown in box C.4.

Richard Snape Lectures

The presentation by Dr Mari Pangestu, Indonesia's Minister for Trade, was the eighth 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), Vittorio Corbo (Governor of the Central Bank of Chile, 2003–2007), and 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).

The next lecture will be given by Dr Roberto Newell (a former senior partner at McKinsey and the inaugural President of the Mexican Institute for Competitiveness).

Box C.3 Supporting research and annual reporting publications, 2010-11

Annual report suite of publications

Annual Report 2009-10

Trade & Assistance Review 2009-10

Submissions

Submission to the Rural Research and Development Council

Submission to the Taskforce on the Sustainable Population Strategy for Australia

Chairman's published speeches

Successful Reform: Past Lessons, Future Challenges

Conference/workshop proceedings

A 'Sustainable' Population? - Key Policy Issues

Commission Research Paper

Population and Migration:
Understanding the Numbers

Staff working papers

Investments in Intangible Assets and
Australia's Productivity Growth: Sectoral
Estimates

Childhood Obesity: An Economic
Perspective

Links Between Literacy and Numeracy
Skills and Labour Market Outcomes

Labour Force Participation of Women
Over 45

2010 Richard Snape Lecture

The Challenges for Trade Policy in a Dynamic World and Regional Setting: An Indonesian Perspective (Dr Mari Pangestu)

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)

Box C.4 Supporting research projects underway at 30 June 2011

Multifactor productivity growth cycles at the industry level	An analysis of the effect of product market competition on innovation and productivity in Australia
Productivity in the electricity, gas and water industries	Recent developments in the returns to factors of production
Setting priorities in services trade reform (ARC Linkage Grant)*	Structural change and productivity
Partial input and productivity measures as indicators of environmental impacts	Interactions between trade and employment in Australia
The determinants of major forms of work in Australia	Determinants of Indigenous labour market outcomes
Historical validation using the Monash Multi Regional Forecasting (MMRF) model	Tackling the tough problems in productivity measurement (ARC Linkage Grant)*
Utilisation of social science research (ARC Linkage Grant)*	Assessing the social and fiscal policy implications of an ageing population (ARC Linkage Grant)*
The distributional impact of health outlays: developing the research and modelling infrastructure for policy makers (SPIRT project)*	

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

- 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 94 presentations given by the Chairman, Commissioners and staff in 2010-11 are provided in appendix F.

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 sectoral estimates of investment in intangible assets and productivity growth included:

- consultations with a range of external parties and sectoral experts
- the use of internal and external referees, including referees from the Australian Bureau of Statistics, Imperial College London and Statistics Canada
- further assistance from the Australian Bureau of Statistics through the provision of unpublished data.

Research projects can involve consultations with key interested parties on the issues they view as important and to obtain access to information. 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 2010-11 were drawn from Curtin Business School, the Australian Bureau of Statistics, Imperial College London, Statistics Canada, the Australian Centre for Economic Research on Health and Deakin University.

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

- invitations from the OECD and the WTO during the year to discuss regulatory reform, trade reform and the results of recent productivity research
- an invitation from the Economics Society of Australia for Commission staff to present a Master Class on productivity at the 2011 Australian Economic Forum
- invitations during the year for the Commission to be a research partner in ARC linkage projects
- shortlisting of the Chairman's published speech on *Successful Reform: Past Lessons, Future Challenges* for the 2011 John Button Essay Prize
- the large number of international delegations and visitors in 2010-11 that visited the Commission to discuss aspects of its research program and findings (table F. 2).

Timeliness

The Commission's annual report for 2009-10, which included a theme chapter on evidence-based policymaking and evaluation, was completed on schedule on 14 October 2010 and tabled in Parliament on 16 November 2010. The annual report

companion volume (*Trade & Assistance Review 2009-10*), 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 2010-11 include the following:

- Past Commission research in a diverse range of areas continued to be used in 2010-11, demonstrating the considerable 'shelf life' of Commission research outputs. For example, Commission research on trends in agriculture (PC 2005e) was used in discussing the implications of labour skills shortages (Broad 2011), and by the National Farmers' Federation in their *Annual Review 2010-11* (NFF 2011); past Commission research on structural change (PC 1998b) and trends in Australian manufacturing (PC 2003d) was used in a Reserve Bank of Australia research paper on structural change in the Australian economy (Connolly and Lewis 2010); past research on productivity in wholesale and retail trades (Johnston et al. 2000) was used by the Department of Resources, Energy and Tourism when discussing productivity in the tourism sector (DRET 2010); the Australian Government Information Management Office released a draft report on the use of ICT in April 2011 (AGIMO 2011) which drew on a 2004 Commission research paper on ICT use and productivity (PC 2004f); and research undertaken by Commission staff on business failure (Bickerdyke, Lattimore and Madge 2000) was used by the Senate Economics Committee in a report on insolvency practitioners in Australia in September 2010.
- Commission research on health and ageing continued to be widely used throughout the year. For example, an Access Economics report produced for Alzheimer's Australia drew on the Commission's 2008 research paper on trends in aged care services when discussing dementia care policies (Access Economics 2010); a Bills Digest on aged care produced by the Parliamentary Library in June 2011 also drew on the Commission's 2008 aged care trends paper; and a Queensland University of Technology research paper on the use of the internet by older Australians (Haukka 2011) released in June 2011 drew on Commission research on population ageing (PC 2005b).

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- The OECD also continued to make widespread use of Commission research within its own published research in 2010-11. This included research on intangible assets and productivity growth (Barnes and McClure 2009) in a paper on entrepreneurship, industry and local development (OECD 2010b); research on productivity performance (Dolman, Parham and Zheng 2007) and infrastructure financing (Chan et al. 2009) in its economic survey of Australia (OECD 2010a); and use of Commission submissions on infrastructure (PC 2008i) and productivity (PC 2009e) in a paper on meeting infrastructure needs in Australia (Giorno 2011).
 - The Commission's environmental research continued to be used throughout the year. For example, the Commission's 2008 submission to the Garnaut Climate Changes Review was used by the Garnaut Review in an update paper released in March 2011 (Garnaut Climate Change Review 2011); and research on modelling water trading (Peterson, Dwyer, Appels and Fry 2004) was used by the OECD in a paper on water governance in the Murray-Darling Basin (OECD 2011).
 - Commission research outputs on labour markets continued to be widely used throughout the year. For example, a report on lifting the quality of teaching and learning in higher education by the Business Council of Australia (2011) drew on recent research on the effects of education and health on wages and productivity (Forbes, Barker and Turner 2010); and use of the Commission's productivity submission (PC 2009e) in a speech by the Minister for Infrastructure and Transport, Anthony Albanese (Albanese 2011).
 - Recent Commission research outputs on evidence-based policy and evaluation, including the Commission's 2011 Roundtable Proceedings and the 2009-10 Annual Report, were used in a speech delivered in August 2010 on evaluation by David Tune, Secretary of the Department of Finance and Deregulation (Tune 2010).
 - 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 seven editorials in major newspapers in 2010-11. To 30 June 2011, for the reports listed in box B.3, there were more than 32 500 external requests for the index pages on the Commission's website. There was a total of more than 141 000 external requests for the 71 supporting research reports for which website usage was tracked, and more than 36 000 requests for speeches by the Commission's Chairman.