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# A Management and accountability

**This appendix provides information on the management and accountability of the Commission, as well as additional information in accordance with parliamentary requirements for departmental annual reports.**

## Overview

### Role and structure

The Commission — established under the *Productivity Commission Act 1998* — is the Australian Government’s principal review and advisory body on microeconomic policy and regulation. Information about the Commission’s objectives is contained in the overview to chapter 2. Further information on the Commission’s role is available on its website and in its first annual report (PC 1998, pp. 25–36).

The Commission comprises its Chairman and between four and 11 other Commissioners, appointed by the Governor-General for periods of up to five years. Associate Commissioners can be appointed by the Treasurer for terms of up to five years or for the duration of specific inquiries. The work of the Commission is assisted by employees who are employed under the *Public Service Act 1999*.

The Commission’s structure and senior staff at 30 June 2006 are shown in figure A.1.

### Commissioners

At 30 June 2006 there were nine Commissioners, including the Chairman. Four Commissioners were part-time appointments.

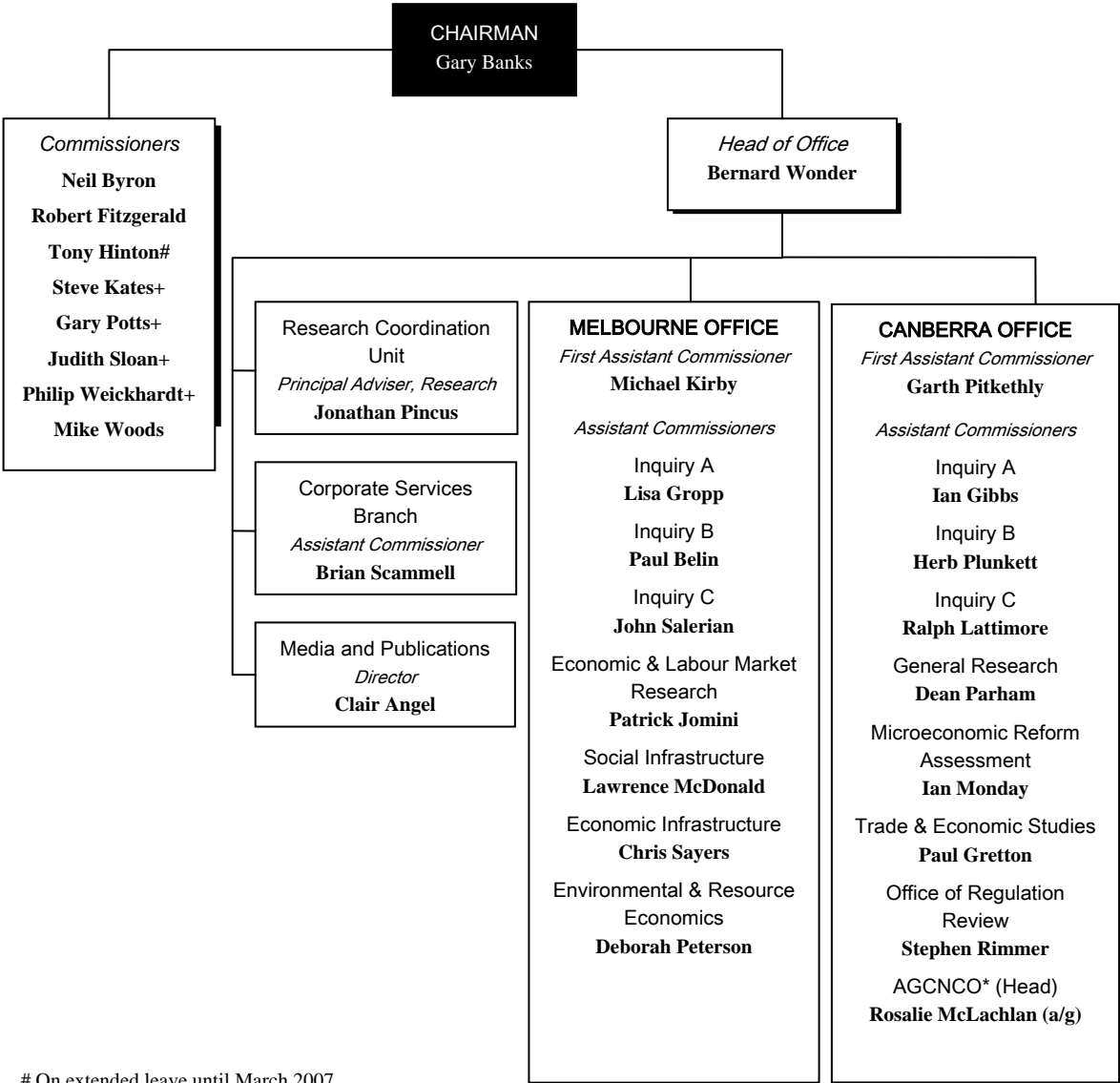
Commissioner Helen Owens retired on 14 April 2006.

A number of appointments and re-appointments were made during the year.

Mr Gary Potts and Dr Steven Kates were appointed as part-time Commissioners for three years from 17 April 2006. Mr Potts was an Associate Commissioner on the Commission’s 2004-05 review of Part X of the Trade Practices Act. He has had long service in the Australian Treasury, latterly as Deputy Secretary. Since leaving

Treasury four years ago, he has been engaged on a number of consultancies for the Australian Government and is a director of AGEST Pty Ltd and of TOP Pty Ltd. He is also a member of the Pooled Development Funds Registration Board. Dr Kates was for many years Chief Economist with the Australian Chamber of Commerce and Industry. He lectures in economics at the RMIT and will continue in this academic position in conjunction with his part-time Commissioner role.

**Figure A.1** Productivity Commission structure and senior staff, 30 June 2006



# On extended leave until March 2007  
 + Part-time Commissioners  
 \* Australian Government Competitive Neutrality Complaints Office  
 a/g acting

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Commissioner Michael Woods was re-appointed but moved to a full-time basis for a period of five years from 17 April 2006. Commissioner Judith Sloan was re-appointed on a part-time basis for a period of four years from 17 April 2006. (The Government also appointed Prof Sloan as a part-time Commissioner of the Australian Fair Pay Commission during the year.)

Commissioner Tony Hinton is on extended leave until March 2007.

Biographical information on Commissioners is available on the Commission's website.

### **Associate Commissioners**

At 30 June 2006 two Associate Commissioner appointments were current.

On 4 April 2006 Professor Cliff Walsh was appointed on a part-time basis for the duration of the inquiry on road and rail freight infrastructure pricing. Professor Walsh is Professor Emeritus at Adelaide University. He has had a long and distinguished academic career, including a period as Director of the Federalism Research Centre at the Australian National University.

On 4 April 2006 Mr Paul Coghlan was appointed on a part-time basis for the duration of the government-commissioned study on standard setting and laboratory accreditation. Mr Coghlan has previously headed the Office of Regulation Review. Since retiring from the Australian Public Service he has been involved with charities and is a member of the Housing Review Committee in the ACT.

Associate Commissioner appointments during 2005-06 are listed in table A1.2 of attachment A1.

### **Staff**

The average staffing level during 2005-06 was 193 compared to 192 in 2004-05.

Staff turnover — excluding departures from end-of-contract and voluntary redundancy packages — increased marginally from 11 per cent in 2004-05 to 13 per cent in 2005-06. Turnover in the Melbourne office (15 per cent) was higher than in the Canberra office (11 per cent).

The Commission recruited 37 staff during the year, including six through its graduate recruitment program.

Statistical information on staffing is provided in tables A1.3 to A1.5 of attachment A1.

## Outcome, outputs and resources

The financial and staffing resources devoted to the achievement of the Government's desired outcome objective for the Commission — outlined on page 20 — through the provision of five mandated outputs, are summarised in table A.1. Further information on these matters is provided in appendix B.

## Governance

The Commission's governance arrangements are designed to achieve efficient, effective and ethical use of resources in the delivery of the Commission's mandated outputs. The arrangements are also designed to ensure compliance with legislative and other external requirements in regard to administrative and financial management practices.

In keeping with good governance principles, the Commission's governance arrangements encompass:

- establishing clear responsibilities for decision making and the undertaking of mandated activities;

Table A.1 **Financial and staffing resources summary**

	Budget 2005-06	Actual 2005-06 <sup>a</sup>	Budget 2006-07 <sup>b</sup>
<b>Price of Outputs</b>	\$'000	\$'000	\$'000
Output 1.1 – Government commissioned projects	14 000	14 092	14 100
Output 1.2 – Performance reporting and other services to government bodies	3 900	4 022	4 700
Output 1.3 – Regulation review activities	2 800	2 798	2 800
Output 1.4 – Competitive neutrality complaints activities	300	222	200
Output 1.5 – Supporting research and activities and statutory annual reporting	7 332	6 737	6 756
<b>Total Price of Outputs</b>	<b>28 332</b>	<b>27 871</b>	<b>28 556</b>
Revenue from Government	24 247	28 449	28 471
Revenue from other sources	85	94	85
<b>Total Resources</b>	<b>28 332</b>	<b>28 543</b>	<b>28 556</b>
	2005-06	2005-05	2006-07
Commissioner/staff years (number)	200	193	193

<sup>a</sup> Actual expenditure across output groups responds to demands during the year, particularly work commissioned under terms of reference by the Government. <sup>b</sup> As estimated in January 2006 for the Portfolio Budget Statements.

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- ensuring accountability through the monitoring of progress, and compliance with legislative and other requirements, of mandated activities; and
  - underpinning these arrangements through the promotion of a risk management and ethical behaviour culture.

### **Key responsibilities**

The Commission's Chairman is responsible for the overall management and governance of the Commission.

He is assisted in these tasks by the Head of Office and a Management Committee which decides on matters of strategic direction, organisational development, policies and practices, monitoring of performance, and resource allocation. Management Committee membership comprises the Chairman (as chair), the Head of Office, the Melbourne and Canberra First Assistant Commissioners and the Assistant Commissioner, Corporate Services. It meets monthly or more frequently as necessary.

The Research Committee is responsible for approving research proposals and ensuring that these are consistent with the Commission's objectives and current research themes. More generally, it also promotes the effectiveness and efficiency of the Commission's research program. It meets monthly and comprises the Principal Adviser Research (chair), the Chairman, the Head of Office, the Melbourne and Canberra First Assistant Commissioners, two research Assistant Commissioners and the Media and Publications Director.

Commissioners have a role in strategic coordination and are responsible for the conduct of the individual inquiries, studies or other activities to which they are assigned by the Chairman. Responsibility extends to the quality, timeliness and resource use aspects of the assigned project or activity.

### **Accountability**

Management Committee monitors the general direction, development, operational 'health' and resourcing of the Commission. This process is aided through the provision of regular reports covering staffing, expenditure, staff development and other operational matters.

Monthly meetings of Commissioners — also attended by some senior staff — are used to discuss and monitor progress with the Commission's five mandated outputs. Specifically:

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- presiding Commissioners on government-commissioned projects report monthly on significant issues and progress against key milestones;
  - the Research Committee reports on a quarterly basis on the status and future directions of the research program;
  - the activities of the Steering Committee for the Review of Government Service Provision, chaired by the Chairman of the Commission, are reported on a quarterly basis;
  - the Chairman also oversees the work of the Office of Regulation Review, which provides quarterly reports on its activities;
  - one Commissioner is designated with responsibility for competitive neutrality issues, and also reports to the Commission on a quarterly basis; and
  - the Head of Office provides Commissioners with a monthly update on key management issues.

The Audit Committee is a further source of accountability through its periodic review of particular aspects of the Commission's operations. Its membership comprises a chairperson (currently a Commissioner) and two senior members of staff. The Commission's external auditors generally attend meetings, as does a representative of the Australian National Audit Office on an 'as required' basis. The Audit Committee meets at least three times a year.

## **Risk management and fraud control**

The Commission has adopted the Joint Standard AS/NZS 4360:1999 as its approach to risk management. Risk assessments are undertaken within a formal risk management model specified in the Commission's risk management plan. The plan is reviewed annually by senior management and the Audit Committee.

The Commission has prepared a fraud risk assessment and fraud control plan and has in place appropriate fraud prevention, detection, investigation reporting and data collection procedures and processes that meet the specific needs of the Commission and comply with the Commonwealth Fraud Control Guidelines. No instances of fraud were reported during 2005-06.

Information about the Commission's risk management procedures is available to all employees. It is brought to the attention of new employees on commencement, and awareness raising for existing employees is undertaken periodically.

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## **Ethical standards**

The Commission has adopted a range of measures to promote ethical standards.

- It has embraced the Australian Public Service (APS) Values and Code of Conduct. The Commission's various employment agreements contain a commitment from employees to at all times conduct themselves in a manner consistent with the Values and Code.
- All employees have been provided with a copy of the Values and Code, while new employees receive a copy as part of their induction.
- Senior managers in particular are encouraged to set an example through the ethical and prudent use of Commonwealth resources.

The Commission has developed a number of specific policies relating to ethical standards which have regard to its own operational context. These deal with matters such as email and internet use, harassment and bullying, discrimination, fraud, disclosure of information, and managing conflicts of interest. The policies are readily available to all employees.

## **External and internal scrutiny**

The Commission's transparent and consultative processes, which provide for community participation and scrutiny of its work, are a key means of promoting external scrutiny. These processes are outlined in some detail in the corporate chapters of the Commission's annual reports.

External scrutiny is also promoted through the Commission's extensive reporting, in various publications, of different aspects of its work. This annual report is an example and, in particular, appendix B provides an account of the Commission's performance in its five output groups.

Both the Commission and the Australian Government Competitive Neutrality Complaints Office (which has separate functions although located within the Commission) have service charters.

Performance against the charters is monitored on an exceptions basis — that is, by complaints to designated senior managers. No complaints were received during 2005-06 in respect of either charter.

External reports relating to the operations of the Commission were issued by the Auditor-General and the Australian Senate's Economics Legislation Committee.

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The Auditor-General issued an unqualified independent audit report on the Commission's 2004-05 financial statements.

The Senate Economics Legislation Committee's review of annual reports of March 2006 found that the Commission's 2004-05 Annual Report was useful, comprehensive and of a high standard. The Committee noted that the report had been tabled in accordance with the requirements issued to prescribed agencies under the *Financial Management and Accountability Act 1997*. The Committee also noted the Commission's report lacked the equivalent of a Secretary's Review but, as the report was comprehensive, it was questionable whether such a review would improve the report. (The Commission had included a 'Review by the Chairman and Commissioners'.)

References to particular reports of the Commission made by federal parliamentary committees during the year are detailed in appendix B.

Internal scrutiny occurs through an ongoing review program of policies, procedures and activities for effectiveness, efficiency and public accountability. Particular matters addressed during the year included:

*Website:* The Commission's website continues to grow in importance as a source of information about the current work of the Commission, its publications and other activities.

During 2005-06 a review was undertaken of the Commission's website by SKM Consulting, which included the development of a strategy for improving the design, functionality and management of the website over the next three to five years.

The section of the website dealing with *Overcoming Indigenous Disadvantage: Key Indicators* was also enhanced during the year.

*Human resources management information system (HRMIS):* The core functionality of the Commission's new HRMIS was implemented on 1 July 2005. Further modules were implemented throughout 2005-06 which enabled electronic work-flow in relation to personnel transactions, and on-line access for employees to their pay and leave details.

*Information technology:* A review of the Commission's information technology was completed in June 2005 by consulting firm ValueSourcing. A number of recommendations arising from the review were implemented during 2005-06, including:

- the implementation of a Helpdesk Support package to assist in improving service delivery;



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- an increase in the bandwidth linking the Commission's offices, to improve communication speed, and the implementation of a backup link to support continuous communication in the event of primary link outages;
  - an upgrade in the Commission's video-conferencing capability; and
  - installation of systems to consolidate data storage and replicate data between offices.

*Committees:* During 2005-06 a review of the Commission's Research Committee was completed by Mr Winton Bates, following consultation with relevant employees and Commissioners. A number of useful recommendations regarding the role and operation of the Research Committee are being implemented.

A revised Audit Committee charter was also developed during the year, following a review of current operations against the best practice model developed by the Australian National Audit Office.

The Audit Committee also plays an important internal scrutiny role. The Committee's efforts during the year related mainly to:

- consideration of the annual financial statements, and associated issues;
- scrutiny of the Commission's risk management, fraud control and agency security plans;
- reviews of relevant ANAO reports; and
- progressing the development of a formal business continuity plan.

## **Management of human resources**

The Commission's human resources management operates within the context of relevant legislation, government policy and Commission-developed policy. Day-to-day management is devolved to senior managers within a broad framework agreed by Management Committee. The Committee routinely monitors the performance of people management functions through a range of feedback mechanisms, including through standing reports to its monthly meetings.

### **Workforce planning**

Management Committee plays the key role for ensuring alignment between the Commission's resources and its future capability requirements.

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The Commission regularly considers a range of workforce planning issues associated with the attraction, retention and development of staff. In particular, the Commission has been actively monitoring the age profile of its workforce and is seeking to retain mature aged employees through measures such as flexible working arrangements and a willingness to consider superannuation issues for some key employees approaching age 55.

The Commission also reviewed its graduate recruitment process during the year with a view to increasing awareness of the Commission as a potential employer of graduates. Six new staff were employed during 2005-06 through the Commission's graduate recruitment program.

An important input to workforce planning is the information obtained from departing employees through exit questionnaires and, in many cases, personal interviews. Such information is considered regularly by Management Committee and applied to a variety of initiatives including employee retention strategies.

## **Remuneration and employment conditions**

All Commissioners, aside from the Chairman, are part of the Principal Executive Office structure established by the Government. The Chairman, as the 'employing body', is responsible for determining Commissioners' remuneration within guidelines and parameters set and reviewed by the Remuneration Tribunal. The Chairman's remuneration continues to be set directly by the Tribunal.

The Commission's 19 Senior Executive Service (SES) employees are all employed under Australian Workplace Agreements (AWAs). SES remuneration is set in the context of public and private sector benchmarks, including those contained in the APS SES Remuneration Survey conducted for the Department of Employment and Workplace Relations. Third-round agreements, negotiated in early 2004, restructured SES remuneration to a 'total remuneration' basis and continue to operate effectively. Planning is underway to negotiate fourth round AWAs under the new Workchoices legislation by early 2007.

Information on Commissioners and SES employees who received total remuneration of \$130 000 or more is set out in Note 13 to the Financial Statements (appendix G).

Eight non-SES employees have negotiated AWAs. These agreements rely for the most part on the Commission's certified agreement, except where specifically overridden.

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About 170 employees are covered by the Commission's certified agreement. The current agreement, under section 170LK of the *Workplace Relations Act 1996*, has a nominal expiry date of 15 January 2007.

A key feature of the agreement, was the additional emphasis placed on performance outcomes as the means of achieving remuneration increases. The agreement also includes a number of provisions aimed at providing work/life balance and a satisfying and rewarding work environment for employees.

APS salary ranges — corresponding to the Commission's broadbanded classifications — are shown in the certified agreement which is available on the Commission's website.

### **Performance management and pay**

All employees participate in the Commission's performance management scheme. The scheme seeks to:

- clarify the understanding by individual employees of their work tasks, their responsibilities and the performance standards expected (through performance agreements);
- provide feedback on performance and improve communication between supervisors and their staff (through performance appraisals);
- provide a basis for determining annual salary advancement and performance bonuses (where applicable);
- identify learning and development needs; and
- assist in identifying and managing underperformance.

Ahead of each appraisal round — which occurs at six monthly intervals — senior staff attend 'context setting' meetings to promote a consistent approach to the appraisal process and outcomes. In addition, training is conducted for new staff and managers to ensure employee readiness for the appraisal round.

Appraisals outcomes influence salary advancement and, for Staff Level 3, Staff Level 4 and SES employees, performance bonuses. Under the certified agreement, bonuses of up to 6 per cent of salary were paid to those Staff Level 3 and Staff Level 4 employees who achieved the highest performance rating. For SES employees, somewhat higher bonuses are able to be achieved, in keeping with the policy of having a higher proportion of SES employees' remuneration 'at risk'. For Principal Executive Offices, bonuses of up to 15 per cent of total remuneration are available within the Remuneration Tribunal framework.

Performance bonuses payable for 2005-06 are summarised in table A.2.

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Table A.2 **Performance bonuses payable for 2005-06**

<i>Classification level</i>	<i>Employees receiving bonus</i>	<i>Total bonuses paid</i>	<i>Average bonus paid</i>
	no.	\$	\$
Staff Level 3	8	17 757	2 219
Staff Level 4	12	38 281	3 190
SES	19	163 996	8 631
Principal Executive Offices	9	96 316	10 702
<b>Total</b>	<b>48</b>	<b>316 350</b>	<b>6 590</b>

### **Consultative arrangements**

The key employee consultative mechanism is the Productivity Commission Consultative Committee (PCCC). The PCCC comprises five elected employee representatives and four management representatives, with union representation possible at the invitation of the Committee's employee representatives.

The PCCC convened on two occasions during the year to discuss a range of workplace issues, including the process for negotiating a new collective agreement.

In addition, direct consultation between management and employees occurs on a regular basis, including through a range of topic-specific committees, team and branch meetings, and the Chairman's 'all staff' meetings.

The Commission also undertakes a biennial staff opinion survey. The survey seeks staff views on a range of organisational and management issues, designed to help identify areas where current practices could be improved and ways to provide a better working environment for staff.

The most recent survey was conducted in April 2005. As a broad indicator of staff satisfaction, 84 per cent of responses rated the Commission as a 'good' or 'very good' place to work — similar to the responses in the 2001 and 2003 surveys, and an improvement on the 70 per cent of responses in the 1999 survey.

### **Learning and development**

The Commission encourages employees to undertake learning and development in an appropriate mix of four core competencies:

- management and leadership;
- conceptual and analytical skills;

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- time and work management; and
  - oral and written communication.

The need for learning and development can be employee identified (through individual development plans settled with supervisors as part of performance appraisals), be supervisor encouraged or directed, or as part of organisation-wide programs.

Recorded expenditure on learning and development in 2005-06 was 2 per cent of the annual salary budget, the same as the previous year. This expenditure related to:

- 171 employees who undertook a total of 524 days of specific training and development;
- 41 Staff Level 4 employees and 32 Staff Level 2 employees who attended two-day general development programs;
- five employees who received studies assistance in the form of paid leave and assistance with fees in the pursuit of tertiary qualifications;
- one employee who completed the Executive Fellows Programme delivered by the Australia and New Zealand School of Government.

The above activities are in addition to one-on-one coaching to address particular development needs, and extensive on-the-job training within the Commission.

### **Occupational health & safety (OHS)**

An OHS Committee oversees the Commission's health and safety program. Committee membership includes health and safety representatives and their deputies from both offices. The Committee met three times during 2005-06.

New OHS activities during the year included:

- women's and men's health seminars conducted by experienced medical practitioners;
- hazardous mail identification training;
- a new site introduced on the intranet with information from recent OHS seminars; and
- a building resilience seminar for senior managers.

Ongoing OHS activities during the year included:

- Commission funded flu vaccinations (with a take-up of around 45 per cent of employees);

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- ergonomic work station assessments (89 were completed including 37 as part of the induction program. They are provided for all new employees as well as existing employees who require advice, particularly after a workplace relocation);
  - regular workplace hazard inspections conducted by members of the OHS Committee;
  - desk calendars for all employees promoting emergency evacuation and threat procedures;
  - the opportunity for employees to complete working hours questionnaires' at the conclusion of projects, designed to elicit information about excessive working hours, their possible causes, and the impact on employees and their families; and
  - screen based equipment eyesight testing.

Training is provided for employees who have OHS appointments. This includes fire wardens, first aid officers, harassment contact officers and health and safety representatives.

No formal OHS investigations were conducted during the year and the Commission was not required to give any notices under section 68 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*. No directions under section 45 or notices under sections 29, 46 or 49 of that Act were given to the Commission during 2005-06.

An indicator of the effectiveness of the Commission's OHS programs is Comcare's workers' compensation rate. The Commission's rate for 2005-06 was assessed at approximately one-third of the rate for the whole-of-Australian Government pool.

## **Employee Assistance Program**

The Commission offers its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues. The service is provided by the OSA Group. Thirteen employees or their families utilised the service in 2005-06.

Seminars on the program were provided to employees by the OSA Group.

## **Workplace diversity**

The Commission continues to foster a culture that is supportive of employees achieving their potential and which values employee diversity. This is facilitated

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through the commitment — in the Commission’s certified agreement, equity and diversity plan and related policies — to promote workplace diversity.

Five employees have attended harassment contact officer training during the year.

Accessibility awareness seminars were provided for 37 reception, administration, corporate services and other interested employees to promote an understanding of communication issues related to people with a disability.

## **Commonwealth Disability Strategy**

The Commonwealth Disability Strategy is designed to help agencies improve access for people with disabilities to their services and facilities. Attachment A2 provides a summary of the Commission’s performance in this area during 2005-06.

## **Financial performance**

The audited financial statements for 2005-06 are shown in appendix G.

A surplus of \$672 000 was achieved for 2005-06 (2 per cent of appropriations). Income remained at around the same level as the previous year whereas expenses increased by 6 per cent. The Commission is budgeting for a break-even result in 2006-07.

## **Other information**

### **Consultancies**

The Commission continued to utilise the services of a range of consultants during the year where it was cost effective to do so. Many of the consultancies are for the purpose of refereeing particular pieces of work and are generally of relatively low cost.

During 2005-05, 23 new consultancy contracts were entered into involving total actual expenditure of \$227 708. In addition, six ongoing consultancy contracts were active during the 2005-06 year, involving total actual expenditure of \$80 115.

Further information on consultancies, as required by government reporting requirements, is provided in attachment A3.

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## Special payments

The Commission made a number of special payments during 2005-06. Such payments were made to organisations and activities judged by management as making a worthwhile contribution to the Commission's outputs. The main payments were as follows:

*Consortium memberships:* \$23 632 for membership of the Global Trade Analysis Project Consortium based at Purdue University in the United States. The Commission's contribution supports the development and updating of a publicly available database and model framework for multicountry trade policy analysis. It gives the Commission early access to database updates that are needed in its research, priority access to model training, and input to the future direction of model and database development.

*Research partnerships:* \$16 500 to the University of Canberra (NATSEM) for a multi-partner project on the distributional impact of health outlays; \$44 000 to Monash University for ARC-funded economic modelling for Australia and the USA; \$16 500 to the University of Melbourne (MIAESR) for an ARC partnership project on the evolution of Australian enterprises, 1990 to 2007; and \$16 500 to the University of Canberra (NATSEM) for a project on assessing the social and financial implications of an ageing population.

*Conference sponsorships:* \$7500 to the Economics Society of Australia for the 35<sup>th</sup> Annual Conference of Economists; \$5500 to Australian Agricultural and Resource Economics Society, Inc. for the 2006 AARES Annual Conference; and \$2200 to Latrobe University for the 2005 Industry Economics Conference.

*Awards:* \$1200 each to the equal top 2005 students, Economics Honours, at Monash University (R H Snape Productivity Commission Prize) and \$1000 to the top 2005 student, Master of Economics, at the Australian National University (Robert Jones Productivity Commission Prize).

## Purchasing

The Commission applies the Australian Government's Procurement Guidelines.

The Commission's purchases of goods and services during 2005-06 were consistent with the 'value-for-money' principle underpinning those guidelines.



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## Ecologically sustainable development (ESD)

Under the *Environment Protection and Biodiversity Conservation Act 1999*, agencies are required — through their annual reports — to report on ESD and environmental matters. This requirement is part of the Government's program to improve progress in implementing ESD.

The Commission operates under statutory guidelines, one of which is to have regard to the need 'to ensure that industry develops in a way that is ecologically sustainable' (section 8(1)(i) of the *Productivity Commission Act 1998*). This legislation also prescribes that at least one member of the Commission 'must have extensive skills and experience in matters relating to the principles of ecologically sustainable development and environmental conservation' (section 26(3)).

There are five aspects against which agencies are required to report.

The first relates to how an agency's actions during the reporting period accorded with the principles of ESD.

Reflecting its statutory guidelines, ESD principles are integral to the Commission's analytical frameworks, their weighting depending on the particular inquiry or research topic. Examples of Commission projects where different aspects of ESD have arisen have been provided in past annual reports. The current inquiry on waste management and the government-commissioned research study on rural water use and the environment are further examples of policy advice which integrates complex economic, social and environmental considerations.

The second reporting requirement asks how the Government's outcome for the Commission contributes to ESD. As stated elsewhere in this report, the outcome nominated for the Commission 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.

In pursuing this outcome, the Commission is required to take into account impacts on the community as a whole — these may be economic, environmental and/or social. The transparency of its processes provides the opportunity for anyone with an interest in an inquiry to make their views known and to have these considered. Consequently, a broad range of views and circumstances are taken into account, in keeping with the ESD principle that 'decision-making processes should effectively integrate both long-term and short-term economic, environmental, social and equity considerations'.

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The third to fifth reporting requirements relate to the impact of the Commission's internal operations on the environment. The Commission is a relatively small, largely office-based, organisation in rented accommodation, and the actions able to be taken are somewhat limited. However, the Commission adopts measures aimed at the efficient management of waste and minimising energy consumption.

In order to manage its impacts on the environment in a systematic and ongoing way, the Commission maintains an Environmental Management System. The Environmental Management System contains the Commission's environmental policy, an environmental management program to address identified impacts, and provision for monitoring and reporting on performance.

During 2005-06 the Commission recorded energy usage of 10 772 MJ/person/annum against the Government's target of 10 000 MJ/person/annum. This is a reduction of 9 per cent over the previous year. A further reduction is expected in 2006-07 when the full year impact of energy savings measures are realised.

### **Freedom of Information**

No requests were received in 2005-06 for access to information under the *Freedom of Information Act 1982*. A statement encompassing formal reporting requirements is provided in Attachment A4.

### **Advertising and market research**

The Commission publicises its government-commissioned inquiries and studies so that any individual, firm or organisation with an interest has an opportunity to present their views. Publicity takes the form of newspaper advertisements, regular distribution of *pc update*, press releases, an email alert service, notification on the Commission's website and distribution of Commission circulars.

A total of \$173 214 was paid for advertising (including recruitment advertising) in 2005-06 to HMA Blaze Pty Ltd.

### **Publications and submissions**

Appendix F lists all the Commission's publications in 2005-06.

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## Annual reporting requirements and aids to access

Information contained in this annual report is provided in accordance with section 74 of the *Occupational Health and Safety (Commonwealth Employment) Act 1991*, section 49 of the *Financial Management and Accountability Act 1997* and section 8 of the *Freedom of Information Act 1982*.

The entire report is provided in accordance with section 10 of the *Productivity Commission Act 1998*.

The annual report has also been prepared in accordance with parliamentary requirements for departmental annual reports issued by the Department of the Prime Minister and Cabinet. A compliance index is provided in attachment A5.

The contact officer for inquiries or comments concerning this report is:

Assistant Commissioner  
Corporate Services Branch  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
MELBOURNE VIC 8003  
Telephone: (03) 9653 2251  
Facsimile: (03) 9653 2304

The Commission's internet home page is at <http://www.pc.gov.au>.

This annual report can be found at the above internet address.

Inquiries about any Commission publication can be made to:

Director  
Media and Publications Section  
Productivity Commission  
PO Box 80  
BELCONNEN ACT 2616  
Telephone: (02) 6240 3239  
Facsimile: (02) 6240 3300

# Attachment A1

## Commissioner and employee statistics

Table A1.1 **Chairman and Commissioners, 30 June 2006**

	<i>Current period of appointment</i>	
	<i>From</i>	<i>To</i>
Mr G R Banks (Chairman)	20 May 2003	19 May 2008
Dr R N Byron (M)	17 Apr 2002	16 April 2007
Mr R Fitzgerald (C)	29 Jan 2004	28 Jan 2009
Mr A M Hinton (M)	27 Mar 2002	26 Mar 2007
Dr S I Kates (M) (p/t)	17 Apr 2006	16 Apr 2009
Mr G R Potts (C) (p/t)	17 Apr 2006	16 Apr 2009
Prof J Sloan (M) (p/t)	17 Apr 2006	16 Apr 2010
Mr P Weickhardt (M) (p/t)	4 Dec 2003	3 Dec 2008
Mr M C Woods (C)	17 Apr 2006	16 Apr 2011

(C) denotes Canberra based, (M) denotes Melbourne based and (p/t) denotes part-time.

Table A1.2 **Part-time Associate Commissioners, 30 June 2006**

	<i>Inquiry</i>	<i>Period of appointment<sup>a</sup></i>	
		<i>From</i>	<i>To</i>
Mr P L Coghlan	Standard Setting and Laboratory Accreditation	4 Apr 2006	15 Dec 2006
Prof C Walsh	Road and Rail Freight Infrastructure Pricing	4 Apr 2006	15 Feb 2007

<sup>a</sup> Engagement ceases at the conclusion of the inquiry or the period of appointment, whichever is the earlier.

**Table A1.3 Employees<sup>a</sup> by location and gender, 30 June 2006**

<i>Level</i>	<i>Melbourne</i>			<i>Canberra</i>			<i>Total</i>		
	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>
SES Band 3	0	0	0	0	1	1	0	1	1
SES Band 2	0	2	2	0	1	1	0	3	3
SES Band 1	2	6	8	0	7	7	2	13	15
Staff Level 4	7 <sup>ab</sup>	18 <sup>a</sup>	25	6 <sup>ab</sup>	17	23	13	35	48
Staff Level 3	12	13 <sup>a</sup>	25	7	19 <sup>a</sup>	26	19	32	51
Staff Level 2	17	14	31	10	5	15	27	19	46
Staff Level 1	19	4	23	8	4	12	27	8	35
<b>Total</b>	<b>57</b>	<b>57</b>	<b>114</b>	<b>31</b>	<b>54</b>	<b>85</b>	<b>88</b>	<b>111</b>	<b>199</b>
Corresponding totals at 30 June 2005	<b>47</b>	<b>54</b>	<b>101</b>	<b>29</b>	<b>51</b>	<b>80</b>	<b>76</b>	<b>105</b>	<b>181</b>

<sup>a</sup> Excludes 7 inoperative employees at 30 June 2006 and 18 at 30 June 2005. <sup>b</sup> Includes 2 employees acting.

**Table A1.4 Employees<sup>a</sup> by employment status and gender, 30 June 2006**

<i>Level</i>	<i>Female</i>			<i>Male</i>			<i>Total</i>		
	<i>F/t</i>	<i>P/t</i>	<i>Total</i>	<i>F/t</i>	<i>P/t</i>	<i>Total</i>	<i>F/t</i>	<i>P/t</i>	<i>Total</i>
SES Band 3	0	0	0	1	0	1	1	0	1
SES Band 2	0	0	0	3	0	3	3	0	3
SES Band 1	2	0	2	13	0	13	15	0	15
Staff Level 4	9 <sup>a</sup>	4 <sup>bc</sup>	13	32 <sup>a</sup>	3	35	41	7	48
Staff Level 3	17 <sup>a</sup>	2	19	31 <sup>a</sup>	1	32	48	3	51
Staff Level 2	20	7	27	19	0	19	39	7	46
Staff Level 1	20	7	27	8	0	8	28	7	35
<b>Total</b>	<b>68</b>	<b>20</b>	<b>88</b>	<b>107</b>	<b>3</b>	<b>111</b>	<b>175</b>	<b>24</b>	<b>199</b>
Corresponding totals at 30 June 2005	<b>60</b>	<b>16</b>	<b>76</b>	<b>103</b>	<b>2</b>	<b>105</b>	<b>163</b>	<b>18</b>	<b>181</b>

<sup>a</sup> Excludes 7 inoperative employees at 30 June 2006 and 18 at 30 June 2005. <sup>b</sup> Includes 2 employees acting. <sup>c</sup> Includes 1 non-ongoing employee.

**Table A1.5 Employees by level and reason for separation, 2005-06**

<i>Level</i>	<i>Promotion</i>	<i>Transfer</i>	<i>Resignation</i>	<i>Invalidity Retirement</i>	<i>VRP<sup>a</sup></i>	<i>Other</i>	<i>Total</i>
SES	0	0	0	0	0	2	2
Staff Level 4	0	1	3	0	0	5	9
Staff Level 3	1	3	12	0	0	0	16
Staff Level 2	1	1	1	0	0	1	4
Staff Level 1	0	0	1	0	1	3	5
<b>Total</b>	<b>2</b>	<b>5</b>	<b>17</b>	<b>0</b>	<b>1</b>	<b>11</b>	<b>36</b>
Corresponding totals at 30 June 2004	<b>4</b>	<b>2</b>	<b>16</b>	<b>0</b>	<b>0</b>	<b>10</b>	<b>32</b>

<sup>a</sup> Voluntary Redundancy Package.

(F/t) denotes full-time and (P/t) denotes part-time.

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## Attachment A2

### Commonwealth Disability Strategy (CDS): outcomes against mandatory performance indicators

#### Performance requirements of the 'policy adviser' role

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<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
New or revised program/policy proposals assess impact on the lives of people with disabilities prior to decision	Percentage of new or revised policy/program proposals that document that the impact of the proposal was considered prior to the decision making stage	<p>Commission policies have checklists that cover the consideration of access and equity (including disability) matters. The extent to which such considerations develop varies from inquiry to inquiry.</p> <p>Project evaluation templates have a section included for comments on disability issues as defined in our Disability Action Plan. Any comments are monitored to assess if procedures need to be further reviewed. Any comments will be incorporated into the review of the Disability Action Plan.</p> <p>The Commission continues to promote the awareness of issues related to people with disabilities to all new employees through its induction program and briefings to other employees as appropriate.</p>
People with disabilities are included in consultations about new or revised policy/program proposals	Percentage of consultations about new or revised policy/program proposals that are developed in consultation with people with disabilities	<p>Commission inquiries are open to the public. Where appropriate, consultation is facilitated by:</p> <ul style="list-style-type: none"><li>• advertisements in the national press inviting submissions;</li><li>• development of interested parties lists;</li><li>• TTY machine available and promoted;</li><li>• website conforms to mandatory disability access requirements;</li><li>• portable hearing loop available for public hearings;</li><li>• copies of reports and circulars available in Braille, large print and audio on request; and</li><li>• checklist on accessibility at venues.</li></ul>

(continued next page)

<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
Public announcements of new, revised or proposed policy/program initiatives are available in accessible formats for people with disabilities in a timely manner.	Percentage of new, revised or proposed policy/program announcements available in a range of accessible formats.	100 per cent available on website. A page is devoted to 'Accessibility' on the website.  Several IT/Web employees attended session presented by Vision Australia on web accessibility and writing for the web.  The website conforms with the W3C Web Content Accessibility Guidelines 1.0 at level "A" of WCAG 1.0.
	Time taken in providing announcements in accessible formats.	Between one and two weeks if requested.

### **Performance requirements of the 'employer' role**

<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
Employment policies, procedures and practices comply with the requirements of the <i>Disability Discrimination Act 1992</i>	Number of employment policies, procedures and practices that meet the requirements of the <i>Disability Discrimination Act 1992</i>	The Commission's Certified Agreement, Equity and Diversity Plan, Disability Action Plan and related policies and procedures have been developed with cognisance of the requirements of the Act.
Recruitment information for potential job applicants is available in accessible formats on request	Percentage of recruitment information requested and provided in:	All vacancies are advertised in the gazette and on our website. Most vacancies are advertised in the press.
	accessible electronic formats; and	100 per cent available.
	accessible formats other than electronic. Average time taken to provide accessible information in:	None requested.
	<ul style="list-style-type: none"> <li>• electronic format; and</li> <li>• formats other than electronic</li> </ul>	Immediate.  Dependent on request, none received to date. Information has been sourced on the procedures for requesting alternative formats such as Braille and audio and is available should a request be received.

(continued next page)



<i>Performance indicator</i>	<i>Performance measure</i>	<i>Outcome</i>
Agency recruiters and managers apply the principle of 'reasonable adjustment'.	Percentage of recruiters and managers provided with information on 'reasonable adjustment'.	<p>Where relevant, selection panels are provided with this information.</p> <p>Managers receive information as required. Folders containing the list of candidates includes a reference to access and equity considerations, including 'reasonable adjustment'.</p> <p>A register has also been developed to record all requests for information in formats such as Braille and audiocassette. No requests were received during 2005-06.</p>
Training and development programs consider the needs of employees with disabilities.	Percentage of training and development programs that consider the needs of employees with disabilities.	<p>Training nomination forms include a section requesting information on the additional needs of employees. It is monitored by the training administrator. No assistance was requested during 2005-06.</p>
Training and development programs include information on disability issues as they relate to the content of the program.	Percentage of training and development programs that include information on disability issues as they relate to the program.	<p>Induction programs include information on these issues including our Access and Equity and Disability Action Plan.</p> <p>Seminars were conducted in both offices to promote accessibility awareness for people with a disability. These seminars were well received and more sessions are likely to offered.</p> <p>Attendees were asked to consider what additional procedures the Commission might consider including to give effect to accessibility for people with a disability. A number of suggestions were received and these will be taken into account when the Disability Action Plan is reviewed.</p>
Complaints/grievance mechanism, including access to external mechanisms, in place to address issues and concerns raised by employees.	Established complaints/grievance mechanisms, including access to external mechanisms, in operation.	<p>These issues can be addressed with managers, Harassment Contact Officers, Employee Assistance Program and formally with 'Review of Action' procedures which are available to all employees. No procedures were conducted in 2005-06.</p>

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## **Attachment A3**

### **Consultancies**

The following information is provided in accordance with government reporting requirements.

### **Selection**

The Commission selects and engages consultants under the following circumstances:

- unavailability of specialist in-house resources within the project timeframe;
- a need for independent expert advice, information or evaluation to assist in its research; and
- a need for specialised professional services including legal advice and benchmarking of its activities.

### **Procedures**

The Commission's selection procedures follow the value-for-money objectives of the Australian Government's procurement guidelines. By a regulation under its Act, the Commission is also required to use open competitive tendering where the estimated value of a consultancy exceeds \$20 000.

### **Purposes**

The main purposes for which consultants were engaged in 2005-06 were to provide expert technical advice for a range of projects, referee particular pieces of work, undertake modelling work and provide expert advice.

### **Consultancies over \$10 000**

The following table lists those consultancies let in 2005-06 valued at \$10 000 or more, including the method of selection, the reason for the consultancy and a summary of the overall costs involved. The total figure refers to total value of the contracts let, irrespective of the period of the contract, noting that some contracts are for periods in excess of one year.

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## Consultancy contracts let in 2005-06 valued at \$10 000 or more

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<i>Consultant</i>	<i>Nature of consultancy</i>	<i>Contract Amount<sup>1</sup></i>	<i>Method of selection<sup>2</sup></i>	<i>Reason for contract<sup>3</sup></i>
<b>Government-commissioned projects</b>				
Centre of Policy Studies, Monash University	Economic modelling relating to migration and population growth	66 000	1	A
Centre of Policy Studies, Monash University	Conduct additional simulations for the Migration project using MONASH and the Labour Market Extension to address issues arising after publication of the Position Paper (This work is an extension of the original brief that went to tender)	22 000	1	A
The Allen Consulting Group	Provide a report on the transaction costs of existing water markets and how they impede trade	19 882	3	A
<i>Government-commissioned projects — total</i>		<i>107 882</i>		
<b>Supporting research and activities and annual reporting</b>				
AustralAsia Economics	Undertake a feasibility study into estimating measures of productivity in health services	11 000	3	A
Mr Winton Bates	Review the operations and processes of the Research Committee	15 000	3	B
<i>Supporting research and activities and annual reporting — total</i>		<i>26 000</i>		
<b>Corporate management and services</b>				
SKM Consulting	Develop a strategic plan for the Commission's website	19 896	2	B
GHD Security Group	Undertake a security risk assessment of the Commission's Canberra office and undertake an electronic and physical security review based on the findings of the risk assessment	13 689	3	B
<i>Corporate management and services — total</i>		<i>33 585</i>		
<b>Total consultancies</b>		<b>167 467</b>		

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**1 Procurement Method**

1. Publicly tendering
2. Seek tenders from a number of selected providers
3. Directly approach one provider as known expert in field
4. Sole supplier
5. Other method

**2 Reason for contract**

- A. Lack of in-house resources and/or specialist skills
- B. Need for an independent evaluation
- C. Benchmarking
- D. More cost effective

**3 GST**

All figures are GST inclusive.

## Attachment A4

### Freedom of Information Statement

The following information is provided in accordance with section 8(1) of the *Freedom of Information Act 1982*.

#### Organisation, role and functions

The role, functions and organisational structure of the Commission are detailed elsewhere in this report.

#### Arrangements for outside participation

The Commission is required under its Act to conduct public inquiries on matters referred to it by the Government and the Commission's inquiry procedures actively seek to encourage participation by all interested parties. In respect of its non-inquiry work, the Commission's procedures aim to promote transparency to the greatest extent possible.

The Commission may require people to send it information and summons persons to give evidence. People who assist the Commission by providing information, giving evidence at hearings or in any other way assist the Commission in the performance of its functions have protection under the Productivity Commission Act from intimidation and civil actions. Details of inquiry participation and consultation are given in each inquiry and commissioned research report.

Each 12 to 18 months the Commission typically invites a range of government departments and agencies, peak employer bodies, unions, community and environmental groups and academics to consultations on the Commission's supporting research program. The most recent round of consultations were held in July 2006.

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The Commission acts as the Secretariat for the Steering Committee for the Review of Government Service Provision. The Committee comprises senior representatives from the Australian, State, Territory and local governments.

The procedures of the Australian Government Competitive Neutrality Complaints Office allow any individual, organisation or government body to consider and, if necessary, lodge a complaint in relation to the application of competitive neutrality. In addition, representatives from various competitive neutrality branches and complaint offices from the Australian, State and Territory governments meet regularly — usually annually — to discuss issues relevant to the interpretation and implementation of competitive neutrality policy.

## **Categories of documents**

Principal categories include:

- commissioned projects records including information circulars, issues papers, inquiry guidelines, draft reports, submissions, participant correspondence and public hearing transcripts;
- documents relating to infrastructure research and performance monitoring across the Australian Government, States and Territories;
- documents relating to national and international benchmarking;
- competitive neutrality complaint queries and details of investigations;
- documents relating to research on industry and productivity issues;
- Regulation Impact Statements and correspondence;
- Australian Government legislation review correspondence;
- regulatory best practice correspondence;
- administrative, policy, procedural and contractual documents, relating to information technology, human and financial resource management;
- legal advice and other legal documents;
- Freedom of Information documents;
- media releases;
- mailing lists;
- speeches;
- consultancy documents;
- service charters;

- 
- parliamentary questions and answers; and
  - submissions to inquiries undertaken by other organisations.

## **Facilities for access**

Information circulars, issue papers, information on the inquiry process and draft reports are sent to interested parties and inquiry participants. They are also available from the Commission's website or free of charge from the Commission. Final reports are distributed, free of charge, to inquiry participants and are also available from the Commission's website.

Documents available from the Commission's website and for purchase from Pirion/J.S. McMillan include:

- the Commission's annual report series;
- final inquiry reports, research reports and research papers; and
- reports by the Steering Committee for the Review of Government Service Provision.

Reports on competitive neutrality matters, submissions made by the Commission to other review bodies and Staff Working Papers are available from the Commission's website.

Copies of submissions (excluding confidential material) made to public inquiries, and transcripts of public hearings are available from the Commission's website and can be accessed through all State Libraries. Submissions can also be purchased through Flash Photobition, 61 Kembla St, Fyshwick ACT 2609.

Information and written requests for access to Commission documents under the *Freedom of Information Act 1982* can be made to:

FOI Coordinator  
Productivity Commission  
Locked Bag 2  
Collins Street East Post Office  
MELBOURNE VIC 8003  
Telephone (03) 9653 2107  
Facsimile: (03) 9653 2199

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## Attachment A5

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