
B 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 five outputs streams comprise public inquiries and other government-commissioned projects, performance reporting and other services to government bodies, regulation review and competitive neutrality complaints activities, as well as 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 outputs and related performance in 2006-07.

Objectives for performance assessment

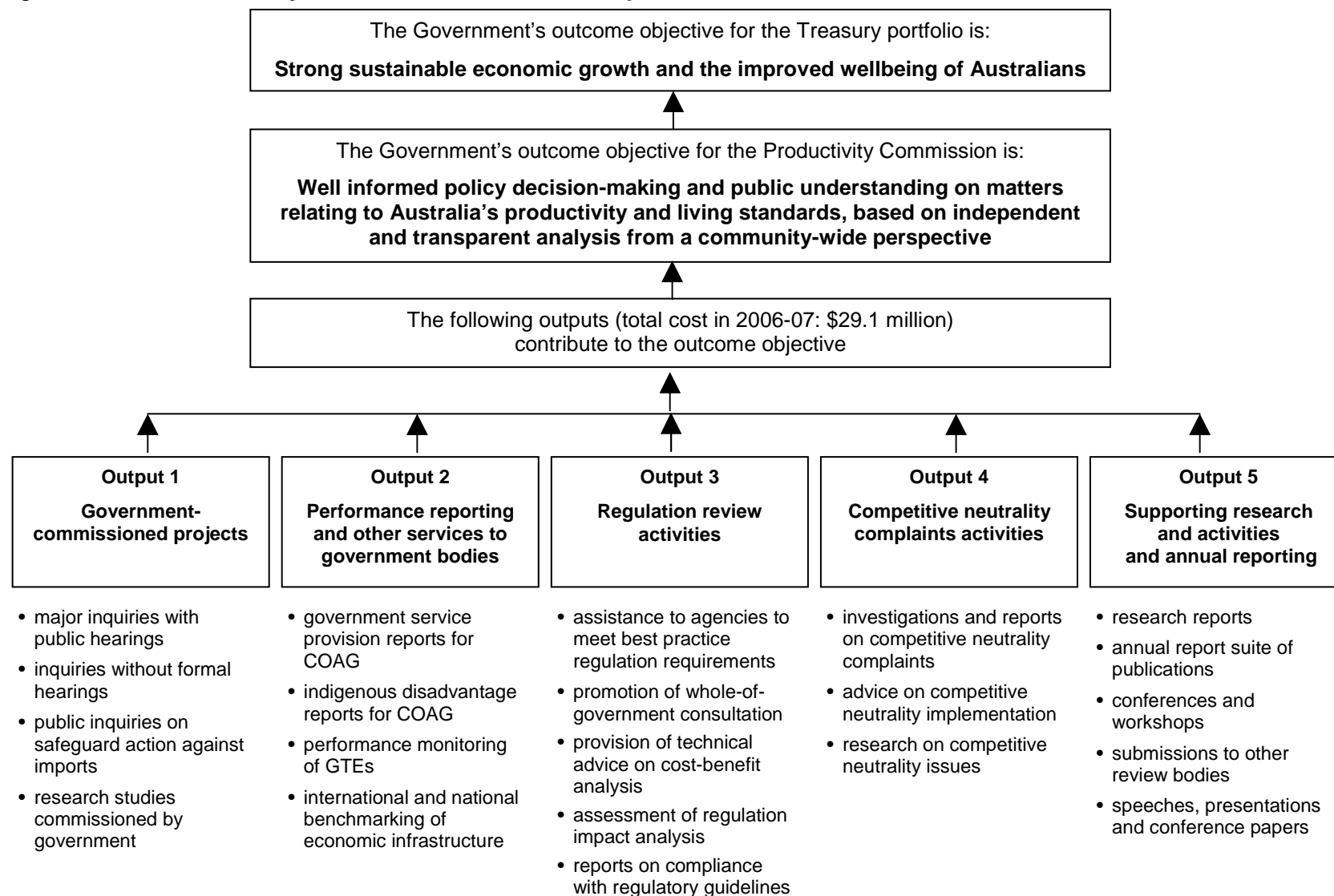
The Government's single outcome objective for the Commission against which the Commission's overall performance is to be assessed is:

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. Having regard to the Government's accrual-based outcomes and outputs framework, and with the agreement of the Treasurer, these activities have been classified into five outputs:

- government-commissioned projects
- performance reporting and other services to government bodies
- regulation review activities
- competitive neutrality complaints activities
- supporting research and activities and statutory annual reporting (figure B.1).

Figure B.1 **Productivity Commission outcome/output framework 2006-07**



The Commission's outcome objective is embedded within the Government's broader outcome objective for the Treasury portfolio as a whole of:

Strong sustainable economic growth and the improved wellbeing of Australians.

Commission activities

All of the Commission's activities in its five output groups are directed at meeting the policy needs of government, or otherwise fulfilling statutory requirements. These activities are:

- undertaking individual projects specifically commissioned by government (Output 1)
- meeting standing research, investigatory and advisory functions nominated by government (Outputs 2, 3 and 4)
- 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 (Output 5).

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 views 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 narrower in scope, and 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.

The Government has established a number of standing research, investigatory and advisory activities for the Commission. These comprise:

- secretariat and research services for the Steering Committee for the Review of Government Service Provision. The Steering Committee is responsible for the publication of national performance indicators for service provision and (more recently) indigenous disadvantage, and related research reports.

-
- performance monitoring and related research reports on government trading enterprises that fulfil the commitment for the Commission to continue the work of the former COAG Steering Committee on National Performance Monitoring of Government Trading Enterprises
 - national and international benchmarking of key economic infrastructure industries, a standing research direction from the Government. Although the Commission has some discretion in the choice of industry and timing, reporting is guided by an assessment of the Government's policy needs
 - advisory, monitoring and research activities related to regulation review as set out in the 2007 Charter for the Office of Best Practice Regulation (box B.3), together with annual reporting in the *Best Practice Regulation Report* on compliance with the new requirements for regulatory impact analysis contained in the Government's Best Practice Regulation Handbook
 - reports and related activities necessary to meet the Commission's statutory obligation to investigate complaints about the implementation of the Australian Government's 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.

The Commission 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 three 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 which are linked to specific outputs and have been agreed with the Treasurer (box B.1). Subsequent sections of this appendix report against these indicators for each of its five outputs. Feedback surveys undertaken in the year, use of Commission outputs 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 B.1 Performance indicators for Commission outputs	
<i>Output</i>	<i>Indicators</i>
Government-commissioned projects	Projects of a high standard, useful to government, undertaken in accordance with required processes and on time
Performance reporting and other services to government bodies	Reports of a high standard, useful to government and completed on time
Regulation review activities	Regulation Impact Statement and compliance cost assessments, consultation and associated activities of a high standard, advice useful to government and on time
Competitive neutrality complaints activities	Competitive neutrality complaints successfully resolved within 90 days, associated activities of a high standard and useful to government
Supporting research and activities and statutory annual reporting	Reports, projects and associated activities of a high standard, useful to government, raising community awareness and on time

Firstly, the effectiveness with which the Commission's outputs 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 analysis or advice.

Secondly, the Commission's work program often covers contentious and complex structural policy issues, where the Commission's impact should properly be assessed over the medium to long term. Two such Commission inquiry reports are those on gambling (1999) and broadcasting (2000). Other examples from the past year also demonstrate the 'shelf life' of a variety of Commission reports in policy formulation and debate (box B.2).

Thirdly, the Commission has to give priority to certain outputs and allocate 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, regulation impact analysis assessments 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 or timeliness of outputs 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.

Fourthly, the Commission has no control over the release of its final inquiry reports, although the Productivity Commission Act 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 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 2006-07 were tabled within the statutory period.

While research studies specifically 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 C.

Box B.2 The longer term influence of Commission reports

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

- The Commission's 2004 inquiry report on the affordability of housing for first home buyers continues to serve as a reference point in parliamentary, media and community debate on the issue. Notwithstanding lack of action by the Commonwealth and States on some recommendations, during 2006-07:
 - The Commission's report was referred to in federal parliamentary debate by government, opposition and other Members and Senators on 11 separate occasions. The Minister for Finance and Administration stated that the Commission's report 'was a very good document and a very interesting document' even though its taxation proposals had been rejected (Minchin 2007). The Commission's report was also referred to in debates in the parliaments of NSW, Victoria, South Australia, Western Australia and the ACT on 15 occasions in 2006-07. Media interest in the report spiked in August 2006 and again in July 2007, with some 80 mentions over the 12 month period.
 - The federal Parliamentary Library's Research Note of November 2006 on home loan affordability indicators drew extensively on the cautions about interpretation outlined in the Commission's report. A Briefing Paper on land development in Sydney issued by the NSW Parliamentary Library also drew on the Commission's report (Ohlin 2007).
 - In correcting media misreporting of Treasury documents released under FOI, the Secretary to the Treasury noted that the Treasury endorsed the Commission's conclusions on the longer term impact of stamp duty removal (Henry 2007).
 - The Coalition Government (2007a) referred to the Commission's report in its housing policy statement. The Labor Opposition drew on the report in its Discussion Paper on affordable housing (Rudd et al. 2007b) and elsewhere on the role of improved land release and planning approval procedures in ameliorating price pressures (Swan 2007).
 - Various industry groups drew on the Commission's analysis in their reports on housing affordability or discussion of capital gains tax reform (Urban Development Institute of Australia 2007; SGS 2007; and ACCI 2007). The IMF (2006) 'Article IV' Report also drew on Commission analysis of the tax treatment of housing.
- During 2006-07 there was extensive use of the analysis and recommendations in the Commission's 2000 inquiry report on broadcasting in the Senate Committee report on the Government's package of broadcasting legislation; reference to the report on 16 separate occasions in federal parliamentary debate, including a statement that the report was 'one of the best reference points' (Bowen 2006); and use by the Parliamentary Library in briefing materials.
- The 2000 Staff Research Paper, *Single Desk Marketing: Assessing the Economic Arguments*, was cited extensively in parliamentary debate on the Wheat Marketing Amendment Bill 2006 as well as in newspaper editorials on the single desk marketing arrangements for Australian wheat.

This appendix reviews some broad-based indicators of Commission performance before reporting on each of its five outputs against the indicators agreed under the Government's accrual-based outcomes and outputs framework.

Feedback surveys

The Commission has a rolling program of surveys and other initiatives to gather external feedback on a range of 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, how departments and agencies viewed the performance of the ORR/OBPR, and the quality and usefulness of the Commission's supporting research program.

In June 2007 the Commission undertook a survey of the quality and readability of its reports in order to identify areas in which its performance could be enhanced. The survey was sent to participants in six recent inquiries and government-commissioned research studies, as well as to people regularly receiving Commission reports. More than 1100 survey forms were sent and a response rate of 37 per cent was achieved.

Ninety five per cent of respondents indicated that they found the information and analysis in Commission reports to be useful or very useful. Although variations were evident across reports and respondent groups, Commission reports overall were accorded ratings of 'well' or 'very well' on:

- coverage of issues, contributing to understanding and value as a source of reference material — by between 84 and 89 per cent of respondents
- presenting clear arguments and analytical support for the recommendations — by around three quarters of respondents
- adequately taking the interests of different groups into account — by 70 per cent of respondents
- recognising relevant social and environmental impacts, presenting different points of view and assessing them objectively — by around two-thirds of respondents, although these categories also typically attracted relatively high 'neutral/unable to comment' responses

-
- providing sufficient details of implementation arrangements and making appropriate use of quantitative modelling — by 58 per cent of respondents on each indicator, although around one third of respondents felt neutral or unable to comment on them.

Australian Government agencies, industry associations and university/research respondents typically rated the Commission's performance across these indicators more highly than other groups.

Respondents were also asked to rate various readability aspects of Commission reports. Eighty one per cent of respondents indicated that Commission reports were generally reader friendly and aspects such as the use of tables, charts and jargon and page presentation rated similarly well. While 83 per cent of respondents rated the length of overviews in reports as satisfactory, 40 per cent considered the reports themselves generally to be too long.

The Commission is assessing these survey results and their implications for the ways in which it engages with and responds to the views of the range of potential participants in its work, presents its analysis and conclusions and can enhance the readability of its reports.

The Steering Committee for the Review of Government Service Provision seeks feedback on the usefulness of the Report on Government Services every three years and uses the feedback to increase the accountability of the Review itself. The survey of more than 500 users, undertaken in February 2007, achieved a response rate of 48 per cent, a significant improvement on that achieved in previous years. Seventy eight per cent of respondents were satisfied or very satisfied with the Report. Readers valued the performance information in the service-specific chapters, and the supporting introductory chapters and statistical appendix were widely used. However, an important message from the survey was that improvements to the Report should focus on data issues. Data quality and usefulness received the lowest satisfaction ratings. Improved comparability, better data quality and more timely data were all identified as areas needing improvement. The survey results and the constructive suggestions made by many survey respondents are informing the work of the Steering Committee. The survey feedback is reported further below (p. 136).

Feedback on how departments and agencies viewed the OBPR's performance and the quality of its advice in 2006-07 is reported below (pp. 146-9).

As noted in chapter 2, feedback opportunities provided through email, on-line survey forms and survey forms included in publications and issued to participants in the Commission's public hearings remained little used in 2006-07. Much of the

feedback received through these mechanisms this year was positive. Comments are passed to management and authors for consideration.

Commission outputs and the work of the Federal Parliament

The inquiries and reports which figured most prominently in federal parliamentary debate during 2006-07 were the Commission's reports on science and innovation, broadcasting and national frameworks for workers' compensation and OHS, along with the Report on Government Services. As noted in chapter 2, 60 Members of the House of Representatives and 42 Senators collectively referred to 35 different Commission inquiries or reports, or to the Commission's role in policy processes, during the 2006-07 parliamentary proceedings.

Four parliamentary committees endorsed Commission recommendations or recommended new tasks for the Commission.

- In its November 2006 report, *The Blame Game*, the House of Representatives Standing Committee on Health and Ageing recommended that, as a matter of priority, the Department of Health and Ageing undertake the actions specified in the July 2006 COAG response to the Productivity Commission's health workforce inquiry to improve the efficiency and transparency of existing mechanisms to assess changes to the Medicare benefits schedule and strengthen links between the Medical Services Advisory Committee and the Medicare Benefits Consultative Committee.
- The House of Representatives Standing Committee on Economics, Finance and Public Administration report of July 2007, *Australian manufacturing: today and tomorrow*, recommended that the design of the R&D tax concession scheme be examined in the light of the Commission's report on science and innovation.
- In its report *Social Security and Other Legislation Amendment (Welfare Payment Reform) Bill 2007 and four related bills concerning the Northern Territory National Emergency Response* of August 2007, the Senate Standing Committee on Legal and Constitutional Affairs recommended that:
 - the operation of the measures implemented by the bills be continuously monitored and publicly reported on annually through the Overcoming Indigenous Disadvantage reporting framework
 - the Northern Territory Emergency Taskforce make publicly available its strategic communications plan as well as other operational plans, within six months, and the long-term plans being developed in relation to the intervention, within 12 months; and that information regarding significant revisions to these plans be provided in the Overcoming Indigenous Disadvantage report.

-
- The report of the Parliamentary Joint Committee on the Australian Crime Commission *Inquiry into the future impact of serious and organised crime on Australian society* of September 2007 recommended that the Commission inquire into the cost effectiveness and benchmarking of law enforcement bodies and current national arrangements to address serious and organised crime.

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

- Twenty two parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports. The 31 parliamentary committee reports listed in table B.1 referred to 40 different Commission outputs.
- People appearing at the hearings of parliamentary committees in 2006-07 referred to Commission outputs in more than 28 different topic areas
- Research material provided to parliamentarians during 2006-07 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 20 different Commission outputs (table B.2). These included 15 inquiry and other commissioned research reports (including inquiry reports by the Industries Assistance Commission and Industry Commission), the Report on Government Services and a speech by the Commission's chairman.

Performance audits undertaken by the Australian National Audit Office (ANAO) inform the Parliament and the Government about public sector administration and performance. During 2006-07 the ANAO cited a number of findings from the Commission's 2004 inquiry report *Impacts of Native Vegetation and Biodiversity Regulations* in Audit Report No. 31, *The Conservation and Protection of National Threatened Species and Ecological Communities*; findings on disadvantaged job seekers in the Commission's 2002 Job Network inquiry report in Audit Report No. 32, *Administration of the Job Seeker Account*; and findings from the Commission's 2003 evaluation of the Pharmaceuticals Industry Investment Program in Audit Report No. 46, *Management of the Pharmaceuticals Partnership Program*.

Other Commission outputs referred to in ANAO reports in 2006-07 were the Commission Research Paper, *The Role of Non-traditional Work in the Australian Labour Market*, and the 2001 inquiry report on certain superannuation legislation. In its Audit Report on *Administration of State and Territory Compliance with the Australian Health Care Agreements* the ANAO noted that, along with public hospital performance data provided to the Commonwealth Department of Health and Ageing, the States had to provide somewhat different sets of performance information to the Australian Institute of Health and Welfare and to the Steering Committee for the Review of Government Service Provision. The ANAO considered that there would be benefit in the Department ensuring that its requirements for public hospital data from the States were more closely aligned with other agencies.

Table B.1 Use of Commission outputs in recent parliamentary committee reports

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
Senate Standing Committee on Environment, Communications, Information Technology and the Arts, <i>Broadcasting Services Amendment (Media Ownership) Bill 2006 (and related legislation)</i> , October 2006	Inquiry Report, <i>Broadcasting</i> , March 2000
Senate Standing Committee on Employment, Workplace Relations and Education, <i>Perspectives on the future of the harvest labour force</i> , October 2006	Research Paper, <i>Trends in Australian Agriculture</i> , June 2005
Senate Standing Committee on Finance and Public Administration, <i>Medibank Private Sale Bill 2006 [Provisions]</i> , November 2006	Industry Commission Inquiry Report, <i>Private Health Insurance</i> , February 1997
House of Representatives Standing Committee on Health and Ageing, <i>The Blame Game: Report on the inquiry into health funding</i> , November 2006	Research Reports, <i>Economics Implications of an Ageing Australia</i> , March 2005 and <i>Australia's Health Workforce</i> , December 2005; Roundtable Proceedings, <i>Productive Reform in the Federal System</i> , April 2006; Conference Proceedings, <i>Health Policy Roundtable</i> , March 2002; Workshop Proceedings, <i>Managed Competition in Health Care</i> , December 2002; Steering Committee for the Review of Government Service Provision, <i>Report on Government Services 2006</i>
House of Representatives Standing Committee on Legal and Constitutional Affairs, <i>Harmonisation of legal systems: Within Australia and between Australia and New Zealand</i> , November 2006	Research Reports, <i>Evaluation of the Mutual Recognition Schemes</i> , October 2003, <i>Australian and New Zealand Competition and Consumer Regimes</i> , December 2004 and <i>Review of Australia's Consumer Product Safety System</i> , January 2006; Inquiry Reports, <i>National Workers' Compensation and Occupational Health and Safety Frameworks</i> , June 2004 and <i>Review of National Competition Policy Reforms</i> , February 2005
Joint Standing Committee on Foreign Affairs, Defence and Trade, Trade Sub-Committee, <i>Review of Australia-New Zealand Trade and Investment Relations</i> , December 2006	Research Report, <i>Australian and New Zealand Competition and Consumer Protection Regimes</i> , December 2004
Senate Standing Committee on Rural and Regional Affairs and Transport, <i>Water policy initiatives: Final report</i> , December 2006	Research Report, <i>Rural Water Use and the Environment: The Role of Market Mechanisms</i> , August 2006

Senate Standing Committee on Economics, *Petrol Prices in Australia*, December 2006

House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation, *Shifting gears: Employment in the automotive components manufacturing industry*, December 2006

House of Representatives Standing Committee on Family and Human Services, *Balancing Work and Family: Report on the inquiry into balancing work and family*, December 2006

Senate Standing Committee on Employment, Workplace Relations and Education, *Safety, Rehabilitation and Compensation and Other Legislation Amendment Bill 2006 [Provisions]*, February 2007

Senate Standing Committee on Rural and Regional Affairs and Transport, *Australia's future oil supply and alternative transport fuels: Final report*, February 2007

House of Representatives Standing Committee on Agriculture, Fisheries and Forestry, *Skills: Rural Australia's Need: Inquiry into rural skills training and research*, February 2007

Senate Standing Committee on Community Affairs, *Funding and operation of the Commonwealth State/Territory Disability Agreement*, February 2007

Senate Standing Committee on Finance and Public Administration, *Transparency and accountability of Commonwealth public funding and expenditure*, March 2007

Industry Commission Inquiry Report, *Petroleum Products*, July 1994

Inquiry Report, *Review of Automotive Assistance*, August 2002; Steering Committee for the Review of Government Service Provision, *Report on Government Services 2006*

Research Report, *Economics Implications of an Ageing Australia*, March 2005; Commission Research Paper, *The Role of Non-traditional Work in the Australian Labour Market*, May 2006; Steering Committee for the Review of Government Service Provision, *Report on Government Services 2006*; Industry Commission Conference Proceedings, *Changing Labour Markets: Prospects for Productivity Growth*, February 1997

Inquiry Report, *National Workers' Compensation and Occupational Health and Safety Frameworks*, June 2004

Inquiry Report, *The Private Cost Effectiveness of Improving Energy Efficiency*, August 2005; Discussion Draft, *Road and Rail Infrastructure Pricing*, September 2006

Research Paper, *Trends in Australian Agriculture*, June 2005

Research Report, *Economic Implications of an Ageing Australia*, March 2005; Roundtable Proceedings, *Productive Reform in the Federal System*, April 2006; Steering Committee for the Review of Government Service Provision, *Report on Government Services*, 1999, 2003 & 2006

Annual Report Series, *Trade & Assistance Reviews*

(continued next page)

Table B.1 (continued)

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
Senate Standing Committee on Environment, Communications, Information Technology and the Arts, <i>Conserving Australia: Australia's national parks, conservation reserves and marine protected areas</i> , April 2007	Research Paper, <i>Constraints on Private Conservation of Biodiversity</i> , July 2001
Senate Standing Committee on Economics, Corporations (NZ Closer Economic Relations) and Other Legislation Amendment Bill 2007 [Provisions], May 2007	Research Report, <i>Australian and New Zealand Competition and Consumer Protection Regimes</i> , December 2004
House of Representatives Standing Committee on Legal and Constitutional Affairs, <i>The long road to statehood: Report of the inquiry into the federal implications of statehood for the Northern Territory</i> , May 2007	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage, Key Indicators 2005</i>
Senate Standing Committee on Employment, Workplace Relations and Education, <i>Higher Education Legislation Amendment (2007 Measures No. 1) Bill 2007 [Provisions]</i> , May 2007	Research Report, <i>Public Support for Science and Innovation</i> , March 2007
House of Representatives Standing Committee on Economics, Finance and Public Administration, <i>Servicing our future: Inquiry into the current and future directions of Australia's services export sector</i> , May 2007	Productivity estimates published on the Commission's website; Annual Report Series, <i>Trade & Assistance Review 2004-05</i>
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, <i>Indigenous Australians at work: Successful Initiatives in Indigenous Employment</i> , June 2007	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2007</i>
House of Representatives Standing Committee on Employment, Workplace Relations and Workforce Participation, <i>Current vacancies: Workforce challenges facing the Australian tourism sector</i> , June 2007	Staff Research Paper, <i>The Role of Training and Innovation in Workplace Performance</i> , December 1999
House of Representatives Standing Committee on Communications, Information Technology and the Arts, <i>Tuning in to Community Broadcasting</i> , June 2007	Inquiry Report, <i>Broadcasting</i> , March 2000

House of Representatives Standing Committee on Economics, Finance and Public Administration, *Australian manufacturing: today and tomorrow: Inquiry into the state of Australia's manufactured export and import competing base now and beyond the resources boom*, July 2007

House of Representatives Standing Committee on Transport and Regional Services, *The Great Freight Task: Is Australia's transport network up to the challenge?*, July 2007

House of Representatives Standing Committee on Science and Innovation; *Between a rock and a hard place: The science of geosequestration*, August 2007

Senate Standing Committee on Employment, Workplace Relations and Education, *Workforce challenges in the transport industry*, August 2007

Parliamentary Joint Committee on Corporations and Financial Services, *The structure and operation of the superannuation industry*, August 2007

Senate Standing Committee on Legal and Constitutional Affairs, *Social Security and Other Legislation Amendment (Welfare Payment Reform) Bill 2007 and four related bills concerning the Northern Territory National Emergency Response*, August 2007

Joint Standing Committee on Migration, *Temporary visas ... permanent benefits: Ensuring the effectiveness, fairness and integrity of the temporary business visa program*, August 2007

House of Representatives Standing Committee on Environment and Heritage, *Sustainability for survival: creating a climate for change – Inquiry into a sustainability charter*, September 2007

Research Report, *Public Support for Science and Innovation*, March 2007; Annual Report Series, *Trade & Assistance Review*, 2005-06 & 2000-01; Research Paper, *Trends in Australian Manufacturing*, April 2003; Staff Working Papers, *Econometric Modelling of R&D and Australia's Productivity*, April 2006 and *Can Australia Match US Productivity Performance?*, March 2007

Inquiry Report, *Road and Rail Freight Infrastructure Pricing*, December 2006; Inquiry Draft Report, *Tasmanian Freight Subsidy Arrangements*, September 2006; Chairman's speech 28 April 2006; *Supplement to Inquiry Report Progress in Rail Reform*, November 1999

Submission to the Prime Ministerial Task Group on Emissions Trading, March 2007

Inquiry Report, *Road and Rail Freight Infrastructure Pricing*, December 2006

Inquiry Report, *Review of the Superannuation Industry (Supervision) Act 1993 and Certain other Superannuation Legislation*, December 2001

Steering Committee for the Review of Government Service Provision, *Overcoming Indigenous Disadvantage: Key Indicators 2005*

Mentions supporting research project currently underway on skill shortages in Australia

Inquiry Report, *Review of National Competition Policy Reforms*, February 2005

Table B.2 Parliamentary Library use of Commission outputs in 2006-07

<i>Parliamentary Library output 2006-07</i>	<i>Commission output used</i>
<i>Tax Laws Amendment (Repeal of Inoperative Provisions) Bill 2006, Bills Digest No. 14, August 2006</i>	Chairman's speech <i>The good, the bad and the ugly: economic perspectives on regulation in Australia</i> , October 2003
<i>The proposed sale of Medibank Private: historical, legal and policy perspectives, Research Brief No. 2, September 2006</i>	Productivity Commission Research Report, <i>International Pharmaceutical Price Differences</i> , July 2001 and Industry Commission inquiry on private health insurance (1997)
<i>Higher Education Legislation Amendment (2006 Budget and Other Measures) Bill 2006, Bills Digest No. 28, October 2006</i>	Research Report, <i>Australia's Health Workforce</i> , December 2006
<i>Broadcasting Services Amendment (Media Ownership) Bill 2006, Bills Digest No. 32, October 2006</i>	Inquiry Report, <i>Broadcasting</i> , March 2000
<i>Communications Legislation Amendment (Enforcement Powers) Bill 2006, Bills Digest No. 37, October 2006</i>	Inquiry Report, <i>Broadcasting</i> , March 2000
<i>Home loan affordability — measurement and trends, Research Note No. 8, November 2006</i>	Inquiry Report, <i>First Home Ownership</i> , March 2004
<i>Government assistance to alternative transport fuels, Research Note No. 9, November 2006</i>	Annual Report Series, <i>Trade & Assistance Review 2004-05</i> , April 2006
<i>Customs Legislation Amendment (New Zealand Rules of Origin) Bill 2006, Bills Digest No. 54, November 2006</i>	Research Report, <i>Rules of Origin under the Australia New-Zealand Closer Economic Relations Trade Agreement</i> , May 2004
<i>Customs Tariff Amendment (Incorporation of Proposals) Bill 2006, Bills Digest No. 64, December 2006</i>	Inquiry Report, <i>Review of Australia's General Tariff Arrangements</i> , July 2000
<i>Airports Amendment Bill 2006, Bills Digest No. 74, February 2007</i>	Inquiry Report, <i>Price Regulation of Airport Services</i> , January 2002
<i>Private Health Insurance (Prostheses Application and Listing Fees) Bill 2006, Bills Digest No. 85, February 2007</i>	Inquiry Report, <i>Cost Recovery by Government Agencies</i> , August 2001
<i>Wheat Marketing Amendment Bill 2006, Bills Digest No. 111, March 2007</i>	Industries Assistance Commission Inquiry Report, <i>The Wheat Industry</i> , February 1988
<i>Higher Education Legislation Amendment (2007 Measures No. 1) Bill 2007, Bills Digest No. 118, March 2007</i>	Draft Research Report, <i>Public Support for Science and Innovation</i> , November 2006

Aged Care Amendment (Security and Protection) Bill 2007, Bills Digest No. 120, March 2007

Safety Rehabilitation and Compensation and Other Legislation Amendment Bill 2006, Bills Digest No. 122, March 2007

Australian Energy Market Amendment (Gas Legislation) Bill 2006, Bills Digest No. 124, March 2007

Aged Care Amendment (Residential Care) Bill 2007, Bills Digest No. 128, March 2007

Aged Care Amendment (Residential Care) Bill 2006, Bills Digest No. 129, April 2007

Budget Review 2007–08, Research Brief No. 12, May 2007

National Health Amendment (Pharmaceutical Benefits Scheme) Bill 2007, Bills Digest No. 169, May 2007

Corporations (NZ Closer Economic Relations) and Other Legislation Amendment Bill 2007, Bills Digest No. 170, June 2007

Family Assistance Legislation Amendment (Child Care Management System and Other Measures) Bill 2007, Bills Digest No. 177, June 2007

Farm Household Support Amendment Bill 2007, Bills Digest No. 190, June 2007

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2007*

Inquiry Report, *National Workers' Compensation and Occupational Health and Safety Frameworks*, March 2004

Inquiry Report, *Review of the Gas Access Regime*, June 2004

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2007*

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2006*

Research Reports, *Potential Benefits of the National Reform Agenda*, December 2006 and *Public Support for Science and Innovation*, March 2007; Staff Working Paper, *Can Australia Match US Productivity Performance?*, March 2007

Research Report, *Economic Implications of an Ageing Australia*, March 2005

Research Report, *Australian and New Zealand Competition and Consumer Protection Regimes*, December 2004

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2007*

Research Paper, *Trends in Australian Agriculture*, June 2005

Other broad-based performance indicators

In addition to the performance indicators for 2006-07 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.

- In issuing the Government's Statement of Expectations for the Productivity Commission on 3 May 2007, the Parliamentary Secretary to the Treasurer stated:

At the outset, I would like to make it clear that the Government is very pleased with the overall performance of the Commission. The advice provided by the Commission is balanced, objective and thorough. (Pearce 2007b)
- On 13 April 2007 COAG announced agreement to the Productivity Commission proceeding to the second stage of a study to benchmark the compliance costs of business regulation (see pp. 169–70).
- In various 2007 election policy statements, the Government proposed that the Commission would be asked to:
 - establish, publish and annually update benchmarks for the cost of providing essential services infrastructure for major new residential development releases, including roads, sewerage and water
 - undertake an inquiry on the regulation of Australia's wild catch fisheries
 - review the current dividend policy of every capital city water utility, recommend an appropriate dividend policy for each of them and report annually on implementation, as well as to report annually on State and Territory Governments' progress in delivering transparency in the pricing of urban water to customers (Coalition Government 2007a, b, c).
- In the lead-up to the 2007 federal election, the federal Opposition proposed a number of tasks for the Commission including that it:
 - would be responsible under statute for estimating the costs and benefits of harmonisation across jurisdictions of key regulations imposed on business such as OHS regulation, payroll tax administration, building codes and trades and professional body recognition (Rudd 2007c)
 - examine the effectiveness of different models to improve the support for working parents with new born children, their likely impact on work and family preferences and workforce participation more generally (Rudd 2007d)
 - measure the contribution of community sector organisations to the Australian economy (Gillard 2007)

-
- assess the distribution of the net benefits of COAG regulation reforms between the Commonwealth and the States as a basis for payments from a pool of regulatory reform incentive payments (Emerson 2007)
 - review the operation of the telecommunications Universal Service Obligation and provide options on the future funding and structure of the regime (Conroy 2006).
 - In outlining the basis for the Labor Party’s approach to boosting Australia’s productivity performance, the Leader of the Opposition stated:

Read every OECD report and every Productivity Commission report that’s been produced. (Rudd 2007a)
 - The Deputy Chair of the Parliamentary Joint Committee on the Australian Crime Commission stated that he saw ‘some merit’ in having the Productivity Commission examine law enforcement across Australia ‘to try to get some rigour into assessment of efficiency and effectiveness in the law enforcement environment’ (Kerr 2007).
 - In a minority report to the Senate Standing Committee on Finance and Public Administration report on the Medibank Private Sale Bill 2006, Senator Murray stated:

... it is crucial that as part of the sale process, the Productivity Commission be required to inquire into competition in the private health insurance market. The last time such a project was carried out was almost ten years ago with the Productivity Commission’s 1997 report ‘Private Health Insurance’ and, given the circumstances, it is an opportune time for that report to be updated and reviewed. (SSCFPA 2006, p. 31)

In subsequent parliamentary debate on the Medibank Private Sale Bill 2006, the Australian Democrats (unsuccessfully) moved an amendment that, before the sale, the Commission be required to report on how the development of an efficient, competitive and viable private health insurance industry could be enabled (Allison 2006b).

- In February 2007 a number of National Party parliamentarians advocated a Productivity Commission inquiry on taxation arrangements for non-forestry agribusiness managed investment schemes.
- In its report on balancing paid work and family responsibilities, the Human Rights and Equal Opportunity Commission (2007) recommended that the Productivity Commission be asked to:
 - undertake an inquiry into the feasibility of establishing a superannuation-like framework whereby the unpaid work of carers could be recognised by the Australian Government

-
- investigate the Australian early childhood education and care workforce with the aim of addressing shortages in the workforce, recommending ways in which the training and qualification requirements for employees working in children’s services might be improved across the board, addressing perceived inequities in employee wages and working conditions and improving the status of children’s services professionals.
 - The Energy Reform Implementation Group canvassed the option of using the Productivity Commission to undertake independent reviews of the energy industry as a way of developing policy ‘more reliably’ than the Ministerial Council on Energy approach of commissioning ad hoc analysis (ERIG 2007).
 - In April 2007 the Australian Consumers’ Association requested that the Treasurer have the Commission conduct an inquiry on the regulation of the pricing of prescription medicines in Australia.
 - The Business Council of Australia and the Corporate Tax Association (2007) asked the Treasurer to have the Commission conduct a comprehensive review of the effectiveness of Australia’s business tax system across federal and state jurisdictions and to recommend reforms in the following terms:

As an organisation with a deserved reputation as an impartial assessor of policy with a strong focus on improving the international competitiveness of Australian industry, the Productivity Commission is the appropriate body to undertake such a review. Having examined a range of state and federal taxation issues in the past, the Productivity Commission has the expertise to perform such a detailed and complex task.
 - A report prepared in May 2007 for the Business Council of Australia on how Australia should set credible targets for greenhouse gas reduction argued that the task of ‘rigorous analysis and sound advice’ on the economic, social and environmental impacts of the proposed path to emissions reduction could be assigned to the Productivity Commission, supplemented by other relevant bodies such as the CSIRO (Sims 2007a).
 - Against what it viewed as the failure of governments to conduct useful audits of infrastructure as required by COAG, the Business Council of Australia reiterated the call for the Productivity Commission to undertake independent policy and condition ‘audits’ of Australia’s infrastructure every two years (Sims 2007b).
 - A policy discussion paper released by the Group of Eight (2007) proposed that the indicative cost of Australian university courses be determined on advice from the Productivity Commission on the actual and relative teaching costs by broad field of education.
 - The Australian Petroleum Production and Exploration Association (2007) recommended that the Commission, as a priority, be asked to review the regulatory framework for petroleum activities, onshore and offshore and across

Australian jurisdictions, with a focus on opportunities to streamline and remove areas of regulatory duplication and improve the timeliness of approval processes.

- The National Rural Health Alliance (2007), a peak body representing non-metropolitan health consumers and service providers, called for a Productivity Commission inquiry on the future sustainability of rural and remote communities.
- The Master Builders Australia (2007), a peak building and construction industry association, called for an ‘urgent examination by an independent body, such as the Productivity Commission, into optimal funding arrangements between the federal, state and local governments to ensure the timely provision of residential land’.
- The NSW Business Chamber (2007) recommended that the Productivity Commission undertake a review of the GST distribution formula — to identify economic distortions and recommend simplification of horizontal fiscal equalisation arrangements — given the Commission’s ‘reputation for independence and rigour’.
- The Australian National Retailers Association (2007), representing large retailers in Australia, called on the Australian Government to commit to a Productivity Commission review of the effects of recent changes to section 46 of the Trade Practices Act that were effected through the *Trade Practices Legislation Amendment Act (No. 1) 2007*.
- The Australian Spatial Information Business Association (2007) recommended a Productivity Commission review of the pricing policies for spatial information in each Australian jurisdiction.
- Visa International (2006) called for ‘a thorough independent’ review of the effectiveness and outcomes of regulation of the card payments system to be conducted by an organisation such as the Productivity Commission.
- A number of policy analysts and newspaper editorialists during the year variously advocated that the Commission be asked to assess the affects of quarantine protection on consumer prices and industry efficiency, to monitor progress in reforming Indigenous-specific programs and government funding mechanisms, and to conduct an inquiry on payments and commissions in the financial services industry.

General endorsement of the its role and work can also be found in international assessments of the Commission and various proposals for new agencies to be modelled on it. For example:

- The most recent WTO Trade Policy Review of Australia made the following observation:

The high degree of transparency in the formulation and evaluation of Australia's economic policies in relation to their rationale, nature, and economic effects, enhances government accountability and public debate over the merits of these policies. (WTO 2007, p. vii)

The Review went on to state:

The role of transparency, especially the use of independent institutions, such as the PC to evaluate government policy, has greatly facilitated the economic reforms and ensured their continuation. (WTO 2007, p. 16)

In addition, the WTO Review cited 22 separate Commission outputs in the course of its own reporting.

- In January 2007 the independent Study Report for APEC on Australia's Individual Action Plan 2006 commented that the Productivity Commission is 'a highly reputable and independent analytical and advisory body on micro-economic matters' and went on to observe that, in the light of Australia's experience:

... it may be time for APEC economies to consider funding the work of a region-wide 'productivity commission', an advisory body that would build up technical and analytical capacity within the region in the numerous economic areas that continuously require the attention of APEC ministers. (Kohsaka and Schwanen 2007)

- The announcement by the leaders of the APEC forum following their meeting in Sydney in September 2007 that they would strengthen APEC with the establishment of a new APEC Policy Support Unit was widely reported as agreement to create a body with commission-like analytical capabilities.
- In submissions to the New Zealand Parliament's Finance and Expenditure Committee inquiry on the monetary policy framework, the New Zealand Exchange and ANZ National Bank have argued for a 'productivity commission' in New Zealand. The ANZ National Bank (2007) recommended:

The establishment of an independent productivity commission, which aims to better understand how policy decisions could impact on productivity performance on the supply-side of the economy. While policy-makers are typically individually and departmentally focused on specific regulatory issues, it is the collective impact across an array of regulations that needs to be better understood.

- In federal parliamentary debate on the Wheat Marketing Amendment Bill 2006, the Opposition moved amendments that would have required a review of export wheat control arrangements by an independent body 'with the same powers, procedures and protections of an inquiry conducted by the Productivity Commission in accordance with the *Productivity Commission Act 1998*' (Crean 2006).

In addition to the media coverage reported below in this appendix, the Commission and its reports are widely cited elsewhere. The Commission found evidence of more than 140 mentions of the Commission and its reports in 2006-07. Just over 20 per cent of total mentions related to inquiries and commissioned studies current in 2006-07, and the majority of these were to the study on public support for science and innovation. The Commission's work was cited in around 60 different journals and publications, most frequently in the *Medical Journal of Australia*, *Campus Review*, the *Australian Economic Review* and the *Australian Journal of Political Science*. Mentions in medical or health related journals accounted for 20 per cent of total mentions and mostly cited the Commission's 2006 study on Australia's health workforce.

Output 1: 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. Inquiries 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.

The resources used in producing this output in 2006-07 were:

- 75.7 staff years; and
- \$14.5 million on an accrual basis.

All government-commissioned inquiries in 2006-07 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 2006-07

The Commission had six public inquiries and six government-commissioned research studies underway at some time during the year, and has since commenced a study of chemicals and plastics regulation and a safeguards inquiry on pigmeat imports, and moved to stage 2 of the business regulation benchmarking study. The program of government-commissioned projects is summarised in table B.3,

although the varying complexity of policy issues addressed and the consultation demands are difficult to capture.

During 2006-07 the Commission:

- completed four public inquiries begun in 2005-06 — waste management, road and rail freight infrastructure pricing, Tasmanian freight subsidy arrangements and the price regulation of airport services
- commenced two new public inquiries, which are due for completion in 2007-08, on Australia’s consumer policy framework and the market for retail tenancy leases in Australia.

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

	2005-06					2006-07												2007-08								
	Month	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:																										
Conservation of Australia’s historic heritage places																										
Waste management																										
Road and rail freight infrastructure pricing																										
Tasmanian freight subsidy arrangements																										
Price regulation of airport services																										
Consumer policy framework																										
Market for retail tenancy leases in Australia																										
Safeguards inquiry into the import of pigmeat																										
Commissioned research studies:																										
Australian consumer product safety system																										
Economic impacts of migration and population growth																										
Rural water use and the environment																										
Standard setting and laboratory accreditation																										
Public support for science and innovation																										
Benchmarking of Australian business regulation																										
Annual review of regulatory burdens on business																										
Local government revenue raising capacity																										
Chemicals and plastics regulation																										
Business regulation benchmarking – Stage 2																										

^a Shaded area indicates the approximate duration of the project in the period covered by the table.

Research studies commissioned by the Government remained a significant component of the Commission's workload (figure 2.1). During 2006-07 the Commission:

- finalised three government-commissioned research studies begun the previous year — rural water use and the environment; standard setting and laboratory accreditation; and public support for science and innovation
- commenced and completed in the year a study on the feasibility and appropriate scope of performance benchmarking of Australian business regulation
- commenced two other new studies — the first of a series of annual reviews of regulatory burdens on business, which covered the primary sector; and on local government revenue raising capacity.

Trends in public inquiry activity and participation over the past five years are shown in table B.4. Information on individual projects is provided in appendix C.

Table B.4 Public inquiry and other commissioned project activity, 2002-03 to 2006-07

<i>Indicators</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
Public inquiries					
Inquiry references received	5	3	4	4	2
Issues papers released	4	3	3	4	2
Public hearings (sitting days) ^a	31	66	26	26	28
Organisations/people visited	191	186	167	151	134
Submissions received	540	1 221	623 ^c	654	422
Draft reports ^b	1	5	5	2	3
Inquiry reports completed	3	6	4	2	4
Inquiries on hand (at 30 June)	5	2	2	4	2
Research studies					
References received	6	4	3	4	3
Submissions received	262	149	253	608	485 ^d
Draft reports ^b	4	1	4	4	3
Research reports completed	7	2	3	4	4
Studies on hand (at 30 June)	1	3	3	3	2
Total references					
Total references received	11	7	7	8	5
Total references completed	10	8	7	6	8
Total references on hand (at 30 June)	6	5	5	7	4

^a Excludes forums and roundtable discussions. ^b Includes all types of draft reports. ^c Includes 130 submissions accepted on a commercial-in-confidence basis in the smash repair and insurance inquiry. ^d Includes 90 almost identical short letters sent in response to the Commission's draft report on science and innovation.

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 eight inquiries and government-commissioned research studies completed in 2006-07 are shown in table B.5.

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 2002-03 to 2006-07 are shown in table B.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

Table B.5 Cost of public inquiries and other commissioned projects completed in 2006-07^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Waste management	1 925
Road and rail freight infrastructure pricing	917
Tasmanian freight subsidy arrangements	764
Price regulation of airport services	805
Rural water use and the environment	723
Standard setting and laboratory accreditation	1 016
Performance benchmarking of Australian business regulation	720
Public support for science and innovation	2 179

^a Includes estimated overheads.

Table B.6 Direct administrative expenditure on public inquiries and other government-commissioned projects^a, 2002-03 to 2006-07

<i>Expenditure item</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	381	416	343	382	478
Printing	92	181	125	151	132
Consultants	349	62	32	103	40
Other ^b	245	289	194	311	291
Total	1 068	949	693	946	942

^a Expenditure other than salaries and corporate overheads. ^b Includes other costs, such as advertising, venue hire, transcription services and data acquisition.

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), printing costs and the duration of the inquiry or project.

Consultative processes

The practice of consulting widely with government departments and agencies, professional and industry organisations, academics and the broader community during inquiries and government-commissioned research projects continued in 2006-07.

In the course of its inquiry work in 2006-07, the Commission held 28 public hearings, visited more than 130 individuals and organisations and received more than 420 submissions. The Commission attempts to encourage broad public participation in its inquiry work, including from those in regional areas. For example:

- Following receipt of its reference on road and rail freight infrastructure pricing, the Commission notified around 1500 individuals and organisations considered likely to have an interest, including more than 600 regional local government bodies and more than 400 regional media outlets. Early in the life of this inquiry, the Commission signalled emerging inquiry issues and early directions (in a presentation by the Chairman that was placed on the Commission's website) and convened a roundtable in Emerald, Queensland, to discuss potential regional and remote impacts of infrastructure pricing reforms. And before finalising its report, the Commission held a workshop with senior rail industry executives to consider issues raised by the Commission's Discussion Draft and, more generally, the future of rail.
- After the release of its issues paper for the inquiry on Tasmanian freight subsidy arrangements, the Commission met with individual producers, shipping companies, government agencies and other interested parties in Tasmania and participated in roundtable meetings in Hobart and Launceston and on King Island. Draft report hearings were held in Hobart, Launceston and Melbourne.
- Teleconferencing is also used to facilitate participation in hearings. For example, in the course of its waste management inquiry, public hearings were held via telephone conferences with participants from regional Victoria, Western Australia, the Northern Territory and Tasmania.

Trends in inquiry activities — which are heavily influenced by the nature of the policy issues referred to the Commission — are shown in table B.4.

The Commission adapts its consultative processes to suit the variety of research studies commissioned by the Government. During 2006-07, for example, the Commission consulted with a wide range of businesses, people, institutions and governments about the functioning of the science and innovation system and two roundtables were convened to receive feedback on the Commission's draft report. For its study on the performance benchmarking of Australian business regulation, the Commission: sought advice from businesses to ensure that the proposed benchmarking and reporting options would be relevant to them; consulted all governments so as to understand their expectations for the study and views about benchmarking; issued a Discussion Draft in November 2006; and convened two roundtable discussions with government, business and academic representatives to provide feedback on the Commission's draft proposals. 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 39 000 external requests for the index pages to submissions and hearing transcripts for inquiries and commissioned studies current in the year to 30 June 2007.

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. Further examples of the use of such processes to increase the robustness of the analysis in reports are:

- A roundtable held after release of the Commission's road and rail Discussion Draft focused on developing practical steps towards the introduction of more

commercially-oriented pricing and more efficient provision of road infrastructure. About 40 representatives from the Commonwealth, State, Territory and local governments, peak industry organisations as well as several expert consultants attended.

- In parallel with the road and rail inquiry, the Commission assisted COAG Senior Officials investigate potential economic and revenue impacts of the new National Reform Agenda. For consistency, general equilibrium analysis for the road and rail inquiry used the same model, Monash MMRF. Modelling results for the road and rail inquiry were considered, along with other NRA results, at a workshop for COAG officials held in September 2006.

The Government's formal responses to the work it has commissioned potentially provide another indicator of the quality of that work. These responses are also an indicator of usefulness and are reported under that heading below. Government responses to Commission reports are provided in appendix C.

Timeliness

Of the eight inquiries and commissioned research studies finalised in 2006-07, seven were completed on or ahead of schedule. As noted in the Commission's annual report for 2005-06, the original reporting period for the study on rural water use and the environment was extended by two months to 11 August 2006 and this reporting date was met. The inquiry reports on airport pricing and Tasmanian freight subsidy arrangements were finalised ahead of schedule. The study on performance benchmarking of Australian business regulation — which required the development of a range of feasible quantitative and qualitative performance indicators and reporting framework options to inform subsequent benchmarking of regulatory burdens on business — was completed very shortly after the six month reporting period.

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.

The Commission's impact on policy making is revealed most directly through government responses to, and decisions on, its reports. As detailed in appendix C:

- The Government supported nearly all of the Commission's recommendations on a new price monitoring regime for airport services, including the recommendation

to amend Part IIIA of the Trade Practices Act to restore the interpretation prevailing before the Federal Court decision upholding the declaration of the domestic airside services at Sydney Airport.

- In April 2007 COAG broadly endorsed the reform blueprint proposed by the Commission in its report on road and rail freight infrastructure pricing. Further, COAG 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.
- Consistent with the Commission's report on the feasibility of, and reporting framework options for, performance benchmarking of Australian business regulation, COAG agreed to proceed to the second stage of the study to benchmark the compliance costs of regulation.
- In its response to the Commission's report on the conservation of Australia's historic heritage places, the Australian Government stated that it agreed with the Commission that private owners should not have unreasonable costs imposed on them by heritage listing. However, it was not attracted to the Commission's key recommendation that private owners be given an additional appeal right on this basis. A mix of other recommendations was accepted.
- The Australian Government endorsed the Commission's overarching principle of subjecting all waste policies to rigorous cost-benefit analysis and other elements of best-practice regulation making. However, it rejected the broad policy framework recommendations in the Commission's report on waste management. The Commonwealth also noted that the States have prime responsibility for domestic waste management policy. Although it would raise some of the Commission's recommendations in the Environment Protection and Heritage Council, policy action in areas such as landfill regulation would be left to individual jurisdictions.
- In its draft report on Tasmanian freight subsidy schemes, the Commission advised that it could find no sound economic rationale for providing freight assistance to particular Tasmanian shippers. Further, modelling commissioned by the Tasmanian Government demonstrated that the schemes benefit Tasmania, but at a small net cost to the Australian community. The Commission's draft proposal was that the Tasmanian Freight Equalisation Scheme be phased out and the Tasmanian Wheat Freight Scheme abolished. In September 2006 the Prime Minister announced that both schemes would continue. The Commission accordingly focused its final report on reforms which would improve the efficiency and effectiveness of the schemes. The Government accepted the findings and substantive recommendations in the Commission's final report.

Governments do not always accept the Commission's advice or may reject it initially. Nevertheless, responses to and decisions on commissioned reports confirm the continuing usefulness of the Commission's work to the Government, Parliament and the broader community. An assessment of the Commission's inquiry outputs since its inception in 1998 shows that governments typically adopt a substantial majority of Commission recommendations and generally endorse its findings (table B.7 updated since last year's annual report). Further, the nature and extent of references to Commission inquiry reports suggest that those reports have materially contributed to policy debate in Federal, State and Territory parliaments, as well as more generally within the media and the wider community.

Wider evidence of the contribution of the Commission's inquiry reports and commissioned research studies to public policy is found in the following indicators:

- The Treasurer drew on the Commission's findings on problem gambling in its 1999 report, *Australia's Gambling Industries*, in both Parliament and wider community debate on State government dependence on gambling revenues, the regulation of poker machine numbers and measures to respond to problem gambling (Costello 2007c, d).
- Although initially deferring consideration of a range of Commission recommendations on design elements for workers' compensation schemes, the Government's Second Reading Speech and Explanatory Memorandum on the Safety, Rehabilitation and Compensation and Other Legislation Amendment Bill 2006 drew on the Commission's recommendations for a minimum benchmark to define work-related fatalities, injury and disease and the coverage of journeys to and from work and recess breaks.

Furthermore, following the Commission's 2004 report, *National Workers' Compensation and Occupational Health and Safety Frameworks*, the Minister has steadily expanded self insurance arrangements under the Commonwealth's Safety, Rehabilitation and Compensation Act to 18 firms. These self insurance arrangements had been unsuccessfully challenged by the Victorian Government in the Federal Court of Australia (*Victorian WorkCover Authority v Andrews* [2005] FCA 94 (17 February 2005)). The Court's reasons for judgment cited the Commission's assessment of the impact on State schemes of firms transferring to Commonwealth coverage as well as the role of private sector insurers in some jurisdictions.

- In noting his opposition to the position on consumer product safety regulation adopted by the majority on the Ministerial Council on Consumer Affairs, the Parliamentary Secretary to the Treasurer stated:

Table B.7 Impact of Commission inquiry reports on 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 Piguement 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 next page)

Table B.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)	<i>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.</i>
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 next page)

Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
32 <i>Review of Part X of the Trade Practices Act 1974: International Liner Cargo Shipping (February 2005)</i>	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 <i>Review of National Competition Policy Reforms (February 2005)</i>	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 <i>Smash Repair and Insurance (March 2005)</i>	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 <i>Australian Pigmeat Industry (March 2005)</i>	The Government in effect endorsed the bulk of the Commission's findings and, importantly, did not commit to additional industry-specific assistance measures.
36 <i>The Private Cost Effectiveness of Improving Energy Efficiency (August 2005)</i>	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 <i>Conservation of Australia's Historic Heritage Places (April 2006)</i>	<i>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.</i>
38 <i>Waste Management (October 2006)</i>	<i>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.</i>

39	<i>Tasmanian Freight Subsidy Arrangements (December 2006)</i>	<i>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.</i>
40	<i>Review of Price Regulation of Airport Services (December 2006)</i>	<i>The Government announced that it supported nearly all of the Commission's recommendations on a new price monitoring regime for airport services.</i>
41	<i>Road and Rail Freight Infrastructure Pricing (December 2006)</i>	<i>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.</i>

^a Additions or significant changes to the table published in the 2005-06 Annual Report are indicated in italics.

While the Productivity Commission did endorse regulatory harmonisation, it favoured the ‘single law, single regulator’ model. I want to say ... that I also favour this approach. When it comes to product safety, I strongly agree with the Commission when it says that this approach will provide the best outcomes for both consumers and business. (Pearce 2007a)

In addition, the Australian Labor Party National Platform (2007, p. 204) commits to the implementation of the Productivity Commission’s recommendations on consumer product safety. The federal Shadow Minister for Consumer Affairs has also endorsed the Commission’s model of national uniformity and its recommendations to establish a national clearinghouse for gathering information and analysis and to provide improved hazard identification (Ferguson 2007).

- During the year, three ministers cited Commission findings on the economic implications of an ageing Australia in their speeches to domestic and international audiences (Nelson 2006, Santoro 2006 and Stone 2006).

Reference during parliamentary proceedings to Commission inquiry reports and government-commissioned research studies completed in this and previous years is an indicator of their continuing usefulness to parliamentarians. For example:

- Inquiries or commissioned research studies current in the year were referred to on 43 separate occasions by Members and Senators in the Federal Parliament in 2006-07, nearly 60 per cent of which were to the Commission’s science and innovation study. In addition, reports from previous years were referred to on 89 occasions (principally the Commission’s 2000 inquiry report on broadcasting, the 2004 inquiry report on national frameworks for workers’ compensation and OHS, and the 2004 inquiry report on first home ownership).
- State and Territory members of parliament referred to Commission inquiries and commissioned research studies on 72 occasions in 2006-07. The reports on first home ownership and Australia’s health workforce each accounted for 20 per cent of the mentions and the Commission’s 1999 report on gambling for a further 14 per cent of mentions.
- Other examples of the use of Commission inquiry and commissioned research studies include:
 - continuing and widely based use of the Commission’s 2005 report, *Economic Implications of an Ageing Australia*, including in the Government’s *Intergenerational Report 2007* (Australian Government 2007a) and by the IMF (2006), the NSW Treasury (2007), IPART (2006), the Australian Labor Party’s 2007 National Platform, the Business Council of Australia (BCA 2007b), the Australian Industry Group (2007), the Australian Council of Trade Unions (2007), in policy development and announcements (Gillard 2006, Wong 2006,

Rudd and Smith 2007), studies of the community care sector (Allen Consulting 2007b) and by academics (Birrell and Rapson, 2006)

- use of findings in the Commission’s report, *Economic Impacts of Migration and Population Growth*, in the Commonwealth’s 2007-08 Budget Papers, at the Reserve Bank (Hsieh and Kohler 2007) and in policy development (Wong 2006)
- continuing use of the Commission’s 2005 *Review of National Competition Policy Reforms* by the Business Council of Australia (Sims 2007b), in the *Australian Government National Competition Policy Report 2005–07*, the April 2007 report to COAG on *Australia’s Infrastructure: National Overview Report*, the Energy Reform Implementation Group (2007) and briefings for parliamentarians (eg, Griffith 2006)
- the Commission’s 2001 inquiry report on cost recovery principles for government agencies (Auditor-General for Western Australia 2006; Auditor-General of Queensland 2006b); the 2001 study on international pharmaceutical price differences (Allison 2006a); the 2004 inquiry report on native vegetation regulation (NSW Liberal/Nationals 2007a); the 2004 inquiry report on the Disability Discrimination Act (Roth 2007); the 2004 study of building regulation reform (Prime Ministerial Task Group on Emissions Trading 2007); the 2005 inquiry report on energy efficiency (ERIG 2007 and ABARE 2007); and the Commission’s 2003 evaluation of the Pharmaceutical Industry Investment Program and its 2005 study on the impacts of advances in medical technology (Medicines Australia 2007)
- use of Commission reports by private sector consultants in their work for government and industry clients — for example the Commission’s 2006 study on rural water markets (Frontier Economics 2007; ACIL Tasman 2007a) and its 2001 review of the Prices Surveillance Act (ACIL Tasman 2007b).

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 31 invitations the Commission accepted in 2006-07 to present papers on inquiries and commissioned studies to business, community and other groups, and in particular, on the Commission’s road and rail inquiry, and the studies on science and innovation, Australia’s health workforce and rural water use (table E.1).

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 2007 there were more than 157 500 external requests for the index pages of inquiries and government-commissioned research studies current in 2006-07. The projects of most interest were the study on public support for science and innovation (34 400 requests) and the inquiries on airport

services pricing (21 500 requests), road and rail freight infrastructure pricing (19 500 requests) and waste management (18 500 requests). Even after an inquiry or project is completed, community interest can remain high. For example, during the year, web pages for the Commission's study of the economic implications of an ageing Australia were requested more than 44 300 times and those for the Commission's 1999 inquiry on Australia's gambling industries were requested about 19 200 times.

- Inquiry and commissioned research reports typically receive wide media coverage — in 2006-07 there were 13 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on first home ownership, heritage, national competition policy reforms, road and rail freight infrastructure pricing and the Job Network, and the studies on science and innovation and on rural water use.
- The Commission's reports on science and innovation, price regulation of airport services, road and rail freight infrastructure pricing, Tasmanian freight subsidy arrangements and Australia's health workforce were amongst the most widely reported during 2006-07, receiving a total of more than 620 mentions in print and electronic media.

Output 2: Performance reporting and other services to government bodies

At the request of the Government, the Commission undertakes three 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 reporting on the equity of access, and the efficiency and effectiveness of government services; and reporting on key indicators of Indigenous disadvantage
- continues performance monitoring and related research on government trading enterprises (GTEs), work the Commission previously undertook for the former COAG Steering Committee on National Performance Monitoring of Government Trading Enterprises
- undertakes national and international benchmarking of the performance of key Australian industries — primarily economic infrastructure and government services — to help identify and provide information on significant gaps in performance.

The Commission has also been called upon to provide secretariat and research services to other government bodies, such as the Heads of Treasuries of the Australian Government, States and Territories.

The Commission is committed to producing reports of a high standard which are useful to government and the wider community, and completed on time.

The resources used in producing this output in 2006-07 were:

- 25.2 staff years; and
- \$4.2 million on an accrual basis.

Activities in 2006-07

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

- *Financial Performance of Government Trading Enterprises, 2000-01 to 2004-05* (July 2006)
- *Report on Government Services 2007*, 2 volumes (and on CD with supporting tables, January 2007)
- *Framework for Reporting on Indigenous Disadvantage: Report on Consultations 2006* (March 2007)
- *Report on Government Services 2007: Indigenous Compendium* (April 2007)
- *Overcoming Indigenous Disadvantage: Key Indicators 2007 Report* (June 2007)
- *Overcoming Indigenous Disadvantage: Key Indicators 2007 Overview* (June 2007)

Review of Government Service Provision

The Review of Government Service Provision was established by the Prime Minister, Premiers and Chief Ministers in July 1993. The Review's terms of reference specify that it collect and publish data that will enable ongoing comparisons of the efficiency and effectiveness of government services, and analyse reforms in government services.

As part of its Reconciliation Agenda, in 2002 COAG requested that the Review produce a regular report against key indicators of Indigenous disadvantage. The terms of reference for the report state:

The key task will be to identify indicators that are of relevance to all governments and Indigenous stakeholders and that can demonstrate the impact of programme and policy interventions.

Report on Government Services

The twelfth Report on Government Services was released in January 2007. Reporting is an iterative process and, since the Review published its first Report in 1995, there has been a general improvement in both the scope of reporting and the quality and comprehensiveness of data presented. The Report emphasises reporting of outcomes, consistent with the demand by governments for outcome-oriented performance information, and includes a focus on the equity of government service provision.

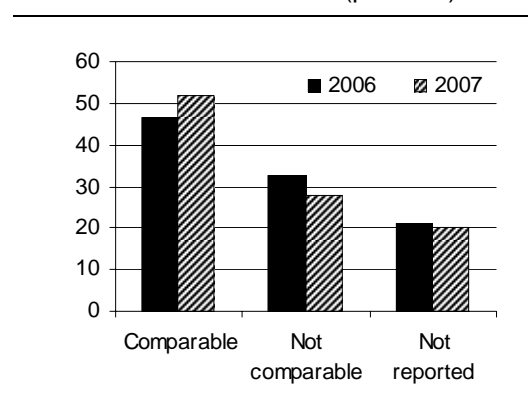
Working Groups for all service areas have strategic plans to refine performance measures and to improve the quality of information published in the Report. Report content improved between the 2006 and 2007 Reports, with 52 per cent of indicators fully comparable in 2007 (compared to 47 per cent in 2006). The proportion of indicators reported on, but not fully comparable, declined from 32 to 28 per cent. The proportion of indicators with no reporting against them remained around 20 per cent (figure B.2).

Particular improvements in the 2007 Report included:

- a new indicator for public hospitals on ‘workforce sustainability’ and the reporting of data for the first time on the availability of dentists
- additional learning outcomes data for school education
- reporting ‘aged care recipients from special needs groups’ as an indicator of equity of access in aged care services
- improved data on disability prevalence rates among Indigenous people and improved reporting on access indicators for community support and respite services in the ‘Services for people with a disability’ chapter
- improvements to the comparability of data for ‘accredited child care services’ and ‘non-standard hours of care’ indicators for children’s services
- new, experimental data in relation to the ‘pathways’ project in the ‘Protection and support’ chapter.

Table B.8 provides an overview of indicators reported on a directly comparable basis across jurisdictions in each service area for the 2006 Report.

Figure B.2 **Comparability of indicators** (per cent)



The Review continues efforts to improve reporting on service provision to Indigenous Australians in the Report on Government Services. Improvements were made to Indigenous data for the public hospital, services for people with a disability and housing chapters in the 2007 Report. The Indigenous Compendium to the

Table B.8 Indicators reported on a comparable basis, 2007 Report

<i>Service area/indicator framework</i>	<i>Indicators with data reported</i>	<i>Indicators reported on a comparable basis</i>	<i>Proportion comparable</i>	<i>Change since last year in number reported on a comparable basis</i>
	no.	no.	%	no.
<i>Education</i>				
School education	13	10	77	1
VET	15	12	80	2
<i>Justice</i>				
Police services	15	14	93	1
Court administration	6	3	50	–
Corrective services	11	10	91	–
Emergency management	15	2	13	–
<i>Health</i>				
Public hospitals	25	9	36	1
Maternity services	10	3	30	–
Primary and community health	23	23	100	1
Breast cancer	11	7	64	–
Mental health	8	4	50	–
<i>Community services</i>				
Aged care services	13	12	92	0
Services for people with a disability	13	7	54	-1
Children's services	18	11	61	4
Child protection and out-of-home care	14	4	29	–
SAAP	16	12	75	6
<i>Housing</i>				
Public housing & State owned and managed Indigenous housing	11	11	100	-1
Community housing	10	–	–	–
Commonwealth Rent Assistance	10	9	90	–

SAAP = Supported Accommodation Assistance Program. – Nil or rounded to zero.

Report, released in April 2007, provides an easily accessible collation of all Indigenous data from the Report, and complements the information in the separate Overcoming Indigenous Disadvantage reports.

Overcoming Indigenous Disadvantage: Key Indicators

COAG commissioned the Review to produce this report on a regular basis, '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).

The Overcoming Indigenous Disadvantage report is built on a strategic framework that has been endorsed by the Australian, State and Territory governments. Extensive consultations were held in 2006, seeking feedback on the 2005 Report and suggestions for improvements to the framework and indicators. To assist the consultation process, the Review produced a Consultation Paper and Questionnaire. At the end of the formal consultation period, a report on consultations was released.

The third edition of the Overcoming Indigenous Disadvantage report was published in June 2007. It found improvements in some key economic indicators, including employment, household income and home ownership. There were also improvements in several child health indicators.

Other outcomes did not improve in the period covered by the Report. Rates of substantiated notifications for child abuse or neglect increased for both Indigenous and non-Indigenous children. There was an increase in the number of long-term health conditions for which Indigenous people reported significantly higher rates than non-Indigenous people, and there was no change in the rate of housing overcrowding. The Report also found that Indigenous people's involvement with the criminal justice system continued to deteriorate.

The estimated cost to the Commission of assisting governments in the production of the Report on Government Services, the Overcoming Indigenous Disadvantage report and related Review activities in 2006-07 was \$3.5 million (compared to around \$3.2 million in 2005-06).

Performance monitoring of government trading enterprises (GTEs)

The Commission released its study on the financial performance of GTEs for the period 2000-01 to 2004-05 in July 2006.

The subsequent report on a range of financial indicators for 86 enterprises, covering the period 2004-05 to 2005-06, was substantially completed in 2006-07 and published in July 2007. The outputs of the research program on the capital management of GTEs were also included in this report.

International benchmarking

The Commission did not publish any benchmarking research on infrastructure in 2006-07.

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 most appropriate methodologies — thereby increasing confidence in the quality of the performance 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 13 national working groups comprising representatives from 80 government agencies — totalling around 220 people who provide specialist knowledge — and draws on the expertise of other bodies such as the ABS and the Australian Institute of Health and Welfare, and committees established under Ministerial Councils.

The Review has an ongoing program of consultation on the Overcoming Indigenous Disadvantage report. Following the release of the 2005 Report, a consultation team visited Indigenous communities and Indigenous organisations across the country, in a range of remote and regional centres, as well as in major cities. The team met with representatives of all governments and many expert bodies. The Review also engaged an expert Indigenous consultant to review drafts of the 2007 Report before publication.

The Commission's quality assurance processes for its reporting on the financial performance of GTEs includes giving State and Territory Treasuries the opportunity to review drafts before publication. The Commission also distributed draft chapters of its 2006 report on capital structures and equity withdrawals to State and Territory Treasuries for comment. The chapters on asset valuation and rate of return measures for the 2007 report were independently refereed.

Timeliness

The 2006 GTE financial performance monitoring report, the 2007 Report on Government Services and its Indigenous Compendium, and the 2007 Overcoming Indigenous Disadvantage report 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.

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.

A feedback survey has been conducted on the Report on Government Services every three years. A survey of users was undertaken in February 2007 and the results indicate that:

- the majority of respondents (79 per cent) were satisfied or very satisfied with the Report
- the majority of respondents thought that the quality and usefulness of the *indicators* were 'good' (49 per cent and 45 per cent, respectively), or 'adequate' (37 per cent and 38 per cent, respectively)
- the majority of readers rated the quality and usefulness of *data* as 'good' (33 per cent and 39 per cent, respectively) or 'adequate' (47 per cent and 42 per cent, respectively)
- around 60 per cent of respondents rated the quality and usefulness of the *text* as either 'good' or 'very good'. Around a third of respondents rated the text as 'adequate'
- the most common reasons for using the Report were: 'to brief management/ministers' (69 per cent); 'as a research tool' (68 per cent); 'to evaluate performance' (58 per cent); and 'to develop policy' (43 per cent). Those involved in the production of the Report were more likely to use the Report to brief management or ministers, while 'other readers' most commonly used the Report as a research tool.

Other indicators of the usefulness of the Report on Government Services include:

- In announcing the establishment in November 2006 of a Criminal Justice Ministerial Taskforce to address what the South Australian Government

considered to be unacceptable delays in committal and trial processes in the State's criminal courts, the South Australian Attorney-General stated:

Figures published by the Productivity Commission have shown that there is a need to improve criminal process in South Australia's courts. (Atkinson 2006)

- Confirmation from the Chair of the COAG Human Capital Working Group that the COAG Reform Council would draw on information from the Report when monitoring progress in implementing reforms under the National Reform Agenda. The Chair noted that any changes to the Report should continue to occur under the guidance and direction of the Review Steering Committee.
- A variety of performance information sourced to the 2007 (and earlier) government services reports was used in parliamentary proceedings by government and opposition members in parliaments during 2006-07.
 - In the Federal Parliament, data from the reports were used in relation to waiting times for aged car beds, access to child care, police spending, early education and education in rural and regional locations.
 - In other parliaments, data from the reports were mentioned 59 times and were used in relation to police services, disability services, child protection orders, education, court clearance rates, health and corrective services.
- State Audit Offices drew on the Report in conducting their own performance and financial auditing. In 2006-07, for example:
 - the NSW Auditor-General used a range of comparative data and interpretative material on corrective services, court performance, accommodation support services, child protection, juvenile detention, public housing, ambulance services, public housing and policing (NSW Audit Office 2006a, b; 2007a, b, c, d)
 - the Victorian Auditor-General referred to pre-school data and monitoring of court administration performance (Victorian Auditor-General 2007a, b) and, in relation to the Auditor-General's recommendation that performance indicators for the State's vocational education and training be enhanced, the Department of Education and Training responded that it would continue to support and meet the Australian Vocational Education and Training Statistical Standards which have 'been recognised by the Productivity Commission as a reliable collection to support accountability requirements' (Victorian Auditor-General 2006)
 - the use of comparative data on home-based support services, public hospitals and the delivery of vocational education and training by Auditors-General in Western Australia, Tasmania and the ACT (Auditor-General for Western Australia 2007; Tasmanian Auditor-General 2006; ACT Auditor-General 2006).
- Various policy documents released by political parties drew on the Report's information on preschool participation (NSW Liberal/Nationals Coalition 2007b),

mental health expenditure (Berejiklian 2006), general practice services (Rudd and Roxon 2007b), acute public hospital and aged care services (Rudd and Roxon 2007c), and a range of data from the Indigenous Compendium to the Report on Government Services was cited in Rudd et al. (2007a).

- In addition to the use of the Report in federal parliamentary committee work (table B.1), there was extensive use of its housing data in the NSW Legislative Assembly Public Bodies Review Committee report of October 2006, *Report on the inquiry into the allocation of social housing*.
- A variety of data from the Report was used by the Australian Council of Social Services (2007), the Queensland Council of Social Service (2006), the Independent Pricing and Regulatory Tribunal of NSW (2006) and in a number of reports by consultants (for example, Ergas (2007) and Allen Consulting (2007a, c)), and the WA Law Reform Commission (2006) drew on material from the Indigenous Compendium to the 2006 Report.
- A number of journal articles and publications across a wide range of disciplines used the Report as a source. It was cited in articles in the *Medical Journal of Australia*, *Medical Observer Weekly*, *Australian Educator*, *Australian Journal of Education*, *Journal of Judicial Administration*, *Urban Policy and Research* and the *Australian Journal of Public Administration*.

Other indicators of usefulness from 2006-07 were:

- extensive media coverage of the 2007 Report on Government Services. There were more than 150 press articles drawing on the Report and more than 130 mentions of it in electronic media in the period to 30 June 2007. More than 1570 bound copies of the Report were distributed by the Commission
- more than 16 800 file requests for the Government Service Provision index page on the Commission's website in 2006-07. There were more than 12 400 requests for the 2007 Report on Government Services during 2006-07. The 2006 Report continued to be accessed from the website by external parties — with over 14 700 requests during 2006-07. There were more than 51 000 external requests for the index pages of Review publications (excluding the Overcoming Indigenous Disadvantage report) in 2006-07.

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. Evidence of the Report's ongoing usefulness is demonstrated by the following:

-
- feedback from governments and Indigenous people and organisations since the release of the 2007 Report has been strongly supportive and there have been many requests for briefings from Ministers, senior government officials and departments and agencies at Commonwealth, State and Territory levels
 - more than 3600 bound copies of the 2007 Report and 4500 overviews have been distributed by the Commission.

More specific evidence of the usefulness of the Overcoming Indigenous Disadvantage reports during 2006-07 includes:

- the statement by the Australian Government, in its response to the report of the House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, *Many Ways Forward*, that the Overcoming Indigenous Disadvantage Report:

demonstrates the continuing commitment of the Australian Government and State and Territory governments to continue to work together to improve data collection and to monitor outcomes in a systematic way that crosses jurisdictional and portfolio boundaries

- 14 mentions of the Report in the Federal and State parliaments, as well as in three federal parliamentary committee reports (see table B.1)
- extensive references to the 2003 and 2005 reports in the *Native Title Report 2006* and *Social Justice Report 2006*, both issued by the Aboriginal and Torres Strait Islander Social Justice Commissioner and tabled in Parliament in June 2007
- use of the Report by the NSW Government (2007) and community and business groups such as the Australian Council of Social Services (2007), the Business Council of Australia (2007b, f) and the Australian Industry Group (2007)
- citations in articles in such journals as the *Drug and Alcohol Review*, *Medical Journal of Australia*, *Social Policy Journal of New Zealand*, *Australian Philanthropy*, *Children Australia*, *Australian Journal of Political Science* and the *Crime and Justice Bulletin*
- more than 26 100 and 4 400 downloads of the full 2007 report and its overview, respectively, in June 2007. The 2005 Report and Overview continued to be accessed during 2006-07 with more than 14 500 requests
- extensive media coverage, with 25 printed newspaper articles and 55 electronic media articles in 2006-07.

Performance monitoring of government trading enterprises

Evidence of the usefulness of the Commission's reporting on government trading enterprises is manifest in the following:

- State and Territory governments agreed to ongoing involvement in performance monitoring for another three years, furnishing financial data as well as checking factual data and commentary.
- In commenting on the 2007 GTE report, the Treasurer stated:

The research paper provides an independent and comprehensive analysis of the financial performance of various GTEs, most of which are owned by State and Territory Governments and operate in the electricity, water, transport and forestry sectors ...

The Commission quite rightly emphasises the importance of GTEs operating efficiently, given their role as significant providers of infrastructure services that are fundamental to the wellbeing of Australians.

Timely and effective implementation of COAG's National Reform Agenda commitments, agreed between the Australian and State and Territory Governments in April of this year, will go a long way towards realising the gains from improving productivity, competitiveness and efficiency in crucial infrastructure sectors. (Costello 2007b)

- State Auditors-General cited the GTE report in their own work, including on the NSW electricity industry, Sydney Water, and Forests NSW (NSW Audit Office 2006, 2007a) and in Queensland (Auditor-General of Queensland 2006a).
- Other recent examples of the use of the Commission's GTE reports include the WTO's Trade Policy Review (WTO 2007), work underway in the OECD's Directorate for Financial and Enterprise Affairs, the Energy Reform Implementation Group (ERIG 2007), the Victorian Government's Infrastructure Report to COAG of April 2007, the Special Commission of Inquiry into Sydney Ferries Corporation (Walker 2007) and by consultants (Marsden Jacob 2006; Ergas 2007).
- The reports on the financial performance of GTEs attracted media attention through the year, including two editorials; articles in the *Australian Financial Review* by senior journalists on the results of the 2006 report and an article on GTE rates of return that drew on the research contained in the 2007 report; and a *Business Review Weekly* article based on performance monitoring results and deficiencies in governance arrangements identified earlier in associated research.
- There were more than 3100 external requests for the website page of the 2006 report on GTE performance.

Output 3: Regulation review activities

The Office of Best Practice Regulation (OBPR) was established by the Government within the Productivity Commission in November 2006 and replaced the Office of Regulation Review. The activities of the OBPR are covered in detail in the *Best Practice Regulation Report*, part of the Commission's suite of annual report publications.

The role of the OBPR is to promote the Australian Government's objective of effective and efficient legislation and regulations, and it has been assigned a central role in improving the quality of regulation by administering the Government's best practice regulation requirements.

The OBPR provides advice to government departments and agencies on appropriate quality control mechanisms for the development of regulatory proposals (see the *Best Practice Regulation Handbook*) and provides a similar function for the Council of Australian Governments, ministerial councils and national standard-setting bodies.

In monitoring compliance with the Australian Government's requirements, the OBPR is responsible for determining when further regulatory impact analysis of a proposal is required and the appropriate level of analysis, either in the form of a Regulation Impact Statement (RIS) or a quantitative assessment of business compliance costs. The OBPR provides assistance to approximately 100 Australian Government departments and agencies, ministerial councils and national standard-setting bodies in undertaking regulatory analysis and reports annually on compliance.

Following the introduction of the new regulatory governance arrangements in November 2006, the OBPR is also responsible for managing Annual Regulatory Plans and Regulatory Performance Indicators, promoting the whole-of-government consultation principles and providing technical assistance to officials on cost-benefit analysis and consultation processes. The full range of activities that the OBPR is required to undertake are set out in its charter (box B.3).

The OBPR aims to undertake RIS and compliance cost assessments, consultation and associated activities of a high standard and provide advice useful to government and on time. The resources used in producing this output in 2006-07 were:

- 23.1 staff years; and
- \$4.0 million on an accrual basis.

Box B.3 Charter for the Office of Best Practice Regulation

The role of the Office of Best Practice Regulation (OBPR) is to promote the Australian Government's objective of effective and efficient legislation and regulations. Its functions are to:

- advise Government, departments and agencies on appropriate quality control mechanisms for the development of regulatory proposals and for the review of existing regulations
- examine Regulation Impact Statements and advise whether they meet the Government's requirements and provide an adequate level of analysis, including cost-benefit and risk analysis of appropriate quality
- advise departments and agencies on the Government's requirements for compliance costs assessment, and maintain the Business Cost Calculator as a regulation costing tool
- manage other regulatory mechanisms, including Annual Regulatory Plans and Regulatory Performance Indicators
- promote the whole-of-government consultation principles and provide clear guidance on best practice consultation with stakeholders to be undertaken as part of the policy development process
- provide training and guidance to officials to assist them in meeting the assessment requirements to justify regulatory proposals
- provide technical assistance to officials on cost-benefit analysis and consultation processes
- report annually on compliance with the Government's requirements for Regulation Impact Statements, compliance cost assessment and consultation, and on regulatory reform developments generally
- provide advice to ministerial councils and national standard-setting bodies on Council of Australian Governments' guidelines that apply when such bodies make regulations
- monitor regulatory reform developments in the States and Territories, and in other countries, in order to assess their relevance to Australia
- lodge submissions and publish reports on regulatory issues having significant implications.

The OBPR is to focus its efforts on regulations that restrict competition, have a significant impact on business and individuals or involve medium compliance costs. The OBPR is to ensure that the effects on small business of proposed new and amended legislation and regulations are made explicit and given adequate consideration.

Source: Australian Government (2007c).

Activities in 2006-07

Australian Government regulatory activity

In 2006-07 the total number of regulations introduced (2338) was down slightly on the past two years (table B.9). The number of bills introduced was higher (191 in 2006-07 compared to 149 in 2005-06 and 172 in 2004-05) while the number of disallowable instruments was lower.

While the number of queries received by the OBPR was also lower (780 queries received in 2006-07 compared to 948 queries in 2005-06 and 851 queries in 2004-05), the number of proposals requiring a RIS was higher (17.7 per cent of queries received in 2006-07 compared to 13.5 per cent in 2005-06 and 15.7 per cent in 2004-05). In addition, the OBPR advised that quantification of compliance costs (in the form of a Business Cost Calculator report) was required on 25 occasions (3 per cent of queries received). Table B.9 details the regulation impact analysis (RIA) activities undertaken in the past five years.

Table B.9 Australian Government regulatory and regulatory impact analysis activities, 2002-03 to 2006-07

	2002-03	2003-04	2004-05	2005-06	2006-07
	No.	no.	no.	No.	no.
Regulations introduced					
Bills	174	150	172	149	191
Disallowable instruments ^a	1615	1538	2458	2497	2147
Total introduced	1789	1688	2630	2646	2338
RIA workload					
Total number of new queries received by the OBPR ^b	861	845	851	948	780
Number requiring further analysis	132	169	134	128	163
Proposals finalised in period^{c d}					
RISs required	139	114	85	96	81
RISs prepared	120	109	71	79	72

^a The large numbers of disallowable instruments reported since 2004-05 relate, in part, to the re-making of existing delegated legislation (delegated instruments made before 1 January 2005) under the *Legislative Instruments Act 2003*. ^b In 2006-07, the OBPR received 780 queries. Of these, 388 were received before 20 November 2006 and 392 queries were received on or after 20 November 2006. ^c Proposals introduced into Parliament or made into law in the reporting period. ^d In 2006-07, 63 RISs were required for proposals finalised under the previous RIS requirements, while 16 RISs were required (as two proposals were granted exceptional circumstances status) for proposals finalised under the best practice regulation requirements. Two BCC reports were also required under the new arrangements.

COAG regulatory activity

In advising ministerial councils and national standard-setting bodies on regulatory best practice, the OBPR identified 33 decisions made in the 12 months to 31 March 2007 for which RISs were required. RISs were prepared and assessed as adequate by the OBPR at the consultation stage for 29 proposals and at the decision-making stage for 31 proposals.

The OBPR also reports annually to the National Competition Council on regulation making by ministerial councils and national standard-setting bodies.

Reporting on compliance

The OBPR provides information on its regulatory review activities through the *Best Practice Regulation Report* (formerly *Regulation and its Review*) which is part of the Productivity Commission's annual report suite of publications. The report fulfils the Productivity Commission's and the OBPR's obligation to report annually on compliance with the Government's regulation review and reform requirements. *Regulation and its Review 2005-06* was released on 1 December 2006.

Release of new regulatory guidance material and related initiatives

In line with the OBPR's expanded role in assisting departments meet their regulatory obligations, the OBPR has made available a number of tools, publications and guides in print and online at the OBPR website, linked to the Productivity Commission's website (box B.4).

In November 2006 the OBPR made the Business Cost Calculator available for download on the OBPR website. The Business Cost Calculator is an electronic costing tool designed to assist departments and agencies meet the mandatory requirement to consider business compliance costs for all proposals requiring regulatory impact analysis.

Also in November 2006, the OBPR prepared a draft *Best Practice Regulation Handbook* under the guidance of a Steering Committee of senior officials from the departments of the Prime Minister and Cabinet, Treasury and Industry, Tourism and Resources. The draft Handbook replaced former guidance material, *A Guide to Regulation*. Around 1400 copies of the draft Handbook were distributed for use by policy and regulatory officers in all Australian Government departments, agencies, statutory authorities and boards and to other people interested in regulatory reform. It was also made available online. The draft Handbook was complemented with the ready references *Quickstart to Regulatory Impact Analysis* and the *Users Guide to*

the Best Practice Regulation Handbook, which were made available in hard copy and online. The final version of the *Best Practice Regulation Handbook* was launched by the Secretary of the Department of the Prime Minister and Cabinet in September 2007, along with associated guidance material including a preliminary assessment form. The guidance material is available online with a preliminary assessment 'smart' form.

In September 2006 the Secretary of the Department of the Prime Minister and Cabinet wrote to each department and agency requesting that they nominate a senior executive officer to coordinate regulatory matters within their organisation and help oversight the successful bedding down of the new arrangements.

Each Australian Government department and agency responsible for making regulation has appointed a Best Practice Regulation Coordinator. The role of the Coordinators varies across departments and agencies with many Coordinators taking a strong advocacy role and encouraging and ensuring compliance with the enhanced requirements.

To assist Coordinators in their role, the OBPR organised a forum for Coordinators to receive information on the new arrangements, discuss their roles and responsibilities, and raise issues arising from the rollout of the new arrangements. The OBPR also developed and made available a website for Coordinators where they can access additional material about the new best practice requirements.

Box B.4 Guidance material issued by the OBPR in 2006-07

Since the Australian Government's August 2006 response to the report of the Regulation Taskforce, the Office of Best Practice Regulation made the following tools and guidance material publicly available in the year ending 30 June 2007:

- *Best Practice Regulation Handbook*, (draft) issued November 2006
- *Quickstart to Regulatory Impact Analysis*, (draft) issued November 2006
- User's Guide to the *Best Practice Regulation Handbook*, (draft) issued November 2006
- Business Cost Calculator and supplementary materials, re-issued November 2006 (in line with the change in responsibilities from the Office of Small Business)
- Preliminary Assessment Quickscan, (limited release) first issued January 2007
- Coordinators' website and associated material, including Best Practice Coordinators' bulletin and information sheets.

Regulatory impact analysis training

In addition to providing advice and assistance to policy officers to meet the Australian Government and COAG regulatory impact analysis requirements, the OBPR offered formal training to all departments and agencies in 2006-07. It provided formal training on regulatory best practice to 889 officials from a wide range of departments and agencies:

- 232 senior officials were briefed on the new requirements
- 532 policy officers received training in the new requirements, including changes to the regulatory impact analysis requirements, how to quantify compliance costs and how to prepare a RIS
- 55 policy officers received specific training on how to use the Business Cost Calculator
- 70 officers were provided with an introduction to cost-benefit analysis.

Other activities

In monitoring and contributing to regulatory reform developments more broadly throughout Australia and internationally during 2006-07, the OBPR met with officials from the IMF; the OECD; the Legislative Affairs Office of State Council of China; the Indonesian Ministry of Trade; the Regulatory Impact Analysis Unit, New Zealand Ministry of Economic Development; the Investment and Financial Services Association; the Insurance Council of Australia; the Australian Public Service Commission; State and Territory regulatory impact assessment units; and the Victorian Competition and Efficiency Commission.

The OBPR also responded to requests for information on Australia's regulatory impact analysis requirements from the Portuguese, Belgian and Japanese governments.

Quality indicators

The scope of the OBPR's work covers the whole of government. However, the confidentiality of RISs considered by Cabinet limits the extent to which specific matters can be reported publicly.

Evidence of the quality of the OBPR's work is provided by feedback from other government and community bodies, including those that prepare RISs and those that use them.

In 2006-07 the OBPR continued its ongoing survey of officials preparing RISs to obtain feedback on how departments and agencies view the OBPR's work performance and the quality of its service in providing advice on the Government's regulatory best practice requirements. The OBPR dispatches evaluation forms after each RIS has been assessed. The response rate in 2006-07 was 77 per cent (compared to 51 per cent in 2005-06). Sixty per cent of respondents rated the quality of the OBPR's written and oral advice as 'good' (compared to 51 per cent in 2005-06), while 33 per cent rated it as 'excellent' (compared to 27 per cent in 2005-06). Seven per cent of respondents considered the OBPR's service as only 'satisfactory' (compared to 22 per cent in 2005-06). Six respondents offered specific suggestions on how the OBPR could improve the quality of its advice, including:

- more clearly communicating the additional requirements under the new regulatory framework
- having a better understanding of the background to issues
- making its expectations clearer earlier in the process.

As in previous years, the OBPR surveyed the 657 Australian Government officials who received training in regulatory best practice in 2006-07 and 430 responses were received — a response rate of 65 per cent (compared to a response rate of 49 per cent in 2005-06). Trends in RIS/regulatory impact analysis training and its evaluation are shown in table B.10.

Table B.10 RIS/regulatory impact analysis training evaluation, 2002-03 to 2006-07^a

<i>Evaluation</i>	2002-03		2003-04		2004-05		2005-06		2006-07	
	no.	%	no.	%	no.	%	no.	%	no.	%
Total number trained	373		355		209		289		657	
Responses received	250	(67)	272	(77)	154	(74)	178	(49)	430	(65)
Excellent	62	(25)	52	(19)	43	(28)	36	(20)	110	(26)
Good	170	(68)	182	(67)	101	(66)	127	(71)	283	(66)
Satisfactory	19	(7)	38	(14)	9	(6)	14	(8)	37	(9)
Unsatisfactory	0	(0)	0	(0)	1	(1)	1	(1)	0	(0)

^a Excludes officials from State/Territory governments, the New Zealand Government or officials assisting ministerial councils and national standard-setting bodies.

The comparatively large number of officials trained in 2006-07 was associated with the OBPR's increased role in training government departments about regulatory best practice, and the increased demand from agencies for training on the new regulation-making framework. The responses indicate that the OBPR training was

well received, with 92 per cent of respondents rating the training as either 'excellent' or 'good'.

Timeliness

The extent to which the OBPR's advice is delivered to regulators and decision makers in a timely manner is also a key indicator of performance. A number of factors can affect the OBPR's timeliness including: the length and quality of the regulatory impact analysis document received; the complexity of the issues/policy proposals canvassed; the familiarity of OBPR staff with the issues covered, including whether the OBPR has had prior contact with the department/agency in relation to the issue; OBPR workloads; and staff availability.

As a general rule, officials preparing RISs are asked to allow the OBPR two weeks to provide advice on their adequacy. However, where further redrafting is necessary, additional time may be needed to ensure that the required adequacy criteria are met. In 2006-07 the OBPR provided formal feedback (comments on the first draft of the RIS) to departments and agencies, on average, eight working days after RISs were received. The ORR provided comments on 96 per cent of all (first draft) RISs received within two weeks.

Under the COAG Principles and Guidelines, the OBPR is also required to provide advice on RISs or BCC Reports for ministerial councils and national standard-setting bodies in a timely manner. When asked for advice in two weeks or less, the OBPR provided advice within the specified timeframe on all occasions in 2006-07.

Indicators of usefulness

The usefulness of the OBPR's regulation review activities in contributing to Government policy making and promoting community understanding of regulatory review and reform issues can be informed by a range of indicators.

- RISs tabled in the Parliament with explanatory memoranda or explanatory statements provide greater transparency regarding the rationale behind the Government's regulatory decisions, resulting in the Parliament and the public being better informed. RISs and the report of the Regulation Taskforce were referred to in Hansard on 36 occasions in 2006-07.

Indicators of the usefulness of the OBPR's regulation review activities in promoting understanding of regulatory best practice are also found in the use of its publications and reports.

-
- The Australian Government cited compliance data from *Regulation and its Review 2005-06* in its *National Competition Policy Report 2005–07* and the data were also used in policy statements by the Opposition (eg, Rudd 2007b, c; Emerson 2007).
 - The Business Council of Australia drew on the 2005-06 report in compiling its own assessment of regulatory reform, *A Scorecard of State Red Tape Reform*. In addition, the BCA stated:

The BCA strongly supports a process of accountability that includes an independent agency like the Office of Best Practice Regulation, which provides oversight of the RIS process and reports on the adequacy of RISs each year in its annual publication *Regulation and its Review*. Transparency and accountability mechanisms are essential for ensuring that regulation-making processes are properly implemented and adhered to. (BCA 2007c, p. 5)
 - Data from the 2005-06 Regulation and its Review were also used in the WTO Trade Policy Review (WTO 2007).
 - Approximately 1550 printed copies of *Regulation and its Review 2005-06* were distributed (including copies distributed to each Member of the Federal Parliament) and there was coverage of the report in national newspapers.
 - In the year ending 30 June 2007, there were 2260 requests for *Regulation and its Review 2005-06* from the Productivity Commission’s website and a total of around 3960 requests for the previous two reports.

The OBPR also provides information on regulatory best practice via its website. From 1 July 2006 to 19 November 2006, the ORR website received more than 8000 viewing requests. From 20 November 2006 to 30 June 2007, the OBPR website received more than 211 000 viewing requests and the BCC website, which went live in January 2007, received more than 78 000 requests. There were more than 70 000 requests for best practice regulation material (including the draft version of the *Best Practice Regulation Handbook*, released in November 2006, and the BCC). Quickstart was requested more than 6100 times and the Users Guide was requested more than 9700 times. There were more than 35 600 requests for the chapters of the *Best Practice Regulation Handbook* and 9300 requests for the appendices. The COAG Principles and Guidelines were requested more than 1200 times in 2006-07.

Output 4: Competitive neutrality complaints activities

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within 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:

- receive and investigate complaints on the application of competitive neutrality to Commonwealth 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 Parliamentary Secretary to the Treasurer within 90 days of accepting a complaint, and to undertake reporting and associated activities that are of a high standard and useful to government.

The resources used in producing this output in 2006-07 were:

- 1.0 staff years; and
- \$0.2 million on an accrual basis.

Activities in 2005-06

Complaints activity

The AGCNCO received one formal complaint during 2006-07 (table B.11). Details of the complaint, including the action taken, is reported in appendix D.

Table B.11 Formal competitive neutrality complaints, 2002-03 to 2006-07

<i>Activity</i>	<i>2002-03</i>	<i>2003-04</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>
Written complaints received	1	9	4	4	1
Action:					
New complaints formally investigated	–	1	–	–	1
Complaints investigated but not proceeding to full report ^a	–	1	–	4 ^b	–
Complaints not investigated	1	6	3	1	–
Reports completed	–	1	1	–	–
Complaints on hand (30 June)	–	1	1	–	1

^a Includes: complaints subject to initial investigation but suspended because on further consideration they did not warrant full investigation and report; and complaints investigated and resolved through negotiation. ^b Two complaints related to the same matter — the pricing of aviation rescue and firefighting services by Airservices Australia.

Advice on the application and implementation of competitive neutrality

An important part of the AGCNCO's role is to provide formal and informal advice on competitive neutrality matters and to assist agencies in implementing competitive neutrality requirements. During 2006-07 the AGCNCO provided advice around three times 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 as part of market-testing exercises.

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.

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 as to 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 Administration — 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 involve provision of significant amounts of data to the Office by both the complainant and the government business subject to complaint. In these situations the Office does not consider it is conducive to good outcomes to enforce 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 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 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. For example, the guidance note on the cost of capital for competitive neutrality purposes recently issued by the Victorian Competition and Efficiency Commission (2007) drew on the rate of return paper. During 2006-07 there were more than 9300 external requests to the website for AGCNCO investigation reports and about 2300 external requests for AGCNCO research publications.

Output 5: Supporting research and activities and statutory annual reporting

While much of the Productivity Commission's research activity is externally determined, 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:

The Commission has a self-initiated research program which will complement its other activities. Research themes would be responsive to the views of Governments and business and welfare groups. A major focus for this research will be to analyse the factors underlying productivity growth and social policy issues. (Costello 1998)

The Commission aims to produce research and associated reports which are of a high standard, timely and useful to government and which raise community awareness of microeconomic policy issues.

The resources used in producing this output in 2006-07 were:

- 35.8 staff years; and
- \$6.2 million on an accrual basis.

Activities in 2006-07

The output of the Commission's annual report and supporting research program this year included:

- research to meet the Commission's annual reporting obligations, comprising
 - its annual report for 2005-06, tabled in Parliament on 31 October 2006, which focused on major challenges facing Australia's governments in progressing the National Reform Agenda
 - two companion publications on regulatory developments in 2005-06 and on trade and assistance issues, released in December 2006 and April 2007, respectively
- a major Commission Research Paper informing COAG on the potential benefits of the National Reform Agenda
- a submission to the Prime Ministerial Task Group on Emissions Trading
- a joint report with the Australian Bureau of Statistics on the characteristics of Australia's irrigated farms
- publication of the Chairman's presentation, *Regulation for Australia's Federation in the 21st Century*, to the 2006 Melbourne Institute/The Australian Social and Economic Outlook Conference, as well as four other presentations made by the Chairman and posted on the Commission's website
- the Richard Snape Lecture, *The World Economy in the New Millennium: A Golden Age?*, delivered by Deepak Lal (James Coleman Professor of International Development Studies, University of California at Los Angeles, Professor Emeritus of Political Economy, University College, London and former Research Administrator at the World Bank) on 30 November 2006 and subsequently published
- the Commission contributes to the China Australia Governance Program, the aim of which is to address governance issues which have an impact on the effectiveness of poverty alleviation in China. Commissioner Mike Woods is the Chair of the Fiscal Reform Implementation Planning Committee and undertook a number of review and planning missions in 2006-07

-
- maintaining access to resource material on Australia's productivity performance (such as productivity estimates and analytical papers) on the Commission's website
 - four Staff Working Papers on labour force participation and productivity research
 - other projects associated with inquiry and research support, technical research memoranda, assistance to other government departments, conference papers and journal articles.

The presentation by Deepak Lal was the fourth in a series of lectures in memory of Professor Richard Snape, the former Deputy Chairman of the Commission and Emeritus Professor of Economics at Monash University, 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 Professor Max Corden, Anne Krueger (First Deputy Managing Director of the IMF, 2001–2006) and Martin Wolf (associate editor and chief economics commentator at the *Financial Times*).

The research publications produced in the supporting research program in 2006-07 are listed in box B.5. Supporting research proposals 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)
- 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).

Research projects underway at 30 June 2007 are shown in box B.6.

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 79 presentations given by the Chairman, Commissioners and staff in 2006-07 are provided in appendix E.

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 its study of the potential benefits of the national reform agenda involved:

- a series of workshops at which work-in-progress was discussed with representatives of Commonwealth, State and Territory government agencies as well as by experts in the areas covered by the NRA and representatives of the Energy Reform Implementation Group
- a separate workshop to report on progress in updating the MMRF–NRA model

Box B.5 Supporting research and annual reporting publications, 2006-07

Annual report suite of publications

Annual report 2005-06

Regulation and its review 2005-06

Trade & assistance review 2005-06

Commission research papers

Potential benefits of the National Reform Agenda

Submission

Productivity Commission submission to the Prime Ministerial Task Group on Emissions Trading

Chairman's published speech

Regulation for Australia's federation in the 21st century

Joint ABS/Productivity Commission report

Characteristics of Australia's irrigated farms, 2000-01 to 2003-04

Staff working papers

Workforce participation rates — how does Australia compare?

Men not at work: an analysis of men outside the labour force

Can Australia match US productivity performance?

Effects of health and education on labour force participation

2006 Richard Snape Lecture

The World Economy in the New Millennium: A Golden Age? (Deepak Lal)

- a workshop, held in September 2006, to obtain feedback on the Commission's preliminary results
- consultations with sectoral experts including officials from five Commonwealth departments, the ACCC, Bureau of Transport Economics, Energy Reform Implementation Group, National Energy Market Company, the Australian Energy Users Association, the Australian Council for Educational Research, academics, and Commonwealth and State Treasury officials.

Research projects can involve consulting with key interested parties on the issues they view as important and obtaining access to information. For example, the staff working paper analysing factors underlying men's disengagement from the Australian labour market benefited substantially from comments and feedback on

Box B.6 Supporting research projects underway at 30 June 2007

The influence of infrastructure on productivity	Recent declines in productivity growth in the mining sector: causes and consequences
Public economic infrastructure financing – an international perspective	Water use in Australian agriculture and farm performance
Precaution and the precautionary principle: two Australian case studies	Towards urban water reform: issues and options
Trends in the demand and supply of aged care services – some implications	Part-time work in Australia – a profile
Experimental measures of productivity change in the education sector	Links between literacy and numeracy skills and labour market outcomes
Theory and evidence of skill shortages in Australia	Migration, international trade and investment
Effects of health and education on wages	Recent developments in Australian fertility
An alternative to the Armington assumption for models of world trade	Measuring productivity in health service delivery
A user interface for updating and running the Commission's demographic models	Developing an improved self-employed contractor question module for the 2008 HILDA survey
The distributional impact of health outlays: developing the research and modelling infrastructure for policy makers (SPIRT Project) *	Assessing the social and fiscal policy implications of an ageing population (ARC Linkage Grant) *
Setting priorities for services trade reform (ARC Linkage Grant) *	

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

various factual aspects from agencies such as the Australian Bureau of Statistics, the Department of Employment and Workplace Relations and the OECD.

Research is 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. For example, an early version of the staff working paper on Australia's potential for productivity catch up was presented to a Commonwealth–State Forum on Economic Framework Issues, convened by the Commonwealth Treasury in August 2006. 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 2006-07 were drawn from the Commonwealth Treasury, the Groningen Growth and Development Centre (The Netherlands), the Melbourne Institute of Applied Economic and Social Research and Monash University.

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

- the Prime Minister's statement in parliamentary debate on the interpretation of productivity measures and use of productivity material on the Commission's website that:

I would have thought that the best authority I could quote was in fact the Productivity Commission itself. (Howard 2007c, p. 77)

- the request conveyed by the Secretary to the Commonwealth Treasury, on behalf of COAG Senior Officials, that the Commission use its supporting research capabilities to investigate the potential economic and government revenue impacts of the National Reform Agenda
- the decision of the Energy Reform Implementation Group to work in cooperation with the Commission in quantifying the wider economic benefits of electricity market reform as part of the NRA study
- the Committee for Economic Development of Australia decision to disseminate the findings from Commission supporting research reports on non-traditional employment, international comparisons of workforce participation rates and Australia's productivity potential in its magazine, *Australian Chief Executive*, in December 2006, July 2007 and October 2007 respectively
- the request by the South Australian Centre for Economics to publish a presentation on Australia's productivity growth by Assistant Commissioner Dean Parham in its series, *Economic Issues*, and the citation of productivity research in international journals (eg, Sharpe 2007).

Timeliness

The Commission's annual report for 2005-06, including its theme chapter on challenges in progressing the National Reform Agenda, was completed on schedule and tabled in Parliament on 31 October 2006. The annual report companion volumes, and most other supporting research publications listed in box B.5, met completion schedules set by the Commission.

The Commission was originally requested to present its assessment of the potential benefits of the National Reform Agenda by 30 November 2006. This deadline was subsequently revised to 22 December 2006 to coincide with the reporting date for its inquiry on road and rail freight infrastructure pricing. As modified modelling from this inquiry was incorporated in the analysis, the NRA study could not be presented to COAG before the road and rail inquiry results were sent to the Australian Government.

A number of supporting research projects in 2006-07 were placed on hold as resources were diverted to servicing government projects and the NRA study. For example, the supporting research project on the life cycle working choices of women was paced on hold pending completion of the public inquiry on retail tenancies. The priority accorded government-commissioned projects and the NRA study means that a lower priority supporting research project can often take longer than anticipated, even though it is delivered within the original budget. Research projects which are not strongly time sensitive can be resourced intermittently. Redefinition of project scope and delays in obtaining data and referee comments can also be reasons for delays in completion times. The more experimental or exploratory the project, the more difficult it is to schedule completion.

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.

- The Treasurers of Victoria and Western Australia, as well as the Chief Minister of the ACT, separately welcomed the Commission's independent assessment of the potential benefits of the National Reform Agenda (Brumby 2007; Ripper 2007; Stanhope 2007). The Australian Government's 2007 annual report to the OECD on competition policy developments drew on the Commission's NRA

report, as did the Parliamentary Secretary to the Treasurer (Pearce 2007), numerous Opposition policy documents (eg, Rudd 2007c; Rudd and Roxon 2007a, b, c; Rudd and Macklin 2007; Emerson 2007), business and other groups (BCA 2007e; Australian Industry Group 2007; Australian Council of Trade Unions 2007).

- In two statements on long-term greenhouse gas reduction targets, the Prime Minister drew on the Commission's submission to the Prime Ministerial Task Group on Emissions Trading in the following ways:

... a decision taken on a long-term target will be the most important economic decision that Australia takes in the next decade. And I want to ensure that any decision is made very carefully in a way that takes full account of jobs and investment in Australia, of climate change action by others and of global technology developments. Because as the Productivity Commission has warned, there are potentially very serious costs to Australia from acting alone and getting this decision wrong. (Howard 2007a)

The Productivity Commission has made it very clear that if we independently set targets and we don't take regard to the rest of the world, the impact will be costly. (Howard 2007b)

- Recent outputs from the Commission's stream of labour market research are in wide use. The findings from the Staff Working Paper *Workforce Participation Rates – How Does Australia Compare?* were cited the Commonwealth's 2007-08 Budget Papers, by the NSW Government (2007), in policy documents (eg Rudd and Macklin 2007) and by the Business Council of Australia (BCA 2007a). This Staff Working Paper, together with that on *Men Not at Work*, have both been used in Reserve Bank research (Betts et al. 2007) and by the BCA (2007b). The Commonwealth's 2007-08 Budget Papers and the NSW Government (2007) also cited the 2006 Commission Research Paper, *The Role of Non-Traditional Work in the Australian Labour Market*.
- The continuing usefulness of the Commission's stream of research on Australia's productivity performance is demonstrated by widely based references to it. The Commission's website-based productivity material was used by the Prime Minister (Howard 2007c), by the Australian Government in a background paper preceding its Industry Statement (ITR 2007a), the Opposition (Rudd and Smith 2007; Rudd and Carr 2007), the Business Council of Australia (2007c, d), the Australian Council of Social Services (2007) and consultants (eg Allen Consulting 2007c; Econtech 2007). The Staff Working Paper, *Can Australia Match US Productivity Performance?*, has been cited by the BCA (2007d), in federal parliamentary debate and in various policy discussion papers (eg Rudd and Carr 2007; Emerson 2007). A variety of other Commission supporting research outputs on productivity matters was also used elsewhere during the year, including in OECD work (Høj et al. 2007).

-
- The Commission's path breaking work in modelling the economic impacts of barriers to trade in services has enabled researchers at the OECD and others to illustrate the potential for services trade liberalisation (Dihel and Shepherd 2007; Lejour et al 2007).
 - The Commission's series of sectoral studies on agriculture, manufacturing and services continue to be used. Examples of the use of 2005 paper, *Trends in Australian Agriculture*, include the Government's response of March 2007 to the House of Representatives Committee Report *Getting a better return*, the WTO (2007), the House of Representatives Committee report on rural skills training and research, the Central West Independent Review Panel (2007) and the National Farmers' Association (2007). The 2003 paper *Trends in Australian Manufacturing* was referred to extensively in Rudd and Carr (2007) and by the WTO (2007); and the BCA (2007d) cited the discussion of the factors contributing to the growing demand for services in the Commission's 2002 paper, *Australia's Services Sector, A Study in Diversity*.
 - *Trade & Assistance Review*, part of the Commission's suite of annual reporting, is used widely in discussion of industry assistance and trends. For example, various reports from the series were cited by the WTO (2007), extensive use of manufacturing and service sector data from the 2005-06 Review was made by the Australian Government in the lead up to its Industry Policy Statement (ITR 2007b, c) and use by the Australian Industry Group (2006) in its submission to the Government.
 - Papers from the Commission's roundtable proceedings on *Productive Reform in a Federal System* were cited by the IMF (2007), the BCA (2006) and in NSW Parliamentary Library Research Service briefing (Griffith 2006).
 - The Chairman's speeches receive media and editorial coverage and are used by others in policy analysis and debate, including in parliament. For example, during the year, various of his speeches on improving regulatory processes were cited in parliamentary debate and in policy development and evaluation (Emerson 2007; BCA 2007c); on Australia's productivity performance (Rudd and Smith 2007; Emerson 2007); on the ageing population by the BCA(2007b); and on Indigenous disadvantage by the Aboriginal and Torres Strait Islander Social Justice Commissioner (2006). Speeches by the Chairman were cited in international reviews by the WTO (2007) and IMF (2006).
 - Examples of the use of supporting research outputs in the work of federal parliamentary committees and the Parliamentary Library are provided in tables B.1 and B.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. The Commission's NRA study attracted five editorials in major newspapers in 2006-07; there were three editorials drawing on its productivity analysis and one each on its annual report and the Trade & Assistance Review. To 30 June 2007, for the reports listed in box B.5, there were more than 27 200 external requests for the index pages on the Commission's website. There was a total of more than 104 200 external requests for the 45 supporting research reports for which website usage was tracked and more than 18 000 requests for speeches given by the Commission's Chairman.