
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 analyses from a community-wide perspective.

The Commission's four output streams comprise public inquiries and other government-commissioned projects, performance reporting and other services to government bodies, competitive neutrality complaints activities, and supporting research and statutory annual reporting. This appendix sets out some broad considerations in assessing the Commission's performance and reports various indicators of overall performance, as well as the Commission's outputs and related performance in 2008-09.

Objectives for performance assessment

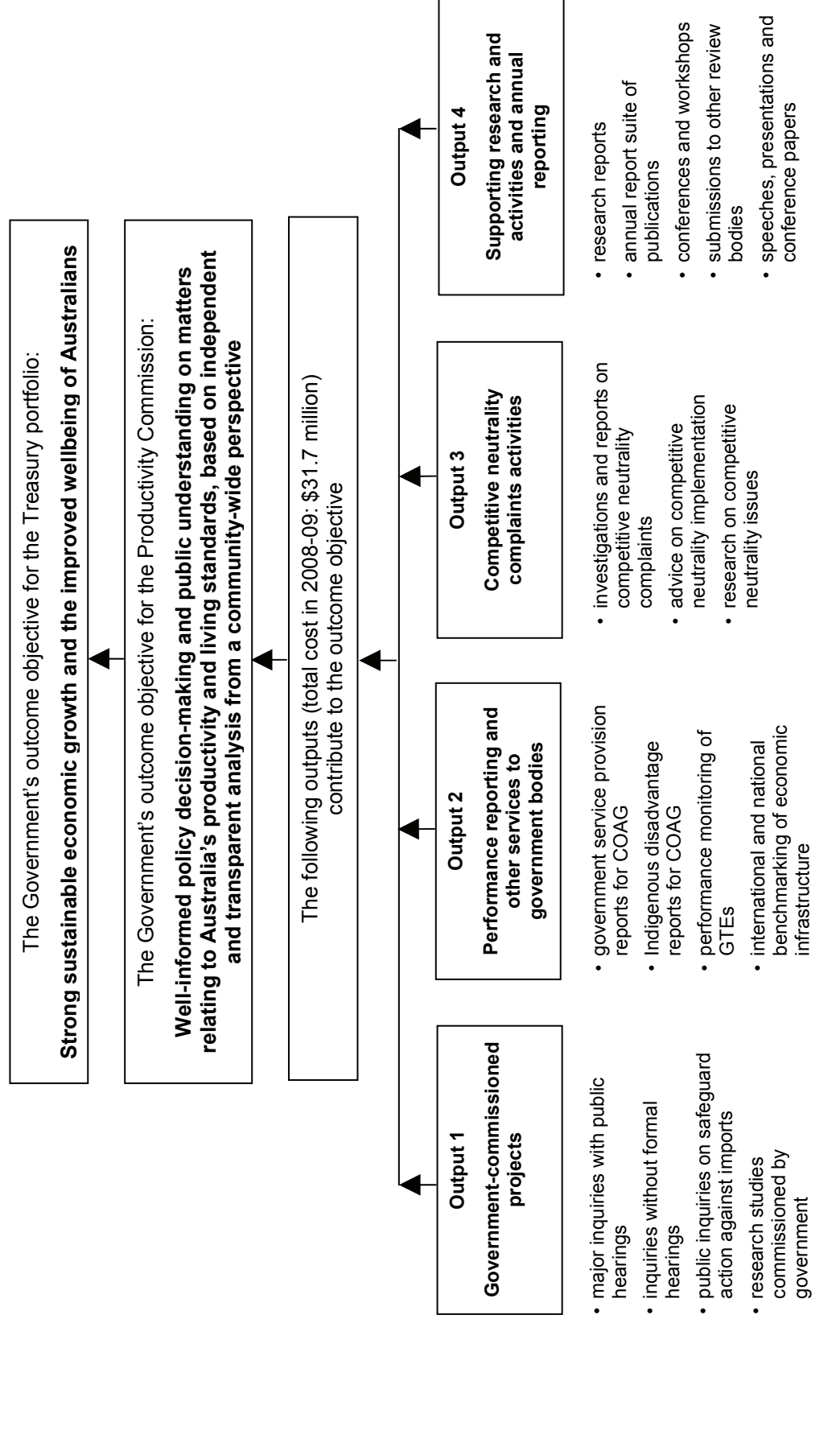
The Government's single outcome objective for the Commission against which the Commission's overall performance is to be assessed is:

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, these activities have been classified into four outputs:

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

Figure B.1 Productivity Commission outcome/output framework 2008-09



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

to improve the wellbeing of the Australian people, including by achieving strong, sustainable economic growth, through the provision of advice to government and the efficient administration of federal financial relations.

Commission activities

All of the Commission's activities in its four 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, including commissioned projects of an inquiry and research nature relating to regulatory issues (Output 1)
- meeting standing research, investigatory and advisory functions nominated by government (Outputs 2 and 3)
- 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 4).

Commissioned projects

Government-commissioned projects have individual terms of reference.

Public inquiries involve extensive public consultation — such as visits, submissions and public hearings — to help identify the relevant issues, assist in the analysis of information and the development of policy options, and to obtain feedback on the Commission's analysis and proposed recommendations. Depending on the length of the reporting period, the Commission typically issues either a full draft report or a 'Position Paper' as part of this consultation process before finalising its report to government. Inquiry reports are tabled in Parliament.

Commissioned research studies are generally concerned with assembling policy-relevant information or analysis of policy options for tasks that are often narrower in scope, 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.

Standing functions

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

- secretariat and research services for the Steering Committee for the Review of Government Service Provision. The Steering Committee is responsible for the publication of national performance indicators for service provision and Indigenous disadvantage, and related research reports. It is also responsible for providing the COAG Reform Council with performance information relating to six National Agreements (schedules to the Intergovernmental Agreement on Federal Financial Relations)
- secretariat and research services for the Indigenous Expenditure Report Steering Committee. The Steering Committee is responsible for reporting on expenditure on services to Indigenous Australians
- national and international benchmarking of key economic infrastructure industries, a standing research direction from the Government. The Commission has some discretion in the choice of industry and timing, guided by an assessment of the Government's policy needs
- reports and related activities necessary to meet the Commission's statutory obligation to investigate complaints that an Australian Government business is not conducted in accordance with competitive neutrality arrangements
- statutory annual reporting on assistance and regulation affecting industry (published as the *Trade & Assistance Review*) and on industry and productivity performance generally (encompassed in the Commission's Annual Report).

Government-commissioned projects and the Commission's standing functions have priority in the deployment of its staffing and financial resources.

Supporting research

The Commission also has a statutory mandate to conduct its own program of research to support its annual reporting and other responsibilities, and to promote community awareness and understanding of productivity and regulatory issues. This program of supporting research is guided by government statements on policy priorities and parliamentary debate and committee work, and draws on an extensive consultation process with Australian Government departments and agencies, peak employer and union bodies, and community and environmental groups. The views of State and Territory governments and academics are also sought.

There is a hierarchy of publications and other activities within the Commission’s program of supporting research.

- The suite of two annual reporting publications, as well as Commission Research Papers and submissions to other inquiries or reviews established by government or parliament, present the Commission’s views on policy issues.
- Published research by Commission staff aims to provide the information and analysis needed to inform policy discussion within government, parliaments and the broader community. Such research can provide ‘building blocks’ for policy development.
- Publication of the proceedings of conferences and workshops sponsored by the Commission, and of consultants’ reports to the Commission, is also intended to promote and inform discussion on important policy issues. As with staff publications, the views expressed need not reflect the views of the Commission.

Interpreting performance indicators for the Commission

The Commission has sought to demonstrate its effectiveness through a number of performance indicators that apply across its specific outputs (box B.1). Subsequent sections of this appendix report against these indicators for each of its four outputs. Feedback surveys undertaken, use of Commission outputs in the parliamentary process, and some general indicators of effectiveness are also reported below.

Box B.1 Performance indicators for Commission outputs	
<i>Outputs</i>	<i>Key indicators</i>
Government-commissioned projects	Projects, reports and associated activities: <ul style="list-style-type: none"> • of a high quality • useful to stakeholders • timely.
Performance reporting and other services to government bodies	
Competitive neutrality complaints activities	
Supporting research and activities and statutory annual reporting	

A number of factors need to be taken into account when interpreting indicators of the Commission’s performance.

First, the effectiveness with which the Commission’s activities contribute to the achievement of its designated outcome can be difficult to assess and is often subjective. The Commission is but one source of policy advice. Furthermore, feedback on the Commission’s performance often can be of an informal kind, which

is hard to document and collate systematically. Where views are documented, they can reflect the interests of those affected by the Commission's analysis or advice.

Second, the Commission's work program often covers contentious and complex policy issues, where the Commission's impact should properly be assessed over the medium to long term. Examples from the past year demonstrate the 'shelf life' of a variety of Commission reports in policy formulation and debate (box B.2).

Third, the Commission has to give priority to certain outputs and allocates its resources accordingly. The quantum and scope of the Commission's work are, to a significant extent, determined externally. This includes the number and timing of government-commissioned projects and competitive neutrality complaints. Similarly, its secretariat and research work for the Review of Government Service Provision is guided by a Steering Committee. As a consequence, the number and timeliness of 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.

Fourth, the Commission has no control over the release of its final inquiry reports (unlike its draft 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 2008-09 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.

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

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.

- On 3 December 2008, the Australian Government introduced the *Disability Discrimination and Other Human Rights Legislation Amendment Bill 2008*. The Bill, which was subsequently passed by Parliament, implemented recommendations made by the Commission in its 2004 review of the *Disability Discrimination Act 1992*. On introducing the Bill, the Attorney General stated:
The Bill will implement key recommendations made by the Productivity Commission in 2004. The amendments will clarify and modernise aspects of the Act, including making it clear that there is a duty to make reasonable adjustments for people with a disability (McLelland 2008).
- Recommendations from the Commission's 2001 *Review of the National Access Regime* were used by the Australian Government when designing a package of reforms to the Regime (Bowen 2009).
- The Commission's 2002 inquiry report on the job network featured prominently in recent discussions about the provision of employment services. In June 2009, a Senate Committee inquiry on employment services contracts drew extensively on the 2002 report and recommended that the Commission be asked to consider the design of tenders for such contracts (Senate Education, Employment and Workplace Relations References Committee 2009).
- Past Commission reports on health, ageing and aged care continued to be widely used and cited throughout the year. For example:
 - A review of the literature on the potential for efficiency gains in the health care system, undertaken by the National Health and Hospitals Reform Commission in June 2009, drew heavily on past Commission work including reports on private health insurance (IC 1997) and the potential benefits of the National Reform Agenda (PC 2006).
 - The Australian National Audit Office drew on analysis and findings within the Commission's 2005 report on the health workforce when considering the contribution of programs administered by the Department of Health and Ageing to rural and remote health workforce capacity (ANAO 2009b).
 - Previous Commission publications on aged care, including *Nursing Home Subsidies* (PC 1999), were cited during a recent Senate Standing Committee inquiry on Residential and Community Aged Care. The final report of the Committee recommended that any further reviews of this area 'should consider and assess the views, concerns and recommendations of involved stakeholders including the Productivity Commission' (Senate Standing Committee on Finance and Public Administration 2009, p. xii).
- The Parliamentary Library Research Paper of January 2009 on Commonwealth involvement in the rail freight industry drew on the analysis and findings in several past Commission reports, including the 1999 inquiry report on *Progress in Rail Reform*, the 2005 *Review of National Competition Policy Reforms* and the 2006 inquiry report on *Road and Rail Freight Infrastructure Pricing*.

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 and the quality and usefulness of the Commission's supporting research program.

Recent survey on Commission reports

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 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.

In the current reporting year the Commission has assessed 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. It has also used the results in assessing the ways it presents its analysis and conclusions and in considering ways in which it can enhance the readability of its reports. In 2008-09 the Commission commenced implementing a number of changes to the way it presents its reports in light of the responses outlined above.

Survey on the Report on Government Services

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. A 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. 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, and improved comparability, better data quality and more timely data were 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. More detailed survey results were reported in the 2007-08 Annual Report.

Other feedback

As noted in chapter 2, feedback opportunities provided through email, on-line survey forms, and survey forms included in publications or issued to participants in the Commission's public hearings remained little used in 2008-09. 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 2008-09 were the Commission's reports on the *Disability Discrimination Act 1992*, aged care trends, paid parental leave and the role of policies to supplement an emissions trading scheme. As noted in chapter 2, 84 Members of the House of Representatives and 30 Senators collectively referred to 38 different Commission inquiries or reports, or to the Commission's role in policy processes, during the 2008-09 parliamentary proceedings.

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

- Seventeen parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports. The 27 recent parliamentary committee reports listed in table B.1 referred to 22 different Commission outputs.
- People appearing at the hearings of parliamentary committees in 2008-09 referred to Commission outputs in more than 40 different topic areas.
- Research material provided to parliamentarians during 2008-09 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 22 different Commission outputs (table B.2). These included 16 inquiry and other commissioned research reports, the Report on Government Services, several research papers and workshop and roundtable proceedings and the Commission's 2008 submission to the Garnaut Climate Change Review. Considerable use of Commission outputs was also apparent within the Library's *Budget Review 2009-10*.

Use of Commission Reports by the Audit Office

Performance audits undertaken by the Australian National Audit Office (ANAO) inform the Parliament and the Government about public sector administration and performance. During 2008-09 the ANAO cited analysis and a number of findings from Commission work on the textiles, clothing and footwear industries in Audit

Report No. 10, *Administration of the Textile, Clothing and Footwear Post-2005 (SIP) Scheme*. This included use of the Commission's 2003 review of TCF assistance, its 2008 modelling of the economy-wide effects of future assistance and the *2006-07 Trade and Assistance Review*. The ANAO drew on findings in the Commission's 2005 report on Australia's health workforce, and on analysis in the Chairman's recent speech on evidence-based policy making, in Audit Report No. 26, *Rural and Remote Health Workforce Capacity. Analysis* ; and findings from the 2008 report on aged care trends were used in Audit Report No. 40, *Planning and Allocating Aged Care Places and Capital Grants*.

Other Commission outputs referred to in ANAO reports in 2008-09 were the 2008 and 2009 *Report on Government Services* and the inquiry report on waste management.

Estimates appearances

The Commission is also invited to appear regularly before Senate Estimates to assist the work of Federal Parliament and facilitate scrutiny of its work. It was requested to attend Senate Estimates hearings on two occasions in 2008-09. Appearances by the Chairman and senior staff before the Senate Standing Committee on Economics occurred on 23 October 2008 and 4 June 2009. Hansard of the appearances is available on the Parliament of Australia website.

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 Economics, Tax Laws Amendment (<i>Medicare Levy Surcharge Thresholds</i>) Bill 2008, August 2008	Annual Report Series, <i>Trade & Assistance Review 2006-07</i>
Senate Standing Committee on Community Affairs, <i>National Health Amendment (Pharmaceutical and Other Benefits—Cost Recovery) Bill</i> 2008, August 2008	Inquiry Report, <i>Cost Recovery by Government Agencies</i> , March 2002
Senate Standing Committee on Economics, <i>Australian Securities and Investments Commission (Fair Bank and Credit Card Fees) Amendment Bill</i> 2008, September 2008	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
Senate Standing Committee on Environment, Communications and the Arts, <i>Management of Australia's Waste Streams (including consideration of the Drink Container Recycling Bill</i> 2008), September 2008	Inquiry Report, <i>Waste Management</i> , October 2006
Senate Select Committee on State Government Financial Management, <i>Select Committee on State Government Financial Management: Report</i> , September 2008	Research Paper, <i>Financial Performance of Government Trading Enterprises 2004 to 2006</i> , June 2008
Senate Standing Committee on Rural and Regional Affairs and Transport, <i>Implementation, operation and administration of the legislation underpinning Carbon Sink Forests</i> , September 2008	Annual Report Series, <i>Trade & Assistance Review 2006-07</i>
House of Representatives Standing Committee on Aboriginal and Torres Strait Islander Affairs, <i>Open for Business: Developing Indigenous enterprises in Australia</i> , October 2008	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2007</i> , June 2007
Senate Standing Committee on Community Affairs, <i>Poker Machine Harm Reduction Tax (Administration) Bill</i> 2008; <i>Poker Machine Harm Minimisation Bill</i> 2008; <i>ATMs and Cash Facilities in Licensed Venues Bill</i> 2008, November 2008	Inquiry Report, <i>Australia's Gambling Industries</i> , November 1999
House of Representatives Standing Committee on Infrastructure, Transport, Regional Development & Local Government, <i>Funding regional and local community infrastructure: Proposals for the new Regional and Local Community Infrastructure Program</i> , Interim Report, November 2008	Research Report, <i>Assessing Local Government Revenue Raising Capacity</i> , April 2008

Senate Standing Committee on Community Affairs, <i>Aged Care Amendment (2008 Measures No. 2) Bill 2008 [Provisions]</i> , November 2008	Commission Research Paper, <i>Trends in aged care services: some implications</i> , September 2008
Senate Standing Committee on Economics, <i>Lost in Space? Setting a new direction for Australia's space science and industry sector</i> , November 2008	Research Report, <i>Public Support for Science and Innovation</i> , March 2007
House of Representatives Standing Committee on Economics, <i>Competition in the banking and non-banking sectors</i> , November 2008	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
Senate Standing Committee on Economics, <i>Australia's mandatory Last Resort Home Warranty Insurance scheme</i> , November 2008	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
Senate Standing Committee on Rural and Regional Affairs and Transport, Interstate Road Transport Charge Amendment Bill (No. 2) 2008 [Provisions]; Road Charges Legislation Repeal and Amendment Bill 2008 [Provisions], November 2008	Inquiry Report, <i>Road and Rail Freight Infrastructure Pricing</i> , December 2006
Senate Standing Committee on Community Affairs, <i>Government expenditure on Indigenous affairs and social services in the Northern Territory</i> , December 2008	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2007</i> , June 2007; Steering Committee for the Review of Government Service Provision, <i>Report on Government Services Provision 2008, Indigenous Compendium</i> , April 2008
House of Representatives Standing Committee on Industry, Science and Innovation, <i>Building Australia's Research Capacity</i> , December 2008	Research Report, <i>Public Support for Science and Innovation</i> , March 2007
Senate Standing Committee on Economics, <i>The need, scope and content of a definition of unconscionable conduct for the purposes of Part IVA of the Trade Practices Act 1974</i> , December 2008	Inquiry Report, <i>The Market for Retail Tenancy Leases in Australia</i> , August 2008
Senate Standing Committee on Economics, <i>Disclosure regimes for charities and not-for-profit organisations</i> , December 2008	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2007</i> , June 2007

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Table B.1 (continued)

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
Senate Standing Committee on Legal and Constitutional Affairs, <i>Effectiveness of the Sex Discrimination Act 1984 in eliminating discrimination and promoting gender equality</i> , December 2008	Draft Inquiry Report, <i>Paid Parental Leave: Support for Parents with Newborn Children</i> , September 2008
Joint Committee on Corporations and Financial Services, <i>Opportunity not opportunism: improving conduct in Australian franchising</i> , December 2008	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
Senate Standing Committee on Economics, <i>Exposure draft of the legislation to implement the Carbon Pollution Reduction Scheme</i> , April 2009	Roundtable proceedings, <i>Promoting Better Environmental Outcomes</i> , August 2008
Senate Standing Committee on Finance and Public Administration, <i>Residential and Community Aged Care in Australia</i> , April 2009	Inquiry Report, <i>Nursing Home Subsidies</i> , March 1999; Commission Research Paper, <i>Trends in aged care services: some implications</i> , September 2008
Senate Select Committee on Fuel and Energy, <i>The CPRS: Economic cost without environmental benefit</i> . Interim report, May 2009	Submission, <i>Submission to the Prime Ministerial Task Group on Emissions Trading</i> , March 2007; Submission, <i>What Role for Policies to Supplement an Emissions Trading Scheme?</i> , Submission to the Garnaut Climate Change Review, May 2008
Senate Community Affairs Legislation Committee, <i>Health Workforce Australia Bill 2009 [Provisions]</i> , June 2009	Research Report, <i>Australia's Health Workforce</i> , December 2006
Senate Economics Legislation Committee, <i>Carbon Pollution Reduction Scheme Bill 2009 and related bills [Provisions]</i> , June 2009	Annual Report Series, <i>Trade & Assistance Review 2007-08</i>
Senate Education, Employment and Workplace Relations References Committee, <i>DEEWR tender process to award employment services contracts</i> , June 2009	Inquiry Report, <i>Independent Review of the Job Network</i> , June 2002
Senate Select Committee on Regional and Remote Indigenous Communities, <i>Second report 2009</i> , June 2009	Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2007</i> , June 2007; Steering Committee for the Review of Government Service Provision, <i>Report on Government Services 2009</i> , January 2009

Table B.2 Parliamentary Library use of Commission outputs in 2008-09

Parliamentary Library output 2008-09	Commission output used
<i>AusLink (National Land Transport) Amendment Bill 2008</i> , Bills Digest No 13, September 2008	Inquiry Report, <i>Road and Rail Freight Infrastructure Pricing</i> , December 2006
<i>Broadcasting Legislation Amendment (Digital Television Switch-over) Bill 2008</i> , Bills Digest No. 35, October 2008	Inquiry Report, <i>Broadcasting</i> , March 2000
<i>Trade Practices Amendment (Clarity in Pricing) Bill 2008</i> , Bills Digest No 38, October 2008	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
<i>Water Amendment Bill 2008</i> , Bills Digest No 45, October 2008	Staff Working Paper, <i>Modelling water trade in the southern Murray-Darling Basin</i> , November 2004
<i>Aged Care Amendment (2008 Measures No. 2) Bill 2008</i> , Bills Digest No 56, November 2008	Commission Research Paper, <i>Trends in aged care services: some implications</i> , September 2008
<i>Current legal issues in franchising in Australia</i> , Background Note, November 2008.	Inquiry Report, <i>Review of Australia's Consumer Policy Framework</i> , April 2008
<i>Appropriation (Economic Security Strategy) Bill (No. 2) 2008-09</i> , Bills Digest No 61, November 2008	Inquiry Report, <i>First Home Ownership</i> , March 2004
<i>Commonwealth involvement in reform of the rail freight industry</i> , Research Paper, January 2009	Inquiry Report, <i>Progress in Rail Reform</i> , August 1999; Inquiry Report, <i>Review of National Competition Policy Reforms</i> , February 2005; Inquiry Report, <i>Road and Rail Freight Infrastructure Pricing</i> , December 2006
<i>Corporations Amendment (No. 1) Bill 2008</i> , Bills Digest No 75, January 2009	Research Report, <i>Review of Mutual Recognition Schemes</i> , January 2009
<i>Disability Discrimination and Other Human Rights Legislation Amendment Bill 2008</i> , Bills Digest No 87, February 2009	Inquiry Report, <i>Review of the Disability Discrimination Act 1992</i> , April 2004
<i>Trade Practices Amendment (Cartel Conduct and Other Measures) Bill 2008</i> , Bills Digest No 90, February 2009	Inquiry Report, <i>Review of Part X of the Trade Practices Act 1974: International Liner Cargo Shipping</i> , February 2005; Inquiry Report, <i>Telecommunications Competition Regulation</i> , September 2001

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Table B.2 (continued)

<i>Parliamentary Library output 2008-09</i>	<i>Commission output used</i>
<i>Options for reforming Australia's health system, Background Note, February 2009</i>	<i>Workshop Proceedings, Managed Competition in Health Care, August 2002</i>
<i>Child abuse and protection in Australia, Background Note, March 2009</i>	<i>Steering Committee for the Review of Government Service Provision, Report on Government Services 2009, January 2009</i>
<i>The interim report of the National Health and Hospitals Reform Commission—a summary and analysis, Research Paper, March 2009</i>	<i>Commission Research Paper, Trends in Aged Care Services: some implications, September 2008; Research Report, Australia's Health Workforce, December 2006</i>
<i>Commonwealth Arts Policy and Administration, Background Note, May 2009</i>	<i>Issues Paper, Copyright Restrictions on the Parallel Importation of Books, November 2008</i>
<i>Offshore Petroleum and Greenhouse Gas Storage Legislation Amendment Bill 2009, Bills Digest No 133, May 2009</i>	<i>Research Report, Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector, April 2009</i>
<i>Health Workforce Australia Bill 2009, Bills Digest No 142, May 2009</i>	<i>Research Report, Australia's Health Workforce, December 2006</i>
<i>Budget Review 2009-10, Research Paper No 33, May 2009</i>	<i>Research Report, Review of the Australian Consumer Product Safety System, January 2006; Inquiry Report, Review of Australia's Consumer Policy Framework, April 2008; Inquiry Report, Government Drought Support, February 2009; Inquiry Report, Paid parental leave: support for parents with newborn children, February 2009</i>
<i>Renewable Energy (Electricity) Amendment Bill 2009, Bills Digest No 182, June 2009</i>	<i>Submission to the Garnaut Climate Change Review, What Role for Policies to Supplement an Emissions Trading Scheme?, May 2008</i>
<i>Does the Commonwealth have constitutional power to take over the administration of public hospitals?, Research Paper No 36, June 2009</i>	<i>Roundtable proceedings, Productive reform in a federal system, October 2005</i>

Other evidence

In addition to the performance indicators for 2008-09 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 discussing paid parental leave on 24 February 2009, the Prime Minister stated:

... what we said was we would look at the Productivity Commission report – it's due soon - and that we'd consider it in the budget context. That is the right way to do public policy. (Rudd and Gillard 2009)
- In August 2008, the then Minister for Small Business, Independent Contractors and the Service Economy, Craig Emerson, said that:

The Productivity Commission has a distinguished record in providing impartial, economically rigorous advice and continues to make an indispensable contribution to Australian public policy debate. (Emerson 2008)
- During the year COAG requested that the Commission undertake several new inquiries and studies to assist it with its work. These included reviews of Australia's anti-dumping system, the parallel import restrictions on books and a national review of Australia's gambling industries.
- Additional funding was also announced in the 2009-10 Budget for the Commission's role in implementing the COAG Federal Financial Framework. The accompanying Budget Measure stated that the Commission's contribution will support the COAG reform agenda by:
 - helping to inform governments and the community about the magnitude and distribution of reform impacts and benefits, and the state-of-play in implementing reforms;
 - providing timely, accurate and meaningful performance information to inform analysis by the CRC and public accountability of governments for SPP outcomes under the new National Agreement framework; and
 - facilitating the measurement of the cost-effectiveness of Indigenous programs, through a national framework for reporting expenditure on Indigenous services, as a means of informing better policy making in Indigenous affairs.

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- In May 2009, the OECD stated that the Commission ‘is viewed as an authoritative non-partisan well-resourced body. Its recommendations carry weight with all Australian governments and all sides of politics.’ (OECD 2009b, p. 51)
 - The Australian Government announced in December 2008 that as part of its Carbon Pollution Reduction Scheme (CPRS) the Commission would be tasked with undertaking assessments of industry claims for compensation (Australian Government 2008b). It also subsequently announced in May 2009 that, as part of the CPRS, the Commission would be required to provide analysis of quantitative measures of carbon prices or shadow carbon prices in major economies (Rudd, Swan and Wong, 2009).
 - The final report of the Mortimer review of export policies and programs, delivered in September 2008, endorsed ‘the contribution of the Commission in providing rigorous analysis across a wide range of economic, social and environmental matters’ (Mortimer 2008, p. 65). It also recommended that the Commission undertake more economic analysis and advice on export and investment issues as a matter of priority (p. 3), and that its current work on regulation be extended to include analysis of the regulatory burdens on exports and the scope for reform (p. 71).
 - The Northern Territory Emergency Response Review Board called in October 2008 for the Commission to be asked to conduct a comprehensive review of future expenditure required to address unmet service needs and infrastructure backlogs in remote communities. The Board stated that, in its view, the Commission was a logical choice to undertake this task given its central role in preparing the *Overcoming Indigenous Disadvantage* report and given its ‘long-established credibility and independence’ (NTER Review Board 2008, p. 53).
 - The announcement of the Commission’s inquiry into executive remuneration in March 2009 was welcomed by various groups, including the Business Council of Australia, the Australian Shareholders Association, Regnan Governance Research and Management, Woolworths Pty Ltd, the Finance Sector Union and the Australian Human Resources Institute. In discussing the inquiry in Parliament on 24 June 2009, the Minister for Financial Services, Superannuation and Corporate Law, Chris Bowen, described the Commission as:

... a well-respected instrumentality which is well placed to consider all the issues and bring down a measured and balanced report which the government will then consider.
 - As part of its Social Inclusion Agenda, the Government announced in March 2009 that the Commission would undertake a study of the community sector in Australia to better understand the contribution it makes and to also identify

opportunities for productivity gains in the sector (Gillard, Bowen and Stephens 2009).

- The Federal Opposition proposed a number of tasks for the Commission during the year, including that it:
 - be asked to inquire into the design and efficacy of the Carbon Pollution Reduction Scheme and to assess its impact on jobs, regions and agriculture (Senate Economics Legislation Committee 2009);
 - conduct a review of the effectiveness and efficiency of the Government's deposit guarantee measures, not later than three years after they were introduced (Turnbull 2008);
 - produce annual reports on the infrastructure projects approved under the *Nation-Building Funds Act 2008* (Robb 2008); and
 - undertake a broad-ranging inquiry into Australia's broadband market, including to examine the broadband market in Australia, identify any evidence of market failure, consider all options to address any market failure and recommend the most cost-effective solutions (Minchin 2009).
- A report on international institutions and policy transparency, prepared for the Rural Industries Research and Development Corporation in July 2008, found that:

Australia, through its Productivity Commission, is the standout example of good policy transparency. The Commission is independent and has a reputation for producing high quality credible reports. (Stoeckel and Fisher 2008)

In launching the report, the then Assistant Treasurer and Minister for Competition Policy and Consumer Affairs, Chris Bowen, stated that the report 'highlights that when the public is informed of the true costs and benefits of particular policy decisions, the national interest is best served.' (Bowen 2008c)

- There were a number of calls during the year for the Commission to be asked to inquire into childcare or children's services, including from Professor Deborah Brennan of the University of New South Wales and from the National Foundation for Australian Women.
- In May 2009 the terms of reference for the Senate Select Committee Inquiry on the National Broadband Network required that the Commission be requested to provide a formal submission, along with the Australian Competition and Consumer Commission, Infrastructure Australia, the Department of the Treasury, the Department of Finance and Deregulation, and the Department of Infrastructure, Transport, Regional Development and Local Government.

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- Throughout the year various peak bodies continued to call for the Commission to be requested to undertake a diverse range of work. For example:
 - In October 2008 the Australian Chamber of Commerce and Industry called for a Commission review of the Horizontal Fiscal Equalisation (HFE) formula used to distribute Commonwealth funding to state and local governments (ACCI 2008).
 - The Business Council of Australia (2008b) called for the Commission to be tasked with conducting regular independent audits of current infrastructure capacity.
 - The Property Council of Australia called on the Commission to be tasked with developing a standard format for reporting by local government as part of a package of proposed reforms to modernise the Australian federation (Property Council of Australia 2009).
 - In June 2009 the Institute of Company Directors called for the Commission to undertake a detailed scrutiny of draft legislation on reforms to executive remuneration. The Institute’s spokesman, John Colvin, stated:

If they’re really looking to have good policy, then it’s an ideal opportunity to refer this draft legislation to the Productivity Commission which will look at these arguments and issues, and they can be tested on a proper basis. And then we’ll get good legislation and good outcomes and good policy.
 - In May 2009 the Australian Internet Bookmakers Association called for the Commission to be asked to examine issues around product fees and the funding of the racing industry (Thomas 2009).
 - Speaking after the release of the Commission’s final report on drought policy, the Minister for Agriculture, Tony Burke, described the report as a ‘good down payment’ on achieving a ‘common sense’ outcome.’ (McKenzie 2009)
 - In June 2009 the prospect of a possible Commission study on water buybacks was welcomed by Dr Arlene Buchan of the Australian Conservation Foundation, who stated:

... personally I think that almost more important (than other measures introduced as part of the Water Entitlement Buyback) is the Productivity Commission inquiry, through which the government has committed to looking at the best way...to recover water in the Murray-Darling Basin. (Senate Rural and Regional Affairs and Transport References Committee 2009, p. 63)
 - On 16 June 2009, during a speech at the National Press Club, Foxtel CEO Kim Williams called for a review of media regulation and stated:

It is a review that in my view can only be conducted by the Productivity Commission – the most disciplined, authoritative and independent agency for undertaking such a far reaching piece of review in the context of the national economy, competition, consumer interests and relevant legislative and regulatory settings. (quoted in Schulze 2009)

- In January 2008 the Australian Government committed to a national framework for reporting expenditure on Indigenous services, and committed to consult with agencies, including the Commission, in developing the national framework. The Productivity Commission assumed Secretariat responsibilities for the Indigenous Expenditure Report Steering Committee from November 2008.
- When introducing legislation to implement a single national consumer law on 24 June 2009, the Minister for Competition Policy and Consumer Affairs, Craig Emerson, stated:

In undertaking this task, the Government has benefited from the work of the Productivity Commission, which identified the solutions that we are now implementing... In 2007 and 2008 the Productivity Commission reviewed Australia's consumer policy framework. And, in May 2008, my predecessor, the now Minister for Financial Services, Superannuation and Corporate Law and Minister for Human Services, tabled in Parliament the Commission's comprehensive Final Report and recommendations. These have provided the government with a detailed roadmap for consumer policy reform.

- In October 2008 Senator Nick Xenophon endorsed the Commission's role in undertaking a review of public and private hospital performance, stating:

...I think that that will stand the health system in good stead to have the Productivity Commission having a robust look at this... And I think it will be very useful in terms of the long term planning of our health system so that we can get the best outcome and the best balance between the public and private systems. (quoted in Roxon 2008)

- Senator Xenophon also called for the Commission to be tasked with a number of other reviews during the year, including that it be required to prepare annual reports on the operation of the *Water Act 2007*, that it be asked to model alternative emissions trading schemes, and that it be asked to conduct a study into alternative market mechanisms for recovering water in the Murray-Darling Basin.
- Parliamentary Committees continued to draw on Commission reports to inform their work and to recommend new work for the Commission. For example:
 - In its inquiry into the DEEWR tender process to award employment services contracts, the Senate Education, Employment and Workplace Relations References Committee (2009, p. 52) recommended in June 2009 that the Commission be asked to inquire into the design of such processes.

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- A report provided in January 2009 to the Senate Select Committee on Fuel and Energy by Dr Brian Fisher of Concept Economics recommended that the Commission be asked to formally review the Government’s ETS against Best Practice Regulation Guidelines (Senate Select Committee on Fuel and Energy 2009, p. 68).
 - In April 2009 the Senate Standing Committee on Finance and Public Administration report on residential and community aged care in Australia recommended that the Commission’s views, concerns and recommendations be considered as part of any broader review into aged care (Senate Standing Committee on Finance and Public Administration 2009, p. xii).
 - Research on food and fibre supply chains by the Rural Industries Research and Development Corporation (Ecker 2008) drew on analysis from the Commission’s 2005 report on trends in agriculture (PC 2005e). It also noted that the Commission was, in the view of farmers, a key source of support and influence via its provision of information on the agricultural sector (p. 74).
 - A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews on a wide range of topics, including the absolute competitiveness of key markets; Australia’s funding of health care; the *Trade Practices Act 1974*, the design of tender processes for job services; the current broadband network and possible improvements; the cost of diabetes to the health system and the wider community; the level and determinants of remuneration for school teachers; the real economic costs of policing the use of illicit drugs; private health insurance; the viability of various forms of national feed-in tariffs; Australia’s redundancy arrangements; and the effects of award modernisation on job creation and employment.
 - General endorsement of the Commission’s role and work can also be found in various proposals for new agencies to be modelled on it. For example:
 - There was continued interest in New Zealand in 2008-09 in the establishment of a body with functions similar to the Commission. On 16 July 2009 a joint press release by Treasurer Wayne Swan and New Zealand Finance Minister Bill English stated that:

New Zealand is also currently investigating the merits of establishing a Productivity Commission and in doing so has looked closely at the model provided by the Australian Productivity Commission. (Swan and English 2009)
 - In discussing regulatory reform in Australia in April 2009, the OECD Working Party on Regulatory Management and Reform described the Commission as ‘an important part of the institutional architecture for

regulation reform in Australia’ and suggested that it ‘provides a model with many features that could usefully be emulated outside Australia in other OECD countries’. (OECD 2009a, p. 13)

Citations in journals and elsewhere

In addition to the parliamentary, media and other coverage reported elsewhere in this appendix, the Commission and its reports are widely cited elsewhere. The Commission found evidence of over 130 mentions of the Commission and its reports in 2008-09 in a range of journals and other publications. These covered almost 70 different reports, papers, speeches and work in progress. Only 5 per cent of total mentions were in relation to inquiries and commissioned studies current in 2008-09, with the majority of mentions referring to earlier commissioned studies. These included the health workforce (2006) and Australia’s consumer policy framework (2008). The annual Report on Government Services from various years and the *Overcoming Indigenous Disadvantage* reports also received a considerable number of mentions. The Commission’s work was cited in around 88 different journals and publications. Its work was cited mostly in the *Medical Journal of Australia*, the *Environmental and Planning Law Journal* and the *Economic Papers*. Mentions in medical or health-related journals accounted for around 20 per cent of total mentions, while over 17 per cent of mentions were in law-related journals.

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. They typically involve extensive public consultation. The Commission can also be asked to assist policy development processes by undertaking technical modelling exercises of policy initiatives under consideration by the Government.

In response to these requests, the Commission is committed to undertaking projects in accordance with required processes and to produce reports which are of a high standard, useful to government and delivered on time. Performance against these indicators is reported below.

The resources used in producing this output in 2008-09 were:

- 99 staff years
- \$21.7 million on an accrual basis.

All government-commissioned inquiries in 2008-09 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 2008-09

The Commission had five public inquiries and ten government-commissioned research studies underway at some time during the year. 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 2008-09 the Commission:

- completed two public inquiries begun in 2007-08 — on paid parental leave and government drought support
- commenced three other new public inquiries, which are due for completion in 2009-10, on Australia's gambling industries, executive remuneration and anti-dumping.

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

Month	2007-08					2008-09												2009-10						
	J	F	M	A	M	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	
Public inquiries:																								
Consumer policy framework	■	■	■																					
Market for retail tenancy leases in Australia	■	■	■																					
Safeguards inquiry into the import of pigmeat	■	■	■																					
Paid maternity, paternity and parental leave		■	■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Government drought support					■	■	■	■	■	■	■	■	■	■	■	■								
Gambling																								
Executive remuneration																								
Anti-dumping																								
Wheat export marketing arrangements																								
Commissioned research studies:																								
Economy-wide effects of future automotive assistance			■	■	■																			
Economy-wide effects of future TCF assistance			■	■	■																			
Chemicals and plastics regulation	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Review of regulatory burdens on business – Stage 2	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Business regulation benchmarking – Stage 2	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Review of mutual recognition schemes			■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Regulation burden on upstream petroleum			■	■	■	■	■	■	■	■	■	■	■	■	■	■								
Restrictions on the parallel importation of books																								
Review of regulatory burdens on business – Stage 3																								
Business regulation benchmarking – Stage 3																								
Contribution of the Not for Profit sector																								
Performance of public & private hospital systems																								
Mechanisms to purchase water entitlements																								

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

Research studies commissioned by the Government were a significant component of the Commission’s workload in 2008-09 (figure 2.1). During the year the Commission:

- finalised five government-commissioned research studies begun the previous year — a study of chemicals and plastics regulation, the second stages of the reviews of regulatory burdens on business and business regulation benchmarking, a review of mutual recognition schemes and a study on the regulatory burden in the upstream petroleum sector
- commenced and completed a six month study of the restrictions on the parallel importation of books into Australia

- commenced four other new studies — the third stages of a review of regulatory burdens on business and a benchmarking study on business regulation; and studies on the contribution of the not-for-profit sector and the performance of public and private hospital systems.

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, 2004-05 to 2008-09

<i>Indicators</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>
Public inquiries					
Inquiry references received	4	4	2	3	3
Issues papers released	3	4	2	1	3
Public hearings (sitting days) ^a	26	26	28	28	17
Organisations/people visited	167	151	134	124	205
Submissions received	623 ^c	654	422	720	749
Draft reports ^b	5	2	3	2	2
Inquiry reports completed	4	2	4	3	2
Inquiries on hand (at 30 June)	2	4	2	2	3
Research studies					
References received	3	4	3	7	5
Submissions received	253	608	485 ^d	262	972
Draft reports ^b	4	4	3	4	6
Research reports completed	3	4	4	4	7 ^e
Studies on hand (at 30 June)	3	3	2	5	5
Total references					
Total references received	7	8	5	10	8
Total references completed	7	6	8	7	8
Total references on hand (at 30 June)	5	7	4	7	8

^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. ^e Total includes two final reports completed as part of the study on business regulation benchmarking.

The Commission endeavours to conduct projects in an economical manner, while ensuring rigorous analysis and maximising the opportunity for participation. Total estimated costs (covering salaries, direct administrative expenses and an allocation for corporate overheads) for the eight inquiries and government-commissioned research studies completed in 2008-09 are shown in table B.5.

Table B.5 Cost of public inquiries and other commissioned projects completed in 2008-09^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Paid parental leave	1 486
Government drought support	1 459
Chemicals and plastics regulation	1 674
Review of regulatory burdens on business — Stage 2	1 580
Performance benchmarking of Australian business regulation — Stage 2 ^b	2 285
Review of mutual recognition schemes	1 132
Regulatory burden on upstream petroleum	1 160
Restrictions on the parallel importation of books	985

^a Includes estimated overheads. ^b Includes two reports.

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 2004-05 to 2008-09 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 participants and the State and Territories, the costs of any consultancies (including those arising from the statutory requirements relating to the use of economic models), and printing costs and the duration of the inquiry or project.

Table B.6 Direct administrative expenditure on public inquiries and other government-commissioned projects^a, 2004-05 to 2008-09

<i>Expenditure item</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	343	382	478	394	546
Printing	125	151	132	108	133
Consultants	32	103	40	402	82
Other ^b	194	311	291	208	251
Total	693	946	942	1 112	1 012

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

Consultative processes

The practice of consulting widely with government departments and agencies, professional and industry organisations, academics and the broader community during inquiries and government-commissioned research projects continued in 2008-09.

In the course of its inquiry work over the year, the Commission held 17 public hearings, visited more than 200 individuals and organisations and received more than 740 submissions. The Commission encourages broad public participation in its inquiry work, including by those in rural and regional areas. For example:

- In its study of restrictions on the parallel importation of books, the Commission sent circulars to a wide range of individuals and organisations thought to have an interest in the inquiry, including over 680 individuals and organisations who had registered a direct interest in the inquiry. It held initial meetings with a range of key stakeholders prior to release of an Issues Paper, including government departments, the Australia Council for the Arts, the Australian Booksellers Association, the Australian Publishers Association and the Australian Society of Authors, and met with over 80 interested parties across the course of the study. The Commission received 560 submissions in total, with 288 of these received in response to the Draft Report, and hosted 4 roundtables across two days following release of the Draft Report which were attended by over 50 participants including a range of publishers, authors, booksellers and printers.
- In the course of undertaking its inquiry into government drought support, the Commission undertook extensive consultations in rural and regional areas. Further details on these consultations are provided in Box 2.2.

The Commission adapts its consultative processes to suit the variety of research studies commissioned by the Government. For example:

- In conducting its review of the regulatory burden on the upstream petroleum sector, the Commission conducted around 40 visits, including site visits in Karratha and the North West Shelf as well as visits to key stakeholders located across six capital cities. The Commission also held six roundtables which were attended by around 35 parties, including petroleum producers, government regulators and other interested parties.
- Given the importance of trans-Tasman issues in its research study on Mutual Recognition Schemes, the Commission convened a total of six stakeholder roundtables in both Australia and New Zealand. This included two roundtables at the early stages of the study to publicise the review and canvass issues of

interest with stakeholders. The Commission also held a further set of roundtables in both Canberra and Wellington following the release of the draft report to obtain feedback on draft proposals, and conducted presentations and discussions on the scope and aims of the review to a range of government officials, including to members of the Cross Jurisdictional Review Forum. The Commission also visited a total of 59 organisations located in both Australia and New Zealand with an interest in the study.

Further details on the consultations undertaken in the course of government-commissioned research studies are provided in the reports.

Internet technology has greatly increased the accessibility of the Commission's reports and facilitated speedier and easier notification of developments in inquiries and studies. On-line registration facilitates people notifying their interest in specific inquiries and studies and being kept informed of developments. In particular, participants' submissions to inquiries and studies and transcripts of hearings (other than confidential information) are placed on the Commission's website. Internet access has also increased the opportunities for earlier and less costly public scrutiny of the views and analysis being put to the Commission. There were more than 135 000 external requests for the index pages to submissions and hearing transcripts for inquiries and commissioned studies current in the year to 30 June 2009.

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:

- In its study of restrictions on the parallel importation of books, the Commission hosted 4 roundtables across two days following release of the draft report which were attended by over 50 participants including a range of publishers, authors, booksellers and printers. The roundtables allowed industry participants to

discuss their views on the Commission's draft report and to provide further information to the Commission to assist its study.

- In its study on the regulatory burdens on business in the manufacturing sector and distributive trades, the Commission held 4 roundtables in mid July 2008 following the release of its draft report. These were attended by a range of stakeholders, including industry and regulator representatives, who were able to debate and exchange information to clarify the veracity of concerns. The roundtables also assisted the Commission in identifying several additional areas of concern that were subsequently incorporated into its final report.

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

Timeliness

Of the eight inquiries and commissioned research studies finalised in 2008-09, six were completed on or ahead of schedule. The original reporting period for the study of restrictions on the parallel importation of books was extended by approximately six weeks from the original date of 13 May 2009 to 30 June 2009 in view of the large number of submissions received following the release of the discussion draft. The review of mutual recognition schemes was extended by a total of approximately four weeks from the original date of 10 January 2009 to 6 February 2009. This extension was made necessary by the general election held in New Zealand on 8 November 2008 and resulting delays to the study's consultation processes.

Indicators of usefulness

The usefulness of government-commissioned projects undertaken by the Commission in contributing to policy making and public understanding is demonstrated by a range of indicators.

Government responses

The Commission's impact on policy making is revealed most directly through government responses to, and decisions on, its reports. During the year the Australian Government announced its intention to introduce a Paid Parental Leave scheme that is closely based on that proposed in the Commission's final inquiry

report. In doing so the Government accepted the Commission's recommendations that such a scheme be financed by Government, that it should cover 18 weeks of leave and that in most cases employers should make the payments to their employees to ensure primary carers (predominantly women) stay connected with the workplace.

The Australian Government also accepted or expressed in principle agreement to a large majority of the recommendations or 'responses' in the Commission's reports on the regulatory burdens on business in the primary sector and the manufacturing sector and the distributive trades.

COAG and Ministerial Council responses

With much of the Commission's reporting focusing on cross-jurisdictional policy issues, its impact can also be assessed against COAG and ministerial council responses to Commission reports. For example:

- In July 2009, COAG signed an Intergovernmental Agreement, which included agreement to a national consumer protection law, in line with recommendations made by the Commission in its *Review of Australia's Consumer Policy Framework*. (COAG 2009b)
- At its meeting on 29 November 2008, COAG agreed to a new governance structure to oversee chemicals and plastics regulatory reform as proposed in the Commission's final report on *Chemicals and Plastics Regulation*, including the establishment of a COAG Standing Committee on Chemicals (COAG 2008d). At the same meeting COAG also agreed to an interim response to the recommendations in the Commission's report (COAG 2008e). Of the 30 recommendations responded to, COAG welcomed or supported 20 and noted progress on the remaining recommendations.

Governments do not always accept the Commission's advice, at least initially. Nevertheless, a review of the Commission's inquiry outputs since its inception in 1998 shows that governments typically adopted a substantial majority of recommendations and generally endorsed its findings (details are provided in appendix B and table B.7). Further, an assessment of the nature and extent of references made to material in the Commission inquiry reports suggests that those reports materially contribute to policy debates in Federal, State and Territory Parliaments, as well as more generally within the media and general community (appendix B).

Further evidence of usefulness

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

- Commission reports were used to inform the work of COAG's Business Regulation and Competition Working Group during the year, including reports on the health workforce, retail tenancy, chemicals and plastics regulation, upstream petroleum regulation and consumer policy (COAG and BRCWG 2009b).
- In discussing the Commission's report on upstream petroleum regulation in August 2009, the Minister for Resources and Energy, Martin Ferguson, said that:
The Commonwealth is minded to support all the recommendations of the Productivity Commission report with a view to reducing regulatory approval timeframes and creating consistency in administration nationally. (Ferguson 2009)
- On 3 December 2008, the Australian Government introduced the *Disability Discrimination and Other Human Rights Legislation Amendment Bill 2008*. The Bill, which was subsequently passed by Parliament, implemented recommendations made by the Commission in its 2004 review of the *Disability Discrimination Act 1992*.
- Recommendations from the Commission's 2001 *Review of the National Access Regime* were used by the Australian Government when designing a package of reforms to the Regime (Bowen 2009).
- The Australian Securities and Investments Commission made extensive use of analysis and recommendations from the Commission's 2008 *Consumer Policy Framework* inquiry report when introducing changes to dispute resolution schemes in May 2009 (ASIC 2009).
- A consultation paper on the trading of radiofrequency licences, released by the Australian Communications Management Authority in November 2008 (ACMA 2008), made extensive use of the Commission's 2002 *Review of Radiocommunications Acts*.
- In September 2008, a Directions Paper put out by the Pharmaceutical Industry Strategy Group (2008) drew extensively on a range of Commission outputs on pharmaceuticals and the pharmaceutical industry. This included the Commission's 2003 *Evaluation of the Pharmaceutical Industry Investment Program* and the 2007 report on *Science and Innovation*.

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- In May 2009 the Attorney General's Department released a committee report on the operation of the *Legislative Instruments Act 2003* (Blunn, McMillan and Govey 2009). The Committee noted that its recommendations concerning standards drew on those in the Commission's 2006 report on *Standard Setting and Laboratory Accreditation*.
 - In September 2008, the Minister for Infrastructure, Transport, Regional Development and Local Government, Anthony Albanese, drew on the Commission's 2007 inquiry report on *Road and Rail Freight Infrastructure Pricing* when discussing possible improvements in the road freight industry (Albanese 2008).
 - A report by the Australian Energy Regulator on the state of the energy market drew on Commission inquiry reports on consumer policy and the *Review of the Gas Access Regime* when discussing the state of the energy market (Australian Energy Regulator 2008).
 - A September 2008 report by the Regional Telecommunications Independent Review Committee on the future framework for regional telecommunications drew on a number of Commission reports, including the 2008 consumer policy inquiry and the 2001 inquiry into *Telecommunications Competition Regulation*.
 - In May 2009 the Independent Pricing and Regulatory Tribunal (NSW) published the final report of its Review of NSW Climate Change Mitigation Measures (IPART 2009). The report drew on a number of past Commission reports in the area, including the Commission's 2005 inquiry on energy efficiency. A further report by IPART (2008) on performance improvement in the health sector drew on a range of Commission outputs including the 2005 medical technology study and the 2006 study on potential benefits of the NRA.
 - The final report of the Cutler review of innovation, *Venturous Australia* (Cutler and Company Pty Ltd 2008), drew on a wide range of Commission outputs, including the Commission's study of *Science and Innovation* and its inquiry on National Competition Policy reforms.
 - On 29 June 2009 the interim report of the review by Dr Allan Hawke of the *Environment Protection and Biodiversity Conservation Act 1999* drew on a number of Commission reports, including the 2009 *Review of the Regulatory Burden in the Upstream Petroleum Sector* and the 2004 inquiry into *Native Vegetation and Biodiversity Regulations*.

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- In December 2008 and June 2009 estimates of the cost of a foot and mouth disease outbreak in Australia, produced by the Commission in 2002, were used when discussing the possible costs of such an outbreak (Skuthorp 2008; McNaughton 2009). These estimates were also referred to in September 2008 by the Independent Review of Australia's Quarantine and Biosecurity Arrangements, which also recommended that the National Biosecurity Commission should 'develop a close working relationship with the Productivity Commission, the Australian Bureau of Agricultural and Resource Economics or other suitable agencies' (Beale et al. 2008, p. XXXVII).
 - A report prepared in May 2009 by the Centre for International Economics for the Department of Foreign Affairs and Trade on the benefits of trade and trade liberalisation drew on Commission work on effective rates of assistance and automotive assistance.
 - A consultation paper on energy efficiency for commercial buildings, released by the Department of the Environment, Water, Heritage and the Arts in December 2008 (DEWHA 2008), drew on the Commission's 2000 inquiry report on the architecture profession and the 2005 inquiry on energy efficiency.

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 Pigeon Industries: Safeguard Action Against Imports (November 1999)	The Government concurred with the Commission's findings on safeguard action; eschewing tariff and quota restrictions and opting for adjustment assistance for the industry.
4 Nursing Home Subsidies (January 1999)	The Government accepted a range of Commission recommendations but rejected others. The report continues to be a key reference in Parliament, State and community debate on aged care.
5 Implementation of Ecologically Sustainable Development by Commonwealth Departments and Agencies (May 1999)	The formal government response to the report and a postscript on implementation indicate substantial support for the Commission's proposals for integrating ESD principles in decision making and agency reporting and for improvements in data collection.
6 Progress in Rail Reform (August 1999)	The Australian Government broadly endorsed a number of the Commission's recommendations relating to areas of its responsibility. In other areas, it deferred consideration of Commission recommendations, contingent on progress with reform within existing institutional arrangements.
7 International Telecommunications Market Regulation (August 1999)	The Government endorsed nearly all of the Commission's principal findings.
8 Impact of Competition Policy Reforms on Rural and Regional Australia (September 1999)	The Government cited the evidence of the benefits of national competition policy to rural and regional Australia and endorsed the thrust of the Commission's recommendations. The Commission's findings on the impacts of competition reforms and the wider economic and social drivers of change were used in parliamentary debates, in national competition policy processes and wider community debate on competition policy.
9 International Liner Cargo Shipping (September 1999)	The Government accepted all of the Commission's key recommendations.

(continued on next page)

Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
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.
- 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.

(continued on next page)

Table B.7 (continued)

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

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Table B.7 (continued)

<i>Inquiry report</i>	<i>Government response to Commission findings and/or recommendations</i>
39 Tasmanian Freight Subsidy Arrangements (December 2006)	In response to the Commission's draft report proposals that the subsidy schemes be phased out or abolished, the Government announced that both the Tasmanian Freight Equalisation Scheme and the Tasmanian Wheat Freight Scheme would continue. The Commission's final report focused on reforms which would improve the efficiency and effectiveness of the schemes and the Government agreed with the Commission's substantive recommendations.
40 Review of Price Regulation of Airport Services (December 2006)	The Government announced that it supported nearly all of the Commission's recommendations on a new price monitoring regime for airport services.
41 Road and Rail Freight Infrastructure Pricing (December 2006)	COAG announced in April 2007 that it broadly endorsed the reform blueprint proposed by the Commission. Further, it accepted the Commission's finding that the road freight industry is not subsidised relative to rail freight on either the inter-capital corridors or in regional areas and that the appropriate focus for policy reform is on enhancing efficiency and productivity within each mode.
42 Safeguards Inquiry into the Import of Pigmeat (Accelerated Report) (December 2007)	On 20 December 2007 the Minister for Agriculture, Forestry and Fisheries announced the Commission had found that provisional safeguard measures on pigmeat imports were not warranted and that, consistent with Australia's international obligations, the WTO would be notified accordingly.
43 The Market for Retail Tenancy Leases in Australia	A government response was tabled in Parliament on 27 August 2008. The Government agreed or agreed in-principle to the Commission's recommendations on the use of simple (plain English) language in all tenancy documentation; contact points for information on lease negotiation, lease registration and dispute resolution; harmonisation of retail tenancy legislation across jurisdictions; and the possible introduction of a code of conduct for the retail tenancy market as an alternative to prescriptive legislation. The Commonwealth did not support the Commission's recommendation that state and territory governments remove restrictions that provide no improvement in operational efficiency, compared with the broader market for commercial tenancies.

- 44 Safeguards Inquiry into the Import of Pigmeat (March 2008) A government response was tabled in Parliament on 4 June 2008. The response provided agreement or in-principle agreement to all of the Commission's recommendations. The response noted that the Commission's accelerated report found that provisional safeguard action could not be taken against pigmeat imports at that time. It further noted that the Commission's final report also found that safeguard action was not justified because increased imports had not caused and were not threatening to cause serious injury to the domestic industry. Accordingly, on 8 April 2008, the Government notified the WTO that the safeguards investigation had been terminated, and that it would not impose safeguard measures.
- 45 *Review of Australia's Consumer Policy Framework (May 2008)* In its communiqué of 2 October 2008, COAG announced that it had agreed to a new consumer policy framework comprising a single national consumer law based on the *Trade Practices Act 1974* and drawing on the recommendations of the Commission and best practice in State and Territory consumer laws. In addition, COAG is also reviewing occupational regulations only applying in one or two jurisdictions, which the Commission indicated warranted early attention. In accordance with a further Commission recommendation, on 22 July 2008 the Assistant Treasurer also announced changes to the configuration of the Commonwealth Consumer Affairs Advisory Council (CCAAC).
- 47 *Paid Parental Leave (February 2009)* *Legislation to fully implement the new consumer law (including new provisions based on best practice in existing State and Territory laws); and to implement the new national legislative and regulatory framework for product safety, will be introduced in early 2010.* As part of the 2009-10 Budget, the Australian Government announced its intention to introduce a Paid Parental Leave scheme. The scheme being introduced is closely based on that proposed in the Commission's final inquiry report. The Government included an income test in the eligibility rules which was not recommended by the Commission, and the Government deferred consideration of the two weeks paternity leave that was recommended by the Commission. Otherwise, the features of the Government's scheme reflected those recommended by the Commission.

^a Additions or significant changes to the table published in the 2007-08 Annual Report are indicated in italics.

A consultation paper released by the Henry Review of Taxation in December 2008 (The Treasury 2008a) drew on a range of Commission inquiry and study reports, including the 2004 inquiry First Home Ownership, the 2005 study *Economic Implications of an Ageing Australia* and the 2008 study of *Local Government Revenue Raising Capacity*.

- Reference during parliamentary proceedings to Commission inquiry reports and commissioned research studies completed in this and previous years is an indicator of their continuing usefulness to parliamentarians. For example:
 - Inquiries or commissioned research studies current in the year were referred to on 198 separate occasions by Members and Senators in the Federal Parliament in 2008-09. Commission inquiries and reports which featured most prominently in mentions were those on the *Disability Discrimination Act 1992*, paid parental leave, road and rail infrastructure pricing and consumer policy
 - State and Territory members of parliament referred to Commission inquiries and commissioned research studies on 131 occasions in 2008-09. Around 40 per cent of mentions were to the Report on Government Services, with the Commission's reports on consumer policy, the health workforce, the National Reform Agenda and paid parental leave also featuring prominently.
- Other examples of the use of Commission inquiry and research studies include:
 - continuing and widely based use of the Commission's 2005 report, *Economic Implications of an Ageing Australia*, for example by the Henry review of taxation (The Treasury 2009a) when discussing projections for state government expenditures; by the Business Council of Australia when discussing the need for tax reform (BCA 2008c) and when discussing health reform challenges (BCA 2008a); by NATSEM researchers when considering work incentives for mothers and implications for fiscal policy (Harding et al 2008); and by other academics (Bessant 2008; Felmingham, Jackson and Walter 2008)
 - continuing use of the Commission's 2005 report on *Australia's Health Workforce*, for example by the Department of Health and Ageing in relation to the pathology workforce (Legg 2008); by the AIHW when discussing health workforce reform, community health, dental services and rural and remote health issues (AIHW 2008); by the Parliamentary Library in a research paper and a bills digest (table B.2); and by academics (Dragon 2008; Gilling 2008; Stride 2008)
 - ongoing use of the Commission's 2008 *Consumer Policy Framework* report, including by Treasury (Hally-Burton et al. 2008); by the Australian

Consumer's Association (CHOICE 2008); by the House of Representatives Standing Committee on Economics, the Senate Standing Committee on Economics and the Joint Committee on Corporations and Financial Services (table B.1); and by academics (Griggs 2008)

- use of Commission reports by private sector consultants in their work for government and industry clients — for example, the Commission's 2006 study on the potential benefits of the National Reform Agenda (Concept Economics 2008, Access Economics 2008); past Commission work on effective rates of assistance and automotive assistance (Centre for International Economics 2009); the 2005 research report on Australia's health workforce (Access Economics 2009); and the Commission's 2008 study on business regulation benchmarking (Allen Consulting Group 2009).

Website and media coverage

Other measures of the Commission's usefulness in contributing to public understanding are the use of its website and media coverage of its reports.

- In the 12 months to June 2009 there were more than 173 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2008-09. The projects of most interest were the inquiries on paid parental leave (37 770 requests) and gambling (21 110 requests), and the research studies on the parallel importation of books (25 000 requests) and the contribution of the not for profit sector (17 000 requests). Other heavily accessed web pages were for the 2008 and 2009 Reports on Government Services (26 130 and 32 760 requests, respectively) and the 2007 Overcoming Indigenous Disadvantage Report (21 000 requests). Speeches by the Commission's Chairman attracted more than 47 000 requests. Even after an inquiry or project is completed, community interest can remain high. For example, during the year, the web pages for the Commission's 1999 inquiry on Australia's gambling industries and the 2005 study of the economic implications of an ageing Australia were each requested over 9 500 times.
- Inquiry and commissioned research reports typically receive wide media coverage. In 2008-09 there were 39 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on paid parental leave and government drought policy, and the studies on the restrictions on the parallel importation of books, migration and population and automotive assistance options.
- Inquiries current in 2008-09 received over 4 180 mentions in the print and broadcast media during the year — over 65 per cent of total print and broadcast media coverage. Coverage of the Commission's inquiry into paid parental leave

(commenced in February 2008) accounted for over 40 per cent of total mentions. Commissioned studies current in 2008-09 attracted over 7 per cent of total media coverage. The majority of this coverage was accounted for by mentions of the study into restrictions on the parallel importation of books. New work suggestions accounted for over 4 per cent of total mentions.

Invited presentations

A measure of the usefulness of the Commission's inquiry and other government-commissioned reports in contributing to public understanding of policy issues is the 61 invitations the Commission accepted in 2008-09 to present papers on inquiries and commissioned studies to business, community and other groups — in particular, on the Commission's paid parental leave and drought policy inquiries, and the study on the contribution of the not for profit sector (table D.1).

Output 2: Performance reporting and other services to government bodies

At the request of the Government, the Commission undertakes four major activities in this output group. It:

- provides secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision in respect of the annual Report on Government Services; the two-yearly Overcoming Indigenous Disadvantage report; and reporting annual performance information on six National Agreements to the COAG Reform Council
- provides secretariat, research and report services to the Indigenous Expenditure Steering Committee reporting in respect of the annual report on expenditure on services to Indigenous Australians
- 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.

The resources used in producing this output in 2008-09 were:

- 21 staff years
- \$4.1 million on an accrual basis.

Activities in 2008-09

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

- Report on Government Services 2009, 2 volumes (and on CD with supporting tables, January 2009)
- Report on Government Services 2009: Indigenous Compendium (April 2009)
- Financial Performance of Government Trading Enterprises, 2004-05 to 2006-07 (July 2008).

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, COAG requested in 2002 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.

In March this year, the terms of reference were updated in a letter from the Prime Minister. The new terms of reference align the OID framework with COAG's six high level targets for Closing the Gap in Indigenous outcomes.

In November 2008, COAG endorsed a new Intergovernmental Agreement on Federal Financial Relations (IGA). Under the reforms, the Steering Committee has 'overall responsibility for collating the necessary performance data' required for the COAG Reform Council to undertake its assessment, analytical and reporting responsibilities. In addition, the Chair of the Heads of Treasuries Committee on Federal Financial Relations (HoTs Committee) has requested the Steering Committee to bring together information on data gaps in the performance reporting framework, and report back to the HoTs Committee on a six-monthly basis.

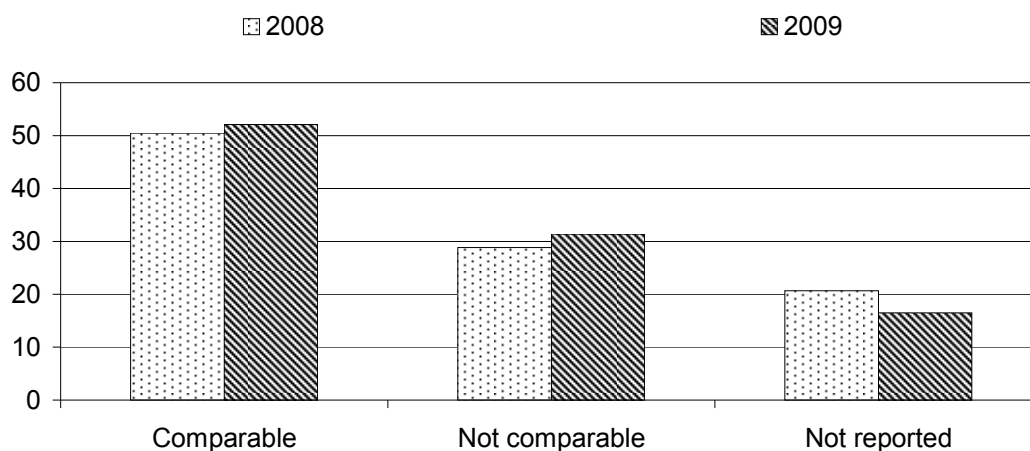
Report on Government Services

The fourteenth Report on Government Services was released in January 2009. 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.

Reporting is an iterative process. Working Groups for all service areas have strategic plans to refine performance measures and to improve the quality of information published in the Report. Since the first Report was published in 1995, there have been significant advances in both the scope of reporting and the quality and comprehensiveness of data. Report content increased between the 2008 and 2009 Reports, with 52 per cent of indicators fully comparable in 2009 (compared to 50 per cent in 2008). The proportion of indicators reported on, but not fully comparable, increased from 29 to 31 per cent. The proportion of indicators with no reporting against them decreased to 16 per cent (figure B.2).

Figure B.2 Comparability of indicators

Per cent



Particular improvements in the 2009 Report included:

- Children's services — measure and data for 'Indigenous preschool attendance' were reported for the first time and a new indicator, measure and data were reported for 'Australian Government expenditure per child attending approved children's services'
- School education — student attendance data on year 1 to year 10 students were reported for the first time, along with national assessment data on year 6 students' scientific literacy performance, 15 year old students' achievement on international scientific literacy assessment, year 4 and year 8 students

achievement on international science and mathematic achievement, national assessment data on year 6 and year 10 students achievement for information and communication technologies literacy, and expansion of the scope of the school participation measure to include part time students and 14 year old students

- VET — reporting of VET and TAFE graduates who improved their employment circumstances after training, by Indigenous status, and reporting participation in certificate level III qualifications and above by target age groups
- Police services — the addition of comparable descriptive data on numbers of operational and non-operational police staff, and comparable and complete data for the ‘proportion of lower court cases resulting in a guilty plea’ indicator
- Corrective services — reporting age standardised data for Indigenous and non-Indigenous imprisonment rates
- Emergency management — reporting information on the estimated value of volunteers to State and Territory emergency services, data on community first responders, a revised ambulance performance indicator framework with nine additional performance indicators (with reporting on four of the new indicators), complete data for the cardiac arrest survived event rate indicator and comparable data for the level of patient satisfaction
- Primary and community health — reporting for the first time against the indicator ‘management of asthma’ and reporting a new measure of the indicator ‘management of diabetes’
- Health management — including data from the ABS 2007 *National Survey of Mental Health and Wellbeing*, reporting data on the proportion of the population receiving clinical mental health care, the reporting of expenditure on community-based services as a proportion of total spending on mental health services and the inclusion for the first time of data for ‘rates of community follow up for people within the first seven days of discharge from hospital’ and ‘readmissions to hospital within 28 days of discharge’
- Aged care — including data reflecting the Aged Care Funding Instrument, the inclusion of numbers of clients for key aged care programs, in addition to existing data on the numbers of operational places and rates of service provision per 1000 of target populations, the inclusion of data relating to Department of Veterans’ Affairs community nursing services for veterans, the inclusion of an additional category of experimental expenditure data for State and Territory expenditure on non-home and community care (HACC) post acute packages of care, the inclusion of the results of the most recent round of appraisals of HACC agencies for the indicator ‘compliance with service standards for community care’, the inclusion of a new measure for the indicator ‘complaints’, reflecting the introduction of the Complaints Investigation Scheme, the reporting for the

first time the outcome indicator ‘maintenance of individual functioning’, with data from the Transition Care program

- People with a disability — additional measures for the ‘Service use by special needs groups’ indicator on access to community support, community access and respite services by country of birth and geographic location, experimental estimates for the ‘Service use by special needs groups’ measures derived using ‘potential populations’ to account for differences in the need for services across the relevant groups, data on the participation of people with profound and severe core activity limitations in various social/community activities, by their perceived level of difficulty with transport, data on access to public housing, by ‘core activity need for assistance’ status, data on access to health services, by disability status in the Services for chapter
- Protection and support — reporting a national performance indicator framework for juvenile justice services for the first time, two new ‘response time’ indicators of the effectiveness of child protection services, and data for seven jurisdictions on indicative unit costs (program dollars per placement day) for out-of-home care services
- Housing — restructuring of the performance indicator framework sections of the chapter, and sourcing of complete unit record data from all jurisdiction administrative systems for the first time for a number of data items.

Table B.8 provides an overview of indicators reported on a directly comparable basis across jurisdictions in each service area for the 2009 Report.

The Review continues efforts to improve reporting on service provision to Indigenous Australians. Improvements were made to Indigenous data for the Children’s services, school education, VET and Corrective services chapters in the 2009 Report. The Indigenous Compendium to the Report, released in April 2009, provides an easily accessible collation of all Indigenous data from the Report, and complements the information in the separate *Overcoming Indigenous Disadvantage* reports.

Table B.8 Indicators reported on a comparable basis, 2009 Report

<i>Service area/indicator framework</i>	<i>Indicators with data reported</i>	<i>Indicators reported on a comparable basis</i>	<i>Proportion comparable (per cent)</i>	<i>Change since last year in number reported on a comparable basis</i>
Early childhood, education and training				
Children's services	19	13	59.0	+1
School education	17	11	64.7	+1
VET	14	11	79.0	–
Justice				
Police services	21	16	76.0	+1
Court administration	6	3	50.0	–
Corrective services	11	10	90.9	–
Emergency management				
Fire events	10	2	20.0	–
Ambulance events	9	1	11.0	+1
Road rescue events	2	–	–	–
Health				
Public hospitals	15	6	40.0	–
Maternity services	10	3	30.0	–
Primary and community health	25	25	100.0	+4
Breast cancer	11	7	64.0	–
Mental health	10	4	40.0	–
Community services				
Aged care services	15	13	86.7	+1
Services for people with a disability ^a	12	6	50.0	-1
Child protection and out-of-home care	17	4	23.5	–
Juvenile justice ^b	na	na	na	..
SAAP	16	12	75.0	–
Housing				
Public housing	11	11	100.0	–
State owned and managed Indigenous housing	11	11	100.0	–
Community housing	10	2	20.0	–
Indigenous community housing	7	4	57.0	–
Commonwealth Rent Assistance	10	9	90.0	–

SAAP = Supported Accommodation Assistance Program. ^a Updated data were not available for one indicator that was included in the 2008 Report and this has led to a decrease in the number of comparable indicators reported. ^b The Juvenile Justice performance indicator framework has been included for the first time in the 2009 Report. Data are not yet available for reporting against this framework. **na** Not available. **..** Not applicable. **–** Nil or rounded to zero.

Overcoming Indigenous Disadvantage: Key Indicators

In 2002, COAG commissioned the Review to produce a regular report on key indicators of Indigenous disadvantage, 'to help to measure the impact of changes to policy settings and service delivery and provide a concrete way to measure the effect of the Council's commitment to reconciliation through a jointly agreed set of indicators' (COAG Communiqué, 5 April 2002). In March this year, the terms of reference were updated in a letter from the Prime Minister. The new terms of reference align the OID framework with COAG's six high level targets for Closing the Gap in Indigenous outcomes. The structure of the aligned framework remains very similar to that of previous reports, but highlights the COAG targets and priority areas for reform and, as well, includes additional indicators. The Steering Committee has committed to consult further on the new framework following the release of the 2009 report.

The fourth edition of *Overcoming Indigenous Disadvantage* was published on 1 July 2009. It found, over the period reviewed, increases in employment, incomes and home ownership. 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. The rate for hospitalisation for potentially preventable diseases increased for Indigenous people. Similarly, there was a slight increase in hospitalisations of Indigenous people for self harm. 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, Overcoming Indigenous Disadvantage* and related Review activities in 2008-09 was \$4.1 million.

National Agreement reporting

The first tranche of National Agreement reporting, covering the education and training sectors, was delivered on schedule to the COAG Reform Council on 30 June 2009. At its meeting to endorse the content of the first tranche of reporting, the Steering Committee noted the successful consultation process undertaken with Review working groups, Ministerial Council sub-committees, data agencies and COAG Productivity Agenda Working Group sub-groups, leading to a high degree of consensus on report content.

The COAG Reform Council is currently consulting with jurisdictions on the content of its analytical report, and will report to COAG by the end of September 2009. Following public release of the COAG Reform Council's report, the Steering

Committee's report will also be made publicly available, enabling further analysis of the Commission's performance in relation to the report's production.

Indigenous Expenditure Report

In 2007, COAG agreed to the reporting of Indigenous expenditure. A Steering Committee was established in May 2008, and the Productivity Commission assumed Secretariat responsibilities from November 2008. A Stocktake Report — including terms of reference for the report and a high level overview of the intended methodology and future development process — was endorsed by the Steering Committee in February 2009, and subsequently endorsed by HoTs (March), the Ministerial Council for Federal Financial Relations (June) and COAG (July).

Following COAG endorsement of the methodology and development process proposed in the Stocktake Report, the Secretariat is preparing a series of consultation papers for Steering Committee endorsement, which will form the basis for formal consultations with Indigenous people, government agencies and data providers. As well as contributing to the development of the inaugural data report (planned for mid-2010), these consultations will enable further analysis of the Commission's performance in relation to the Stocktake Report.

Performance monitoring of government trading enterprises (GTEs)

The Commission released its report covering GTE performance in the period 2005-06 to 2006-07 in July 2008. It included the final outputs of a research program on the capital management of GTEs. Capital management was identified as warranting closer analysis given that most GTEs have capital intensive operations. Improvements to capital productivity arguably offer the greatest scope for further gains in financial performance.

International benchmarking

The Commission did not publish any benchmarking research on infrastructure in 2008-09.

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 around 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 (AIHW), and committees established under Ministerial Councils.

Similarly, the Commission's work on the Indigenous Expenditure Report is guided by a Steering Committee comprising officials from each jurisdiction's Treasury department, and representatives of the Commonwealth Grants Commission, the ABS and the AIHW, and is chaired by a representative from the Commonwealth Treasury.

The Review has an ongoing program of consultation on the *Overcoming Indigenous Disadvantage* report. During 2008-09, following the release of the 2007 report, a team visited government agencies, Indigenous communities and Indigenous organisations across Australia, in a range of remote and regional centres, as well as in major cities. The team presented key results from the report and sought feedback from users. Further targeted consultations with governments, researchers and Indigenous organisations regarding the new framework and key results from the 2009 report are planned in 2009-10.

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.

Timeliness

The 2008 GTE financial performance monitoring report, the 2009 Report on Government Services and its Indigenous Compendium, and Feedback on the Report on Government Services 2008 were completed on time.

Indicators of usefulness

The usefulness of the Commission's performance reporting activities in contributing to policy making and public understanding is demonstrated by a range of indicators.

Review of Government Service Provision

The *Report on Government Services* is intended to provide information on the equity, effectiveness and efficiency of government services and it is used extensively in this regard:

- A variety of performance information sourced to the 2009 (and earlier) government services reports was used in parliamentary proceedings by government and opposition members in parliaments during 2008-09.
 - In the Commonwealth Parliament, data from the reports were used in relation to public housing, aged care services, children’s services, protection and support services and health.
 - In other parliaments, data from the reports were mentioned 49 times and were used in relation to police services, disability services, protection and support services, education, court administration, health, public housing, emergency management, children’s services and corrective services.
- A number of journal articles and publications across a wide range of disciplines used the 2009 Report (and earlier reports) as a source. It was cited in articles in the Australian Journal of Human Rights, Australian Health Review, Australian Journal of Education, Australian Journal of Early Childhood, Journal of Judicial Administration, Drug and Alcohol Review, IPA Review, Australian and New Zealand Journal of Public Health and Australian Economic Review.

Other indicators of usefulness from 2008-09 were:

- high levels of demand for the report. More than 1470 bound copies of the report were distributed by the Commission and there were more than 37 500 HTML page requests for the Government Service Provision index page on the Commission’s website in 2008-09. There were more than 32 700 HTML page requests for the 2009 Report on Government Services during 2008-09. The 2008 Report continued to be accessed from the website — with over 26 000 page requests during 2008-09
- extensive media coverage of the 2008 Report on Government Services. There were 130 press articles drawing on the report and more than 200 mentions of it in electronic media in the period to 30 June 2009
- recognition of the report as a tool for measuring service delivery and outcomes achieved in the Standing Committee on Community Affairs report on ‘Government expenditure on Indigenous affairs and social services in the Northern Territory’

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- the need for clear and consistent data definitions was highlighted at the NatStats08 Conference in a paper by The Treasury (Gruen and Goldbloom, 2008)

A useful evidence base depends heavily on clear and consistent data definitions. Inconsistent data are a big problem, particularly with figures collected across different jurisdictions. Every year since 1996, the Productivity Commission has released the Review of Government Services (RoGS) report that compares the performance of government services across states. And every year since 1996, readers of RoGS reports are overwhelmed by footnotes explaining the differences in data definitions across jurisdictions – we don't even have a consistent definition of an Indigenous person. [In Tasmania, somebody is Indigenous if they feature on the state's pre-existing registry, while in other states people qualify if they identify as Indigenous.]

- use of data by researchers: for example, data on court administration 'backlog indicator' were used in a Law Reform Committee Inquiry into Alternative Dispute Resolution and Restorative Justice (2009, p. 43); data on total cost per prisoner were used in a National Indigenous Drug and Alcohol Committee report into addressing Indigenous incarceration and health (2009, p. 10); data on casemix adjusted separations was used by the AIHW when reporting on Australia's health (AIHW 2009)
- widespread use of data from the 2009 (and earlier) government services reports to inform debate: for example, data on ambulance response times was used to inform debate about the performance of ambulance and paramedic services in the ACT (Stockman 2009); data on the number of doctors in the public health system and prison occupancy was used to inform debate in South Australia (Hill 2008; ABC News 2008); data on education spending was used to inform debate about the funding of state schools in Queensland (O'Loan 2008) and about Commonwealth and state spending on public education (Symonds 2008); and data on government spending on policing was used to inform debate in Victoria (Bendigo Advertiser 2009).

Overcoming Indigenous Disadvantage: Key Indicators

The principal task of the *Overcoming Indigenous Disadvantage* report is to identify indicators that are of relevance to all governments and Indigenous stakeholders and that can demonstrate the impact of program and policy interventions. The Prime Minister acknowledged the importance of the report when he issued revised terms of reference in March 2009:

Since it was first established in 2003, the OID report has established itself as a source of high quality information on the progress being made in addressing Indigenous disadvantage across a range of key indicators. The OID report has been used by Governments and the broader community to understand the nature of Indigenous

disadvantage and as a result has helped inform the development of policies to address Indigenous disadvantage.

More specific evidence of the usefulness of the *Overcoming Indigenous Disadvantage* reports during 2008-09 includes:

- an invitation from Reconciliation Australia for the Commission's Chairman to present the third 'Closing the Gap' lecture in July 2009
- an invitation from COAG for the Commission's Chairman to present the findings from the 2009 report in conjunction with the July 2009 COAG meeting in Darwin
- two mentions of the report in the Federal and State parliaments
- extensive references to the 2007 report in the 2008 Native Title Report and the 2008 Social Justice Report, issued by the Aboriginal and Torres Strait Islander Social Justice Commissioner (Calma 2009)
- extensive references to the 2007 Report in the Australian Institute of Criminology technical and background paper 'Risk factors in Indigenous violent victimisation' (Bryant and Willis 2008)
- reference to the Overcoming Indigenous Disadvantage report in the 2008 Annual Hawke Lecture 'The Greatest Injustice: why we have failed to improve the health of Aboriginal people' delivered by Professor Fiona Stanley AC
- recognition of the report as a tool for measuring service delivery and outcomes achieved in the Standing Committee on Community Affairs report on 'Government expenditure on Indigenous affairs and social services in the Northern Territory'
- citations in articles in such journals as the Australian Health Review, Australian Journal of Education, Australian Journal of Early Childhood, Australian Journal of Political Science, Australian and New Zealand Journal of Criminology, Indigenous Law Bulletin and Quadrant
- use in a range of other research papers and reports, for example use by the National Indigenous Drug and Alcohol Committee (NIDAC 2009); and use by ANU researchers when discussing socioeconomic outcomes for Indigenous Australians (Altman, Biddle and Hunter 2008)
- use of the methodological analysis of reporting frameworks in a national report card on the wellbeing of young Australians, released by the Australian Research Alliance for Children and Youth (ARACY 2008)
- distribution by the Commission of more than 3300 bound copies of the 2009 report and 4500 copies of the 2009 overview

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- more than 21 000 HTML page requests of the full 2007 report and 3200 HTML page requests for the overview (HTML version), in 2008-09. The 2005 report also continued to be accessed during 2007-08 with more than 2600 requests
 - ongoing media coverage, with 6 press articles and 9 electronic media articles drawing on the Report or other sources such as the Indigenous Compendium in 2008-09.

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 were actively involved in the monitoring process through furnishing financial data as well as checking factual data and commentary
- The 2008 report on the financial performance of GTEs attracted media attention throughout the year, including articles in the *Australian Financial Review* by senior journalists on the results of the 2008 report
- References to the GTE reports from 2008 and previous years as an authoritative source in Federal and State and Territory parliamentary debate and in the proceedings of Federal Parliamentary Committees
- An invitation for the Commission to address the Chartered Secretaries of Australia's Annual Public Sector Update in August 2009 on the results of the latest GTE report
- There were over 4500 external requests for the website page of the 2008 report on GTE performance.

Output 3: Competitive neutrality complaints activities

The Australian Government Competitive Neutrality Complaints Office (AGCNCO) is an autonomous office located within the Commission. It is staffed on a needs basis from the resources of the Commission. As specified in the *Productivity Commission Act* and the Commonwealth Competitive Neutrality Policy Statement of June 1996, the role of the AGCNCO is to:

- 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 Assistant 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 2008-09 were:

- 1 staff year
- \$0.2 million on an accrual basis.

Activities in 2008-09

Complaints activity

The AGCNCO received no formal complaints during 2008-09 (table B.9).

Table B.9 Formal competitive neutrality complaints, 2004-05 to 2008-09

<i>Activity</i>	<i>2004-05</i>	<i>2005-06</i>	<i>2006-07</i>	<i>2007-08</i>	<i>2008-09</i>
Written complaints received	4	4	1	1	0
Action:					
New complaints formally investigated	–	–	1	–	–
Complaints investigated but not proceeding to full report ^a	–	4 ^b	–	1	–
Complaints not investigated	3	1	–	1	–
Reports completed	1	–	–	1	–
Complaints on hand (30 June)	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. While no formal complaints were received, during 2008-09 the AGCNCO provided advice around twice a week, on average, to

government agencies or in response to private sector queries either over the telephone or in ad hoc meetings.

The AGCNCO provides advice on all aspects of the implementation of competitive neutrality. Over the past year, in response to requests, the Office provided advice to a number of agencies implementing competitive neutrality 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 Deregulation — the departments responsible for competitive neutrality policy.

Timeliness

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

Indicators of usefulness

The AGCNCO circulates its reports and research to State and Territory government agencies responsible for competitive neutrality policy and complaint investigations to facilitate the exchange of information and to share procedural experiences.

Feedback from those agencies indicates that the AGCNCO makes a valuable contribution to the effective implementation of nation-wide competitive neutrality policy.

In response to its advice on implementing competitive neutrality as part of market-testing exercises, the AGCNCO understands that agencies 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 issued by the Victorian Competition and Efficiency Commission (VCEC 2007) drew on the rate of return paper.

During 2008-09 there were more than 8100 external requests to the website for AGCNCO investigation reports and about 1800 external requests for AGCNCO research publications.

Output 4: 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 it provides high quality, policy-relevant information, analysis and advice to governments and the community, of a nature and of a quality not being produced elsewhere. The research program aims to complement the Commission's other activities. The Commission also organises research conferences and workshops in order to advance the debate on policy issues, to encourage cutting-edge contributions, and to facilitate research networks.

The Commission aims to produce research 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 2008-09 were:

- 28 staff years
- \$5.8 million on an accrual basis.

Activities in 2008-09

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

- research to meet the Commission's annual reporting obligations, comprising
 - its annual report for 2007-08, tabled in Parliament on 31 October 2008, which focused on enhancing Australia's productivity growth
 - a companion publication on trade and assistance issues, released in May 2009
- Commission Research Papers on trends in aged care services and the performance of government trading enterprises
- a submission to Infrastructure Australia's National Infrastructure Audit
- a published version of the Chairman's 2008 Colin Clark Memorial Lecture, *Industry Policy for a Productive Australia*, as well as three other presentations by the Chairman posted on the Commission's website
- the Richard Snape Lecture, *Latin America in the Global Economy: Challenges and Opportunities*, delivered by Dr Vittorio Corbo (Governor of the Central Bank of Chile from 2003 until 2007) on 18 November 2008
- four Staff Working Papers on a variety of research topics including infrastructure, productivity and fertility
- the Commission's contribution 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. Deputy Chairman Mike Woods has been the Chair of the Fiscal Reform Implementation Planning Committee and undertook a number of review and planning missions in 2008-09
- the maintenance of access to resource material on Australia's productivity performance (such as productivity estimates and analytical papers) on the Commission's website
- other projects associated with inquiry and research support, technical research memoranda, assistance to other government departments, conference papers and journal articles.

The research publications produced in the supporting research program in 2008-09 are listed in box B.3. Research projects underway at 30 June 2009 are shown in box B.4.

Box B.3 Supporting research and annual reporting publications, 2008-09

Annual report suite of publications

Annual Report 2007-08

Trade & Assistance Review 2007-08

Commission research papers

Financial Performance of Government Trading Enterprises 2004-05 to 2006-07

Trends in Aged Care Services: some implications

Submission

Submission to Infrastructure Australia's National Infrastructure Audit

Chairman's published speeches

Industry Policy for a Productive Australia

Evidence-based policy-making: What is it? How do we get it?

Conference/workshop proceedings

Promoting Better Environmental Outcomes

Staff working papers

Recent Trends in Australian Fertility

Productivity in the Mining Industry: Measurement and Interpretation

Investments in Intangible Assets and Australia's Productivity Growth

Public Infrastructure Financing: An International Perspective

2008 Richard Snape Lecture

Latin America in the Global Economy: Challenges and Opportunities (Dr Vittorio Corbo)

Richard Snape Lectures

The presentation by Dr Vittorio Corbo was the sixth in a series of public lectures in memory of Professor Richard Snape, the former Deputy Chairman of the Commission, who died in October 2002. The series has been conceived to elicit contributions on important public policy issues from internationally recognised figures, in a form that is accessible to a wider audience. Previous lectures have been

delivered by Max Corden, Anne Krueger (First Deputy Managing Director of the IMF, 2001–2006), Martin Wolf (associate editor and chief economics commentator at the *Financial Times*), Deepak Lal (James Coleman Professor of International Development Studies, University of California at Los Angeles) and Patrick Messerlin (Director, Groupe d'Economie Mondiale, Institute d'Etudes Politiques de Paris).

The next lecture will be given by Professor Yu Yongding (Director, Institute of World Economics and Politics, Chinese Academy of Social Sciences).

Box B.4 Supporting research projects underway at 30 June 2009

Infrastructure and productivity: A review of theory and evidence	Investment in intangible assets and Australia's productivity growth – sectoral estimates
Setting priorities in services trade reform (ARC Linkage Grant)*	The distribution of recent economic gains
Tackling the tough problems in productivity measurement (ARC Linkage Grant)*	An analysis of the effects of competition on productivity in Australia
Modelling urban water demand and trade	Water use in Australian agriculture and farm performance
Dynamic labour supply of married Australian women	The effects of education and health on wages and productivity
Links between literacy and numeracy skills and labour market outcomes	The influence of selected characteristics on Indigenous labour market outcomes
Working choices of women nearing retirement	Historical validation using the Monash Multi Regional Forecasting (MMRF) model
Choosing the discount rate in cost benefit analysis	Global effects of EU agricultural support
Developing a partial equilibrium model of the urban water system	Developments in the empirical estimation of the impact of preferential trading agreements and preferential rules of origin
Better evaluation to strengthen evidence-based policy	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)*	What are the major sources of wellbeing in Australia and can their impact on wellbeing be measured?

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

Supporting research proposals

Supporting research proposals throughout the year were considered against the Commission's intention that the program continue to emphasise the sustainability of productivity improvements — including environmental and social aspects — and encompass work on:

- productivity and its determinants (including the scope for 'catch-up'; infrastructure; assistance to industry; barriers to trade, both domestic and international; and the performance and governance of government trading enterprises)
- environmental and resource management, especially of water and its infrastructure (urban as well as rural)
- labour markets (including health and education, and distributional and other social dimensions)
- the development of economic models and frameworks (including behavioural economics) to aid the analysis of policies and trends, and of impediments to sustained improvements in living standards (PC 2006a).

The Commission sees value in the 'public good' aspect of its research and promotes dissemination of its work through publications, internet access and presentations. Summary findings from supporting research publications and details of the 61 presentations given by the Chairman, Commissioners and staff in 2008-09 are provided in appendix D.

Quality indicators

The quality of the Commission's supporting research projects is monitored through a series of internal and external checks.

For example, the quality assurance process for the staff working paper on productivity in the mining industry involved:

- consultations with a range of external parties, sectoral experts and peak bodies (including the Australian Bureau of Statistics, the Minerals Council of Australia and the Australian Petroleum Producers and Exporters Association)
- the use of internal and external referees, including referees from the Reserve Bank of Australia, the Australian Bureau of Agricultural and Resource Economics and Monash University.

Research projects can involve consultations with key interested parties on the issues they view as important and to obtain access to information. For example, the

Commission research paper on aged care trends benefited substantially from comments and feedback received during a workshop attended by a wide range of key industry participants and academics with expertise in aged care. Discussion focussed on key challenges facing the sector and data gaps in several areas. In preparing the paper the Commission also developed a questionnaire which was sent to aged care providers. (including IBIS Care, Mercy Aged Care, Catholic Health Australia, Holy Family Services and TriCare). The questionnaire was primarily intended to secure additional information to supplement the analysis of changes in the profile and expectations of service users, developments affecting the aged care workforce and opportunities for improving the productivity of the aged sector. The results from the questionnaire enabled the Commission to prepare a better analysis of influences on the productivity performance of providers.

Research is also monitored internally as it progresses, and staff seminars expose research to peer review as it develops. Some research-in-progress is also tested through external checks, such as seminars and conferences. For example, recent work on assessing productivity in Australian health services has been presented at a number of forums, including at the 30th Australian Conference of Health Economists held in Adelaide in October 2008. Prior to this, the paper had been presented at an ARC Linkage Project Workshop, the ARC Linkage Project Conference on Setting Priorities for Service Trade Reform, and the ABS-Productivity Commission Productivity Perspectives Conference. The researchers also took part in a workshop with the ABS, the Australian Institute of Health and Welfare and the Department of Health and Ageing on improving the quality of health data for use in the National Accounts and for productivity measurement.

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 2008-09 were drawn from the Reserve Bank of Australia, the Australian Bureau of Agricultural and Resource Economics, Monash University, the Australian National University, the Australian Bureau of Statistics, the Melbourne Institute, Statistics Netherlands, the University of Melbourne and the University of New England.

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

- publication by the Australian Public Service Commission in June 2009 of a speech by the Commission's Chairman, Gary Banks, on evidence-based policy, with a version also being published by ANZSOG
- invitations during the year for the Commission to be a research partner in ARC Linkage projects, including possible research projects on the use of social

science research in policy development and program review and on the role of gender and geography in Indigenous development

- a number of invitations received during the year for the Commission to contribute journal articles based on its research, including articles on urban water reform and productivity analysis
- an invitation for the Commission's Chairman to present the keynote address to the Annual Australian Conference of Economists dinner in October 2008.

Timeliness

The Commission's annual report for 2007-08, which included a theme chapter on enhancing Australia's productivity growth, was completed on schedule and tabled in Parliament on 31 October 2008. The annual report companion volume (*Trade & Assistance Review 2007-08*), and most other supporting research publications listed in box B.3, met completion schedules set by the Commission.

A number of supporting research projects in 2008-09 were placed on hold or delayed as resources were diverted to servicing projects commissioned by government. For example, the supporting research project on the dynamic labour supply of married Australian women was delayed pending completion of a number of commissioned projects. The priority accorded commissioned projects means that a supporting research project can often take longer than initially anticipated, even though delivered within the original budget. Research projects which are not very 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. Examples from 2008-09 include the following:

- Outputs from the Commission's stream of environmental research were widely used in 2008-09. For example, the Garnaut Climate Change Review drew on a range of Commission research in its final report released in September 2008,

including research on urban water; a 2002 staff research paper (Stone, Matysek and Dolling 2002) on genetically modified crops was used by the Australian Bureau of Agricultural and Resource and Economics in a report on stockfeed containing GM ingredients (Ansell and McGinn 2009); and the Independent Pricing and Regulatory Tribunal (NSW), in the final report of its Review of NSW Climate Change Mitigation Measures (IPART 2009), drew on a number of past Commission research reports in the area, including the submission to the Garnaut Review (PC 2008d).

- Commission research on health and aged care, in particular the recently released report on *Trends in Aged Care Services*, was widely used during the year. For example, a paper on the aged care workforce produced in October 2008 by the National Institute of Labour Studies (NILS 2008) drew on the Commission's recent report; the Aged Care Industry Council (Aged Care Industry Council 2008) also drew on the Commission's report when discussing estimates of the costs of achieving wage parity with the health sector; and the final report of the National Health and Hospitals Reform Commission (NHHRC 2009b), released in June 2009, drew on the Commission's recent aged care research when discussing current planning and administration in the sector.
- Commission research outputs on labour markets also continued to be widely cited and used throughout the year. For example, a report on Australian families released by the Department of the Prime Minister and Cabinet (PM&C 2008) drew on a number of Commission outputs, including research on part-time employment (Abhayaratna et al. 2008) and research on fertility trends (Lattimore and Pobke 2008); a review of Australia's pension system undertaken by Dr Jeff Harmer for the Department of Families, Housing, Community Services and Indigenous Affairs cited Commission analysis of workforce participation and employment rates (Abhayaratna and Lattimore 2006); and a report on workforce skills released by the Australian Industry Group in December 2008 (AIG 2008) drew on a number of Commission outputs, including Abhayaratna and Lattimore (2006).
- Past Commission research in a diverse range of areas continued to be used in 2008-09, demonstrating the considerable 'shelf life' of Commission research outputs. For example, the Victorian Essential Services Commission drew on Commission findings in its 1999 research paper on regulation of the taxi industry when reviewing taxi fares (Essential Services Commission (Victoria) 2008); the Australian Government's innovation policy agenda (Australian Government 2009) cited past work on information and communications technology (Gretton, Gali and Parham 2002); in August 2008 the Australian Council of Deans of Agriculture (Pratley 2008) drew on Commission research from 2005 on the level of educational qualifications in the agricultural sector (PC 2005e); and in

October 2008 research undertaken by the Construction, Forestry, Mining and Energy Union (CFMEU 2008) on compensation for PAYE workers drew on past Commission work on self-employed contractors (Waite and Will 2001).

- The OECD made widespread use of Commission research in 2008-09 within its own published research. This included use of Commission research on casual contract employment (Murtough and Waite 2000) in a report on collective bargaining and enforcement (OECD 2009c); use of Commission research on intangible assets (Barnes and McClure 2009) in a report on innovation policy (OECD 2009d); use of Commission research on restrictions on trade in professionals services (Nguyen-Hong 2000) in a paper on enhancing services sector productivity in Japan (OECD 2008b); extensive use of a Commission Staff Working Paper on the demand for irrigation water (Appels, Douglas and Dwyer 2004) in several papers on the sustainable management of water resources in agriculture (OECD 2008c, 2009e); and use of research on the role of cost-benefit analysis in quarantine measures (Binder 2002) in an OECD paper on risk management and market openness policies (OECD 2008d).
- The *Trade and Assistance Review*, which is part of the Commission's suite of annual reporting, also continued to be used throughout the year in discussions of industry assistance and other policies. This included use in Parliamentary Committee reports (table B.1); use by academics and policy commentators (Roberts 2008; Howe and Landau 2009); and use in editorials in major newspapers and in other media coverage. The Commission received over 7 000 external requests in 2008-09 for the index pages of the Review on the Commission's website.
- 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. Outputs from the Commission's supporting research program attracted nine editorials in major newspapers in 2008-09. To 30 June 2009, for the reports listed in box B.3, there were more than 53 400 external requests for the index pages on the Commission's website. There was a total of more than 137 500 external requests for the 67 supporting research reports for which website usage was tracked, and more than 47 000 requests for speeches by the Commission's Chairman.