
A Management and accountability

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

Overview

Role and structure

The Commission — established under the *Productivity Commission Act 1998* — is the Australian Government’s independent research and advisory body on a range of economic, social and environmental issues affecting the welfare of Australians. Information about the Commission’s objectives is contained in the overview to chapter 2. Further information on the Commission’s role is available on its website and in its first annual report (PC 1998a, pp. 25–36).

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

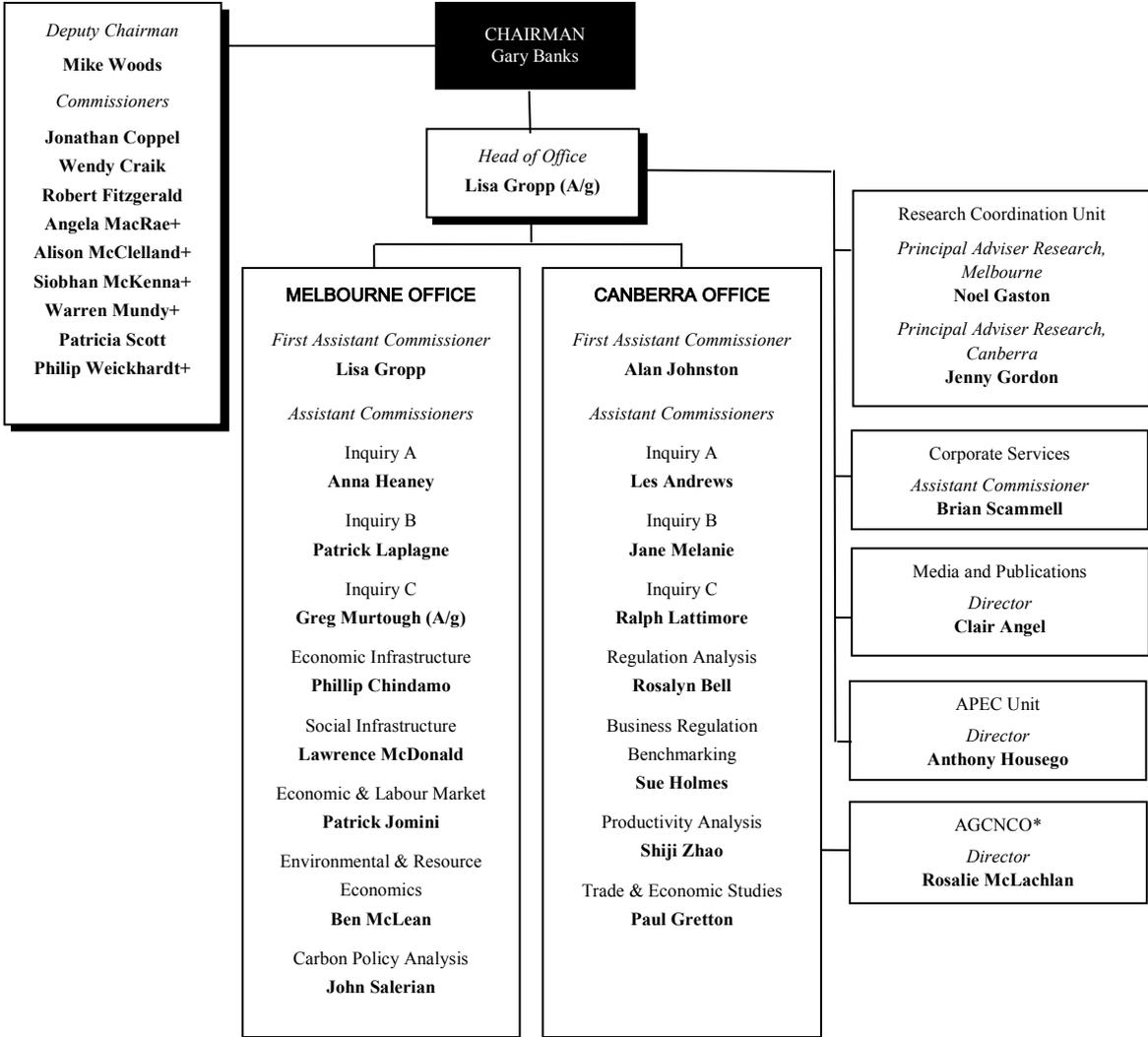
The Commission’s structure and senior staff at 30 June 2012 are shown in figure A.1.

Commissioners

At 30 June 2012 there were eleven members of the Commission, including the Chairman. Five Commissioners held part-time appointments, one of whom is on long-term leave without pay.

Commissioner Louise Sylvan resigned on 20 September 2011 to take up the position of Chief Executive Officer of the Australian National Preventive Health Agency.

Figure A.1 Productivity Commission structure and senior staff, 30 June 2012



+ Part-time Commissioners

* Australian Government Competitive Neutrality Complaints Office

On 28 July 2011 Mr Jonathan Coppel was appointed a full-time Commissioner for a period of five years. Immediately prior to his appointment Mr Coppel was the Economic Counsellor to the OECD Secretary-General where he was responsible for the OECD's contributions to the G20. While at the OECD he held a range of positions including head of the Office of the OECD Chief Economist, Executive Manager of the NEPAD-OECD Africa Investment Initiative, Senior Economist on foreign direct investment, Deputy Counsellor to the Chief Economist, Head of the EU and UK Desks, and Climate Change Specialist in the OECD Economics Department. He has also been an Energy Analyst at the International Energy Agency. Mr Coppel has previously held senior management positions in the

Reserve Bank of Australia and started his career at the Australian Commonwealth Treasury. He has also been a lecturer for the World Trade Institute's Mile Masters Programme in International Law and Economics and at Sciences Po Institute in Paris. Mr Coppel has a Bachelor of Economics (Honours) from the Australian National University and a Masters in International Affairs (Economics and Management) from Columbia University in New York.

Biographical information on all Commissioners is available on the Commission's website and their terms of appointment are listed in table A1.1 of Attachment A1.

Associate Commissioners

At 30 June 2012, four Associate Commissioner appointments were current (table A1.2 of Attachment A1).

On 20 July 2011 Mr Bernie Wonder PSM was appointed on a part-time basis for the duration of the study into the role of local government as regulator. Mr Wonder was the Head of Office at the Productivity Commission from 2005-2010. Prior to joining the Commission in that role, Mr Wonder was Deputy Secretary at the Australian Government Department of Agriculture, Fisheries and Forestry and is a former Executive Director of the Australian Bureau of Agricultural and Resource Economics (ABARE).

On 8 September 2011 Dr Neil Byron was appointed on a part-time basis for the duration of the inquiry into barriers to effective climate change adaptation. Dr Byron is an environmental economist and policy analyst. He was the Commissioner responsible for environment, agriculture and natural resource management issues in the Productivity Commission from April 1998 to March 2010. Dr Byron presided over ten public inquiries and directed the Commission's environmental economics program during that period.

On 9 January 2012 Mr Paul Costello was appointed on a part-time basis for the duration of the inquiry into default superannuation funds in modern awards. Mr Costello has extensive experience in the superannuation industry. In 2011, he chaired the Stronger Super Consultative Group which advised the Government on how to best implement the Stronger Super package of reforms. From 2006 to 2010 Mr Costello was the General Manager of the Future Fund Management Agency. Other previous positions include Chief Executive of the New Zealand Superannuation Fund and Chief Executive of the Superannuation Trust of Australia.

On 24 February 2012 Mr Paul Coghlan was appointed on a part-time basis for the duration of the Regulation Impact Analysis: Benchmarking study. Mr Coghlan has extensive experience in regulatory review activities, including as a former head of the Office of Regulation Review. He has previously been appointed as a part-time Associate Commissioner for the commissioned study on Standard Setting and Laboratory Accreditation and studies in the Performance Benchmarking of Australian Business Regulation work stream, including those relating to occupational health and safety; planning, zoning and development assessment; and food safety.

Associate Commissioner appointments completed during 2011-12 are listed in table A1.3 of Attachment A1.

Staff

The average staffing level during 2011-12 was 197 compared to 193 in 2010-11.

The Commission recruited 21 staff during the year, including six through its graduate recruitment program. Staff turnover was approximately nine per cent.

Statistical information on staffing is provided in tables A1.4 to A1.6 of Attachment A1.

Outcome objective and resources

The financial and staffing resources devoted to the achievement of the Government's desired outcome objective for the Commission — outlined on page 86 — are summarised in table A.1. An agency resource statement for 2011-12 is included at Attachment A2. Performance information in respect of this outcome is provided in appendix B.

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

	<i>Budget *</i> 2011-12 \$'000	<i>Actual</i> 2011-12 \$'000	<i>Variation</i> \$'000
Outcome 1: 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	(a)	(b)	(a-b)
Program 1.1			
Departmental Expenses			
Ordinary annual services (Appropriation Bill No. 1)	37 956	35 136	2 820
Revenues from independent sources (Section 31)	521	521	–
Expenses not requiring appropriation in the Budget year	966	966	–
Total for Outcome 1	39 443	36 623	2 820
	2010-11	2011-12	
Average Staffing Level (number)	193	197	

* Full-year budget, including any subsequent adjustment made to the 2011-12 Budget.

Governance

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

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

- establishing clear responsibilities for decision-making and the undertaking of mandated activities
- ensuring accountability through the monitoring of progress, and compliance with legislative and other requirements, of mandated activities
- underpinning these arrangements through the promotion of a risk management and ethical behaviour culture.

Key responsibilities

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

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

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

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

Accountability

Management Committee's monitoring of the Commission is aided through the provision of regular reports covering staffing, expenditure, staff development and other operational matters.

Monthly Commission meetings — also attended by senior staff — are used to discuss and monitor progress across the Commission's four mandated outputs. Specifically:

- presiding Commissioners on government-commissioned projects report monthly on significant issues and progress against key milestones
- the Research Committee reports on a quarterly basis on the status and future directions of the research program
- the activities of the Steering Committee for the Review of Government Service Provision, chaired by the Chairman of the Commission, are reported on a quarterly basis
- a Commissioner designated with responsibility for competitive neutrality issues reports to the Commission on a quarterly basis

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- the Head of Office provides Commissioners with a monthly update on key management issues.

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

Risk management and fraud control

Risk assessments are undertaken within a formal risk management model specified in the Commission's risk management plan. The plan is reviewed annually by senior management and the Audit Committee.

The Commission has prepared a fraud risk assessment and fraud control plan and has in place appropriate fraud prevention, detection, investigation reporting and data collection procedures and processes that meet the specific needs of the Commission and comply with the Commonwealth Fraud Control Guidelines. The Chairman's certification in respect of fraud control is at Attachment A3.

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

Ethical standards

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

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

The Commission has developed a number of specific policies relating to ethical standards which have regard to its own operational context. These deal with matters

such as email and internet use, harassment and bullying, discrimination, fraud, disclosure of information, and managing conflicts of interest. The policies are readily available to all employees. Staff awareness and training sessions are offered on these topics.

External and internal scrutiny

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

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

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

Performance against the charters is monitored on an exceptions basis — that is, by complaints to designated senior managers. No complaints were received during 2011-12 in respect of either charter.

The Auditor-General issued an unqualified independent audit report on the Commission's 2011-12 financial statements.

References to particular reports of the Commission made by federal parliamentary committees during the year are detailed in appendix B. Details of the Commission's appearances at Senate Estimates hearings in 2011-12 are included in appendix B.

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

Website and publications: The Commission's website continues to provide a valuable source of information about the current work of the Commission, its publications and other activities. During 2011-12 the Commission continued to enhance the structure, presentation and accessibility of website content, including liaison with the New Zealand Productivity Commission regarding presentation of material relating to the joint study on strengthening economic relations.

Information technology: Maintenance, review and upgrade of Commission ICT infrastructure has continued. In 2011-12, this included replacement of printers and photocopiers, an upgrade of office software and network storage capacity, and disaster recovery planning.

Human Resources: During 2011-12, the Commission continued a system of performance appraisal for staff and senior executives, intended to enhance individual development and improve organisational performance. The Commission's staff development program continued to have a focus on report writing skills during 2011-12.

Internal Audit: The Commission engaged an accounting firm to conduct a program of internal audits over a three-year period commencing in 2009-10. Internal audits conducted in 2011-12 focused on travel management, credit cards, cash management, bank reconciliations and fraud risk assessment. No control or compliance deficiencies involving unacceptable risk were identified.

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

- oversight of the Commission's internal audit program
- consideration of the annual financial statements and associated issues
- scrutiny of the Commission's risk management, fraud control and business continuity plans
- reviews of relevant ANAO reports.

Management of human resources

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

Workforce planning

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

The Commission regularly considers a range of workforce planning issues associated with the attraction, retention and development of staff. In particular, the Commission has been actively monitoring the age profile of its workforce and is seeking to retain mature aged employees by making available flexible working arrangements.

The Commission reviews its graduate recruitment process annually with a view to increasing the awareness of graduating university students of the Commission as a potential employer. Six new employees were engaged during 2011-12 through the Commission's graduate recruitment program.

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

Remuneration and employment conditions

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

The Commission's 21 Senior Executive Service (SES) employees are employed under individual determinations under the *Public Service Act 1999*. SES remuneration is set in the context of public and private sector benchmarks, including those contained in the APS SES Remuneration Survey conducted for the Australian Public Service Commission.

Information on Commissioners and SES employees total remuneration is set out in Note 12 to the Financial Statements (appendix G).

APS salary ranges for non-SES staff which correspond to the Commission's broadbanded classifications are shown in the enterprise agreement which is available on the Commission's website.

During 2011-12, a new enterprise agreement was approved for the Commission's non-SES employees. The new agreement has a nominal expiry date of 30 June 2014. The levels of remuneration and terms and conditions of employment of approximately 180 employees are covered by this agreement.

The new enterprise agreement provides improvements in remuneration and other conditions, while also providing a basis for productivity improvements. The agreement includes a number of provisions aimed at providing work/life balance and a satisfying and rewarding environment for employees.

Performance management and pay

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

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

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

Under the Commission's enterprise agreement, all salary increases are conditional upon employees being rated fully effective in their performance appraisal. Senior Executive remuneration continues to include potential to receive a performance related bonus, in keeping with the policy of having a higher proportion of SES employees' remuneration 'at risk'. In October 2010 the Remuneration Tribunal removed access to performance pay for Commissioners and rolled a compensatory amount into their total remuneration.

Performance bonuses paid for 2011-12 are summarised in table A.2.

Table A.2 Performance bonuses paid for 2011-12

<i>Classification level</i>	<i>Employees receiving bonus</i>	<i>Total bonuses paid</i>	<i>Average bonus paid</i>
Staff Level 1	0	0	0
Staff Level 2	0	0	0
Staff Level 3	0	0	0
Staff Level 4	0	0	0
SES	22	181 122	8 232
Principal Executive Officers	0	0	0
Total	22	181 122	8 232

Consultative arrangements

The key employee consultative mechanism is the Productivity Commission Consultative Committee (PCCC). The PCCC comprises five elected employee representatives, a CPSU representative, and four management representatives. The PCCC met on several occasions during the year to discuss a range of workplace issues.

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

Learning and development

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

- management and leadership
- conceptual and analytical skills
- time and work management
- oral and written communication.

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

Recorded expenditure on learning and development in 2011-12 was 2.2 per cent of the annual salary budget. This expenditure related to:

- 140 employees who undertook a total of 419 days of specific training and development
- 127 attended general development programs
- 11 employees who received studies assistance in the form of paid leave and assistance with fees in the pursuit of tertiary qualifications
- 3 employees received assistance as part of a Post Graduate Study Award.

The above activities are in addition to one-on-one coaching to address particular development needs and extensive on-the-job training within the Commission. A program of internal seminars on a range of topical economic, social and environmental issues also contributes to staff development.

Workplace health & safety (WHS)

A WHS Committee oversees the Commission's workplace health and safety program. Committee membership includes health and safety representatives and staff observers from both offices. The Committee met four times during 2011-12.

No formal WHS investigations were conducted during the year and there were no notifiable incidents. No notices under Part 10 of the *Work Health Safety Act 2011* were given to the Commission during 2011-12.

Training is provided for employees who have specific OHS related responsibilities.

OHS activities during the year included:

- Commission-funded flu vaccinations (take up rate in 2011-12 was around 50 per cent)
- ergonomic work station assessments (69 were completed, including 38 as part of the induction program).
- regular workplace hazard inspections conducted by members of the WHS Committee
- desk calendars for all employees promoting emergency evacuation and threat procedures
- the opportunity for employees to complete working hours questionnaires
- workplace health-related seminars.

An indicator of the effectiveness of the Commission's WHS programs is Comcare's workers' compensation rate. The Commission's rate for 2011-12 was assessed at approximately one-tenth of the rate for the whole-of-Australian Government pool. There were no claims for injury in 2011-12.

Employee Assistance Program

The Commission offers its employees independent, confidential and professional counselling, consultation and training assistance for work-related or personal issues. Eleven employees or their families utilised the service in 2011-12.

Workplace diversity

The Commission continues to foster a culture that is supportive of employees achieving their potential and which values employee diversity. This is facilitated through the commitment — in the Commission's enterprise agreement, equity and diversity plan and related policies — to promote workplace diversity.

National Disability Strategy

Since 1994, Commonwealth departments and agencies have reported on their performance as policy adviser, purchaser, employer, regulator and provider under the Commonwealth Disability Strategy. In 2007-08, reporting on the employer role was transferred to the Australian Public Service Commission's *State of the Service Report* and the *APS Statistical Bulletin*. These reports are available at www.apsc.gov.au. From 2010-11, departments and agencies have no longer been required to report on these functions.

The Commonwealth Disability Strategy has been overtaken by a new National Disability Strategy which sets out a ten-year national policy framework for improving life for Australians with disability, their families and carers. A high level report to track progress for people with disability at a national level will be produced by the Standing Council on Community, Housing and Disability Services to the Council of Australian Governments and will be available at www.fahcsia.gov.au. The Social Inclusion Measurement and Reporting Strategy agreed by the Government in December 2009 will also include some reporting on disability matters in its regular *How Australia is Faring* report and, if appropriate, in strategic change indicators in agency Annual Reports. More detail on social inclusion matters can be found at www.socialinclusion.gov.au.

Financial performance

The Productivity Commission is a prescribed agency under the *Financial Management and Accountability Act 1997*.

Revenue from government increased in 2011-12 to \$38.0 million (\$37.3 million in 2010-11). Revenue from other sources also increased slightly in 2011-12 to \$0.5 million (\$0.3 million in 2010-11).

Additional funding was provided to the Commission at Additional Estimates for the 'Clean Energy Future – Governance – Productivity Commission Reviews' measure. Further information on that funding is provided in the 2011-12 Treasury Portfolio Additional Estimates Statements.

Operating expenses decreased slightly in 2011-12 to \$36.6 million (\$37.3 million in 2010-11). The major expenses in 2011-12 were \$28.2 million in respect of employee expenses, \$7.5 million relating to supplier payments, and \$0.9 million in asset depreciation, amortisation and related expenses.

The operating result for 2011-12 was a \$1.9 million surplus (\$0.3 million in 2010-11).

Table A.1 provides a summary of financial and staffing resources. The agency resource statement is provided at Attachment A2. The audited financial statements for 2011-12 are shown in appendix G.

Other information

Purchasing

The Commission applies the Commonwealth Procurement Guidelines. The Commission's purchases of goods and services during 2011-12 were consistent with the 'value-for-money' principle underpinning those guidelines.

The Commission did not enter into any contracts or standing offers that were exempt from being published on AusTender. Contracts of \$100 000 or more let during 2011-12 included a provision for the Auditor-General to have access to the contractor's premises if required.

Consultancies

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

During 2011-12, ten new consultancy contracts were entered into involving total actual expenditure of \$141 145. In addition, two ongoing consultancy contracts were active during the 2011-12 year, involving total actual expenditure of \$11 800.

Table A.3 provides information on expenditure on consultants in the five years to 2011-12.

Annual reports contain information about actual expenditure on contracts for consultancies. Information on the value of contracts and consultancies is available on the AusTender website www.tenders.gov.au.

Table A.3 **Expenditure on consultancies, 2007-08 to 2011-12**

	2007-08	2008-09	2009-10	2010-11	2011-12
	\$'000	\$'000	\$'000	\$'000	\$'000
Expenditure	493	124	49	36	153

Special payments

The Commission made a number of special payments during 2011-12. Such payments were made to organisations and activities judged by management as making a worthwhile contribution to the Commission's outputs. The main payments were as follows:

Consortium memberships: \$20 718 for membership of the Global Trade Analysis Project Consortium based at Purdue University in the United States. The Commission's contribution supports the development and updating of a publicly available database and model framework for multi-country trade policy analysis. It gives the Commission early access to database updates that are needed in its research, priority access to model training, and input to the future direction of model and database development.

Research partnerships: \$22 000 to the University of NSW for an ARC partnership project on productivity measurement in infrastructure, services, and research and development; and \$10 000 to the University of Queensland for an ARC partnership

project on utilisation of social science research in policy development and program review.

Conference sponsorships: \$5500 to the 56th Australian Agricultural and Resource Economics Society National Conference; \$14 850 to the 2012 Economic and Social Outlook Conference; \$8250 to the Economics Society of Australia (Vic) for the 41st Australian Conference of Economists; \$5000 to the Economic Society of Australia (NSW) for the Australian Economic Forum 2012; \$3000 to the Econometric Society Australasian Meeting 2012; and \$5000 to the 14th International Schumpeter Society Conference.

Awards: \$1000 to the top student, Master of Economics, at the Australian National University (Robert Jones Productivity Commission Prize); and \$300 to the top Microeconomics student at La Trobe University.

Legal services

Total expenditure on legal services in 2011-12 was \$6540. Further details are published on the Commission's website, in accordance with *Legal Services Directions 2005* issued by the Attorney-General.

Ecologically sustainable development (ESD)

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

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

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

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

Reflecting its statutory guidelines, ESD principles are integral to the Commission's analytical frameworks, their weighting depending on the particular inquiry or research topic. Examples of Commission projects where different aspects of ESD have arisen have been provided in past annual reports. Recent Commission reports on *Barriers to effective climate change adaptation* and *Emission reduction policies and carbon prices in key economies* are further examples of work undertaken requiring integration of complex economic, social and environmental considerations.

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

Well-informed policy decision making and public understanding on matters relating to Australia's productivity and living standards, based on independent and transparent analysis from a community-wide perspective.

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

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

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

Publications and submissions

Appendix F lists all the Commission's publications in 2011-12.

Freedom of information

Agencies subject to the *Freedom of Information Act 1982* (FOI Act) are required to publish information to the public as part of the Information Publication Scheme (IPS). This requirement is in Part II of the FOI Act and has replaced the former requirement to publish a section 8 statement in an annual report. Each agency must display on its website a plan showing what information it publishes in accordance with the IPS requirements.

Advertising and market research

The Commission does not undertake ‘advertising campaigns’. However, the Commission publicises its government-commissioned inquiries and studies so that any individual, firm or organisation with an interest has an opportunity to present their views. Publicity takes the form of newspaper advertisements, regular distribution of *PC Update*, press releases, an email alert service, notification on the Commission’s website and distribution of Commission circulars.

A total of \$111 556 was paid for advertising (including recruitment advertising) in 2011-12 to Adcorp Australia Ltd.

Annual reporting requirements and aids to access

Information contained in this annual report is provided in accordance with Schedule 2 Part 4 of the *Work Health and Safety Act 2001*, section 49 of the *Financial Management and Accountability Act 1997* and Part II of the *Freedom of Information Act 1982*.

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

The annual report has also been prepared in accordance with parliamentary requirements for departmental annual reports issued by the Department of the Prime Minister and Cabinet. A compliance index is provided in Attachment A4.

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

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

This annual report can be found at the above internet address. Inquiries about any Commission publication can be made to:

Director
Media and Publications
Productivity Commission
GPO Box 1428
CANBERRA CITY ACT 2601
Telephone: (02) 6240 3239
Facsimile: (02) 6240 3300

Attachment A1

Commissioner and employee statistics

Table A1.1 **Chairman and Commissioners, 30 June 2012**

	<i>Current period of appointment</i>	
	<i>From</i>	<i>To</i>
Mr G R Banks AO (Chairman)	20 May 2008	19 May 2013
Mr M C Woods (Deputy Chairman)	17 Apr 2011	16 Apr 2016
Mr J Coppel (M)	28 Jul 2011	27 Jul 2016
Dr W Craik AM (C)	4 Jun 2009	3 Jun 2014
Mr R Fitzgerald AM (C)	27 Jan 2009	26 Jan 2014
Ms A McClelland (M) (p/t)	8 Dec 2010	7 Dec 2015
Ms A MacRae (M) (p/t)	8 Dec 2010	7 Dec 2015
Ms S McKenna (M) (p/t)	4 Jun 2009	3 Jun 2014
Dr W Mundy (C) (p/t)	8 Dec 2010	7 Dec 2015
Ms P Scott (C)	7 Sep 2009	6 Sep 2014
Mr P Weickhardt (M) (p/t)	4 Dec 2008	3 Dec 2013

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

Table A1.2 **Part-time Associate Commissioners, 30 June 2012**

	<i>Inquiry/Study</i>	<i>Period of appointment^a</i>	
		<i>From</i>	<i>To</i>
Mr B Wonder	Business Regulation Benchmarking: Role of Local Government as Regulator	20 Jul 2011	19 Aug 2012
Dr N Byron	Climate Change Adaptation	8 Sep 2011	7 Oct 2012
Mr P Costello	Default Superannuation Funds in Modern Awards	9 Jan 2012	8 Nov 2012
Mr P Coghlan	Regulatory Impact Analysis: Benchmarking	24 Feb 2012	23 Dec 2012

^a Engagement ceases at the conclusion of the inquiry/study or the period of appointment, whichever is the earlier

Table A1.3 Part-time Associate Commissioners completing appointments during 2011-12

	<i>Inquiry/Study</i>	<i>Period of appointment</i>	
		<i>From</i>	<i>To</i>
Mr J Walsh	Disability Care and Support	14 April 2010	13 Oct 2011
Mr J Sutton	Economic Regulation of Airport Services	7 Oct 2010	6 Jan 2012

Table A1.4 Employees by location and gender, 30 June 2012

<i>Level</i>	<i>Melbourne</i>			<i>Canberra</i>			<i>Total</i>		
	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>	<i>Female</i>	<i>Male</i>	<i>Total</i>
SES Band 3	1	0	1	0	0	0	1	0	1
SES Band 2	0	1	1	1	1	2	1	2	3
SES Band 1	1	8	9	3	5	8	4	13	17
Staff Level 4	10	15	25	8	16	24	18	31	49
Staff Level 3	21	11	32	7	10	17	28	21	49
Staff Level 2	18	21	39	8	9	17	26	30	56
Staff Level 1	12	6	18	7	1	8	19	7	26
Total^b	63	62	125	34	42	76	97	104	201
Corresponding totals at 30 June 2011 ^a	67	55	122	30	45	75	97	100	197

^a Totals exclude 6 inoperative employees at 30 June 2011. ^b Totals exclude 9 inoperative employees at 30 June 2012; 2012 totals include one acting SES Band 3, SES Band 1, Staff Level 4, and Staff Level 2.

Table A1.5 Employees by employment status and gender, 30 June 2012

<i>Level</i>	<i>Female</i>			<i>Male</i>			<i>Total</i>		
	<i>F/t</i>	<i>P/t</i>	<i>Total</i>	<i>F/t</i>	<i>P/t</i>	<i>Total</i>	<i>F/t</i>	<i>P/t</i>	<i>Total</i>
SES Band 3	1	0	1	0	0	0	1	0	1
SES Band 2	1	0	1	2	0	2	3	0	3
SES Band 1	4	0	4	13	0	13	17	0	17
Staff Level 4	14	4	18	27	4	31	41	8	49
Staff Level 3	21	7	28	18	3	21	39	10	49
Staff Level 2	19	7	26	29	1	30	48	8	56
Staff Level 1	12	7	19	7	0	7	19	7	26
Total^b	72	25	97	96	8	104	168	33	201
Corresponding totals at 30 June 2011 ^a	72	25	97	94	6	100	166	31	197

^a Totals exclude 6 inoperative employees at 30 June 2011. ^b Totals exclude 9 inoperative employees at 30 June 2012; 2012 totals also include one acting SES Band 3, SES Band 1, Staff Level 4, and Staff Level 2..

Table A1.6 Employees by level and reason for separation, 2011-12

<i>Level</i>	<i>Promotion</i>	<i>Transfer</i>	<i>Resignation</i>	<i>Invalidity Retirement</i>	<i>VRP^a</i>	<i>Other</i>	<i>Total</i>
Staff Level 4	0	0	0	0	0	0	0
Staff Level 3	0	1	1	0	0	0	2
Staff Level 2	0	2	2	1	0	0	5
Staff Level 1	0	2	3	0	0	1	6
Total	0	5	11	1	0	1	18
Corresponding totals at 30 June 2011	1	6	13	0	0	1	21

^a Voluntary Redundancy Package

Attachment A2

Agency Resource Statement — 2011-12

	<i>Actual Available Appropriation 2011-12</i>	<i>Payments Made 2011-12</i>	<i>Balance Remaining</i>
	\$'000	\$'000	\$'000
	(a)	(b)	(a-b)
Ordinary Annual Services			
Departmental appropriation¹			
Prior year Departmental appropriation	15 797		
Departmental appropriation 2010-11	38 307	33 794	
S.31 Relevant agency receipts²	1 101	1 101	
Total ordinary annual services	<hr/> 55 205	<hr/> 34 895	<hr/> 20 310
Total Resourcing and Payments	<hr/> 55 205	<hr/> 34 895	<hr/> 20 310

¹ Appropriation Bill (No.1) 2011-12 and Appropriation Bill (No.3) 2011-12.

² Receipts received under section 31 of the *Financial Management and Accountability Act 1997*.

Attachment A3



Australian Government
Productivity Commission

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**From the Chairman's
Office**

23 August 2012

Annual Report 2011-12 – Fraud Control Certification

In accordance with Guideline 5.8 of the *Commonwealth Fraud Control Guidelines 2011* (the Guidelines), issued pursuant to Regulation 16A of the *Financial Management and Accountability Regulations 1997*, I hereby certify that I am satisfied that the Productivity Commission has:

- prepared fraud risk assessments and fraud control plans;
- in place appropriate fraud prevention, detection and investigation and reporting and data collection procedures and processes that meet the specific needs of the Commission and comply with the Guidelines; and
- taken all reasonable measures to minimise the incidence of fraud in the Commission and to investigate and recover the proceeds of fraud against the Commission.

A handwritten signature in black ink, appearing to read 'G. Banks'.

Gary Banks AO

Attachment A4

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Compliance with the Joint Committee of Public Accounts and Audit requirements for annual reports

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Compliance with the Productivity Commission Act

The annual report is also prepared in accordance with the general provisions of s.10 of the Productivity Commission Act, as well as the following specific requirements:

s.10(1) Commission operations	chapter 2 and appendix B
s.10(2) matters referred to the Commission	appendix D
s.10(4) competitive neutrality complaints	appendix C

In association with this annual report, the Commission is preparing two companion publications:

- *Productivity Monitor 2011-12*
- *Trade & Assistance Review 2011-12*