
B Program performance

The Productivity Commission's designated role is to contribute to well-informed policy decision-making and public understanding on matters relating to Australia's productivity and living standards. It performs this role by undertaking independent and transparent analysis from a community-wide perspective.

The Commission's four main activity streams are public inquiries and other government-commissioned projects, performance reporting and other services to government bodies, competitive neutrality complaints activities, and supporting research and statutory annual reporting. This appendix sets out some broad considerations in assessing the Commission's performance and reports various indicators of overall performance, as well as the Commission's main activities and related performance in 2012-13.

Objectives for performance assessment

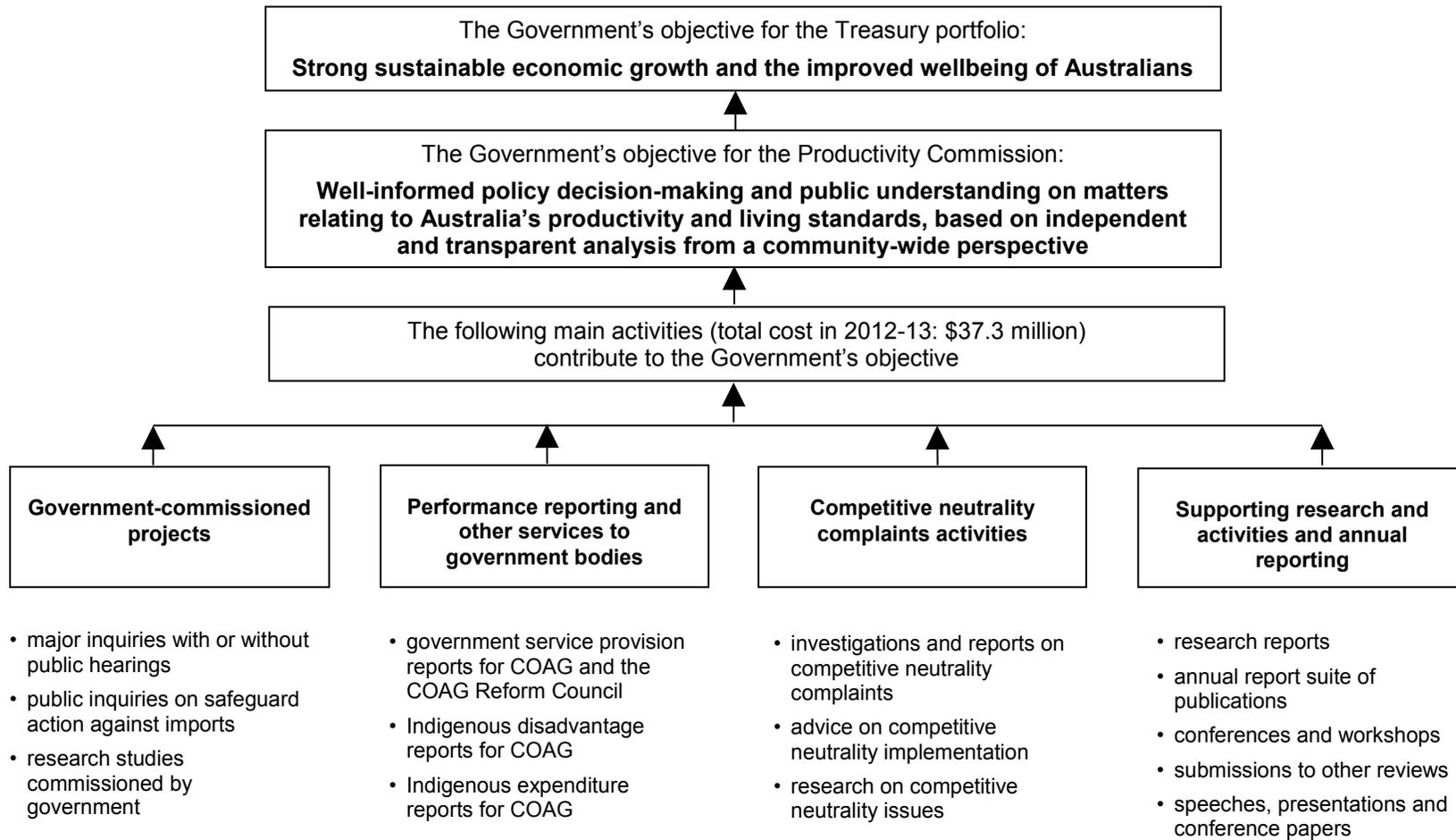
The Government's outcome objective against which the Commission's overall performance is to be assessed is:

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

The Commission's inquiry, research, advisory and associated activities derive from its statutory functions. These can be classified into four main activity areas:

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

Figure B.1 Productivity Commission main activities 2012-13



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

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

Commission activities

All of the Commission's activities are directed at meeting the policy needs of government, or otherwise fulfilling statutory requirements. Main activities are:

- undertaking individual projects specifically commissioned by government, including commissioned projects of an inquiry or research nature relating to regulatory issues
- meeting standing research, investigatory and advisory functions nominated by government
- research undertaken in response to emerging needs for policy-relevant information and enhanced analytical frameworks, and for building the Commission's capacity to respond to the policy priorities of government.

Commissioned projects

Government-commissioned projects have individual terms of reference.

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

Commissioned research studies are generally concerned with assembling policy-relevant information or analysis of policy options for tasks that are often narrower in scope, or required in shorter timeframes, than inquiries. They typically involve less public interaction than inquiries and no formal public hearings. The Commission adapts its inquiry processes in conducting these studies, although it aims to expose its preliminary findings in workshops or roundtable discussions. Commissioned research studies are released at a time agreed with the Government.

Standing functions

The Government has established the following standing research, investigatory and advisory functions for the Commission:

- secretariat and research services for the Steering Committee for the Review of Government Service Provision. As an integral part of the national performance reporting system, the Steering Committee informs Australians about services provided by governments and enables performance comparisons across and within jurisdictions (SCRGSP Terms of Reference). The Steering Committee is required to:
 - measure and publish annually data on the equity, efficiency and cost effectiveness of government services through the *Report on Government Services*
 - produce and publish the regular *Overcoming Indigenous Disadvantage* report
 - collate and prepare performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council and the broader national performance reporting system
 - initiate research and report annually on improvements and innovation in service provision, having regard to the COAG Reform Council’s task of highlighting examples of good practice and perform any other related tasks referred to it by COAG
 - produce the two-yearly *Indigenous Expenditure Report*, contributing to better policy making and improved outcomes for Indigenous Australians by reporting on expenditure on Indigenous-specific and mainstream services that support Indigenous Australians
- reports and related activities necessary to meet the Commission’s statutory obligation to investigate any complaint that an Australian Government business is not conducted in accordance with competitive neutrality arrangements
- statutory annual reporting on assistance and regulation benefitting different industries (published as the *Trade & Assistance Review*) and on industry and productivity performance generally (encompassed in the *Productivity Update*).

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 a 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 consultation with Australian Government departments and agencies, peak employer and union bodies, and community and environmental groups. The views of State and Territory governments and academics are also sought.

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

- The suite of three annual reporting publications, as well as Commission Research Papers and submissions to other inquiries or reviews established by government or parliament, present the Commission's views on policy issues.
- Published research by Commission staff aims to provide the information and analysis needed to inform policy discussion within government, parliaments and the broader community. Such research contains no recommendations, but can provide 'building blocks' for policy development.
- Publication of the proceedings of conferences and workshops sponsored by the Commission, and of consultants' reports to the Commission, is also intended to promote and inform discussion on important policy issues. As with staff publications, the views expressed need not reflect the views of the Commission.

Interpreting performance indicators for the Commission

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

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

First, the effectiveness with which the Commission's activities contribute to the achievement of its designated outcome can be difficult to assess and is often subjective. The Commission is but one source of policy advice. Furthermore, feedback on the Commission's performance often can be of an informal kind, which is hard to document and collate systematically. Where views are documented, they can reflect the interests of those affected by the Commission's findings or advice.

Box B.1 Performance indicators for the Commission

| <i>Main areas of activity</i> | <i>Key indicators</i> |
|---|--|
| Government-commissioned projects | Projects, reports and associated activities: |
| Performance reporting and other services to government bodies | <ul style="list-style-type: none">• of a high quality |
| Competitive neutrality complaints activities | <ul style="list-style-type: none">• useful to stakeholders |
| Supporting research and activities and statutory annual reporting | <ul style="list-style-type: none">• timely |

Second, the Commission's work program typically covers contentious or complex policy issues (or both), 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 projects and allocates its resources accordingly. The quantum and scope of the Commission's work are, to a significant extent, determined externally. This includes the number and timing of government-commissioned projects and competitive neutrality complaints. Similarly, its secretariat and research work for the Review of Government Service Provision is guided by a Steering Committee. As a consequence, the number and timeliness of projects from the Commission's supporting research program, for example, need to be interpreted in the light of the demands of its public inquiry workload and other standing commitments.

Fourth, the Commission has no control over the release of its final inquiry reports (unlike its draft reports), although the *Productivity Commission Act 1998* requires that the Minister table inquiry reports in Parliament within 25 sitting days of receipt. The time taken for decisions on such reports, and 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 2012-13 were tabled within the statutory period.

Box B.2 Longer-term influence

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

- The Commission's 2005 research paper on trends in agriculture continued to be used widely throughout the year. For example, the Victorian Parliament's Education and Training Committee used the paper during an inquiry into agricultural education and training in that state; and the Murray-Darling Basin Authority drew on the paper in a report on proposed alterations to the Basin plan (MDBA 2012).
- The Australian Competition and Consumer Commission released a report on container stevedoring monitoring in November 2012 (ACCC 2012) that drew on Commission work from 1998 and 2003 on waterfront benchmarking.
- Past Commission reports on a range of subjects also continued to inform the work of the Parliamentary Library. For example: the Commission's 2008 study on chemicals and plastics regulation was used in a Bills Digest on agricultural and veterinary chemical regulation; and a 2001 inquiry report on cost recovery by government agencies was used in a Bills Digest on superannuation legislation amendments.
- A report by the Advisory Council on Intellectual Property (2012), which looked at the role of intellectual property in innovation processes, drew on the Commission's 2007 report on science and innovation.
- The 2005 Commission inquiry into the health workforce was used in a series of papers by the Australian Medical Association on workforce programs (AMA 2012); and by the Senate Community Affairs Reference Committee in a report on factors affecting the supply of health services and medical professionals in rural areas.
- Discussions on the estimated cost of an outbreak of foot and mouth disease in Australia continued to draw on the Commission's estimates from 2006. This included, for example, North Queensland Register (2013), Edmonstone (2013), Bettles (2013b) and Guy (2013).
- The Commission's 2006 inquiry report on waste management also continued to be widely used throughout the year. For example, analysis of the costs and benefits of plastic bag bans was discussed in Crawley (2013) and Cater (2013). The report was also used by the Victorian Government within its Waste and Resource Recovery Policy (2013).
- There was continued use through the year of the Commission's 2000 report on broadcasting. This included use by the Senate Environment and Communications Legislation Committee when considering the media reform bills package in March 2013, and use by the Parliamentary Library in a background note on media reviews.
- A 2001 Commission Research Paper on structural adjustment was drawn on in detail by an inquiry into the Taxi Industry in Victoria (Taxi Industry Inquiry 2012).

While research studies commissioned by the Government do not have to be tabled in Parliament, these reports are generally released soon after completion. Where available, government use of and responses to commissioned research studies are reported in appendix D.

This appendix reviews some broad based indicators of Commission performance before reporting on each of its main activities against the indicators agreed under the Government's performance framework.

Feedback surveys

The Commission has a program of surveys and other initiatives to gather external feedback on its activities. These surveys complement the feedback received through comments and submissions on draft reports, position papers, workshop papers and the views expressed during public hearings and consultations on its research program.

The results of past surveys were reported in previous annual reports 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.

Other feedback

As noted in chapter 2, the Commission continued to provide feedback opportunities through email, online surveys, and survey forms included in publications or issued to participants in the Commission's public hearings. Comments are passed to management and authors for consideration. Much of the feedback received through these mechanisms this year was positive.

Commission projects and the work of the Federal Parliament

The inquiries and reports which figured most prominently in federal parliamentary debate during 2012-13 were the Commission's reports on disability care and support and aged care. As noted in chapter 2, 145 Members and 66 Senators referred to 55 different Commission reports or inquiries, or to the Commission's role in policy processes, during the 2012-13 parliamentary proceedings.

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

- Ten parliamentary committees drew on a range of Commission inquiry and research outputs in their own reports during the year. The 27 recent

parliamentary committee reports listed in table B.1 referred to 17 different Commission outputs.

- Research material provided to parliamentarians during 2012-13 by the Parliamentary Library — such as Bills Digests and Research Briefs — referred to 18 different Commission outputs (table B.2). These included 14 inquiry and other commissioned research reports and several research papers..
- People appearing at the hearings of parliamentary committees in 2012-13 referred to Commission outputs in more than 45 different topic areas.

Use of Commission Reports by the Audit Office

Performance audits undertaken by the Australian National Audit Office (ANAO) inform the Parliament and the Government about public sector administration and performance. During 2012-13 the ANAO drew on analysis and recommendations in the Commission's 2007 report on *Public Support for Science and Innovation* in Audit Report No. 37, *Administration of Grants from the Education Investment Fund*. The ANAO drew on findings in the *Report on Government Services 2013* in Audit Report No. 31 on *Implementation of the National Partnership Agreement on Homelessness*, and in Audit Report No. 12 on *Administration of Commonwealth Responsibilities under the National Partnership Agreement on Preventive Health*. The Commission's 2011 report *Caring for Older Australians* was drawn upon in Audit Report No. 10, *Managing Aged Care Complaints*. The ANAO also drew on the 2011 *Overcoming Indigenous Disadvantage: Key Indicators* report and the 2012 *Indigenous Expenditure Report* in Audit Report No. 8, *Australian Government Coordination Arrangements for Indigenous Programs* and Audit Report No. 55, *Indigenous Employment: The Australian Government's Contribution to the Australian Employment Covenant*. Audit Report No. 3 on *The Design and Conduct of the First Application Round for the Regional Development Australia Fund* drew on the Commission's 2010 report on the *Contribution of the Not-For-Profit Sector*.

Table B.1 Use of Commission publications in parliamentary committee reports in 2012-13

| <i>Parliamentary Committee and report</i> | <i>Commission output used</i> |
|--|---|
| House of Representatives Standing Committee on Economics, <i>Report on the Exposure Draft of the Australian Charities and Not-for-profits Commission Bills 2012</i> , August 2012 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| Senate Community Affairs References Committee, <i>The factors affecting the supply of health services and medical professionals in rural areas</i> , August 2012 | Research Report, <i>Australia's Health Workforce</i> , December 2005 |
| Senate Community Affairs Legislation Committee, <i>Australian Charities and Not-for-profits Commission Bill 2012 [Provisions]; Australian Charities and Not-for-profits Commission (Consequential and Transitional) Bill 2012 [Provisions]; Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012 [Provisions]</i> , September 2012 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| Parliamentary Joint Committee on Corporations and Financial Services, <i>Inquiry into the Australian Charities and Not-for-profits Commission Bill 2012; the Australian Charities and Not-for-profits Commission (Consequential and Transitional) Bill 2012; and the Tax Laws Amendment (Special Conditions for Not-for-profit Concessions) Bill 2012</i> , September 2012 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| House of Representatives Standing Committee on Education and Employment, <i>Workplace Bullying: We just want it to stop</i> , October 2012 | Research Report, <i>Benchmarking Business Regulation: Occupational Health and Safety</i> , March 2010 |
| Senate Community Affairs References Committee, <i>Palliative care in Australia</i> , October 2012 | Inquiry Report, <i>Caring for Older Australians</i> , August 2011 |
| Parliamentary Joint Committee on Corporations and Financial Services, <i>Inquiry into the Superannuation Legislation Amendment (Further MySuper and Transparency Measures) Bill 2012</i> , October 2012 | Inquiry Report, <i>Default Superannuation Funds in Modern Awards</i> , October 2012 |
| Parliamentary Joint Select Committee on Gambling Reform, <i>Third report: The prevention and treatment of problem gambling</i> , October 2012 | Inquiry Report, <i>Gambling</i> , February 2010 |
| House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry, <i>Netting the benefits: Inquiry into the Role of Science for the Future of Fisheries and Aquaculture</i> , November 2012 | Commission Research Paper, <i>Assessing Environmental Regulatory Arrangements for Aquaculture</i> , February 2004 |
| Senate Community Affairs Legislation Committee, <i>National Gambling Reform Bill 2012 [Provisions], National Gambling Reform (Related Matters) Bill (No. 1) 2012 [Provisions], National Gambling Reform (Related Matters) Bill (No. 2) 2012 [Provisions]</i> , November 2012 | Inquiry Report, <i>Gambling</i> , February 2010 |

| | |
|--|---|
| Senate Education, Employment and Workplace Relations References Committee, <i>Fair Work Amendment Bill 2012 [Provisions]</i> , November 2012 | Inquiry Report, <i>Default Superannuation Funds in Modern Awards</i> , October 2012 |
| Parliamentary Joint Select Committee on Gambling Reform, <i>Fourth report: National Gambling Reform Bill 2012 and related bills</i> , November 2012 | Inquiry Report, <i>Gambling</i> , February 2010 |
| House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry, <i>Advisory Report on the Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012</i> , February 2013 | Research Report, <i>Chemicals and Plastics Regulation</i> , August 2008 |
| Senate Rural and Regional Affairs and Transport Legislation Committee, <i>Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012 [Provisions]</i> , February 2013 | Research Report, <i>Chemicals and Plastics Regulation</i> , August 2008 |
| Senate Community Affairs References Committee, <i>Australia's domestic response to the World Health Organization's (WHO) Commission on Social Determinants of Health report "Closing the gap within a generation"</i> , March 2013 | Steering Committee for the Review of Government Service Provision, <i>Overcoming Indigenous Disadvantage: Key Indicators 2011</i> , August 2011 |
| Senate Community Affairs Legislation Committee, <i>National Disability Insurance Scheme Bill 2012 [Provisions]</i> , March 2013 | Inquiry Report, <i>Disability Care and Support</i> , July 2011 |
| Senate Education, Employment and Workplace Relations References Committee, <i>Fair Work Amendment (Small Business–Penalty Rates Exemption) Bill 2012</i> , March 2013 | Inquiry Report, <i>Economic Structure and Performance of the Australian Retail Industry</i> , December 2011 |
| Senate Environment and Communications Legislation Committee, <i>Environment Protection and Biodiversity Conservation Amendment (Retaining Federal Approval Powers) Bill 2012</i> , March 2013 | Research Report, <i>Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector</i> , April 2009 |
| Senate Environment and Communications Legislation Committee, <i>Media Reform Bills Package</i> , March 2013 | Inquiry Report, <i>Broadcasting</i> , April 2000 |
| Senate Rural and Regional Affairs and Transport Legislation Committee, <i>The management of the Murray-Darling Basin</i> , March 2013 | Research Report, <i>Market Mechanisms for Recovering Water in the Murray-Darling Basin</i> , March 2010 |
| Parliamentary Joint Committee on Corporations and Financial Services, <i>Family Businesses in Australia – different and significant: why they shouldn't be overlooked</i> , March 2013 | Inquiry Report, <i>Executive Remuneration in Australia</i> , December 2009 |
| Senate Environment and Communications Legislation Committee, <i>Environment Protection and Biodiversity Conservation Amendment Bill 2013 [Provisions]</i> , May 2013 | Research Report, <i>Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector</i> , April 2009 |

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Table B.1 (continued)

| <i>Parliamentary Committee and report</i> | <i>Commission output used</i> |
|---|---|
| Senate Community Affairs Legislation Committee, <i>Aged Care (Living Longer Living Better) Bill 2013 [Provisions] and related bills</i> , May 2013 | Inquiry Report, <i>Caring for Older Australians</i> , August 2011 |
| Senate Environment and Communications Legislation Committee, <i>Water Efficiency Labelling and Standards (Registration Fees) Bill 2013 [Provisions] Water Efficiency Labelling and Standards Amendment (Registration Fees) Bill 2013 [Provisions]</i> , May 2013 | Inquiry Report, <i>Australia's Urban Water Sector</i> , October 2011 |
| Senate Foreign Affairs, Defence and Trade Legislation Committee, <i>Export Finance and Insurance Corporation Amendment (New Mandate and Other Measures) Bill 2013 [Provisions]</i> , June 2013 | Inquiry Report, <i>Australia's export credit arrangements</i> , November 2012 |
| Parliamentary Joint Select Committee on Gambling Reform, The advertising and promotion of gambling services in sport, Broadcasting Services Amendment (Advertising for Sports Betting) Bill 2013, June 2013 | Inquiry Report, <i>Gambling</i> , February 2010 |
| Parliamentary Joint Select Committee on Gambling Reform, The Poker Machine Harm Reduction (\$1 Bets and Other Measures) Bill 2012, Anti-Money Laundering Amendment (Gaming Machine Venues) Bill 2012, Interactive Gambling Amendment (Virtual Credits) Bill 2013, June 2013 | Inquiry Report, <i>Gambling</i> , February 2010 |

Table B.2 Parliamentary Library use of Commission publications in 2012-13

| <i>Parliamentary Library output 2012-13</i> | <i>Commission output used</i> |
|---|--|
| <i>Second Sydney Airport: a decade of deferral 2002–2012</i> , Background Note, July 2012 | Inquiry Report, <i>Economic Regulation of Airport Services</i> , March 2012 |
| <i>Commonwealth Indigenous-specific expenditure 1968–2012</i> , Background Note, September 2012 | Steering Committee for the Review of Government Service Provision) 2012, <i>2012 Indigenous Expenditure Report</i> , September 2012 |
| <i>Australian Charities and Not-for-profits Commission Bill 2012</i> , Bills Digest No 21, September 2012 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| <i>Customs Amendment (Anti-dumping Improvements) Bill (No. 3) 2012</i> , Bills Digest No 19, September 2012 | Inquiry Report, <i>Australia's Anti-dumping and Countervailing System</i> , May 2010 |
| <i>Media reviews: all sound and fury?</i> , Background Note, October 2012 | Inquiry Report, <i>Broadcasting</i> , April 2000 |
| <i>Industrial Chemicals (Notification and Assessment) Amendment Bill 2012</i> , Bills Digest No 29, October 2012 | Research Report, <i>Chemicals and Plastics Regulation</i> , August 2008 |
| <i>Customs Amendment (Malaysia-Australia Free Trade Agreement Implementation and Other Measures) Bill 2012</i> , Bills Digest No 56, November 2012 | Research Report, <i>Bilateral and regional trade agreements</i> , November 2010 |
| <i>Fair Work Amendment Bill 2012</i> , Bills Digest No 54, November 2012 | Inquiry Report, <i>Default Superannuation Funds in Modern Awards</i> , October 2012 |
| <i>National Gambling Reform Bill 2012</i> , Bills Digest No 51, November 2012 | Inquiry Report, <i>Gambling</i> , February 2010 |
| <i>National Disability Insurance Scheme Bill 2012</i> , Bills Digest No 72, February 2013 | Inquiry Report, <i>Disability Care and Support</i> , July 2011 |
| <i>Superannuation Legislation Amendment (Reform of Self-Managed Superannuation Funds Supervisory Levy Arrangements) Bill 2013</i> , Bills Digest No 81, February 2013 | Inquiry Report, <i>Cost recovery by government agencies</i> , August 2001; Inquiry Report, <i>Default Superannuation Funds in Modern Awards</i> , October 2012 |
| <i>Australian Government funding for schools explained</i> , Background Note, March 2013 | Steering Committee for the Review of Government Service Provision, <i>Report on Government Services 2013</i> , January 2013 |

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Table B.2 (continued)

| <i>Parliamentary Library output 2012-13</i> | <i>Commission output used</i> |
|--|---|
| <i>Agricultural and Veterinary Chemicals Legislation Amendment Bill 2012</i> , Bills Digest No 89, March 2013 | Research Report, <i>Chemicals and Plastics Regulation</i> , August 2008 |
| <i>Customs Amendment (Anti-Dumping Commission) Bill 2013</i> , Bills Digest No 82, March 2013 | Inquiry Report, <i>Australia's Anti-dumping and Countervailing System</i> , May 2010 |
| <i>Export Finance and Insurance Corporation Amendment (Finance) Bill 2013</i> , Bills Digest No 94, March 2013 | Inquiry Report, <i>Australia's export credit arrangements</i> , November 2012 |
| <i>Export Market Development Grants Amendment Bill 2013</i> , Bills Digest No 93, March 2013 | Annual Report Series, <i>Trade and Assistance Review 2007-08</i> , May 2009 |
| <i>Family Assistance and Other Legislation Amendment Bill 2013</i> , Bills Digest No 88, March 2013 | Staff Working Paper, <i>Recent trends in Australian fertility</i> , August 2008 |
| <i>Australian Aged Care Quality Agency Bill 2013 [and] Australian Aged Care Quality Agency (Transitional Provisions) Bill 2013</i> , Bills Digest No 103, April 2013 | Inquiry Report, <i>Caring for Older Australians</i> , August 2011 |
| <i>Budget Review 2013-14</i> , Research Paper No. 3, May 2013 | Inquiry Report, <i>Disability Care and Support</i> , July 2011, |
| <i>Aged Care (Bond Security) Amendment Bill 2013 [and] Aged Care (Bond Security) Levy Amendment Bill 2013</i> , Bills Digest No 115, May 2013 | Inquiry Report, <i>Caring for Older Australians</i> , August 2011 |
| <i>Aged Care (Living Longer Living Better) Bill 2013</i> , Bills Digest No 106, May 2013 | Inquiry Report, <i>Caring for Older Australians</i> , August 2011 |
| <i>Not-for-profit Sector Freedom to Advocate Bill 2013</i> , Bills Digest No 116, May 2013 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| <i>Export Finance and Insurance Corporation Amendment (New Mandate and Other Measures) Bill 2013</i> , Bills Digest No 131, June 2013 | Inquiry Report, <i>Australia's export credit arrangements</i> , November 2012 |
| <i>Tax and Superannuation Laws Amendment (2013 Measures No. 2) Bill 2013</i> , Bills Digest No 137, June 2013 | Research Report, <i>Economic Contribution of the Not For Profit Sector</i> , February 2010 |
| <i>Competition and Consumer Amendment Bill 2013</i> , Bills Digest No 138, June 2013 | Research Report, <i>Annual review of regulatory burdens on business: business and consumer services</i> , August 2010 |

Social Security Legislation Amendment (Public Housing Tenants' Support) Bill 2013, Bills Digest No 139, June 2013

Tax and Superannuation Laws Amendment (Increased Concessional Contributions Cap and Other Measures) Bill 2013 [and] Superannuation (Sustaining the Superannuation Contribution Concession) Imposition Bill 2013, Bills Digest No 144, June 2013

Customs Amendment (Anti-dumping Measures) Bill 2013 [and] Customs Tariff (Anti-Dumping) Amendment Bill 2013, Bills Digest No 156, June 2013

Interactive Gambling Amendment (Virtual Credits) Bill 2013, Bills Digest No 157, June 2013

Charities Bill 2013, Bills Digest No 160, June 2013

Steering Committee for the Review of Government Service Provision, *Report on Government Services 2013*, January 2013

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

Inquiry Report, *Australia's Anti-dumping and Countervailing System*, May 2010

Inquiry Report, *Gambling*, February 2010

Research Report, *Economic Contribution of the Not For Profit Sector*, February 2010

Senate Committee appearances

The Commission is also invited to appear regularly before Senate Committees to assist the work of Federal Parliament and facilitate scrutiny of its work. It was requested to attend Senate Estimates hearings on three occasions in 2012-13. Appearances by the Chair, Deputy Chair and senior staff before the Senate Standing Committee on Economics occurred on 17 October 2012, 13 February 2013 and 6 June 2013. Hansard of the appearances is available on the Parliament of Australia website.

The Head of the Secretariat for the Review of Government Service Provision was invited to attend public hearings for the Senate Legal and Constitutional Affairs Committee inquiry on 'Value of a justice reinvestment approach to criminal justice in Australia'. His evidence was extensively referenced in the final report published in June 2013.

Other evidence

In addition to the performance indicators for 2012-13 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 welcoming a joint scoping study by the Australian and New Zealand Productivity Commissions in December 2012, the then Prime Minister, the Hon. Julia Gillard, stated:

... this report from the two Productivity Commissions presents the most important opportunity for many years to shape the next steps in trans-Tasman economic integration in this the Asian Century. The report provides a thoughtful analysis of our economic relationship and considers the scope for its future development to create jobs and boost productivity for both Australia and New Zealand. (Gillard and Key 2012)

- When discussing disability insurance in May 2013, the Hon. Jenny Macklin, Minister for Families, Housing, Community Services and Indigenous Affairs, stated:

We've had a lot of work done on this issue. Of course in the first case by the Productivity Commission and it was really as a result of their work that they told the Government that they determined that 410,000 Australians would be eligible for DisabilityCare, the new disability insurance scheme. So, it's the Productivity

Commission that's made the estimates and it's really from their work that we've built the scheme. (Macklin 2013)

- In May 2013, the Assistant Treasurer, the Hon. David Bradbury, and the Minister for Agriculture, Fisheries and Forestry, the Hon. Joe Ludwig, announced that the Commission would be asked to conduct a review in 2014 of regulatory burdens across the food chain (Ludwig and Bradbury 2013).
- During the year COAG identified several further areas where Commission projects would assist it with its work. Specific projects undertaken to assist policy development across jurisdictions in 2012-13 included a benchmarking study on the regulatory role of local government, to assist the work of the COAG Business Regulation and Competition Working Group (BRCWG), and a benchmarking study into regulatory impact analysis (RIA) processes.
- The Federal Opposition proposed a number of tasks for the Commission during the year, including that it:
 - review post-2015 funding for the automotive sector to provide a “sensible, evidence-based approach to taxpayer funded subsidies, as well as better funding benchmarks aimed at the long-term viability of the industry” (Mirabella 2013)
 - conduct an inquiry into the Fair Work Act (Abbott and Abetz 2013)
 - be asked to inquire into child care arrangements, including consideration of the current hours parents work or study, or wish to study; the particular needs of rural, regional or remote parents, as well as shift workers; the out of pocket costs of child care to families; rebate and subsidies available for each type of rebate; and the needs of vulnerable or at risk children (Abbott 2012).
- The Australian Greens proposed that the Commission be asked to undertake several strands of new work during the year, including that it:
 - be asked to conduct an inquiry into the Federal Government's funding of childcare services, including a review of the childcare rebate and benefit (Hanson-Young 2013)
 - review assistance arrangements for coal-fired generators (Milne and Bandt 2012)
 - be asked to conduct an inquiry into illicit drugs (Di Natale 2013).
- The Climate Change Authority's final report on the Renewable Energy Target, released in December 2012, recommended that:

The level of the emissions-intensive, trade-exposed exemption under the Renewable Energy Target should be considered by the Productivity Commission as part of its broader review of the Jobs and Competitiveness Program (2014-15). (Climate Change Authority 2012)

- In welcoming the announcement of a Commission inquiry into access to civil justice arrangements in June 2013, the National Association of Community Legal Centres stated:

The Productivity Commission is an appropriate body to examine not only the economic value provided by these services, but also the immense differences that availability of free public legal services make to individuals – ordinary people and their families. It can also measure the contribution and value to achieving a fairer Australia and contributing to community wellbeing. (National Association of Community Legal Centres 2013)

The inquiry was also welcomed by several other stakeholder groups, including the Law Council of Australia and the Victorian Bar.

- Parliamentary Committees also continued to draw on Commission reports to inform their work and to recommend new work for the Commission. For example:
 - The House of Representatives Standing Committee on Regional Australia (2013, p. xxii) recommended that the Commission be asked to investigate a more appropriate form of governance for remote Australia.
 - The House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry (2012, p. 120) recommended that the Treasurer refer to the Commission an inquiry into the efficiency of the fisheries industry across Australia and the efficiency and effectiveness of the inter-jurisdictional governance arrangements for Australian fisheries.
- In September 2012 a report by the non-government members of the Prime Minister’s Manufacturing Taskforce recommended that a Productivity Commission inquiry be conducted into lease provisions and supply of gas to the domestic market. (Prime Minister’s Manufacturing Taskforce 2012, p. 94)
- The Human Rights Commission released a report in February 2013 that called for a Commission inquiry into valuing unpaid care work. (Human Rights Commission 2013)
- In March 2013, a review of Australia’s fishery management undertaken by David Borthwick AO on behalf of the Australian Government, recommended that:

The Productivity Commission should be asked to review the Offshore Constitutional Settlement provisions with a view to streamlining the arrangements between Commonwealth and States as so to improving fisheries management and environmental outcomes. (Borthwick 2013, p. xvi)

- In April 2013, the Victorian Water Minister, the Hon. Peter Walsh, and the Commonwealth Water Minister, the Hon. Tony Burke, supported calls for the Commission to conduct an independent review of water management programs in the Murray-Darling Basin. (Bettles 2013a)
- CPA Australia called in April 2013 for a Commission review of national savings. (Walsh 2013)
- Catholic Health Australia proposed in March 2013 that the Commission should have:

... a primary coordination role in gathering data required to build the evidence base to support policy to address the social determinants of health. (Senate Community Affairs References Committee 2013).
- In June 2013, Mission Australia supported calls for the Commission to be asked to investigate the most effective and affordable models of childcare, including reviewing current funding models. (Karvelas 2013a)
- National Shelter called in May 2013 for the Commission to be:

... asked to examine the long term effectiveness of the current ways of subsidising rents, including Commonwealth Rental Assistance, income based and market based rents, and to recommend the most effective way to ensure affordability for tenants within a sustainable system. (National Shelter 2013)
- Job Services Australia, the peak body for non-profit job agencies, called in April 2013 for the Australian Government to ask the Commission to conduct an inquiry into the job-matching system. (Karvelas 2013b)
- Universities Australia (2013) called during the year for the Commission to be asked to conduct a review of university regulation.
- Sex Discrimination Commissioner Elizabeth Broderick supported suggestions that the Commission be tasked with undertaking an inquiry into childcare, stating:

The Productivity Commission has a track record in this area, having delivered a paid parental leave scheme that was affordable but had children's wellbeing and mother's workforce participation at its centre... The Productivity Commission, with strong economic modelling credentials, is the appropriate body to do so. (Karvelas 2013c)
- In February 2013 the Inspector-General of Taxation recommended that:

The Government should consider commissioning an appropriate independent body, such as the Productivity Commission, to publicly report on the cost of taxation related compliance, including taxpayers' costs and the overall cost to the economy. (Inspector-General of Taxation 2013)

- The Victorian Government released an Economic Statement in December 2012 that advocated a review by the Commission of the Renewable Energy Target (Herington 2013).
- Michael Chaney, the chair of National Australia Bank, said in February 2013 that the Commission should be given expanded powers to lead a reform of how government services are delivered and to help speed up government approvals of infrastructure projects. (Business Spectator 2013)
- In September 2012, the National Seniors Productive Ageing Centre recommended:

... that the Government task the Productivity Commission to examine the broad thematic issues around caring, beyond employment and beyond mature age carers. (National Seniors Productive Ageing Centre 2012, p. 1)
- The Public Interest Advocacy Centre called for the Commission to be requested to undertake a review of assistance arrangements for residential electricity consumers. (Senate Select Committee on Electricity Prices 2012, p. 56)
- In November 2012 the National Mental Health Commission called on the Australian Government to ask the Commission to work on the economic and productivity impacts of mental ill health and suicide in Australia. (National Mental Health Commission 2012).
- 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 costs of road trauma; large scale infrastructure projects; the development of standards for the comprehensive release of models and data upon which policy assessments are made; agricultural productivity; the cost effectiveness of illicit drug law enforcement; productivity and competitiveness; passenger movement charging in Australia; and the cost of drug use.
- Throughout the year, various peak bodies also continued to call for the Commission to be requested to undertake a diverse range of work. For example:
 - The Minerals Council of Australia called for the Commission to be given a sweeping mandate for 'deep benchmarking' of Australia's international competitiveness with an enhanced focus on Asian benchmarks. (Minerals Council of Australia 2013)

-
- In February 2013, the Australian Industry Group called for an inquiry into regulations that support or hinder the use of digital technologies and networks. (AIG 2013)
 - The Australian Chamber of Commerce and Industry called in August 2012 for the Commission to be asked to conduct a comprehensive review of the Australian financial system. (Brinsden 2012)
 - In February 2013 the Business Council of Australia stated that COAG should consider referring the issue of Australia’s high building construction costs to the Commission for a full inquiry. (Business Council of Australia 2013)
 - General endorsement of the Commission’s role and work can also be found in various proposals for new agencies that have similar roles. For example:
 - In May 2013, the Queensland Commission of Audit recommended that a Queensland Productivity Commission be established to undertake a range of functions, including reviews of service delivery issues and regulation. (Queensland Commission of Audit 2013)
 - The Danish Productivity Commission formally commenced operations in January 2013. In discussing its structure and functions, the Danish Government stated:

The government wants the commission to work openly to ensure an on-going debate on the commission’s work and topics. The commission must therefore publish interim reports during its lifespan. (Government of Denmark 2013)
 - Scotland’s former Auditor General, Mr Robert Black, called in January 2013 for the establishment of a body with similar features to the Commission, stating:

In Australia... there is a Productivity Commission at arm’s length from government. It is a standing commission with the powers to undertake independent reviews commissioned by government...A Scottish commission would be a spur to change. (Whitaker 2013)
 - In December 2012, the Director of the Australian APEC Study Centre suggested that consideration be given in Taiwan to the establishment of an independent advisory body similar to the Commission. (Waller 2012)
 - In its latest economic survey of Mexico, the OECD stated that:

Given the ambitions of the new administration and the comprehensiveness of the needed reforms that cover multiple domains, a high-level inter-agency body focused on productivity similar to Australia’s Productivity Commission should be created to analyse the impediments and risks to growth and advocate for reform. (OECD 2013a, p. 51)

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 500 mentions of the Commission and its reports in 2012-13 in a wide range of journals and other publications. These covered a wide range of different reports, papers, speeches and work in progress. The reports receiving the most number of citations were the annual *Report on Government Services* from various years, and inquiries on climate change adaptation, aged care and gambling.

COAG review of the Report on Government Services

COAG agreed in 2009 to a review of the *Report on Government Services* (RoGS), to be undertaken by a combined Senior Officials and Heads of Treasuries Working Group. COAG endorsed the view that the review was the key tool to measure and report on the productive efficiency and cost effectiveness of government services.

COAG endorsed new terms of reference for the Steering Committee and RoGS in April 2010. The Steering Committee reports to COAG on its operations triennially, with the first report provided in September 2012.

Review of the Overcoming Indigenous Disadvantage: Key Indicators report

In 2012, the Productivity Commission, in its role as Secretariat for the Review of Government Service Provision, commissioned the Australian Council of Educational Research to conduct a review of the Overcoming Indigenous Disadvantage report. The review included consultation with governments, Indigenous organisations and research bodies, using a mix of face-to-face meetings and forums, telephone interviews and surveys. The review found a positive view of the report and identified a number of opportunities to strengthen it. The final review report was placed on the PC website in late 2012.

The Steering Committee published a set of proposed responses to the review recommendations in early 2013. Following consultations with governments, Indigenous organisations and research bodies in mid-2013, the Steering Committee is expected to publish a set of final responses to the review recommendations in late 2013. These final responses will inform the directions for the next edition of the Overcoming Indigenous Disadvantage report.

Government-commissioned projects

These projects are major tasks commissioned or formally requested by the Australian Government. They encompass the conduct of public inquiries, case studies, program evaluations, taskforces and commissioned research projects. They typically involve extensive public consultation. The Commission can also be asked to assist policy development processes by undertaking technical modelling exercises of policy initiatives under consideration by the Government.

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

All government-commissioned inquiries in 2012-13 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 2012-13

The Commission had nine public inquiries and six 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 2012-13 the Commission:

- completed four public inquiries commenced in 2011-12 — on climate change adaptation, electricity network regulation, default superannuation funds and the compulsory licensing of patents
- commenced a further five new public inquiries during the year, on mineral and energy resource exploration, the national access regime, access to civil justice, processed fruit import safeguards and processed tomato import safeguards.

Research studies commissioned by the Government were also a significant component of the Commission's workload again in 2012-13 (figure 2.1). During the year the Commission:

- finalised three research studies commenced in the previous year — benchmarking studies on the role of local government as a regulator and

regulatory impact assessments, and a study on economic relations between Australia and New Zealand (jointly conducted with the New Zealand Productivity Commission)

- received requests during the year to conduct research studies on major project development assessment processes, regulator engagement with small business and geographic labour mobility.

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

| | 2011-12 | | | | | 2012-13 | | | | | | | | | | | | 2013-14 | | | | | | | |
|---|---------|---|---|---|---|---------|---|---|---|---|---|---|---|---|---|---|---|---------|---|---|---|---|---|---|--|
| Month | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S | O | N | D | |
| Public inquiries: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australia's Export Credit Arrangements | | | | | | | | | | | | | | | | | | | | | | | | | |
| Barriers to Effective Climate Change Adaptation | | | | | | | | | | | | | | | | | | | | | | | | | |
| Default Superannuation Funds in Modern Awards | | | | | | | | | | | | | | | | | | | | | | | | | |
| Compulsory Licensing of Patents | | | | | | | | | | | | | | | | | | | | | | | | | |
| Electricity Network Regulation | | | | | | | | | | | | | | | | | | | | | | | | | |
| Mineral and Energy Resource Exploration | | | | | | | | | | | | | | | | | | | | | | | | | |
| National Access Regime | | | | | | | | | | | | | | | | | | | | | | | | | |
| Safeguards Inquiry: Processed Fruit Imports | | | | | | | | | | | | | | | | | | | | | | | | | |
| Safeguards Inquiry: Processed Tomato Imports | | | | | | | | | | | | | | | | | | | | | | | | | |
| Access to Civil Justice | | | | | | | | | | | | | | | | | | | | | | | | | |
| Commissioned research studies: | | | | | | | | | | | | | | | | | | | | | | | | | |
| Impacts and Benefits of COAG Reforms ^b | | | | | | | | | | | | | | | | | | | | | | | | | |
| Regulation Benchmarking: Role of Local Government | | | | | | | | | | | | | | | | | | | | | | | | | |
| Regulation Benchmarking: Regulatory Impact Analysis | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian and New Zealand Economic Relations | | | | | | | | | | | | | | | | | | | | | | | | | |
| Major Project Development Assessment Processes | | | | | | | | | | | | | | | | | | | | | | | | | |
| Regulation Benchmarking: Regulator Engagement with Small Business | | | | | | | | | | | | | | | | | | | | | | | | | |
| Geographic Labour Mobility | | | | | | | | | | | | | | | | | | | | | | | | | |

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

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 D.

Table B.4 Public inquiry and other commissioned project activity, 2008-09 to 2012-13

| <i>Indicators</i> | <i>2008-09</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> | <i>2012-13</i> |
|---|----------------|----------------|----------------|----------------|----------------|
| Public inquiries | | | | | |
| Inquiry references received | 3 | 4 | 3 | 5 | 5 |
| Issues papers released | 3 | 4 | 3 | 4 | 3 |
| Public hearings (sitting days) ^a | 17 | 28 | 45 | 16 | 11 |
| Organisations/people visited | 205 | 261 | 361 | 152 | 205 |
| Submissions received | 749 | 609 | 2397 | 566 | 258 |
| Draft reports ^b | 2 | 4 | 4 | 5 | 4 |
| Inquiry reports completed | 2 | 3 | 3 | 5 | 4 |
| Inquiries on hand (at 30 June) | 3 | 4 | 4 | 9 | 5 |
| Research studies | | | | | |
| References received | 5 | 5 | 4 | 5 | 3 |
| Submissions received | 972 | 483 | 352 | 590 | 180 |
| Draft reports ^b | 6 | 11 | 3 | 4 | 2 |
| Research reports completed | 7 ^c | 7 ^c | 4 | 4 | 3 |
| Studies on hand (at 30 June) | 5 | 5 | 3 | 4 | 3 |
| Total references | | | | | |
| Total references received | 8 | 9 | 7 | 10 | 8 |
| Total references completed | 8 | 9 | 7 | 8 | 7 |
| Total references on hand (at 30 June) | 8 | 9 | 7 | 7 | 8 |

^a Excludes forums and roundtable discussions. ^b Includes all types of draft reports. ^c 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 seven inquiries and government-commissioned research studies completed in 2012-13 are shown in table B.5.

Table B.5 Cost of public inquiries and other commissioned projects completed in 2012-13^a

| <i>Government-commissioned project</i> | <i>Total cost</i> |
|---|-------------------|
| | \$'000 |
| Barriers to Effective Climate Change Adaptation | 1 848 |
| Electricity Network Regulation | 1 522 |
| Default Superannuation Funds in Modern Awards | 940 |
| Compulsory Licensing of Patents | 1 231 |
| Regulation Benchmarking: Role of Local Government | 2 283 |
| Regulation Benchmarking: Regulatory Impact Analysis | 1 132 |
| Australian and New Zealand Economic Relations | 2 021 |

^a Includes estimated overheads.

The major administrative (non-salary) costs associated with public inquiries and other government-commissioned projects relate to the Commission's extensive consultative processes and the wide dissemination of its draft and final reports. Comparisons of these costs for the period 2008-09 to 2012-13 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 cost 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, 2008-09 to 2012-13

| <i>Expenditure item</i> | <i>2008-09</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> | <i>2012-13</i> |
|-------------------------|----------------|----------------|----------------|----------------|----------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Travel | 546 | 526 | 667 | 523 | 444 |
| Printing | 133 | 212 | 183 | 223 | 87 |
| Consultants | 82 | 27 | 28 | 20 | 28 |
| Other ^b | 251 | 526 | 942 | 242 | 256 |
| Total | 1 012 | 1 291 | 1 820 | 1 008 | 815 |

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

Consultative processes

The practice of consulting widely during inquiries and government-commissioned research projects continued in 2012-13, encompassing government departments and agencies, professional and industry organisations, academics and the broader community.

In the course of its inquiry work over the year, the Commission held 11 public hearings, visited more than 200 individuals and organisations and received more than 250 submissions.

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

- In undertaking its study on regulator engagement with small business, and following receipt of the terms of reference in December 2012, an initial circular advertising the study was distributed to several hundred government representatives, industry organisations and individuals. The study was advertised in national and metropolitan newspapers and in all state and territory regional newswire services. The Commission released an Issues Paper in January 2013 to assist interested parties in preparing their submissions. There were 31 submissions received by the Commission prior to the release of the draft report in June 2013. In addition, the Commission met with a number of stakeholders, including business groups, academics and government agencies. A survey was also undertaken of approximately 400 national and state government regulators. The Commission partnered with the Council of Small Business of Australia (COSBOA) to canvas views of small businesses on regulator engagement practices. To facilitate this, COSBOA developed a number of targeted questions for their website to which they invited small business responses. An aggregation of these responses was then provided to the Commission as part of COSBOA's submission to this study. The study is ongoing, with a final report expected in September 2013.
- In conducting its inquiry on default superannuation, and in keeping with its standard practice, the Commission actively encouraged public participation in the inquiry in several ways. Following receipt of the terms of reference in February 2012, it advertised the inquiry in major metropolitan newspapers and sent a circular to likely interested parties. In late February 2012, it released an issues paper to assist those wishing to make written submissions. Some 54 written submissions were subsequently received. After releasing the draft report in June 2012, the Commission received a further 40 submissions. All

submissions were made available online to promote further discussion and debate and to provide broad access to the views put therein. The Commission also met with over 70 individuals and organisations in undertaking its inquiry. Following release of the draft report, public hearings were held in Melbourne and Sydney.

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

The Commission increasingly uses internet based platforms to increase the accessibility of its reports and to facilitate 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 207 000 external requests for the index pages to submissions for inquiries and commissioned studies current in the year to 30 June 2013. In 2012-13 the Commission also began posting regular updates on its activities on Twitter.

Quality indicators

Quality assurance processes are built into the way the Commission conducts its public inquiries and other government-commissioned projects. The Commission receives extensive feedback on the accuracy and clarity of its analysis in its inquiry work and the relevance of its coverage of issues. Much of this feedback is on the public record through submissions on draft reports and transcripts of public hearings.

The roundtables and workshops convened during the course of inquiries and government-commissioned research studies, noted above, also contributed to the Commission's quality assurance processes.

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

Timeliness

The seven inquiries and commissioned research studies finalised in 2012-13 were all completed on or ahead of schedule.

Indicators of usefulness

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

Government responses

The Commission's impact on policy making is revealed most directly through government responses to, and decisions on, its reports. During the year, the Australian Government announced the following decisions on Commission reports.

- The Australian Government released a final response to the Commission's 2011 report on rural research and development corporations in July 2012 (Australian Government 2012a). The Government agreed or agreed in principle to thirteen of the Commission's recommendations. These included recommendations on public funding principles, industry requests for marketing, evaluations and performance reviews, specific maximum levy rates, government matching funding, annual monitoring and reporting, and government representation on Research and Development Corporation (RDC) Boards. The Government did not agree with four of the Commission's recommendations, including on halving the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap, and on the possible establishment of a new RDC, Rural Research Australia.
- On 5 December 2012, the Australian Government released a comprehensive response to the Commission's report on Identifying and Evaluating Regulatory Reforms (Australian Government 2012b). The Government accepted or accepted in principle nine of the report's recommendations and noted a further three recommendations.
- On 29 January 2013, the then Minister for Trade and Competitiveness, the Hon. Craig Emerson, released the Government response to the Commission's report on export credit arrangements (Australian Government 2013c). The response provided agreement to four of the Commission's recommendations, agreed in part to twelve recommendations, and noted a further six. The Government

agreed with a Commission recommendation to remove the ‘market gap’ mandate from its Statement of Expectations with the Export Finance and Investment Corporation (EFIC). It also agreed with a recommendation to amend the EFIC Act to allow the Minister to direct the Board of EFIC to return capital to the Australian Government when the Minister determines that EFIC has surplus capital, after seeking the views of the Treasurer and the Minister for Finance. The Government agreed to amend the EFIC Act to exclude Australian Public Service personnel from the EFIC Board. Agreement was also provided that the Minister should table EFIC’s corporate plan in Parliament (and, in due course, the Act should be amended to require this), and that EFIC should provide quarterly progress reports to the Minister against its corporate plan. The Government did not agree with a recommendation that the Minister should direct EFIC to cease providing financial services for transactions that are not based on an export contract. It also did not agree with several recommendations involving legislative amendments in respect of the Commercial Account.

- In March 2013, the Australian Government released its response to the Commission’s report on climate change adaptation (Australian Government 2013b). Of the twelve recommendations made by the Commission, the Government agreed with three, provided in-principle agreement with seven, and noted a further two. The Government agreed on the Commission’s recommendations regarding information provision, not requiring insurers to offer mandatory flood cover, and not subsidising insurance. The Government agreed in principle to recommendations on assessing reform options, improving the flexibility of the economy, listing local governments’ regulatory roles, clarifying local government legal liability, adopting flexible land-use planning, considering climate change in the building code and phasing out state insurance taxes. Recommendations to review ways to manage risks to existing settlements, and on disaster mitigation and recovery, were noted. While the Government provided broad agreement with the report, it did raise concerns regarding the Commission’s treatment of ‘cognitive barriers’ to adaptation.
- On 30 May 2013, the Parliamentary Secretary for Climate Change, Industry and Innovation, the Hon. Yvette D’Ath MP, introduced the Intellectual Property Laws Amendment Bill 2013 into Parliament. The aim of the Bill was to clarify the operation of Crown use provisions in the *Patents Act 1990*, in line with recommendations made in the Commission’s report on the Compulsory Licensing of Patents. In announcing the introduction of the Bill, the Parliamentary Secretary stated:

The announcement follows the release of the Productivity Commission's Report on Compulsory Licensing of Patents which found there was uncertainty around the scope of current Crown use provisions, particularly in the context of healthcare. (D'Ath 2013)

- On 26 June 2013 the Australian Government released its response to the Commission's report on electricity network regulatory frameworks (Australian Government 2013d). The response covered recommendations on a broad range of topics, including benchmarking, interconnectors, network ownership, demand management, reliability standards, governance of National Electricity Market institutions, consumer involvement and timeliness in decision making and rule changes. While generally supportive of the Commission's approach, the response also emphasised the reform work currently underway across jurisdictions, and stated that:

The Commission's report is a contribution to a long running and broad energy market reform program, which has been substantially redefined during the course and conclusion of this inquiry... This reform agenda addresses many of the issues raised in the Commission's Final Report. However, the success of this package is contingent on all jurisdictions delivering on the reform milestones agreed by COAG to ensure the benefits of reform flow through to consumers as quickly as possible. (Australian Government 2013d, p. i).

The response supported 13 of the Commission's recommendations, provided in principle support for a further 21 recommendations, and supported in part 12 recommendations. A further 15 recommendations were noted and 2 recommendations were not supported.

Governments have not always agreed with or accepted the Commission's advice, at least initially. Nevertheless, as reported in table B.7 below and in earlier Annual Reports, a review of Commission inquiries shows that governments adopt a substantial majority of recommendations and generally endorse its findings. Further, an assessment of the nature and extent of references made to material in the Commission inquiry reports suggests that those reports have materially contributed to policy debates in Federal, State and Territory Parliaments, as well as more generally within the media and general community.

Table B.7 Impact of recent Commission inquiry reports on government policy making^a

| <i>No.</i> | <i>Inquiry report</i> | <i>Government response to Commission findings and/or recommendations</i> |
|------------|---|---|
| 51 | Wheat Export Marketing Arrangements (July 2010) | <p>On 23 September 2011 the Government released a response to the Commission's report on wheat export marketing arrangements (Australian Government 2011f). The Government agreed in-principle with the Commission's recommendations to abolish the Wheat Export Accreditation Scheme, Wheat Exports Australia and the Wheat Export Charge on 30 September 2011, and remove the access test requirements for grain port terminal operators on 30 September 2014. However it proposed a more gradual, three-stage approach in transitioning to full market deregulation.</p> |
| 52 | Rural Research and Development Corporations (February 2011) | <p>The Australian Government released a preliminary government response to the Commission's report on Rural Research and Development Corporations on 15 June 2011. The response stated that, while the Government acknowledged that improvements can be made to the RDC model, it would not adopt the Commission's recommendation to halve the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap. The Government also stated that it would develop a more detailed final response to the report.</p> <p>The Government released a final response to the report in July 2012 (Australian Government 2012a). The Government agreed or agreed in principle to thirteen of the Commission's recommendations. These included recommendations on public funding principles, industry requests for marketing, evaluations and performance reviews, specific maximum levy rates, government matching funding, annual monitoring and reporting, and government representation on RDC Boards. The Government did not agree with four of the Commission's recommendations, including on halving the cap on government matching contributions to RDCs in conjunction with the introduction of a new subsidy above the cap, and on the possible establishment of a new RDC, Rural Research Australia.</p> |

- 53 Caring for Older Australians (June 2011)
- The Australian Government released its Living Longer. Living Better. aged care reform package, which included a response to the Commission's report, in May 2012 (Australian Government 2012b). A number of recommendations from the Commission's report were supported, and adopted in the Living Longer. Living Better reforms. These included the establishment of an Aged Care Reform Council; that no deductions will be permitted from the bonds paid for residential care accommodation; new 'intermediate level' community care packages; the establishment of an initial care Gateway (but not accompanied by a move to an aged care entitlement as the Commission had recommended); a review of the reforms after five years; and the establishment of an aged care data clearing house.
- The Government did not agree with a number of the Commission's recommendations, including those on establishing an Aged Care Home Credit scheme, establishing an Aged Pensioners Savings Account and establishing an independent regulatory agency. While the government announced a comprehensive (income and asset) means test for care contributions in residential care only (rather than in all settings as recommended by the Commission), the principal residence has been excluded from the means test for care (a measure that had been recommended by the Commission to improve the long-term fiscal sustainability of the aged care system).
- 54 Disability Care and Support (July 2011)
- On 10 August 2011 the Australian Government provided an initial response to the Commission's report (Gillard et al. 2011). The response supported 'the Productivity Commission's vision for a system that provides individuals with the support they need over the course of their lifetime, and wants reform of disability services that is financially sustainable.' The response stated that, in line with Commission recommendations, work on technical policy work would include development of common assessment tools to determine eligibility for support; development of service and quality standards; development of a national pricing structure; and capacity building in the disability sector, including in relation to the workforce.
- On 25 July 2012, COAG noted progress in establishing the first stage of a National Disability Insurance Scheme (NDIS) from July 2013, drawing on the Commission's August 2011 report on Disability Care and Support. COAG stated that the Commonwealth has reached in-principle agreement with South Australia, Tasmania and the Australian Capital Territory for a launch to commence from July 2013 (COAG 2012).
- 56 Economic Structure and Performance of the Australian Retail Industry (November 2011)
- On 9 December 2011 the Australian Government released its response to the Commission's report on the Australian retail industry (Conroy, O'Connor, Sherry and Shorten 2011). The Government agreed, or agreed in principle, with eight recommendations and noted four recommendations. The Government welcomed the staged approach recommended by the Commission to the issue of the appropriate level of the Low Value Threshold. This involved establishing a Taskforce to investigate improved approaches to processing low value parcels and then reassessing the extent to which the Threshold could be reduced.

(continued next page)

Table B.8 Impact of recent Commission inquiry reports on government policy making^a

| No. | <i>Inquiry report</i> | <i>Government response to Commission findings and/or recommendations</i> |
|-----|---|---|
| 57 | Economic Regulation of Airport Services (December 2011) | On 30 March 2012 the Minister for Infrastructure and Transport, the Hon Anthony Albanese, and the Assistant Treasurer and Minister Assisting for Deregulation, the Hon David Bradbury, released a response to the Commission's 2011 report on airport regulation (Albanese and Bradbury 2012). In responding to the report, the Government broadly accepted the Commission's recommendations, but did not fully implement its proposed approach. The Government agreed in principle with the Commission's recommendations to continue monitoring and improve the operation of the regime through enhancements to the monitoring approach. However, the Government also noted that, in its view, since the ACCC is an independent statutory authority, it is the responsibility of the ACCC to give effect to a number of the Commission's proposed enhancements to the monitoring regime as it sees fit. The Government response provided agreement to the Commission's recommendations on landside access to airports. |
| 58 | Australia's Export Credit Arrangements (June 2012) | <i>On 29 January 2013, the then Minister for Trade and Competitiveness, the Hon. Craig Emerson, released the Government response to the Commission's report on export credit arrangements (Australian Government 2013c). The response provided agreement to four of the Commission's recommendations, agreed in part to twelve recommendations, and noted a further six.</i> |
| 59 | Barriers to Effective Climate Change Adaptation (July 2012) | <i>In March 2013, the Australian Government released its response to the Commission's report on climate change adaptation (Australian Government 2013b). Of the twelve recommendations made by the Commission, the Government agreed with three, provided in-principle agreement with seven, and noted a further two. The Government agreed on the Commission's recommendations regarding information provision, not requiring insurers to offer mandatory flood cover, and not subsidising insurance. The Government agreed in principle to recommendations on assessing reform options, improving the flexibility of the economy, listing local governments' regulatory roles, clarifying local government legal liability, adopting flexible land-use planning, considering climate change in the building code and phasing out state insurance taxes. Recommendations to review ways to manage risks to existing settlements, and on disaster mitigation and recovery, were noted. While the Government provided broad agreement with the report, it did raise concerns regarding the Commission's treatment of 'cognitive barriers' to adaptation.</i> |

- 61 Compulsory Licensing of Patents *On 30 May 2013, the Parliamentary Secretary for Climate Change, Industry and Innovation, the Hon. Yvette D'Ath MP, introduced the Intellectual Property Laws Amendment Bill 2013 into Parliament. In announcing the introduction of the Bill, the Parliamentary Secretary stated:*
- The announcement follows the release of the Productivity Commission's Report on Compulsory Licensing of Patents which found there was uncertainty around the scope of current Crown use provisions, particularly in the context of healthcare. (D'Ath 2013)*
- The aim of the Bill was to clarify the operation of Crown use provisions in the Patents Act 1990, in line with recommendations made in the Commission's report on the Compulsory Licensing of Patents.*
- 62 Electricity Networks Regulatory Frameworks *On 26 June 2013 the Australian Government released its response to the Commission's report on electricity network regulatory frameworks (Australian Government 2013d). The response covered recommendations on a broad range of topics, including benchmarking, interconnectors, network ownership, demand management, reliability standards, governance of National Electricity Market institutions, consumer involvement and timeliness in decision making and rule changes. While generally supportive of the Commission's approach, the response also emphasised the reform work currently underway across jurisdictions*

^a Details on Government responses to earlier Commission reports are available in previous Annual Reports (Table B.7). Additions or significant changes to the table published in the *2011-12 Annual Report* are indicated in italics.

Website and media coverage

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

- In the 12 months to June 2013 there were more than 207 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2012-13. The projects of most interest were default superannuation (30 192 requests), climate change adaptation (29 395 requests) and electricity (40 349 requests), and the research studies on regulatory impact analysis (18 815 requests) and small business engagement (17 008 requests). Other heavily accessed web pages were for the 2012 and 2013 *Report on Government Services* (25 459 and 22 793 requests, respectively) and the 2011 *Overcoming Indigenous Disadvantage: Key Indicators* report (15 141 requests). Speeches by the Commission's current and former Chair attracted more than 12 000 requests over the year. Even after an inquiry or research study is completed, community interest can remain high. For example, during the year, the web pages for the Commission's 2011 inquiry on disability care and support received over 48 000 requests; and the Commission's 2005 study of the health workforce received over 7 600 requests.
- Inquiry and commissioned research reports typically receive wide media coverage. In 2012-13 there were 37 editorials in major newspapers on Commission inquiries and commissioned research studies. These included the Commission's inquiry reports on climate change adaptation, disability care and support and electricity.
- Inquiries current in 2012-13 received over 800 mentions in the print and broadcast media during the year. Coverage of the Commission's inquiries into electricity accounted for a significant share of total mentions. New work suggestions accounted for around 10 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 59 invitations the Commission accepted in 2012-13 to present papers on inquiries and commissioned studies to business, community and other groups — in particular, on the Commission's climate change adaptation and electricity inquiries (table E.1).

Performance reporting and other services to government bodies

At the request of the Government, the Commission undertakes a number of major activities in this output group. It provides secretariat, research and report preparation services to the Steering Committee for the Review of Government Service Provision in respect of the annual Report on Government Services; the regular Overcoming Indigenous Disadvantage report; the two yearly Indigenous Expenditure Report; and the collation of performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council.

Activities in 2012-13

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

- Report on Government Services 2013, two volumes (and supporting tables on website) (January 2013)
- Report on Government Services 2013: Indigenous Compendium (April 2013)
- National Agreement performance information 2011-12: National Healthcare Agreement (December 2012)
- National Agreement performance information 2011-12: National Affordable Housing Agreement (December 2012)
- National Agreement performance information 2011-12: National Disability Agreement (December 2012)
- National Agreement performance information 2011-12: National Indigenous Reform Agreement (December 2012)
- National Agreement performance information 2012: National Agreement for Skills and Workforce Development (June 2013)
- National Agreement performance information 2012: National Education Agreement (June 2013)
- National Partnership Agreement on Essential Vaccines: 1 April 2012-31 March 2013 Performance Report (May 2013)
- 2012 Indigenous Expenditure Report (September 2012)
- Expenditure Data Manual: 2012 Indigenous Expenditure Report (September 2012)

-
- Service Use Measure Definitions Manual: 2012 Indigenous Expenditure Report (September 2012).

Review of Government Service Provision

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

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

As part of its Reconciliation Agenda, COAG requested in 2002 that the Review produce a regular report against key indicators of Indigenous disadvantage (the Overcoming Indigenous Disadvantage (OID) report). In March 2009, the Prime Minister provided updated terms of reference for the report, requesting the Steering Committee to align the OID framework with COAG’s six high level targets for Closing the Gap in Indigenous outcomes.

In November 2008, COAG endorsed the 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 February 2011, COAG transferred responsibility for the Indigenous Expenditure Report from a separate IER Steering Committee (for which the Productivity Commission provided Secretariat support) to the Steering Committee for the Review of Government Service Provision (for which the Productivity Commission also provides support).

Report on Government Services

The eighteenth Report on Government Services was released in January 2013. The Report focuses on the equity, effectiveness and efficiency of government service provision.

Reporting is an iterative process. Working Groups for all service areas have strategic plans to refine performance measures and to improve the quality of information published in the Report. Since the first Report was published in 1995, there have been significant advances in both the scope of reporting and the quality and comprehensiveness of data.

Enhancements on previous editions include further development of the overviews for each of the broad service sectors. High level summaries of performance are now included in the areas of: Child care, education and training; Justice; Emergency management; Health; Community services; and Housing and homelessness.

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

Particular improvements in the 2013 Report include:

- early, childhood education and care — the name of the chapter has been changed from ‘Children’s services’, to reflect the scope of the chapter and to align with terminology being used in other COAG activities across the early childhood reform agenda; inclusion of a new measure, the proportion of Indigenous children enrolled and attending preschool, to align with performance data reported for the National Indigenous Reform Agreement (NIRA); inclusion of data on funding provided by the Australian Government to State and Territory governments under the National Partnership for Early Childhood Education (NP ECE); revision of efficiency indicators to include only recurrent funding; revisions to material on licensing and approvals to include data from the most recent Childhood Education and Care Survey, undertaken by the ABS in 2011
- school education — improvements to the presentation of the efficiency indicator ‘recurrent expenditure per student; further developments in the ‘learning outcomes’ indicator
- vocational education and training — reporting the new measure ‘proportion of graduates with improved education/training status after training’; reporting additional data for Qualification Equivalents at certificate levels III or IV and at diploma level and above
- courts — changing the name of the chapter from ‘Court administration’ to ‘Courts’ to reflect the content of the chapter; adding ‘judicial officers per finalisation’ as an efficiency indicator; adding ‘full time equivalent (FTE) staff per finalisation’ and ‘per judicial officer’ as efficiency indicators; including an experimental table of ‘homicide case type’ data for 2011-12
- fire and ambulance services — presenting ten year time series for 14 fire event measures and 11 ambulance service measures (previously five years were

reported); and presenting 30 year time series for ‘fire event deaths’ to place the impact of emergency events in historical context

- public hospitals — including a new measure of adverse events treated in hospitals under the ‘adverse events in public hospitals’ indicator; including or extending time series data for a number of indicators and descriptive data items
- primary and community health — reporting data for the first time against ‘public dentistry waiting times’; including improved data for ‘management of acute upper respiratory tract infection’; including or extending time series for several indicators
- mental health management — including a new measure on the average length of stay for the ‘cost of inpatient care’ indicator; disaggregating the cost per inpatient bed day measures by program type (acute and non-acute); expanding time series reporting
- aged care — aligning the aged care target population with the funding arrangements specified under the *National Health Reform Agreement*; improving reporting against the Home and Community Care (HACC) equity—access measure for the ‘use by different groups’; disaggregating the ‘elapsed times for aged care services’ indicator by remoteness areas, socio-economic index for areas (SEIFA) and Indigenous status; disaggregating the ‘compliance with service standards for residential aged care’ indicator, by remoteness areas and size of facility; reporting of revised measures for the ‘compliance with service standards for community care’ and ‘complaints resolution’ indicators to reflect changes to the relevant programs
- services for people with disability — reporting a new, more accurate, single potential population and backcasting this for two years of data; including HACC service user data for the age range of the target population of people with disability using specialist disability services; including open employment services (Disability Management Services) measures and data; including new carers’ measures
- child protection and youth services — including expenditure data for family support services; including data on ‘case plans prepared’; including a new measure ‘children in out-of-home care who were the subject of a notification, which was substantiated’; reporting on the unit costs of seven child protection ‘Pathways’ activity groups, compared with five previously; including experimental educational outcomes data for children on orders; including expenditure data for youth justice services
- housing — reporting the new data from the 2012 National Social Housing Survey (NSHS)

-
- homelessness services — reporting against a new performance indicator framework for specialist homelessness services, based on the new Specialist Homelessness Services collection, as well as reporting data from the final year of the Supported Accommodation Assistance Program National Data Collection.

The Review continues efforts to improve reporting on the provision of mainstream services to Indigenous Australians. The Indigenous Compendium to the Report, released in April 2013, provides an easily accessible collation of all Indigenous data from the Report.

Overcoming Indigenous Disadvantage: Key Indicators

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

The 2011 edition of the OID report was released in August 2011. It showed that many Indigenous people have shared in Australia’s recent economic prosperity, with increases in employment, incomes and home ownership. There have also been improvements in some education and health outcomes for Indigenous children. However, even where improvements have occurred, Indigenous people continue to have worse outcomes on average than other Australians, and many indicators have shown little or no change. In some key areas, particularly criminal justice, outcomes for Indigenous people have been deteriorating.

Following the release of the 2011 report, the Productivity Commission engaged the Australian Council for Educational Research to carry out a review of the report, including extensive consultations with government agencies, researchers and Indigenous organisations across Australia. The review found widespread support for the report, and identified areas for improvement for future reports (ACER 2012). The Steering Committee published its proposed responses to the review recommendations on the PC website. The proposed actions formed the basis of consultations with external stakeholders in mid 2013. The Steering Committee will consider the stakeholder feedback and finalise its responses to the review recommendations, anticipated to be available on the PC website in late 2013. These

responses will form the basis for directions for the next edition of the report, anticipated to be released in late 2014.

Indigenous Expenditure Report

In 2007, COAG agreed to the reporting of Indigenous expenditure. The Productivity Commission assumed secretariat responsibilities from November 2008. A Stocktake Report, including terms of reference for the report and a high level overview of the intended method and future development process, was endorsed by COAG in July 2009.

The inaugural Indigenous Expenditure Report (released on 28 February 2011) provided, for the first time, comprehensive and comparable information on expenditure by the Australian, State and Territory Governments on Indigenous specific services as well as the estimated Indigenous share of mainstream services.

In February 2011, COAG transferred responsibility for the Indigenous Expenditure Report to the Steering Committee for the Review of Government Service Provision. The Productivity Commission continues to provide secretariat services for *Indigenous Expenditure Report* development through its support of the Review Steering Committee.

The second Indigenous Expenditure Report was released on 4 September 2012. Estimates are provided for each level of government, Australia as a whole, and by State and Territory, for 2008-09 and 2010-11.

The 2012 Report was supported by two companion manuals which documented in detail the methods, data sources and interpretation issues underpinning the estimates:

- 2012 Report Expenditure Data Manual
- 2012 Report Service Use Measure Definitions Manual.

Development of the 2014 *Indigenous Expenditure Report* has commenced and this third instalment in the series is expected to be released in late 2014.

Quality indicators

The Commission has a range of quality assurance processes in place for its performance reporting activities. These processes help to ensure that it is using the best information available and the most appropriate methodologies.

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 Chair of the Productivity Commission, and serviced by a secretariat drawn from the staff of the Commission. The Committee, in turn, is supported by 14 national working groups comprising representatives from over 80 government agencies. It also draws on the expertise of bodies such as the ABS and the Australian Institute of Health and Welfare (AIHW), and committees established under Standing Councils and COAG Working Groups.

The Review has an ongoing program of consultation on the *Overcoming Indigenous Disadvantage* report. Following the release of the 2011 report, the Productivity Commission engaged the Australian Council for Educational Research to carry out a review of the report including extensive consultations with government agencies, researchers and Indigenous organisations across Australia.

Timeliness

The 2013 Report on Government Services and its Indigenous Compendium, the *Overcoming Indigenous Disadvantage: Key Indicators 2011*, the six National Agreement reports and four National Partnership reports to the COAG Reform Council 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.

Report on Government Services

The key task of the Report on Government Services (RoGS) is to provide information on the equity, effectiveness and efficiency of government services. The RoGS is used extensively in this regard:

- There were 76 mentions of performance information sourced to the 2013 (and earlier) editions of the Report in parliamentary proceedings by government and opposition members in Federal and State parliaments during 2012-13.
- In the 12 month period preceding the release of the 2013 RoGS, previous editions of RoGS were cited in at least 28 publications including: the University of Sydney's Family Medicine Research Centre's paper series; Health and Social Care in the Community; Mental Health in Prisons monitoring and oversight, Monash University, Faculty of Law, International Conference paper; Crime and

Justice Bulletin; International Journal of Multiple Research Approaches (aged care article); Centre for Independent Studies, Policy Monograph series (health article); Australian Health Review; International Journal of Wildland Fire; The Australian Research Centre in Sex, Health and Society, Monash University; Pace Environmental Law Review; Drug and Alcohol Review; International Journal of Entrepreneurship and Innovation (corrective services); Australian Housing and Urban Research Institute (AHURI) reports (housing); British Journal of Social Work (child protection); Journal of Refugee Studies (justice); Law & Policy; Medical Journal of Australia; BMC Cardiovascular Disorders; Agenda (fire); and Urban Health (health).

Other indicators of usefulness from 2012-13 were:

- high levels of demand, with 1345 bound copies of the 2013 Report distributed by the Commission and more than 18 000 HTML page requests for the Government Service Provision index page on the Commission's website in 2012-13. Earlier editions also continued to be accessed from the website
- extensive media coverage, including 118 press articles drawing on the report in the year to 30 June 2013
- RoGS' data are also used by other researchers in reports: for example, data on child protection and support services were used in the AIHW's report Child Protection Australia (2011-12); expenditure and availability data on GPs were used in an Australian Medical Association media release and presentation by the AMA President (March 2013); data on total cost per casemix adjusted separation (recurrent cost plus Secretariat estimates of capital costs per casemix adjusted separation) were used in the AIHW's Australian Hospital Statistics (2011-12) and financial data in Health Expenditure Australia 2010-11 (September 2012); Victorian Auditor-General Local Government Results of the 2011-12 Audits (November 2012) is based on the RoGS' reporting framework; unit cost and other data were used in AHURI's cost of homelessness and net benefit of housing programs report (April 2013); NSW Auditor-General's financial audit of housing (November 2012) replicates social housing data from RoGS. Similar use of RoGS is evident by citations in, for example: AIHW's Australia's Welfare – forthcoming; COAG Reform Agenda Report on Progress 2012; AIHW and University of NSW National Core Maternity Indicators (March 2013); ABS' National Early Childhood Education and Care Collection Concepts, Sources and Methods, Data Collection Guide Australia 2012 (March 2013); Australian Curriculum and Assessment Reporting Authority's (ACARA) National Report on Schooling; the National Indigenous Drug and Alcohol Committee's Economic Analysis for Aboriginal and Torres Strait Islander Offenders (February 2013); Close the Gap Campaign Steering Committee for

Indigenous Health Equality's Shadow Report 2013 (February 2013); Victorian Legislative Council Economy and Infrastructure References Committee Inquiry into Commonwealth Payments to Victoria (November 2012); the Sacred Heart Mission's Transitions out of long-term homelessness report (December 2012); National Mental Health Commission's 2012 Report Card on Mental Health and Suicide Prevention (November 2012); AIHW's Aboriginal and Torres Strait Islander (ATSI) identification in community services data collections (November 2012); Review of Funding for Schooling Final Report (released February 2012) included a range of references to RoGS; the office of the Public Advocates Report 2012 from South Australia included a range of RoGS' data; Alliance for Useful Evidence, Lessons from Abroad, International Approaches to Promoting Evidence-Based Social Policy and the ABS National Early Childhood Education and Care Collection: Concepts, Sources and Methods Australia 2012, Data Collection Guide Australia 2012 (March 2013) cited RoGS.

- There is also widespread use of the 2011 (and earlier) reports in OECD committee documents and working papers.

Overcoming Indigenous Disadvantage: Key Indicators

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

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

The Productivity Commission engaged the Australian Council for Educational Research to review the Overcoming Indigenous Disadvantage report in 2012, including extensive consultation with governments, Indigenous organisations and researchers. Overall, stakeholders had a positive view of the report and its usefulness but suggested that it could be further enhanced by focusing more on strengths and making clearer the involvement of Indigenous people in its development (ACER 2012). The Steering Committee has published its proposed responses to the review recommendations on the PC website. The proposed actions formed the basis of consultations with external stakeholders in mid-2013. The Steering Committee will consider the stakeholder feedback and finalise its responses to the review

recommendations, anticipated to be available on the PC website in late 2013. These responses will form the basis for directions for the next edition of the report, anticipated to be released in late 2014.

National Agreement reporting

COAG has requested that the Steering Committee provide to the CRC the agreed performance information for the CRC to undertake its assessment, analytical and reporting responsibilities (COAG communiqué July 2008). The Steering Committee's role relates to 'overall responsibility for collating the necessary performance data' for National Agreements [para C5(b)]. The IGA further specifies that 'the Steering Committee will comment on the quality of the performance indicator data using quality statements prepared by collection agencies' [para C12].

The main purpose of NA reporting is to support the CRC. The CRC participated in an internal evaluation of the third cycle of NA reporting. Feedback from the Executive Councillor and Head of the CRC secretariat was that the Secretariat's performance was of an 'excellent' standard.

The Secretariat has also provided well-received advice on the National Performance Reporting System to a range of organisations and processes, including:

- advice to the CRC during its drafting of the six National Agreement reports and four National Partnership reports
- advice to the Joint Committee on Parliamentary Accounts and Audit inquiry into national funding agreements
- multiple NA and NP review working groups and NP technical groups.

Indigenous Expenditure Report

The main purpose of the Indigenous Expenditure Report is to provide information on government expenditure on Indigenous-specific and mainstream services for Indigenous Australians.

In May 2013, the Steering Committee and secretariat commenced a series of consultations on the Indigenous Expenditure Report and the Overcoming Indigenous Disadvantage: Key Indicators report. Policy makers, researchers and Indigenous organisations have said that they find the Indigenous Expenditure Report and its accompanying data useful but have requested additional disaggregation of data for policy analysis and comparison with outcomes data in the Overcoming Indigenous Disadvantage: Key Indicators report. Many of the

additional data of interest to readers (such as disaggregation by remoteness areas or between overheads and direct service delivery) are currently unavailable but the Secretariat, in conjunction with the IER Working Group, will consider options for improving future reporting with jurisdictional support.

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 Australian Government businesses, and make recommendations to the Government on appropriate action
- provide advice and assistance to agencies implementing competitive neutrality, including undertaking research on implementation issues.

The AGCNCO aims to finalise most investigations and report to the Assistant Treasurer within 90 days of accepting a complaint although this is dependent, in part, on the timely co-operation of parties related to the complaint. The Office also aims to undertake reporting and associated activities that are of a high standard and useful to government.

Activities in 2012-13

Complaints activity

The AGCNCO received one formal complaint during 2012-13 (table B.8). It also received a number of inquiries that involved investigative work to determine whether a formal investigation of the complaint should be undertaken. Details of the complaint received, including the action taken, are reported in appendix C.

Advice on the application and implementation of competitive neutrality

An important role of the AGCNCO is to provide formal and informal advice on competitive neutrality matters and to assist agencies in implementing competitive neutrality requirements. During 2012-13, the AGCNCO provided advice around twice a week, on average, to government agencies or in response to private sector queries either over the telephone or in ad hoc meetings.

The AGCNCO provides advice on all aspects of the implementation of competitive neutrality. Over the past year, in response to requests, the Office provided advice to a number of agencies implementing competitive neutrality policy into their business activities.

The Office also provided advice to a significant number of private sector parties on the arrangements in place for competitive neutrality complaints at the State, Territory and local government levels.

Table B.9 Formal competitive neutrality complaints, 2008-09 to 2012-13

| <i>Activity</i> | <i>2008-09</i> | <i>2009-10</i> | <i>2010-11</i> | <i>2011-12</i> | <i>2012-13</i> |
|--|----------------|----------------|----------------|----------------|----------------|
| Written complaints received | 0 | 0 | 6 | 4 | 1 |
| Action: | | | | | |
| New complaints formally investigated | – | – | 3 ^a | 1 | – |
| Complaints investigated but not proceeding to full report ^b | – | – | 3 | 1 | 1 |
| Complaints not investigated | – | – | – | 2 ^d | – |
| Reports completed | – | – | – | 2 | – |
| Complaints on hand (30 June) | – | – | 4 ^c | – | – |

^a These three complaints related to the same matter — the pricing and expected rate of return of NBN Co — and were investigated and reported on (in 2011-12) jointly. ^b Includes: complaints subject to preliminary investigation but for which no prima facie evidence of a breach of competitive neutrality policy was found; and complaints investigated and resolved through negotiation. ^c Includes three complaints relating to the same matter (NBN Co) plus one not proceeding to a full report. ^d The complaints did not relate to an Australian Government business.

Quality indicators

Competitive neutrality complaint investigations and reporting engage the complainant, the government business in question, the competitive neutrality policy arms of the Australian Government and, as required, the government department within whose policy purview the business resides. The generally favourable feedback from all these parties on the integrity of the process and the usefulness of its outcomes — given that the AGCNCO’s reports assess competing interests — is the strongest evidence of the quality of the AGCNCO’s work.

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

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

Timeliness

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

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

Indicators of usefulness

The AGCNCO circulates its reports and research to State and Territory government agencies responsible for competitive neutrality policy and complaint investigations to facilitate the exchange of information and to share procedural experiences. Feedback from those agencies indicates that the AGCNCO makes a valuable contribution to the effective implementation of nation-wide competitive neutrality policy.

In response to its advice on implementing competitive neutrality as part of market-testing exercises, the AGCNCO understands that agencies have adjusted the estimation of their in-house cost bases in line with the Office's advice.

The AGCNCO continues to receive a range of informal comments suggesting that its outputs are contributing to better public understanding. For example, favourable comments continue to be received from government and private sector agencies on the usefulness of two AGCNCO publications — on cost allocation and pricing, and rate of return issues — in assisting their implementation of competitive neutrality policy. Although released in 1998, these research papers continue to be in demand and use.

During 2012-13 there were close to 7000 external requests to the website for AGCNCO investigation reports and research publications.

Supporting research and activities and statutory annual reporting

While much of the Productivity Commission's research activity is determined externally, it has some discretion in meeting its legislative charter to undertake a supporting program of research and to report annually about matters relating to industry development and productivity, including assistance and regulation. The expectations for its supporting research program are that it will provide high quality, policy-relevant information, analysis and advice to governments and the community, of a nature and of a quality not being produced elsewhere. The research program aims to complement the Commission's other activities. The Commission also organises research conferences and workshops in order to advance the debate on policy issues, to encourage cutting-edge contributions, and to facilitate research networks.

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

Activities in 2012-13

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 2011-12, tabled in Parliament on 31 October 2012, which focused on structural adjustment in a 'multi-speed' economy
 - a companion publication on trade and assistance issues, released in June 2013
 - a productivity update, released in May 2013
- the Richard Snape Lecture, *The Future of the Multilateral Trading System*, delivered on 26 November 2012 by Pascal Lamy, Director-General of the World Trade Organization
- Staff Working Papers on trends in income distribution in Australia and forms of work in Australia
- Staff Research Notes on efficiency and effectiveness, sustainability and the influence of natural resource inputs on productivity
- 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 2012-13 are listed in box B.3. Research projects underway at 30 June 2013 are shown in box B.4..

| | |
|--|---|
| Box B.3 Supporting research and annual reporting publications, 2012-13 | |
| Annual report suite of publications | |
| Annual Report 2011-12 | Trade & Assistance Review 2011-12 |
| Productivity Monitor | |
| Conference/workshop proceedings | |
| Benchmarking in Federal Systems | |
| Better Indigenous Policies: The Role of Evaluation | |
| Staff working papers | |
| Trends in the Distribution of Income in Australia | Forms of Work in Australia |
| Staff research notes | |
| On Efficiency and Effectiveness: some definitions | On Sustainability: an economic approach |
| On Productivity: the influence of natural resource inputs | |
| 2012 Richard Snape Lecture | |
| The Future of the Multilateral Trading System (Pascal Lamy) | |

Richard Snape Lectures

The presentation by Pascal Lamy, Director General of the World Trade Organization, was the tenth in a series of public lectures in memory of Professor Richard Snape, the former Deputy Chair 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

Box B.4 Supporting research projects underway at 30 June 2013

| | |
|--|---|
| Efficiency pricing of urban passenger transport | Productivity in manufacturing |
| Valuing non-market outcomes in policy analysis | Competition in managed markets: healthcare |
| Interactions between trade and employment in Australia | Prevalence of transition pathways in the Australian labour market |
| Social Housing Service Delivery | Structural change in Australia: drivers and implications |

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

(associate editor and chief economics commentator at the Financial Times), Deepak Lal (James Coleman Professor of International Development Studies, University of California at Los Angeles), Patrick Messerlin (Director, Groupe d'Economie Mondiale, Institute d'Etudes Politiques de Paris), Vittorio Corbo (Governor of the Central Bank of Chile, 2003–2007), Professor Yu Yongding (Professor and former Director-General of the Institute of World Economics and Politics at the Chinese Academy of Social Sciences in Beijing), Dr Mari Pangestu, Indonesia's Minister for Trade, and Dr Roberto Newell (a former senior partner at McKinsey and the inaugural President of the Mexican Institute for Competitiveness).

The next lecture will be given by Professor Arvind Panagariya of Columbia University.

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)

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- 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 59 presentations given by the Chair, Commissioners and staff in 2012-13 are provided in appendix E.

Quality indicators

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

The staff working paper on trends in the distribution of income in Australia, for example, used a number of internal and external quality checks including:

- consultations with relevant external experts at the outset of the project
- the use of internal and external referees, including referees from the University of Melbourne and the Australian National University.

Research projects can involve consultations with key interested parties on the issues they view as important and to obtain access to information. Research is also monitored internally as it progresses, and staff seminars expose research to peer review as it develops. Some research-in-progress is also tested through external checks, such as seminars and conferences.

Generally, drafts of research reports are refereed externally. Referees are chosen both for their expertise on a topic and to reflect a range of views. Referees for staff working papers in 2012-13 were drawn from: the Australian National University, the University of Melbourne and the University of Sydney.

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

- invitations from the OECD and the WTO during the year to discuss regulatory reform, trade reform and the results of recent productivity research
- an invitation to assist Vietnam’s APEC project on public infrastructure investment projects

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- invitations during the year for the Commission to be a research partner in ARC linkage projects
 - the large number of international delegations and visitors in 2012-13 that visited the Commission to discuss aspects of its research program and findings (table E. 2).

Timeliness

The Commission's annual report for 2011-12, which included a theme chapter on structural adjustment in a 'multi-speed' economy, was completed on schedule on 18 October 2012 and tabled in Parliament on 31 October 2012. The annual report companion volume (*Trade & Assistance Review 2011-12*), and most other supporting research publications listed in box B.4, met completion schedules set by the Commission.

Indicators of usefulness

Evidence of the usefulness of the Commission's supporting research and annual reporting activities in contributing to policy making and to public awareness of microeconomic reform and regulatory policy issues is available from a range of indicators. These cover the use of this research by government, community and business groups and international agencies, and invitations to discuss and disseminate its research findings in community and business forums. Examples from 2012-13 include the following:

- Continued use of the Commission's productivity research was apparent during the year. For example, Commission research on productivity in the mining industry (Topp, Soames, Parham and Bloch 2008) was used in a speech by Dr David Gruen from Treasury on the importance of productivity (Gruen 2012); use of the Commission's submission to the House of Representatives Economics Committee inquiry into productivity growth (PC 2009n) in a report into Australia's national innovation system (Australian Government 2012d); use of research on productivity in electricity, gas and water (Topp and Kulys 2012) in a report on electricity generation by the Bureau of Research and Energy Economics (Stanwix 2012); and use of a range of Commission productivity research in an OECD paper on boosting productivity in Australia (Koutsogeorgopoulou and Barbiero 2013).
- Research on environmental topics also continued to be widely used throughout the year. This included use of research on private conservation initiatives (Byron, Holland and Schuele 2001) in an ABARES report on Australia's forest

genetic resources (Singh et. al. 2013); use of the Commission's 2008 submission to the Garnaut Review (PC 2008d) in a review of the Renewable Energy Target by the Independent Pricing and Regulatory Tribunal of New South Wales (IPART 2012); and use of a 2004 Commission Research Paper on assessing environmental regulatory arrangements for aquaculture (PC 2004g) in a House of Representatives Committee report on fisheries and aquaculture (House of Representatives Standing Committee on Agriculture, Resources, Fisheries and Forestry 2012).

- A range of research by the Commission on social issues also featured prominently during the year. For example, research on the effects of education and health on wages and productivity (Forbes et. al. 2010) was used in a report on student outcomes in schools (Price Waterhouse Coopers 2012); and the staff working paper on income distribution in Australia (Greenville, Pobke and Rogers 2013) was used in a report on the same topic (Baker 2013).
- The OECD also continued to use a wide range of Commission research during the year. For example, a paper on distribution services (OECD 2012b) drew on a staff research paper on restrictions on trade in distribution services (Kalirajan 2000); a paper on Australian manufacturing in the global economy (OECD 2012d) drew on a range of Commission productivity research outputs; and a paper on water security (OECD 2013b) drew on a staff working paper on modelling water trade (Peterson et. al. 2004).
- 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 four editorials in major newspapers in 2012-13. To 30 June 2013, for the reports listed in box B.3, there were more than 30 000 external requests for the index pages on the Commission's website. There was a total of more than 144 000 external requests for the 48 supporting research reports for which website usage was tracked, and more than 12 600 requests for speeches by the Commission's Chair.