
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 2013-14.

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.

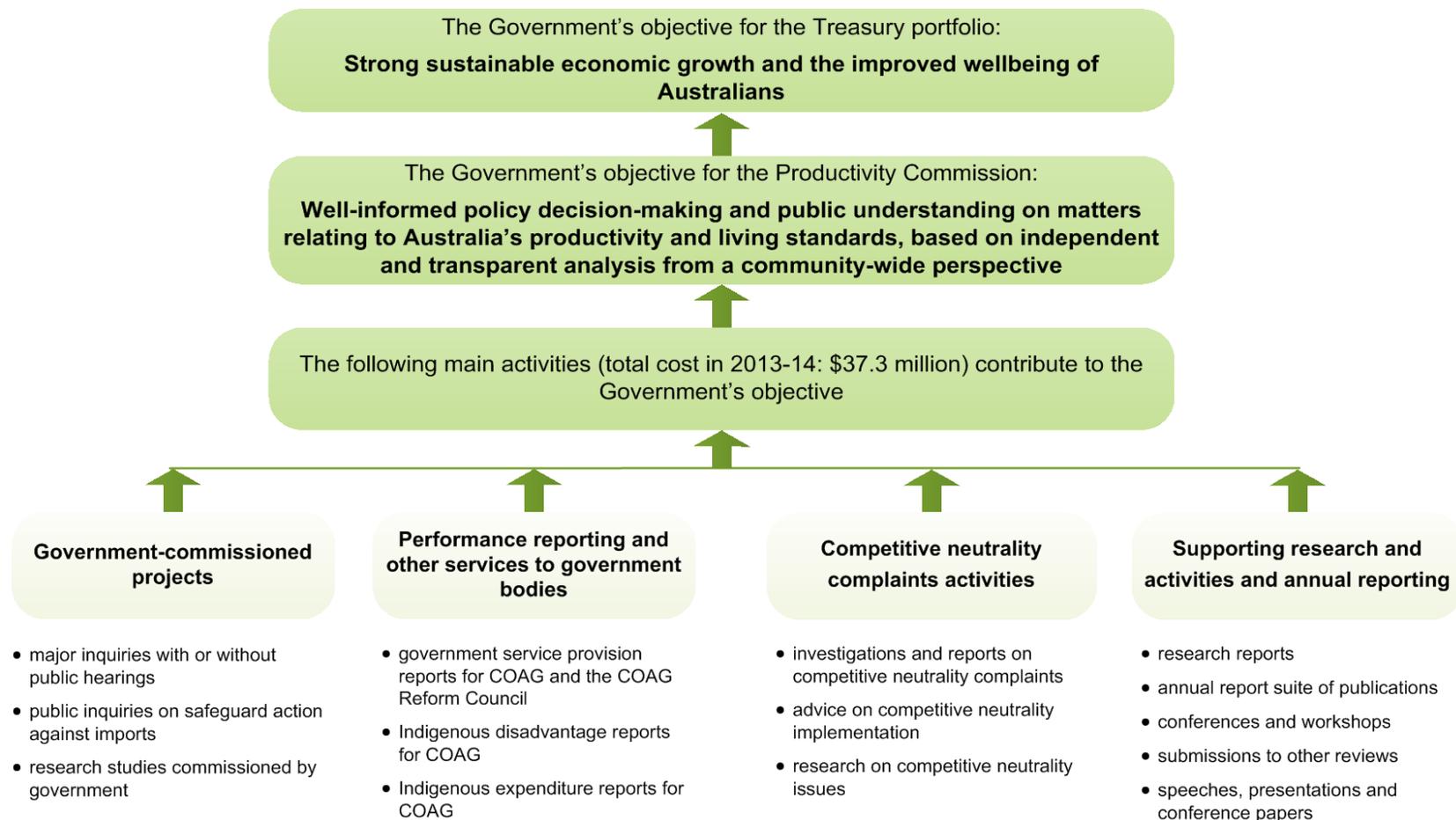
The Commission's inquiry, research, advisory and associated activities derive from its statutory functions. These can be classified into four main activity areas:

- 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).

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.

Figure B.1 **Productivity Commission main activities 2013-14**



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
 - initiate research and report annually on improvements and innovation in service provision
 - produce the regular Overcoming Indigenous Disadvantage: Key Indicators report
 - produce the two-yearly Indigenous Expenditure Report
 - (until the abolition of the COAG Reform Council in June 2014) collate performance data under the Intergovernmental Agreement on Federal Financial Relations, in support of the analytical role of the COAG Reform Council
 - 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• useful to stakeholders
Competitive neutrality complaints activities	<ul style="list-style-type: none">• timely
Supporting research and activities and statutory annual reporting	

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).

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.

- In June 2014, the Australian Government released its Green Paper on Developing Northern Australia (Australian Government 2014b). This drew on a range of Commission work, including a 2002 Commission Research Paper on pastoral leases and non-pastoral land use.
- The Commission's 2009 study on restrictions on the parallel importation of books continued to inform discussion on this topic, including for example in Williamson (2014) and Donoghue (2014).
- Discussion 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, Senate Standing Committees on Rural and Regional Affairs and Transport (2013); and Knight-Jones and Rushton (2013).
- Past Commission work on a range of subjects also continued to inform the work of the Parliamentary Library. For example, the Commission's 2000 report on broadcasting was used in a research paper on media reform in October 2013; and the Commission's 2008 study on chemicals and plastics regulation was used in a Bills Digest on amended agricultural and veterinary chemicals legislation.
- The Consumer Action Law Centre drew on the Commission's 2008 consumer policy review as part of its submission to the Financial System Inquiry (Consumer Action Law Centre 2014).
- In April 2014, the Centre for International Economics, in a report for the Australian Communications and Media Authority, drew on the analysis in several past Commission reports in discussing the economic impacts of mobile broadband on the Australian economy (CIE 2014). This included a 2004 Commission research paper on ICT and productivity; and a 2006 report on the potential benefits of the National Reform Agenda.
- The Australian Healthcare and Hospitals Association, the Menzies Centre for Health Policy and Catholic Health Australia drew on a 1999 Commission report on private hospitals in Australia when discussing the better use of resources through improved public and private hospital contracting (Boxall, Tobin and Gillespie 2014).
- A 1999 Commission report on the regulation of the taxi industry was used by the Independent Pricing and Regulatory Authority of New South Wales in a review of maximum taxi fares and taxi licences in March 2014 (IPART 2014).
- The Business Council of Australia drew on a 2001 Commission report on cost recovery by government agencies in its 2014-15 Budget Submission (Business Council of Australia 2014). The same Commission report was also used by the Australian National Audit Office when discussing the Australian Prudential Regulation Authority's industry levy methodology (ANAO 2013).

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 2013-14 were tabled within the statutory period.

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 1, 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 2013-14 were those on childcare, automotive manufacturing and paid parental leave. As noted in chapter 1, 110 Members and Senators referred to 47 different Commission reports or inquiries, or to the Commission's role in policy processes, during the 2013-14 parliamentary proceedings.

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

- Parliamentary committees and the Parliamentary Library continued to draw on a range of Commission inquiry and research outputs in their own reports during the year (table B.1). This included use in Committee Reports, Bills Digests and Research Papers.
- Extensive use of Commission reports was also made in the Parliamentary Library's *Budget Review 2014-15*, which is a key briefing document for Parliamentarians on the Budget.
- People appearing at the hearings of parliamentary committees in 2013-14 referred to Commission outputs in more than 35 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 2013-14 the ANAO drew on analysis and recommendations in the Commission's 2011 report *Caring for Older Australians* in Audit Report No. 46, *Administration of Residential Care Payments*. Findings from the Commission's 2013 report on *Major Project Development Assessment Processes* was also used in Audit Report No. 43, *Managing Compliance with Environment Protection and Biodiversity Conservation Act 1999 Conditions of Approval*. The Commission's 2014 research on a *Regulator Audit Framework* was drawn on in Audit Report No. 38, *Establishment and Administration of the National Offshore Petroleum Safety and Environmental Management Authority*. Analysis from the 2014 *Report on Government Services* was drawn on in Audit Report No. 21, *Pilot Project to Audit Key Performance Indicators*. Audit Report No. 16, *Administration of the Smart Grid, Smart City Program*, drew on findings and recommendations in the Commission's 2013 *Inquiry into Electricity Network Regulatory Frameworks*. *Overcoming Indigenous Disadvantage* reports from various years were used in Audit Report No. 15, *The Indigenous Land Corporation's Administration of the Land Acquisition Program*. The Commission's 2002 report on *Cost Recovery in Government Agencies* was used in Audit Report No. 9, *Determination and Collection of Financial Industry Levies*.

Table B.1 Some examples of the use of Commission publications in parliamentary committee and Parliamentary Library reports in 2013-14

<i>Parliamentary Committee and report</i>	<i>Commission output used</i>
Senate Foreign Affairs, Defence and Trade Legislation Committee, Fair Trade (Workers' Rights) Bill 2013, March 2014	Research Report, Bilateral and Regional Trade Agreements, December 2010
Senate Rural and Regional Affairs and Transport Legislation Committee, Beef Imports: First Report, July 2013	Research Report, Impact of Foot and Mouth Disease in Australia, June 2002
<i>Parliamentary Library output 2013-14</i>	
Asset Recycling Fund Bill 2014 [and] Asset Recycling Fund (Consequential Amendments) Bill 2014, Bills Digest No 90, 2013-14	Draft Inquiry Report, Public Infrastructure, March 2014
Australian Government spending on irregular maritime arrivals and counter-people smuggling activity, Research Paper, September 2013	Steering Committee for the Review of Government Service Provision, Report on Government Services 2011, January 2011
Media reform: in shallows and miseries, Research Paper, October 2013	Inquiry Report, Broadcasting, April 2000
Foreign investment in Australian agriculture, Research Paper, February 2014	Inquiry Report, Rural Research and Development Corporations, June 2011
Resource development and landholders' rights: a quick guide, Research Paper, March 2014	Draft Inquiry Report, Mineral and Energy Resource Exploration, May 2013
Major superannuation and retirement income changes in Australia: a chronology, Research Paper, March 2014	Inquiry Report, Default Superannuation Funds in Modern Awards, October 2012
Customs Amendment (Anti-Dumping Commission Transfer) Bill 2013, Bills Digest No. 31, 2013-14	Inquiry Report, Australia's Anti-Dumping and Countervailing System, May 2010
Intellectual Property Laws Amendment Bill 2013, Bills Digest No. 7, 2013-14	Inquiry Report, Compulsory Licensing of Patents, March 2013
Paid Parental Leave Amendment Bill 2014, Bills Digest No. 66, 2013-14	Inquiry Report, Paid Parental Leave, May 2009
Agricultural and Veterinary Chemicals Legislation Amendment (Removing Re-approval and Re-registration) Bill 2014, Bills Digest No 93, 2013-14	Research Report, Chemicals and Plastics Regulation, August 2008

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 2013-14. Appearances by the Chair, Deputy Chair and senior staff before the Senate Standing Committee on Economics

occurred on 20 November 2013, 26 February 2014 and 12 June 2014. Hansard of the appearances is available on the Parliament of Australia website.

Other evidence

In addition to the performance indicators for 2013-14 referred to in chapter 1 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 the announcement of the inquiry into childcare and early childhood learning in November 2013, the Prime Minister, the Hon. Tony Abbott, stated that the Commission:

... has done magnificent work on a whole range of subjects... there is no better body to look at it than the Productivity Commission. (Abbott 2013)

- When discussing the Commission's report on regulator engagement in October 2013, the Minister for Small Business, the Hon. Bruce Billson, said:

The Commission's report represents a significant body of work that can inform broader work on deregulation. (Billson 2013)

- In the lead up to the 2013 Federal election, the Coalition proposed that the Commission be asked to undertake a number of studies and inquiries, including a review of child care arrangements; a review of passenger motor vehicle manufacturing industry support; an inquiry into Tasmanian shipping costs; an inquiry into industrial relations arrangements and the Fair Work Act; and an inquiry to examine possible means to attract more private funding into high priority infrastructure projects.

- In discussing the National Disability Insurance Scheme in July 2014, the Leader of the Opposition, the Hon. Bill Shorten, stated that:

... with a comprehensive policy formulation process that drew on the detailed work of the Productivity Commission and sector experts, we were able to make the economic case for reform. (Shorten 2014)

- The release of the Commission's draft report on public infrastructure, in March 2014, was welcomed by a range of organisations, including the Urban Development Institute of Australia, the Australian Industry Group, the Association of Superannuation Funds of Australia and Industry Super Australia.
- 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 2013-14 included a study of major project development assessments to assist the work of the COAG Business Advisory Forum, and a study of regulator engagement with small business to assist the work of the COAG Business Regulation and Competition Working Group (BRCWG).

-
- In May 2014 a report by the Australia Institute and Australia21 called for a Commission inquiry into the impact of inequality on economic efficiency and growth. (Douglas, Friel, Denniss and Morawetz 2014)
 - In June 2014, Wesfarmers called for an annual report by the Commission on competition policy reform and review. (Wesfarmers 2014)
 - In February 2014, Mr Ian McCauley, Adjunct Lecturer at the University of Canberra, stated that:

My observations on good process come from observing bodies like the Productivity Commission. (Senate Select Committee into the Abbott Government's Commission of Audit 2014, pp. 11-12).
 - In March 2014, Senator Nick Xenophon called for the Commission to be required to produce an annual report on private health insurance funds and changes to the composition of people that are fund members.
 - Infrastructure Partnerships Australia produced a discussion paper in March 2014 that called on the Treasurer to direct the Commission to establish a detailed public inquiry into the funding, regulation and pricing of Australia's road transport market, and related impacts in the broader transport market. (Infrastructure Partnerships Australia 2014)
 - Murray Valley Winegrowers called for a Commission inquiry into the Australian wine industry in February 2014. (Malcolm 2014)
 - The Australian Competition and Consumer Commission recommended in June 2014 that the Commission be asked to conduct a comprehensive review of Australia's intellectual property arrangements. (ACCC 2014)
 - The Institute of Chartered Accountants Australia suggested in July 2013 that the Commission be tasked with developing a list of priorities that boost innovation in the Australian economy. (ICAA 2013)
 - The Australian Greens proposed in November 2013 that the Commission be asked to conduct a review of rental assistance. (Ludlam 2013)
 - In its submission to the Competition Policy Review, the New South Wales Government proposed that the Commission:
 - should be tasked with determining the growth and revenue impacts of any future reform package to inform an agreement on financial incentives, taking into account adjustment and distributional issues
 - be asked to prepare a five-yearly report on Australia's productivity performance, factors impeding productivity growth (including impediments to competition), and the future direction for productivity-enhancing reform. (New South Wales Government 2014)
 - A number of policy analysts and newspaper editorials during the year variously advocated that the Commission be asked to undertake reviews of the Qantas Sale Act;

the regulation of road use by bikes; departmental functions and programs; the fiscal performance of Australian governments using scorecard indicators; corporate welfare; and fees and charges in public health.

- The Minerals Council of Australia called in February 2014 for the Commission to be tasked with undertaking an inquiry into coastal shipping arrangements. (Minerals Council of Australia 2014)
- 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:
 - The Norwegian Government announced in November 2013 that it was establishing a Productivity Commission to advise it on how to strengthen growth in the Norwegian economy. (Norwegian Ministry of Finance 2013)
 - In January 2014, the Indian Council for Research and International Economic Relations called for the establishment of a National Productivity Commission, focused on productivity-based growth across all sectors of the Indian economy, including services and agriculture. (Raj 2014)
 - Accounting firm Ernst and Young called in June 2014 for the formation of an independent tax reform commission, modelled on the Productivity Commission and the Australian Law Reform Commission, to provide advice on tax reform proposals and to 'stand above self-interest and facilitate the required degree of consensus'. (Ernst and Young 2014, Uren 2014)

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 Commission's 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 published a set of final responses to the review recommendations in January 2014. These final responses have informed the next edition of the report, anticipated for release in late 2014.

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 2013-14 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 2013-14

The Commission had ten public inquiries and five commissioned research studies underway at some time during the year. The program of government-commissioned projects is summarised in table 1.1, although the varying complexity of policy issues addressed and the consultation demands are difficult to capture.

During 2013-14 the Commission:

- completed four inquiries commenced in 2012-13 — on mineral and energy resource exploration, the national access regime, and two inquiries into whether safeguard action is warranted against imports of processed tomato products and processed fruit products
- commenced a further five new public inquiries during the year, on Australia's automotive industry, public infrastructure, child care and early childhood learning, Tasmanian shipping and natural disaster funding.

Research studies commissioned by the Government were also a significant component of the Commission's workload again in 2013-14 (figure 2.1). During the year the Commission:

- finalised three research studies commenced in the previous year on: regulator engagement with small business, major project development assessment processes, and geographic labour mobility
- received requests during the year to conduct research studies on the costs of doing business in the dairy manufacturing and retail trade industries major project development assessment processes, regulator engagement with small business and geographic labour mobility.

Trends in public inquiry activity and participation over the past five years are shown in table B.2. Information on individual projects is provided in appendix D.

Table B.2 Public inquiry and other commissioned project activity, 2009-10 to 2013-14

	2009-10	2010-11	2011-12	2012-13	2013-14
Public inquiries					
Inquiry references received	4	3	5	5	5
Issues papers released	4	3	4	3	8
Public hearings (sitting days) ^a	28	45	16	11	35
Organisations/people visited	261	361	152	205	441
Submissions received	609	2397	566	258	1674
Draft reports ^b	4	4	5	4	6
Inquiry reports completed	3	3	5	4	7
Inquiries on hand (at 30 June)	4	4	9	5	3
Research studies					
References received	5	4	5	3	2
Submissions received	483	352	590	180	154
Draft reports ^b	11	3	4	2	3
Research reports completed	7 ^c	4	4	3	3
Studies on hand (at 30 June)	5	3	4	3	2
Total references					
Total references received	9	7	10	8	7
Total references completed	9	7	8	7	10
Total references on hand (at 30 June)	9	7	7	8	5

^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 ten inquiries and government-commissioned research studies completed in 2013-14 are shown in table B.3.

Table B.3 Cost of public inquiries and other commissioned projects completed in 2013-14^a

<i>Government-commissioned project</i>	<i>Total cost</i>
	\$'000
Mineral and Energy Resource Exploration	1 504
National Access Regime	1 338
Safeguards Inquiries (Processed Fruit and Processed Tomato Products)	543
Australia's Automotive Manufacturing Industry	1 106
Public Infrastructure	1 726
Tasmanian Shipping and Freight	617
Regulation Benchmarking: Regulator Engagement with Small Business	1 123
Major Project Development Assessment Processes	1 544
Geographic Labour Mobility	1 700

^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 2009-10 to 2013-14 are shown in table B.4.

Table B.4 Direct administrative expenditure on public inquiries and other government-commissioned projects^a, 2009-10 to 2013-14

<i>Expenditure item</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
	\$'000	\$'000	\$'000	\$'000	\$'000
Travel	526	667	523	444	434
Printing	212	183	223	87	110
Consultants	27	28	20	28	12
Other ^b	526	942	242	256	268
Total	1 291	1 820	1 008	815	824

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

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.

Consultative processes

The practice of consulting widely during inquiries and government-commissioned research projects continued in 2013-14, 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 35 public hearings, visited more than 440 individuals and organisations and received more than 1670 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 of geographic labour mobility, for example, Commissioners and staff met with stakeholders across Australia, visiting every capital city. Given the study covered issues affecting regional areas (particularly mining communities), Commissioners and staff also visited Newcastle, Moranbah (Queensland) and the Pilbara. Pre-draft and post-draft roundtables were held in Melbourne and Canberra, and a public forum was held on the Gold Coast. The public forum, held in Surfers Paradise and advertised in the Gold Coast Bulletin, provided an opportunity to get a local perspective on issues and receive valuable feedback from the public on the key points from the draft report.
- In conducting its current inquiry on childcare and early childhood development, the Commission used a wide range of approaches to consultation. Following receipt of the terms of reference on 22 November 2013, an initial circular advertising the inquiry was distributed to several hundred government representatives, industry organisations and individuals and the inquiry was advertised in national and metropolitan newspapers and in all state and territory regional newswire services. The Commission provided facilities on the inquiry website for interested stakeholders to lodge a short email comment. A total of 729 comments were received prior to the release of the draft report. There were 464 formal submissions also received by the Commission prior to the release of the draft report. In addition, the Commission met with a large number of stakeholders, including business groups, academics and government agencies. The Commission also held roundtables on Childcare and Workforce Participation and on Early Childhood Development with representatives from various academic institutions and research bodies. On the release of its draft report in July 2014, the Commission also used a series of short YouTube clips to outline its approach and key recommendations.

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 192 000 external requests for the index pages to submissions for inquiries and commissioned studies current in the year to 30 June 2014. In 2013-14 the Commission also continued 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 ten inquiries and commissioned research studies finalised in 2013-14 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.

- On 9 May 2014 the Australian and New Zealand Governments released a joint response to the report by the Australian and New Zealand Productivity Commissions on strengthening economic relations between the two countries (Australian Government and New Zealand Government 2014). Of the 32 recommendations made in the report, the Government response listed 25 recommendations that received joint support, support in-part or that were being addressed under existing government arrangements. Seven recommendations were deemed as requiring further consideration.

A recommendation on the mutual recognition of imputation credits will be considered as part of the White Paper on taxation, as already announced. Also the Commission's report recommended 5 yearly reviews of the Australia-New Zealand Closer Economic Relations Trade Agreement (CER) to take stock of what has been achieved and learnt and to ensure that the agenda remains relevant and forward looking. The governments' response states that they will, ahead of the 2015 Leaders' meeting, consider how to progress the five-yearly reviews of CER, including identifying opportunities for further collaboration between the productivity commissions.

- On 28 May 2014, the Australian Government released an interim response to the Commission's report on minerals and petroleum resource exploration (Australian Government 2014a). The response stated:

Of the 22 recommendations, the Commonwealth has implemented six through previous processes; agreed five; provisionally agreed four; and noted seven. This forms the Commonwealth's interim response. The interim response is being tabled in order to commence negotiations with the states and Northern Territory; a final response will be tabled within 24 months. (Australian Government 2014a, p. 2)

The recommendations agreed to by the Commonwealth included endorsement of the National Offshore Petroleum Safety and Environmental Management Authority's (NOPSEMA's) process to assess environmental approvals; strengthened bilateral arrangements with the States and Territories for assessments; undertaking and publishing a review of the benefits and costs of the 'water trigger' amendment to the *Environment Protection and Biodiversity Conservation Act 1999* (Cth); and setting regulatory requirements relating to exploration that are proportionate to impacts and risks.

- The Australian Government released a response to the Commission's report on automotive manufacturing on 26 August 2014. The response provided support or in-principle support for most of the recommendations. This included support for recommendations to repeal the Automotive Transformation Scheme; to not extend the Green Car Innovation Fund; to accelerate harmonising Australian Design Rules with

United Nations Regulations; and to abolish Australian Government fleet procurement policies that favour the purchase of locally-made vehicles.

Governments have not always agreed with or accepted the Commission's advice, at least initially. Nevertheless, as reported 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.

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 2014 there were more than 192 000 external requests for the index pages of inquiries and government-commissioned research studies current in 2013-14. The projects of most interest were childcare (29 171 requests), public infrastructure (23 538 requests), access to civil justice (27 832 requests) and automotive manufacturing (24 647 requests). Other heavily accessed web pages were for the 2013 and 2014 *Report on Government Services* (24 652 and 32 096 requests, respectively) and the 2011 *Overcoming Indigenous Disadvantage: Key Indicators* report (12 047 requests). Speeches by the Commission's Chair attracted more than 18 900 requests over the year.
- Inquiry and commissioned research reports typically receive wide media coverage. During 2013-14, 28 editorials in major metropolitan newspapers drew on the findings or recommendations in 11 different Commission reports, or referred to the Commission's role in assisting public policy making. The Commission's reports on infrastructure, trade agreements, automotive manufacturing and childcare featured prominently.
- Inquiries current in 2013-14 continued to receive significant coverage in the print and broadcast media during the year. Coverage of the Commission's inquiries into the automotive industry and import safeguards received a significant share 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 84 invitations the Commission accepted in 2013-14 to present papers on inquiries and commissioned studies to business, community and other groups (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 (CRC). The CRC was abolished in June 2014 and the ongoing roles of the Commission and the Steering Committee under the IGA are still to be determined.)

Activities in 2013-14

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

- Report on Government Services 2014, seven volumes (and supporting tables) released electronically on the PC website (January 2014)
- Report on Government Services 2014: Indigenous Compendium (April 2014)
- National Agreement performance information 2012-13: National Healthcare Agreement (December 2013)
- 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 2012-13: National Indigenous Reform Agreement (December 2013)
- National Agreement performance information 2012-13: National Affordable Housing Agreement (December 2013)
- National Agreement performance information 2012-13: National Disability Agreement (December 2013)
- National Agreement performance information 2013: National Agreement for Skills and Workforce Development (April 2014)
- National Agreement performance information 2013: National Education Agreement (April 2014).

Review of Government Service Provision

Heads of Government (now 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 nineteenth Report on Government Services was released in January 2014. 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.

Developments in the 2014 RoGS include restructuring the Report into seven separate volumes, redrafting the introductory chapters on the Report’s approach to performance measurement, implementing a new approach to identifying the ‘completeness and comparability’ of indicators and measures, expansion of time series reporting in many chapters and inclusion of additional data quality information (DQI) for many indicators.

-
- Some service-specific improvements in the 2014 Report include: early childhood education and care
 - new and revised preschool performance indicators and measures reported using the National Early Childhood Education and Care Collection
 - inclusion of a new indicator ‘achievement of the *National Quality Standard*’ and seven supporting measures, using quality ratings data from the Australian Children’s Education and Care Quality Authority
 - school education
 - reporting outcomes of the 2012 year 6 Science literacy National Assessment Program
 - reporting outcomes of the 2012 Programme for International Student Assessment (PISA) for reading literacy, mathematical literacy and scientific literacy performance.
 - reporting outcomes of the 2011 year 4 Progress in International Reading Literacy Study
 - vocational education and training
 - reporting additional data on VET graduates with improved employment and education/training status after training
 - fire and ambulance services
 - reporting for the first time on the ambulance event indicators ‘triple zero (000) call answering time’ and ‘pain management’
 - reporting a new fire events measure, value of insurance claims from fire events (sourced from the insurance industry)
 - public hospitals
 - reporting for the first time ‘Emergency department waiting times’ and ‘Elective surgery waiting times’ by socioeconomic status
 - reporting a new measure ‘Presentations to emergency departments with a length of stay of 4 hours or less ending in admission’
 - reporting ‘Selected hospital procedures’ by Indigenous status, remoteness and socioeconomic status
 - reporting a new maternity services indicator ‘Instrumental vaginal births’
 - primary and community health
 - reporting for the first time on PBS expenditure on medicines supplied under s.100 of the National Health Act 1953 [Cwlth] to remote Aboriginal Medical Services
 - reporting for the first time on government expenditure on dental services by state and territory

-
- reporting on episodes of treatment for alcohol and other drugs
 - reporting for the first time on Australian Government expenditure on Indigenous primary healthcare services
 - reporting for the first time on the availability of public dental hygienists (complementing existing reporting on public dentists and dental therapists)
 - updating the Australian geographical location classification system for reporting Medicare data on:
 - ... PBS expenditure per person by region
 - ... availability of general practitioners (GPs) by region
 - ... GP bulk billing rates by region
 - ... GPs with vocational registration by region
 - ... proportion of practices registered for the Practice Incentives Program (PIP) using electronic health systems by region
 - reporting for the first time age-standardised data for ‘use of pathology tests and diagnostic imaging’ and ‘cost to government of general practice per person’
 - expanding reporting on ‘number of filled prescriptions by GPs for selected antibiotics’ (previously reported for concession card holders only)
 - reporting for the first time on the proportion of people with diabetes with HbA1c (glycosolated haemoglobin) below 7 per cent
 - mental health management
 - including a case study on how follow up community care can influence psychiatric inpatient hospital readmission
 - adding a new indicator on seclusion events to the framework — the first safety indicator to be included
 - replacing ‘average cost per three month community care period’ with ‘average cost per community treatment day’ to provide a better measure of unit costs
 - revising ‘services reviewed against the National Standards’ indicator to weight the results for expenditure, to provide a better understanding of the share of activity covered by the different assessment levels
 - aged care
 - reporting additional data on the proportion of all re accredited services that are three year accredited
 - youth justice services
 - reporting for the first time on ‘cost per young person subject to community based supervision’ and ‘cost per young person subject to detention based supervision’

-
- inclusion of new outcome indicator concepts on ‘secure housing’, ‘education and employment readiness’, and ‘repeat offending’
 - social housing
 - inclusion of new and revised contextual information for community housing
 - homelessness services
 - revision of most 2011–12 Special Homelessness Services Collection data to improve comparability with data for 2012-13
 - improvements to data quality for the ‘access of special groups to homelessness services’ indicator.

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 2014, provides an easily accessible collation of all Indigenous data from the Report.

Overcoming Indigenous Disadvantage: Key Indicators

In 2002, COAG commissioned 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 requested the Steering Committee to align the OID framework with COAG’s six high level targets for Closing the Gap in Indigenous outcomes.

The 2011 edition of the OID report was released in August 2011. It showed that many Aboriginal and Torres Strait Islander Australians had shared in Australia’s recent economic prosperity, with increases in employment, incomes and home ownership. There were also improvements in some education and health outcomes for Aboriginal and Torres Strait Islander children. However, even where improvements have occurred, Aboriginal and Torres Strait Islander Australians continued to have poorer outcomes on average than other Australians, and many indicators have shown little or no change. In some key areas, particularly criminal justice, outcomes for Aboriginal and Torres Strait Islander Australians 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 Aboriginal and Torres Strait Islander 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 considered the stakeholder feedback and finalised its

responses to the review recommendations in late 2013, with its final responses published on the Review website in January 2014. These responses have influenced 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. The IER is supported by companion manuals that document in detail the methods, data sources and interpretation issues underpinning the estimates.

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*, through its support of the Review Steering Committee.

The second Indigenous Expenditure Report was released on 4 September 2012, with estimates for 2008-09 and 2010-11.

The 2014 *Indigenous Expenditure Report* will be released in December 2014, with expenditure estimates for each level of government, Australia as a whole, and by State and Territory, for three financial years (2008-09, 2010-11 and 2012-13).

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), committees established under Standing Councils and other service-specific parallel exercises.

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

In 2013-14, the 2014 Report on Government Services and its Indigenous Compendium, 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, for example in 2013-14:

- There were 51 mentions of performance information sourced to the 2014 (and earlier) editions of the Report in parliamentary proceedings by government and opposition members in Federal and State parliaments.
- RoGS was cited in both Australian and overseas academic publications, across a range of service areas including: *Australian Journal of Public Administration* (general RoGS); *International Journal of Information and Education Technology* (child care and education); *Australian and International Journal of Rural Education* (school education); *PLoS ONE* (health); *Australasian Journal on Ageing* (aged care); *Issue Analysis*, and *Australian Journal of Social Issues* (child protection).
- RoGS' data and information are also used by other researchers in reports: for example, data on non-government school funding were used by Australian Curriculum, Assessment and Reporting Authority in National Report on Schooling in Australia 2011 (2013); the Australian Parliamentary Library publication (May 2014) *Universal access to early childhood education: a quick guide* identifies the scope of early childhood education data included in RoGS; RoGS 2014 cited in various submissions to the Productivity Commission Inquiry into Child Care and Early Childhood Learning; data on government and non-government school funding were used in the Centre for Independent Studies 2014 publication *School Funding on a Budget* (2014); data on child care and school attendance, basic community care, aged care places and funding arrangements, the interaction between the health system and the aged care system,

housing affordability and public housing dwelling condition were used in the Australian Institute of Health and Welfare's (AIHW) Australia's Welfare 2013 report (July 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 (2012-13) and financial data in Health Expenditure Australia 2011-12 (September 2013); Victorian Auditor-General Residential Care Services for Children (March 2014) and Accessibility of Mainstream Services for Aboriginal Victorians (May 2014); data on police services were used in the ABC's Speaking up about violence against women and children 7.30 Report ACT (April 2014) and in the Institute of Public Affairs Bureaucracy Overload report (May 2014); Australian Council of Social Service's Submission to the Senate Select Committee Inquiry into the Abbott Government's Commission of Audit (February 2014); Australian National Audit Office's Pilot Project to Audit Key Performance Indicators (February 2014); Australian Petroleum Production & Exploration Association Inquiry into Microeconomic Reform in WA (June 2014); data and information on early childhood education and care services and out-of-home care services was used by the Victorian Parliamentary Family and Community Development Committee in its Betrayal of Trust - Inquiry into the Handling of Child Abuse by Religious & Other Non-Government Organisations (3 December 2013); health data are used in Consumers Health Forum of Australia, Empty Pockets - Why Co-payments are not the solution (March 2014); data on corrective services are used in the NSW Law Reform Commissions Sentencing report (July 2013); data on Indigenous people are used in Reconciliation Australia's Economic benefits of closing the gap in Indigenous employment outcomes (January 2014); data on homelessness funding were used by the Australian Housing and Urban Research Institute in The cost of homelessness and the net benefit of homelessness programs (December 2013); data on social housing dwellings were cited in Appendix Volume 1 of the National Commission of Audit (March 2014); data on the cost of providing assistance per dwelling for public housing were used in the NSW Auditor-General's Report, Performance Audit, Making the best use of public housing and in that report, RoGS is noted as giving more performance information relevant to NSW legislative objectives than the Housing NSW annual report (July 2013).

Other indicators of usefulness from 2013-14 were:

- high levels of demand, with more than 66 000 requests for RoGS (various editions) on the Commission's website in 2013-14. Earlier editions also continued to be accessed from the website
- extensive media coverage, with at least 253 publically available items, including 159 press articles drawing on RoGS.

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 Aboriginal and Torres Strait Islander Australians in its development (ACER 2012).

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. Policy makers, researchers and Aboriginal and Torres Strait Islander organisations noted that they found the Indigenous Expenditure Report and its accompanying data useful, but requested additional disaggregation of data (such as disaggregation by remoteness areas or between overheads and direct service delivery). Many of the additional data of interest to readers are not currently collected by governments but the Secretariat, in conjunction with the IER Working Group, will consider options for improving future reporting with jurisdictional support.

The 2012 Indigenous Expenditure Report was cited by:

- the chair of the Australian Government’s Indigenous Advisory Council in several statements and interviews in 2013
- Deloitte Access Economics in their report for Reconciliation Australia in 2014, Economic Benefits of Closing the Gap in Indigenous Employment Outcomes.

National Agreement reporting

Under the Intergovernmental Agreement on Federal Financial Relations, the Steering Committee has ‘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 Commonwealth budget (handed down in May 2014) stated that the CRC would cease operations from 30 June 2014, and the Department of the Prime Minister and Cabinet (PM&C) would have an ongoing monitoring role in relation to the NAs. The roles of the Commission and the Steering Committee under these changed arrangements are still to be determined.

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 2013-14

Complaints activity

The AGCNCO received one formal complaint during 2013-14 (table B.5). 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.

Table B.5 Formal competitive neutrality complaints, 2009-10 to 2013-14
 subtitle

<i>Activity</i>	<i>2009-10</i>	<i>2010-11</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>
Written complaints received	0	6	4	1	1
Action:					
New complaints formally investigated	–	3 ^a	1	–	–
Complaints investigated but not proceeding to full report ^b	–	3	1	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.

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 2013-14, 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.

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 2013-14 there were close to 7500 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 2013-14

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

- A Commission Research Paper on an ageing Australia
- research to meet the Commission's annual reporting obligations, comprising
 - its annual report for 2012-13, tabled in Parliament on 29 October 2013, which focused on using administrative data to achieve better policy outcomes
 - a companion publication on trade and assistance issues, released in 27 June 2014
 - a productivity update, released in April 2013
- the Richard Snape Lecture, *Creating a Learning Society*, delivered on 23 June 2014 by Professor Joseph Stiglitz of Columbia University
- Staff Working Papers on deep and persistent disadvantage in Australia, transition pathways in education and the labour market, environmental policy analysis and literacy and numeracy skills
- A Staff Research Notes on input-output tables
- 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 2013-14 are listed in box B.3. Research projects underway at 30 June 2014 are shown in box B.4.

Box B.3 Supporting research and annual reporting publications, 2013-14

Annual report suite of publications

Annual Report 2012-13

Trade & Assistance Review 2012-13

Productivity Update 2014

Commission Research Papers

An Ageing Australia: Preparing for the Future

Staff working papers

Deep and Persistent Disadvantage in Australia

Prevalence of Transition Pathways in Australia

Productivity in Manufacturing: Measurement and Interpretation

Environmental Policy Analysis: A Guide to Non-Market Valuation

Literacy and Numeracy Skills and Labour Market Outcomes in Australia

Staff research notes

On Input-output Tables: uses and abuses

2014 Richard Snape Lecture

Creating a Learning Society (Joseph Stiglitz)

Richard Snape Lectures

The presentation by Professor Joseph Stiglitz from Columbia University was the twelfth 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 (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, Dr Roberto Newell (a former senior partner at McKinsey and the inaugural President of the Mexican Institute for Competitiveness), Pascal Lamy (Director-General of the World Trade Organization), and Arvind Panagariya (Professor of Economics and Jagdish Bhagwati Professor of Indian Political Economy at Columbia University).

Box B.4 Supporting research projects underway at 30 June 2014

Local labour markets and unemployment duration	Employment impact of minimum wages
Housing assistance in Australia	On entropy techniques for estimating economic parameters
On productivity: concept and measurement	Productivity and the financial and insurance services industry

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

Supporting research proposals

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

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

The Commission sees value in the 'public good' aspect of its research and promotes dissemination of its work through publications, internet access and presentations. Summary findings from supporting research publications and details of the 84 presentations given by the Chair, Commissioners and staff in 2013-14 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 productivity in manufacturing, 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 Australian Bureau of Statistics, the Department of Industry and the Australian Bureau of Agricultural and Resource Economics and Sciences.

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.

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 recent work
- invitations during the year for the Commission to be a research partner in ARC linkage projects
- research papers on income distribution (Greenville, Pobke and Rogers 2013) and deep and persistent disadvantage (McLachlan, Gilfillan and Gordon 2013) included in Australian Policy Online's top ten research publications for 2013
- the large number of international delegations and visitors in 2013-14 that visited the Commission to discuss aspects of its research program and findings (table E. 2).

Timeliness

The Commission's annual report for 2012-13, which included a theme chapter on using administrative data to achieve better policy outcomes, was completed on schedule on 28 September 2013 and tabled in Parliament on 29 October 2013. The annual report companion volumes (*Trade & Assistance Review 2012-13* and *Productivity Update 2014*), and most other supporting research publications listed in box B.3, 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 2013-14 include the following:

- Continued use of the Commission's labour market and productivity research was apparent during the year. For example, research by visiting researcher Dean Parham on labour's share of the growth in income (Parham 2013) was used by the Fair Work Commission in its Annual Wage Review (Fair Work Commission 2014); research on manufacturing productivity (Barnes et. al. 2013) was used by the Australian Workforce and Productivity Agency in a paper on the manufacturing workforce (AWPA 2014); a 2009 Commission submission on productivity performance (PC 2009e) was used in a report by the Australian Chamber of Commerce and Industry on energy sector reform (ACCI 2014); and Commission research on productivity (Barnes 2011, Parham 2012) was used in a report on finance and capital formation in Australia (Industry Super Australia 2013).
- Research by the Commission on social issues again featured prominently during the year. This included use of research on deep and persistent disadvantage (McLachlan, Gilfillan and Gordon 2013) in a report on mental health outcomes by the National Mental Health Commission (2013); the use of the same research by the Benevolent Society in a report on childhood trauma (Moore and McDonald 2014); and use of research on income distribution (Greenville, Pobke and Rogers 2013) in a report on the state of Australian cities (DIT 2013).
- Examples of the use of supporting research outputs in the work of federal parliamentary committees and the Parliamentary Library are provided in table B.1.

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 2013-14. To 30 June 2014, for the reports listed in box B.3, there were more than 71 000 external requests for the index pages on the Commission's website. There was a total of more than 143 000 external requests for the 40 supporting research reports for which website usage was tracked, and more than 18 000 requests for speeches by the Commission's Chair.